

Reopening the Market to Deliver a £95m Town Centre Regeneration Scheme

Project Requirements

South Tyneside Council needed to deliver a £95m town centre further education college to replace ageing facilities. Initially procured through a framework limited to Tier 1 contractors, the project became unviable as development costs exceeded the available budget.


With the scheme at risk of losing funding, the Council required a procurement approach that could **reopen competition, expand access to capable Tier 2 contractors and deliver the project within a guaranteed, affordable budget.**

With multiple funding streams in place, including the North East Combined Authority, Department for Education and UK Government, the project faced additional complexity:

- Requirement to secure a Guaranteed Maximum Price (GMP)
- Complex governance across multiple stakeholders
- Risk of funding loss if timelines were not met
- Limited access to Tier 2 contractors able to deliver via traditional frameworks.

The scheme forms part of a broader programme to reinvigorate the town centre, including the redevelopment of vacant buildings into student accommodation and staff offices, increasing footfall and supporting local economic growth.

A new approach was required to **increase competition and deliver a compliant, cost-effective solution at pace.**

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- £95m regeneration scheme
 - 35% cost saving
 - GMP achieved
 - SME contractor appointed
 - Construction procurement & contract expertise and support.

35% Cost Saving & Local SME Contractor Appointed

Constellia Solution

Constellia provided a compliant route to market that enabled the Council to re-engage the supply chain and explore a broader range of capable contractors.

This included:

- Early market engagement and Expression of Interest (EOI)
- A competitive, proportionate procurement process aligned to public procurement regulations
- Access to Tier 2 and regional contractors, expanding beyond traditional framework limitations
- Development of a Guaranteed Maximum Price (GMP) aligned to available funding
- Flexible contracting approach, including:
 - Pre-Construction Services Agreement (PCSA)
 - Early Works Agreements to enable mobilisation
 - JCT-aligned building contracts.

This approach enabled early contractor involvement, allowing the scheme to be designed and delivered in budget, while maintaining project ambition.

Impact

The project was saved and is now progressing, delivering a landmark education facility that will help regenerate South Shields town centre. By appointing SME contractor Castle, the council achieved significant savings — around 35% on the £100m-scale scheme — while keeping investment within the local economy. The new college will replace failing buildings, support skills development and reinforce South Shields' global maritime heritage through the world-renowned marine school.

“Constellia’s solution allowed us to find a Tier 2 contractor we could actually afford to work with. Without that route, this transformational project for South Shields simply would not have gone ahead.”

Richard Spencer, DCO Transformation, Tyne Coast College

About Constellia

Established in 2007, Constellia is a leading procurement solutions provider, managing over £400 million of spend across more than 250 public and private sector organisations.

Through its managed marketplace of more than 4,000 pre-approved suppliers, including micro-SMEs, SMEs and large organisations, Constellia’s neutral vendor model creates fair and equal access for suppliers of all sizes. It enables clients to procure goods, works, services and technology across more than 400 subcategories of spend, all through one simple and compliant route to market.

Constellia connects buyers with the right suppliers, enabling them to work together with transparency and efficiency while driving value for money, innovation and measurable social impact. As an employee-owned organisation, we put people at the heart of how procurement solutions are delivered across the Constellia community.

Find Out More

Speak to the Constellia team today to find out how we can help you to deliver your works projects with pre-approved, quality suppliers, via info@constellia.com or call us on **0330 320 8020**.