
Title: Business Case Development Fund – Runway Extension Assessment Study
Portfolio: Home to a Vibrant and Growing Economy
Responsible Director: Phil Witcherley, Director of Economic Growth and Innovation
Report Author: Rob Hamilton, Assistant Director of Economic Strategy

Report Summary

The purpose of this report is to seek approval for the allocation of funding from the Business Case Development Fund (BCDF) to support a runway extension assessment study that will facilitate the progression of Newcastle International Airport runway extension, a strategically important project, and catalyse additional public and/or private sector investment into the North East.

The study will assess the strategic, economic, financial and commercial case for extending the existing runway by up to 700 metres. This would consider the potential runway requirements of moving towards sustainable aviation fuel, alongside wider work including demand forecasting, route opportunity analysis, regional economic impacts, costs, risks and programme considerations – unlocking inclusive growth opportunities and supporting our ambitions to double the impact of the Visitor Economy.

The proposed funding aligns with the objectives and eligibility criteria of the BCDF, which was previously approved by delegated decision on 23 February 2026, and will provide timely access to specialist technical expertise required to enable NIA and North East MSA to assess the strategic, economic and commercial case for extending the current runway by up to 700 metres.

Recommendations

The Director of Finance and Investment is recommended to approve the award of £75,000 Business Case Development Fund grant funding to Newcastle International Airport to support economic and financial modelling, and market research and demand assessment for the Runway Extension Assessment Study project and to enter into a Grant Funding Agreement.

A. Background

1. Programme Context

1.1 The Business Case Development Fund was approved by decision of the Chief Executive on 23rd February 2026 to support the development of high-quality business cases for projects that align with the North East Mayoral Strategic Authority's (North East MSA) strategic objectives and investment priorities.

1.2 Access to specialist expertise at an early stage helps ensure proposals are well-developed, proportionate, and capable of progressing through assurance, governance, and external funding processes.

1.3 This report seeks £75,000 of grant funding from the BCDF to fund targeted business case development activity.

1.4 Summary of Proposal

Project Outline	
Funding Source	Business Case Development Fund
Proposal Name	Runway Extension Assessment Study
Lead Organisation	Newcastle International Airport

1.5	Delivery Areas	Newcastle
	Start Date	01 September 2026
	Financial End Date	31 March 2027
	Practical completion date (date by which all outputs will be achieved)	31 March 2027
	Total Project Value	£75,000
	Grant Amount Requested	£75,000
	Budget Implications	The requested grant can be met within the overall Business Case Development Fund budget.

Proposal Overview

The proposal relates to the development of a business case for a potential runway extension of up to 700 metres at Newcastle International Airport, intended to assess its strategic, economic and commercial case and support future investment decisions.

The eligible activity funded by the grant will be economic and financial modelling, market research and demand assessment, and specialist technical studies to inform a business case narrative and evidence pack for the proposed runway extension.

The funding will be used solely for business case development activity and will not commit the North East MSA to future capital or revenue investment.

The funding will support the development of a robust evidence base and business case narrative to inform future Airport Board investment decisions, potential public funding discussions and subsequent project development stages.

1.6 Outputs and Outcomes

Outputs	26/27	Total
Runway extension assessment study	1	1

1.7. Timetable for Implementation

Milestone	Completion Date
Commissioning of Study	July-September 2026
Delivery of Study	Q4 2026/27

1.8 Appraisal

The application seeks £75,000 of Business Case Development Funding to procure specialist consultants to undertake a Runway Extension Assessment Study for Newcastle International Airport. The study will assess the strategic, economic, financial and commercial case for extending the existing runway by up to 700 metres, including demand forecasting, route opportunity analysis, regional economic impacts, costs, risks and programme considerations.

The proposed activity is eligible as economic and financial modelling, market research and demand assessment, and will produce a business case narrative and evidence pack to inform future Airport Board investment decisions, potential public funding discussions and subsequent project development stages. The project is relatively straightforward in delivery terms, with Newcastle International Airport responsible for procuring and managing the consultants, monitoring progress and consolidating outputs into a final report. Key assurance points are confirmation of procurement compliance, delivery within the proposed Q3 2026 to

Q1 2027 timeframe, evidence of expenditure to support claims paid in arrears, and appropriate handling of subsidy control through Minimal Financial Assistance.

1.9 RAG Assessment

Overall RAG assessment		
Risk Rating	Strategic case	Green
	Commercial case	Green
	Economic case	Green
	Financial case	Green
	Management case	Green
	Overall rating	Green

1.10 Recommended Conditions of Funding

The award of funding would be **subject to the following proposed funding conditions**:

No.	Condition
1	Funding to be awarded as Minimal Financial Assistance (MFA). North East MSA to issue MFA once GFA is complete.
2	Applicant to share findings of study with North East MSA
3	Applicant to ensure that any subsequent technical feasibility work on actual runway solutions also considers impact on residents.

B. Potential Impact on North East Mayoral Strategic Authority Objectives

The proposal aligns with the North East MSA's strategic objectives, including:

- Supporting inclusive economic growth
- Enabling future investment and regeneration
- Strengthening the pipeline of investable projects

The overall BCDF programme aligns strongly with the North East MSA's strategic objectives, the Local Growth Plan, the Mayoral Manifesto, and commitments under the Devolution Deal. Its flexibility allows adaptation to future priorities, including those arising from the integrated settlement agreement.

C. Key risks

Key risks associated with the proposal include:

- The business case does not progress to a stage suitable for future investment
- Delays in delivery of business case outputs
- Risk of duplication with other feasibility activity

These risks are mitigated through:

- A clearly defined scope of funded activity
- Milestone-based monitoring and reporting requirements
- Proportionate oversight and review by officers/

D. Corporate Implications

D1. Financial and other resources implications

The financial profile for the project/programme is included below:

Funding source	2026/27	Total
<i>Business Case Development Fund (£)</i>	£75,000	£75,000
Total (£)	£75,000	£75,000

The proposed allocation of **£75,000** will be met from the approved Business Case Development Fund budget.

The funding is time-limited and revenue in nature, with no ongoing financial commitment beyond the agreed scope of work.

Any future request for capital or programme funding would be subject to a separate business case and approval process.

D2. Legal Implications

The comments of the representative of the Monitoring Officer have been 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.

Equality considerations have been proportionately addressed through the business case development process, including consideration of inclusive growth, accessibility, and potential impacts on different groups where relevant.

D4. Consultation and Engagement

The Mayor has been consulted on this project, noting that runway expansion is identified as a required investment to meet the Airport's 2040 Masterplan Vision to grow passenger numbers to 9 million by 2040, and to increase jobs at the airport to 5,000, from 3,200 in 2023. The Business Case Development Fund itself is included within the North East MSA's Single Assurance Framework, which was approved by Cabinet in May 2024. The details of the Fund was also considered and supported by the North East MSA Finance and Investment Board on 19 January 2026.

E. Appendices

None

F. Background Papers

[Delegated Decision Report 23 February 2026.](#)

[Delegated Decision Record 23 February 2026.](#)

G. Contact Officer

Name: Rob Hamilton

Title: Assistant Director of Economic Strategy

Email address: Rob.hamilton@northeast-ca.gov.uk

H. Glossary

Term	Definition
BCDF	Business Case Development Fund
North East MSA	North East Mayoral Strategic Authority