

Title: Mayoral Development Zone – Gateshead Quays Infrastructure
Portfolio: Home to a Growing and Vibrant Economy
Responsible Director: Phil Witcherley, Director of Economic Growth and Innovation and Mags Scott, Director of Finance and Investment
Report Author: Sabina McGing, Project Manager

Purpose of the report

The report seeks approval of funding for Gateshead Quays, in accordance with the 17 March 2026 Cabinet delegation.

Recommendations

The Chief Executive is recommended to authorise entry into a grant funding agreement with Gateshead Council for £23,717,999 to deliver the works outlined in this report.

Executive Summary

Gateshead Quays is a transformational development opportunity at the heart of the North East. A new major regional venue at Gateshead Quays has long been a shared ambition for Gateshead and the wider region, and the project features prominently in the mayor's manifesto, the Local Growth Plan and the emerging North East Culture, Creative Industries and Sport Strategy.

The proposal will deliver a comprehensive package of infrastructure and enabling works to de-risk and prepare the Gateshead Quays brownfield site for future development, in particular for an arena. The proposal will also begin arena design works to RIBA stage 1 and design and carry out an operator procurement exercise.

The activity, including onsite activity, will commence in 2026 and complete in 2027.

A. Context**1. Background**

Gateshead Quays is a prominent brownfield site on the south side of the River Tyne. A new major regional venue at Gateshead Quays has long been a shared ambition for Gateshead and the wider region. However, national and global economic shocks, including Covid-19, the war in Ukraine, increased energy and raw material prices and wider UK fiscal pressures stalled delivery of the Gateshead Quays scheme.

Subsequently, Gateshead Council and the North East MSA established a partnership to progress delivery of Gateshead Quays, chaired by the MSA CEO. Previous support has included development of a Strategic Outline Case which concluded with the North East MSA, Gateshead and Newcastle Councils endorsing the recommendation that a market led arena with a capacity of 12,500-15,000 should be pursued as the preferred option for Gateshead Quays.

Following this, in March 2026, the North East MSA Cabinet agreed in principle to the allocation of up to £24 million to Gateshead Council and for the Gateshead Quays project, subject to implications within the report, and consideration of the relevant business case by the Technical Officers Group and Finance and Investment Board. The external appraiser rated the business case green, subject to pre-conditions being met before a contract is signed between the parties: these conditions have now been met.

The North East MSA Cabinet also authorised the Chief Executive, in consultation with the Mayor and portfolio holder, and following consideration by the Finance and Investment Board, to subsequently agree the award of that funding to Gateshead Council and the completion of the necessary grant funding agreement(s).

2. Investment proposal

The proposal concerns a 4.5-hectare brownfield site in the Newcastle and Gateshead Mayoral Development Zone (MDZ), between The Glasshouse International Centre for Music and the Baltic Centre for Contemporary Art, on the south side of the River Tyne. The site presents significant abnormal costs and physical constraints that must be addressed to make the site viable and attractive to the market.

The proposal will deliver a comprehensive package of infrastructure and enabling works to de-risk and prepare the Gateshead Quays brownfield site for future development, in particular for an arena. The cut and fill earthworks will establish a fully prepared and serviced development platform for an arena, development platforms at the lower and middle plateau for other uses and the creation of new public realm; Linear Park and new Performance Square. These works are essential to make it a commercially viable site, help attract an arena operator, and unlock long term regeneration. The proposal will also bring forward an operator procurement exercise and rebegin arena design works to RIBA stage 1.

These works would provide confidence to the arena operator market and construction sector that there is a serious intent to bring forward an arena onsite as a flagship part of the regeneration proposals for the site. As a result of these works, the funding gap requirement for an arena will be reduced. These works will also see the start of development on a prominent brownfield site in the Newcastle and Gateshead urban core / MDZ area after being underutilised or stalled for over 12 years. The early implementation of the public realm embeds placemaking, social value and connectivity into the scheme from the outset.

As a result of these works, 27 direct jobs will be created, 4.5 hectares of brownfield land will be remediated and 0.9 hectares of public realm will be created. There will be 85 cultural events per year once the public realm and performance square are operational and the number of attendees participating in a cultural tourism event are forecast to be up to 50,000 per annum by year 3.

B. Impact on North East Mayoral Strategic Authority Objectives

The proposal delivers on the North East MSA objectives:

- meets the stated Gateshead Quays objective within the Local Growth Plan 2025 – 2035;
- meets the ambition within the Mayoral Manifesto and the emerging 2026-2030 Mayoral Strategic Authority Corporate Plan for world class arts and culture, good jobs, thriving town and city centres and making the North East a welcoming home to global trade and investment;
- moving forward a designated project within the emerging North East Culture, Creative Industries, and Sport Strategy;

It further addresses the Mayor's Missions of Home of Real Opportunity, A North East we are proud to call home, and Home to a growing and vibrant economy for all. Investment into this major regional development will further help realise jobs, skills, supply chain opportunities, private sector investment, growth in the visitor economy and tourism.

