

Title: Gateshead Quays Infrastructure Delivery
Portfolio: Home to a Growing and Vibrant Economy Portfolio
Responsible Director: Phil Witcherley, Director of Economic Growth and Innovation
Report Author: Ian Freshwater, Major Projects Programme Manager

Report Summary:

The purpose of this report is to seek approval for a £499,000 funding award to Gateshead Council to undertake technical feasibility and design work for the Gateshead Quays Stage 2 - Infrastructure Delivery. This will enable the preparation of a detailed Infrastructure Delivery Plan for the Gateshead Quays site, providing the technical designs and costings needed to inform a major capital investment decision in 2026. The funding is drawn from the North East Combined Authority (North East CA) Early Capital Regeneration fund (an allocation of £3.5 million previously set aside and approved for Gateshead Quays early works by Cabinet in January 2024). By advancing this design work now, the Combined Authority and its partners can de-risk the site and maintain momentum towards a regionally significant redevelopment with a new Arena at its heart, aligned with Mayoral priorities, the Local Growth Plan and the Newcastle–Gateshead Mayoral Development Zone (MDZ).

Recommendations:

The Chief Executive is recommended to:

1. Approve a grant of £499,000 to Gateshead Council from the North East CA's Early Capital Regeneration allocation agreed by Cabinet in January 2024, to fund technical feasibility and design work for the Gateshead Quays Infrastructure Delivery Plan (Stage 2 Business Case). This will cover specialist design, engineering and survey services required to produce a full business case for infrastructure works on the Gateshead Quays site.
2. Authorise the completion of the necessary Grant Funding Agreement (GFA) with Gateshead Council.

Executive Summary:

The development of the Gateshead Quays (GQ) site remains a longstanding regional priority, as set out in both the North East Local Growth Plan 2025–35 and the North East Devolution Deal. The site presents a significant opportunity to deliver a new arena alongside wider mixed-use development. However, previous efforts to progress an Arena and International Conference Centre scheme were unable to proceed due to viability challenges, including escalating construction costs and shifts in market conditions. In late 2025, a Combined Authority–funded Strategic Outline Case (Business Case Stages 1A & 1B) was completed. This work concluded that a market-led arena-only scheme represents the most viable, feasible, and deliverable option. It also highlighted the importance of undertaking early infrastructure works to reduce development risk and improve deliverability.

In March 2026, Cabinet approved an Investment Fund allocation of up to £24 million to Gateshead Council to commence development of Gateshead Quays. This allocation will be subject to the preparation and appraisal of a full Infrastructure Business Case and associated reviews in line with the Single Assurance Framework. This delegated decision seeks approval to provide £499,000 from the North East Combined Authority's Early Capital Regeneration allocation to Gateshead Council. The funding will support the technical feasibility and design work required to prepare the Gateshead Quays Infrastructure Delivery Plan (Stage 2 Business Case).

The proposed funding will enable expert consultants appointed through Gateshead Council's development partner, Ask Patrizia to undertake detailed engineering design, site investigations, planning and consenting tasks and comprehensive cost estimation. The output will be a full Technical Feasibility and Design Report,

forming the Stage 2 Business Case for infrastructure. This decision is time-critical to maintain momentum and ensure that works on site can commence in late 2026.

A. Context:

1. Background:

Stage 1

Gateshead Quays Redevelopment: Gateshead Quays is a key waterfront site adjacent to the Sage (Glasshouse International Centre for Music) and BALTIC Centre. For over a decade it has been earmarked for a major leisure-led development, including a new music & conference facility. An original International Conference Centre and Arena scheme had, prior to the Covid19 pandemic, an identified operator, developer and sponsor; a RIBA Stage 4 design completed; and full planning consent secured. However, national and global economic shocks, including Covid19, the war in Ukraine, increased energy and raw material prices and wider UK fiscal pressures stalled delivery.

Subsequently, Gateshead Council and the North East CA established a partnership to progress the delivery of Gateshead Quays and to develop an appropriate strategy for the site. Early Capital Regeneration Funding from the North East CA has enabled the preparation of a specialist, industry led Strategic Outline Case. This work assessed regional need, market demand, and the financial requirements associated with the potential development and delivery of a new International Conference Centre, Arena, and supporting infrastructure at Gateshead Quays. The Strategic Outline Case concluded with a clear recommendation that a market led arena model represents the preferred and most deliverable option for the site.

