

LIB DEMS: YES TO DEFENCE INVESTMENT AND HIGH-VALUE JOBS, BUT GATESHEAD NEEDS A BUSINESS CASE, NOT A PRESS RELEASE

Gateshead Liberal Democrats welcome the ambition to bring advanced manufacturing and defence sector jobs to Gateshead, but are challenging the Reform UK leadership to explain why it is promoting a new Adam Smith Institute (ASI) Enterprise Zone before testing Blaydon Quarry through the North East's existing, funded growth strategy.

The Liberal Democrats say there should be no doubt about their support for strengthening Britain's defence and industrial capacity. Nationally, the party has called for defence spending to reach 3% of GDP by 2030 and proposed a £20 billion Defence Bonds programme to provide an urgent injection of capital into UK defence capabilities, strengthen sovereign capability and stimulate investment, R&D and jobs.

The issue for Gateshead, the group says, is therefore not whether Britain should invest more in defence, but how the borough can secure the maximum long-term economic and strategic benefit from that investment.

The North East Mayoral Strategic Authority already identifies advanced manufacturing as a regional priority. Its 2026–30 Corporate Plan confirms that £36 million of Investment Zone funding has already been committed, including site infrastructure to support inward investment in the space and defence industries.

The region also already has a £160 million, ten-year North East Investment Zone focused on advanced manufacturing and green industries, alongside the MSA's wider long-term Investment Fund and devolved powers over transport, skills and regeneration.

Gateshead Liberal Democrats say this creates an obvious question for Reform: what would a new ASI-designed Defence Enterprise Zone achieve that cannot be delivered, potentially with substantial existing funding, through the North East's established regional strategy?

Councillor Dawn Welsh, Gateshead Liberal Democrats, said:

"We absolutely should be ambitious for Gateshead. I want to see high-value engineering, advanced manufacturing and defence technology jobs coming to our borough, creating apprenticeships and giving our young people the opportunity to build skilled careers here in the North East.

"Liberal Democrats have been calling nationally for substantially greater investment in Britain's defence capabilities for some time. So the argument is not about whether we should invest in defence, we absolutely should. The question is how we make sure that investment strengthens Britain's security while delivering the maximum long-term economic benefit here in the North East.

"But the North East already has a funded industrial strategy which includes advanced manufacturing, space and defence. The Mayoral Strategic Authority has committed £36 million of Investment Zone funding, including infrastructure specifically intended to attract space and defence investment.

"So before Gateshead creates another Enterprise Zone, offers tax concessions or talks about fast-tracking planning, Reform needs to answer a very simple question: what problem are they trying to solve that the existing North East strategy and funding cannot already address?

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“Blaydon Quarry may prove to be an excellent location. If it does, we should make the strongest possible case for investment through the Mayoral Strategic Authority and Government. But it is a former quarry and landfill site. We need to understand remediation, ground conditions, grid capacity, transport infrastructure and the cost to the taxpayer before declaring it development-ready.

“And if a major defence manufacturer really is interested in Gateshead, that would be extremely welcome. But at present Reform has named no investor, produced no business case and published no estimate of the number of genuinely new Gateshead jobs this proposal would create.

“Our position is straightforward: yes to reindustrialisation, yes to defence and advanced technology jobs, and yes to ambitious investment in Gateshead, but let’s do it properly.”

Councillor Amanda Wintcher, Gateshead Liberal Democrats, said:

“In a rapidly changing international security environment, who we choose to partner with matters just as much as the headline value of an investment.

“Any anchor investor should be assessed not simply on the size of the factory or the number of initial jobs promised, but on whether it strengthens Britain’s sovereign defence capability and creates a resilient long-term industrial base.

“That means looking carefully at ownership, supply chains, where research and development takes place, where intellectual property is held, and whether high-value skills and decision-making will genuinely be rooted here.

“We should be ambitious about attracting British companies and trusted international partners prepared to establish substantial, lasting capability in the North East. Public support should deliver strategic value for Britain as well as economic value for Gateshead.”

The Liberal Democrats also question the proposal’s reliance on the Adam Smith Institute’s model of tax reductions, discounted energy and accelerated planning. They say the Council should undertake appropriate due diligence on the report, including its assumptions, methodology and funding transparency, before using it as a basis for public policy.

Gateshead Liberal Democrats also warn that Enterprise Zone incentives must not become a blank cheque for corporate subsidy. If taxpayers are expected to fund infrastructure, discounted energy or tax concessions for a major multinational, the group says any agreement should set out clearly the total value of public support and require measurable commitments on jobs, apprenticeships, local supply chains, R&D and long term investment, backed by appropriate clawback provisions if those commitments are not delivered.

There is an extraordinary double standard at the heart of Reform’s position. Nick Allan justified withdrawing Council support for Pride by declaring that Gateshead would not “actively support, fund, or promote” socio-political or pressure groups, wherever they sit politically. Yet weeks later he is actively promoting the work of the Adam Smith Institute, a political think tank whose central purpose is influencing government policy, and directing Council resources towards exploring its proposals. The principle therefore appears not to be that Gateshead Council should remain above ideological causes, but that only causes and organisations which Reform approves of are entitled to its support. That is not political neutrality, it is political selectivity.

They highlight an apparent tension between the press release’s promise to put communities “front and centre” and the ASI proposal for a single governing authority to enforce fast tracked planning decisions.

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Gateshead Liberal Democrats are calling for the Council's scoping exercise to test Blaydon Quarry against the North East Local Growth Plan and Investment Zone; identify potential MSA, Government and private-sector funding; assess remediation, infrastructure, grid and transport costs; establish whether any prospective anchor investor exists; quantify genuinely additional local jobs; and set out the financial implications for Gateshead Council.

The group says any future proposition should consider a broader advanced manufacturing and technology cluster, potentially encompassing defence and dual-use technologies, drones and autonomous systems, cyber, robotics, space, advanced materials and energy technologies, rather than making the site dependent upon a single multinational defence company.

They also want any future business case to examine the strategic quality of prospective investment, including UK supply-chain content, local R&D, intellectual property, apprenticeships and graduate opportunities, and the contribution an investor would make to Britain's sovereign and allied defence capability.

ENDS

Notes to editors

- In January 2026 Liberal Democrat Leader Ed Davey proposed Defence Bonds capable of raising up to £20bn for capital spending on defence over two years. The party has subsequently continued to press for the proposal and for defence spending to reach 3% of GDP by 2030.
- The North East MSA Corporate Plan 2026–30 states that £36m of Investment Zone funding has been committed, including site infrastructure to support inward investment in the space and defence industries.
- The North East Investment Zone is a ten-year programme focused on Advanced Manufacturing and Green Industries.
- This response supports exploration of Blaydon Quarry and advanced manufacturing/defence investment while calling for an evidence-led business case, strategic assessment of any anchor investor and alignment with existing regional funding and strategy.