C. Key risks

A summary of key risks relating to the investment proposal is included below. Should these risks materialise, the works to be undertaken still benefit the stalled brownfield site for other development. Key MSA capital project risks are managed via both MSA Place Board and Cabinet Review.

Risk	Impact	Mitigations
Subsequent procurement exercise does not result in an investor / operator or therefore an arena.	- No operator to support arena design. - Delay to programme delivery. - Unlikely that an arena will be delivered onsite.	The pre-market engagement exercise highlighted the requirement to de-risk the project via the works in the business case for this project. We are now jointly shaping a procurement approach (with qualified commercial, industry, and legal advice) that ensures best value for money, best outcomes, and maximum transfer of risk away from the public partners. The pre-market engagement exercise confirmed market interest from a number of major global companies.
Utilita arena remains at Forth Yards.	The MDZ ultimately comprises of two arenas.	Ongoing work to understand and respond to the wider implications and opportunities associated with the Forth Yards development and proposed Gateshead Arena, ensuring a coordinated approach to regeneration, infrastructure and investment planning.
Insufficient budget to deliver the works (due to inflation, supply chain issues, inaccurate projections, increased costs due to delays, Gateshead overspends).	- Programme delay. - Additional financial ask of the MSA. - Potential loss of operator.	- Robust and detailed costings have been received with an appropriate level of contingency and inflation. - The Joint Oversight Board will actively manage the provisional sums and contingency budgets. - A condition will be included in the grant funding agreement that makes clear that any cost overruns are the responsibility of the applicant.

D. Corporate Implications

D1. Financial and other resources implications

Funding is derived from the North East MSA's Investment Fund. Cabinet agreed an outline allocation of up to £24 million. There is no match funding.

Funding source	2026/27	2027/28	Total
<i>North East MSA Investment Fund (£)</i>	12,452,977	11,265,022	£23,717,999
Total (£)	12,452,977	11,265,022	£23,717,999

This proposal will be managed by the Programme Manager – Major Projects, Ian Freshwater, and Project Manager (Housing and Regeneration), Sabina McGing, with support from the Assistant Director of Place, Lou Sloan, as required.

The Joint Oversight Board has MSA representation from Chief Executive, Director of Finance and Assistant Director of Legal and Governance. For Gateshead Council, representation on this Board includes Chief Executive, Strategic Director for Economy, Innovation and Growth, Head of Strategic Finance and Chief Legal Officer.

Additional input from other MSA teams including Legal and Comms will be required at different stages of the project delivery. External resources could be required for assurance or other expertise/advice such as commercial and legal.

D2. Legal implications

The comments of a representative of the Monitoring Officer are included in this report.

D3. Equalities implications

The North East MSA follows the Public Sector Equality Duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

Gateshead Council undertook an equalities impact assessment for the proposed project, which addresses the impact the new space will have on those with protected characteristics, including age, disability and socio-economic background. The key equalities issue highlighted is accessibility due to the steep gradients, some areas of the site will therefore have stepped access. Once the wider site is developed, east to west movement will be enhanced, improving accessibility.

D4. Consultation and engagement

Engagement on the development proposals and aspirations for the future of Gateshead Quays has been led by Gateshead Council to date; this has included engagement on the vision for a major new venue on the site, associated statutory planning application process and the Council's successful bid for Levelling Up Fund Round 2 resources. An engagement exercise in 2023 received 56 responses, with strong support for the proposals. Consultation extended to Baltic apartments, The Glasshouse International Centre for Music, the Baltic Centre for Contemporary Art, Gateshead College and ECF and C&C as development partners in the town centre. There is also a live statutory planning application submitted for the new public realm proposals that will be open for full public consultation.

Gateshead and North East MSA will jointly undertake consultation and engagement throughout the delivery of this proposed scheme and beyond.

A draft joint Communication Plan has been prepared to keep stakeholders and the communities informed.

E. Appendices

None.

F. Background papers

North of Tyne Combined Authority Cabinet Paper – 24 January 2024 -

[file:///C:/Users/neca334/Downloads/NTCA_CabinetSupplementalAgenda_30Jan24%20\(2\).pdf](file:///C:/Users/neca334/Downloads/NTCA_CabinetSupplementalAgenda_30Jan24%20(2).pdf)

North East Combined Authority Cabinet Paper – 17 March 2026 –

<https://northeast-ca.moderngov.co.uk/documents/s1393/Mayoral%20Development%20Zone%20Gateshead%20Quays.pdf>

G. Contact officers

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H. Glossary

MDZ - Mayoral Development Zone

RIBA - Royal Institute of British Architects

ECF – English Cities Fund which is the collective of MUSE, Homes England and Legal and General

C&C - Capital and Centric

PMO – Project Management Office