In addition to the clear recommendation of the Strategic Outline Case, the Gateshead Quays Oversight Board and its partners jointly developed and delivered a comprehensive premarket engagement exercise. This exercise invited leading global arena operators to submit expressions of interest and provide key commercial and technical information through a secure, Council-managed digital portal, which was open from December 2025 until January 2026. Submissions were received from four major international arena, events, and ticketing companies. Their responses provide significant insight into market sentiment regarding a new arena at Gateshead Quays. Headline findings indicate a strong appetite from the global market to engage in the delivery of a venue in this highly prominent location. Respondents identified the North East as an underserved region lacking a modern, state-of-the-art arena, with clear potential to grow market share and attract top tier talent. Ongoing engagement with the companies is planned to build upon these insights and interest. The findings of the pre-market engagement exercise align with the evidence base underpinning the Gateshead Quays Strategic Outline Business Case, which confirms an opportunity to improve regional provision and increase capacity to support the North East's cultural and events offer. All four operators also indicated that the commercial attractiveness and deliverability of a new arena would be significantly enhanced if the project were derisked by commencing early groundworks and associated public realm improvements as proposed in this report. While interest was consistently strong, each company noted that some level of future public subsidy would still likely be required to support delivery of a state-of-the-art arena.

Stage 2 Infrastructure Delivery

Alongside active work to identify a suitable preferred private-sector partner to lead the arena, the North East CA also requested a new Infrastructure Business Case to accelerate on-site works in advance of a decision being made on the Arena. The rationale is that by investing early in enabling infrastructure (such as land remediation, earthworks, and public realm delivery), the site will become a "shovel-ready" platform, which (a) reduces risk for any incoming arena developer/operator, and (b) brings forward benefits for the community regardless of the arena's timeline. In effect, this decouples some public-interest elements (like improved public spaces and site levelling) from the main arena project, ensuring they happen sooner. It also capitalises on the new Urban Core Mayoral Development Zone approach, which has promoted upfront infrastructure delivery to unlock growth. Cabinet in March approved an Investment Fund allocation of up to £24 million to Gateshead Council to commence development of Gateshead Quays. This allocation will be subject to the preparation and appraisal of a full Infrastructure Business Case and associated reviews in line with the Single Assurance Framework.

This delegated approval to grant of £499,000 to Gateshead Council from the North East CA’s Early Capital Regeneration allocation will enable Gateshead Council, with its development partner Ask Patrizia (AP), to commission a multi-disciplinary team of consultants to undertake all necessary design and feasibility. The key outputs (collectively, the Infrastructure Delivery Plan) will include:

- Detailed engineering designs and specifications for ground works (“cut and fill” earthworks, soil stabilization, grouting) to create three level development plateaus on the sloping site.
- Designs for a “Linear Park” and associated public realm, including landscaping, access paths, lighting, and drainage.
- Designs for “Performance Square”, an outdoor events space adjacent to the Sage.
- Integration and phasing plan: how these three infrastructure components (earthworks, park, square) will be delivered in phases, with earthworks likely first (commencing late 2026) and public realm following into 2027.
- Contribution to the full Business Case document: The consultants’ technical reports will feed into a Green Book-compliant business case authored by North East CA’s independent consultants (IPW) in parallel. This includes providing detailed cost plans, site data, risk assessments, and confirming the deliverability aspects for the Management Case.

The funding for this proposal comes from an existing allocation. In January 2024, the (former) North of Tyne Combined Authority (NTCA) approved £3.5 million to Gateshead Council for “early capital regeneration works” at Gateshead Quays. This allocation was split into several project elements, as shown below:

Project Code	Project Name	Allocation	Status (as of Jan 2026)
NE0027	Railway Quarter (enabling works in Gateshead)	£500,000	GFA executed (contract in place)
NE0054	Gateshead Quays Scheme Review Stage 1A & 1B (SOC)	£454,288	GFA completed (project delivered)
NE0054-A	Repair of Grade II Listed Coal Drops (heritage)	£993,997	Endorsed by TOG on 9 Feb 2026
NE0054-B	Gateshead Quays – Stage 2 Infrastructure Delivery	£499,000	In appraisal (this proposal)

2. Strategic Fit:

This project aligns with multiple strategic objectives. It directly supports the North East CA’s mission of making the region “a place people are Proud to Call Home” by regenerating a prominent brownfield site and delivering new public spaces. It contributes to inclusive economic growth – the GQ development will create jobs (construction and permanent), boost tourism and visitor spend, and act as a catalyst for further investment in Gateshead and Newcastle. The early infrastructure works particularly focus on placemaking and environmental improvements (e.g., a new park, better connectivity, preserving heritage like the Coal Drops), reflecting the clean growth and quality of life priorities in regional plans. Furthermore, as noted, this project is one of the first to come forward under the auspices of the Newcastle–Gateshead MDZ, which was approved by Cabinet in September 2025. It therefore demonstrates the MDZ approach of coordinated action and unlocking development at scale. Gateshead Quays is specifically referenced in the North East Devolution deal as a key site, and the Mayor has identified it as a high-priority regeneration project.

3. Impact on North East Combined Authority Objectives:

Investing in Gateshead Quays infrastructure supports the North East CA’s strategic objectives in several ways. It drives economic growth and job creation, by paving the way for a major leisure and tourism development (the arena and associated businesses) that will create employment and attract visitors, benefitting the wider region. It promotes placemaking and regeneration – transforming a currently derelict site into a vibrant destination with public parks and event spaces, which aligns with the combined authority’s “Quality of Place” and housing/land development goals. By accelerating infrastructure delivery, the project also demonstrates the CA’s commitment to innovative delivery models under devolved powers (using the MDZ mechanism and up-front funding to unlock private investment). Additionally, the proposal is consistent with the Local Growth Plan’s missions – particularly the vision of making the North East a region of thriving communities and dynamic city centres. The redevelopment of Gateshead Quays, supported by this decision,

will improve cultural and recreational amenities accessible to all North East residents, thereby contributing to an inclusive and attractive region.

From a transport and environmental perspective, the creation of pedestrian connectivity (Linear Park linking the Quayside to the Baltic Quarter) encourages sustainable travel and integrates with local transport plans. The designs will incorporate Net Zero objectives where applicable – for example, sustainable urban drainage in the park, and reuse of materials on site. Although the primary aim is regeneration, the project will be developed in line with the North East CA's vision for "A Greener North East", ensuring the new public realm and infrastructure support climate resilience and low-carbon outcomes.

4. Key risks:

- **Expectation of Further Funding:** Approving and commencing the technical design work may create an implicit expectation that the full capital works allocation will automatically proceed. This is mitigated by making clear that any major capital funding is subject to its own business case and detailed external appraisal. .
- **Project Delay or Cost Overrun:** If the design work is delayed or uncovers significantly higher costs, the release of the March Cabinet Capital Funding allocation could potentially be affected. To manage this, a tight project management plan is in place (the North East CA's assurance team is overseeing progress, with a detailed timeline already prepared). The £499k budget includes contingency and leverages experienced consultants who are already familiar with the site (Ask Patrizia's team), reducing the risk of surprises.
- **No Arena Follows:** There is a risk that even after doing these works, the private sector could ultimately decide not to build the arena (e.g. due to market conditions). In that scenario, the public infrastructure delivered would still add value – the site's development platforms and public spaces would make it attractive for alternative uses (housing, commercial, cultural). Therefore, the investment is not wasted even if plans evolve. Gateshead Council and The North East CA have ensured the designs retain flexibility for alternative uses if needed.
- **Coordination with Other Projects:** The Gateshead Quays site has multiple elements (the Coal Drops heritage repairs, adjacent road networks, etc.). Without coordination, there's a risk of overlap or gap. A joint governance structure is in active partnership design to align all workstreams and the same GQ Project Oversight Partnership Board will oversee the coal drops project and this infrastructure project together to ensure sequencing and complementarity.

By approving this funding now, the North East CA can proactively manage these risks rather than face larger risks of inaction: namely, losing momentum on a high-profile site, continued deterioration of the site (and listed structures), and possible loss of investor interest if the public sector does not demonstrate progress.

5. Governance and Delivery

Strong governance arrangements have been in place thus far to get the project to Stage 2 and are actively being reviewed and strengthened to manage all stages of Gateshead Quays delivery. A Joint Programme Board between the North East CA and Gateshead Council (and involving Newcastle City Council for strategic coordination) provides high-level oversight. Beneath this, an Integrated Delivery Team (officers from the CA and Gateshead, plus consultant support) has a detailed delivery plan covering all phases – from scoping and design (the current stage) through planning consents, procurement, and construction. Regular reporting to The North East CA's internal assurance panel and to Gateshead's internal project board will ensure additional regularity of transparency and accountability.

6. Appraisal Summary

Proposal Description

The business case highlights the strategic preference to deliver an Arena and associated infrastructure to the Gateshead Quays site to meet local and regional objectives. The project will enable various elements of site design and preparation. The intention is then to present a wider Business Case in following the CA Cabinet of March 2026 which will consider a request funding to develop the site ground infrastructure. Three proposed infrastructure projects are as follows; *Linear Park*, *Performance Square* and *Cut & Fill Earthworks*.

The Strategic, Economic and Commercial Case

The application demonstrates clear strategic rationale and a fit with North East Combined Authority objectives. The project is a step towards bringing forward the Gateshead Quays regeneration opportunity, including the flagship Arena site, which has been cited as a regional priority.

The application sets out the alignment to Local Growth Plan Missions along with specific Devolution Deal and Mayoral Development Zone commitments. It is expected that outputs and outcomes will be addressed through the future site infrastructure development business case. This is accepted given that this is not a stand-alone project but is part of a wider body of Gateshead Quays development work and certain wider benefits can be considered.

It is recognised that the project is unique to a specific area and activity and therefore there is no displacement of an existing delivery. The project is part of, and complementary to, the referenced wider Gateshead Quays/Arena development.

The Financial and Management Case

The application outlines a total project cost of £499,000, all of which is funded through North East Combined Authority Early Capital Regeneration Fund of 2024. The amount will be paid by the Council to a contractor delivery organisation to carry out the works. There is one cost heading in the finance table. The finance table indicates that spend will be made entirely in Q4 of 2025/26. However, the final inspections of works and site handover will occur in April 2026, therefore defrayal dates will need to be re-confirmed at the project initiation meeting.

B. Corporate Implications:

B1. Financial and other resources implications:

The £499,000 requested will be funded from the Early Capital Regeneration allocation previously earmarked for Gateshead Quays. This funding is already approved and budgeted (originally by the North of Tyne Combined Authority in January 2024, now part of North East CA budgets following merger post May 2024). No additional calls on CA resources are made beyond this amount for this consultancy design work. The proposal constitutes a revenue expenditure (for professional fees and technical work) in support of a future capital project, and it will be treated accordingly in the accounts (the original £3.5m was structured to allow such feasibility spend). Gateshead Council will be the recipient of the funds and will manage all contracts; the GFA will include payment milestones tied to delivery of the design outputs. There are no adverse impacts on the CA's medium-term financial plan – this expenditure is within planned prior allocated budgets.

The North East CA's finance function (S73) has reviewed financial aspects and confirms that funding is available and the proposal adheres to the Single Assurance Framework and Financial Regulations. The amount is below the threshold for Chief Executive delegated decisions, and value for money will be ensured through Gateshead's procurement of competitively tendered consultancy services. No additional human resource or ICT implications are identified for the CA, as the project management will be handled within existing staff capacity (the Combined Authority Housing & Land team) and Gateshead Council's resources.

B2. Legal implications:

The comments of the Monitoring Officer have been included in this report.

B3. Equalities implications:

An Equalities Impact Assessment (EIA) for the technical design work itself is not necessary at this stage, since the activities funded (feasibility studies, design) do not directly impact end-users or alter physical facilities yet. However, the eventual infrastructure works and arena development will have significant equalities considerations (ensuring accessibility, inclusivity in design, etc.). Gateshead Council has committed to carrying out full EIAs as part of the subsequent full business case and planning applications. This will cover impacts on protected characteristics, ensuring that the new public spaces and any future arena are accessible and benefit diverse groups (for example, considering disabled access in the park and venue, or programming events that cater to all communities).

In the interim, the project will adhere to the Combined Authority's equalities guidance – for instance, the requirement that any organisation receiving funding achieve at least foundation level accreditation in the “Shine” initiative (an equalities standard) within six months. Gateshead Council is aware of this requirement and is working towards it, and will encourage its contractors and partners to do likewise. In summary, while no direct equalities impact arises from commissioning the design, the project is set within a framework that promotes positive equalities outcomes as it progresses.

B4. Consultation and engagement:

The original funding allocation was approved by CA Cabinet in January 2024 and approved via delegated decision at that time. The changes here have subsequently been fully developed in conjunction with the Gateshead Quays Joint Project Board, with the Chief Executives of the North East CA and Gateshead Council's engagement, consultation and input. Subsequently the proposal has been fully set out to, and consulted with, the North East CA Senior Leadership Team meeting of 21 January 2026. The full Business Case for the delivery of the capital works that this work designs will be reviewed in full at CA Technical Officers Group and Finance and Investment Board following the March Cabinet decision.

C. Appendices:

None

D. Background papers:

- *North of Tyne Combined Authority Cabinet Report (Jan 2024) – Early Capital Regeneration Funding allocations*
- *NECA Devolution Deal and Local Growth Plan documents (for strategic context reference).*
- [17 March 2026 Cabinet](#)

E. Contact officers:

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F. Glossary

- *Gateshead Quays (GQ): Area on Gateshead riverside designated for major regeneration (arena, leisure, etc.) adjoining The Glasshouse International Centre for Music and BALTIC.*
- *MDZ (Mayoral Development Zone): A designated zone to drive regeneration through Mayoral Combined Authority powers and coordinated action. Newcastle–Gateshead MDZ was the first in the region, approved 2025.*
- *SOC / Business Case Stage 1A & 1B: Strategic Outline Case – initial feasibility stages of HM Treasury Green Book business case process (completed for GQ in 2025).*
- *PME (Project Market Exercise): A pre-procurement engagement with potential developers/operators to gauge market interest (conducted for the arena project in Jan 2026).*

- *Early Capital Regeneration fund: A devolved funding pot for early-stage project development in the North East; £3.5m was earmarked for GQ enabling works (formerly under NTCA).*
- *Ask Patrizia (AP): Gateshead Council's development partner for Gateshead Quays – a private consortium originally appointed to lead the site's development.*