The North East Strategic Economic Plan

Creating more and better jobs

January 2019
Contents

1 Foreword
2 Executive Summary

Section one - Our strategy
10 Our region
12 Our offer
14 Our challenges
16 Our opportunities
18 Our plan

Section two - Four areas of strategic importance
22 Digital
24 Advanced manufacturing
26 Health and life sciences
28 Energy

Section three - Four sectors to support growth
32 Education
34 Financial, professional and business services
36 Transport and logistics
38 Construction

Section four - Five programmes of delivery
40 Employment
42 Health
44 Transport connectivity
46 Investment and infrastructure

Section five - Transparency and accountability, progress
50 Executive Summary
52 Strategy, policy, evidence and analysis
54 Governance

What does the Strategic Economic Plan want to achieve?
The Plan’s ambition is to increase the number of jobs in the North East by 100,000 between 2016 and 2024, with 70% of these being better jobs, defined as managerial, professional and technical roles.

How will the Plan achieve this?
The Strategic Economic Plan identifies four areas in our economy where our assets and capabilities mean we have a strong opportunity for growth. We want to build on these areas, which are:
• Digital
• Advanced manufacturing
• Health and life sciences
• Energy.

We have also identified and will work with four sector services that support the wider economy and offer significant opportunities for more and better jobs in the North East. These are:
• Education
• Financial, professional and business services
• Transport and logistics
• Construction.

We will achieve the Plan’s ambition through five programmes of delivery:
• Business growth
• Innovation
• Skills, employment, inclusion and progression
• Transport connectivity
• Investment and infrastructure.

What is the North East Strategic Economic Plan?
It is the North East’s plan for growing and developing a more productive, inclusive and sustainable regional economy.

Foreword
Our Strategic Economic Plan for the North East
The North East region has an economy that is growing and that is diverse with passionate and skilled people, a high quality location for business and leisure, and a focus on science and innovation.

The North East Strategic Economic Plan sets out our ambition for the North East as a place of work and opportunity, an ambition shared by regional businesses, local government and education, and supported by a wider community of partners, whose contribution to its development and delivery are central to its success.

Creating more and better jobs
In 2014, when this plan was first agreed, we committed to reaching new opportunities for our residents and businesses by driving forward a modern, diverse and entrepreneurial economy, which is agile in the face of change, competitive, resilient and inclusive.

We have one clear and simple ambition – to deliver more and better jobs for the people who live and work here.

Between 2014 and 2024, we want to grow the number of jobs in the region by 100,000, with at least 70% of the new jobs being better jobs, defined as those in managerial, professional and technical roles.

We have made good progress against this ambition. As of September 2018, there were 64,600 more jobs than in 2014, 77% of these being better jobs, defined as managerial, professional and technical roles.

What is the North East Local Enterprise Partnership and its role in delivering the Strategic Economic Plan?
The North East Local Enterprise Partnership is a private, public and education sector partnership, supported by a small executive team that provides strong, collaborative leadership to support the growth and development of the North East economy.

The executive team works with partners to lead and facilitate the delivery of the Strategic Economic Plan.

It is the economic development body that covers the North East of England.

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Executive Summary

The North East is a great place to live, learn, work and do business. We have a high quality living environment with historic towns and cities, a varied landscape and coastal environment and strong cultural and leisure offer. Landmarks include centres for contemporary art and music on Gateshead Quays, the UK’s most popular open-air museum, Beamish, the Northumberland National Park and two UNESCO World Heritage Sites – Hadrian’s Wall and Durham Cathedral. It is an increasingly prominent location for international sport and events. House prices are competitive compared to other parts of the UK and the region’s transport network, which includes the Tyne and Wear Metro and integrated bus network, makes average commuting times some of the lowest in the country.

Our people
With almost two million people, the North East is the ninth largest LEP area by population. 1.2 million are aged 16 to 65, with 32% of this age group having a degree or equivalent qualifications. Globally connected ports and supply chains add to the North East’s business and inward investment strengths.

Our connections
As well as selling products and services across the UK, North East region businesses are strongly integrated into global markets. The business base includes manufacturing, engineering and life sciences, with significant investment strengths. Our connections include centres for contemporary art and music on Gateshead Quays, the UK’s most popular open-air museum, Beamish, the Northumberland National Park and two UNESCO World Heritage Sites – Hadrian’s Wall and Durham Cathedral. It is an increasingly prominent location for international sport and events.

Our geography
We are the most northerly Local Enterprise Partnership region in England. Bordering Scotland, the North East is a mix of urban, suburban and rural areas spanning national authority areas. It has three major cities, diverse towns, four universities and key industrial, business and innovation sites as well as a large and varied rural and coastal area.

Our region
Over 80,000 students study at our region’s four universities every year. There are 170 secondary schools and nine further education colleges in the North East. Grade A office space in the North East is, on average, 10% cheaper than London and the 1.2 million workforce have strong and improving qualifications. Globally connected ports and supply chains add to the region’s business and inward investment strengths.

Our offer
Our plan is strongly focused on addressing our key challenges that include fewer employment and training opportunities compared to other parts of the UK and improving the quality of life. We also have underlying issues including lower productivity performance and higher levels of economic inactivity and exclusions. Although we have seen improvement in both of these areas, emerging challenges for our region include Brexit, volatility in the global economic environment and trade. We also face wider UK challenges including the productivity puzzle, and rising costs and inflation.

Our challenges
Our global opportunities
Significant changes in the global economy present opportunities for the North East because of our assets, skills and industries. These include:

• Our capacity to demonstrate how digitalisation can transform the economy and society through increased digital adoption and connectivity, new service and business models in sectors such as manufacturing and engineering, potential of our research and business assets.
• Improving health and responding to an ageing population through innovation in drugs, treatment and public health practice is another of our strengths. The North East already makes a significant contribution to this area through strong clinical research and our excellent health care system.
• We also have the capability to play a leading role shaping the future of manufacturing. Our strengths in automotive, pharmaceuticals and energy have earned the region a reputation for quality and productivity. Innovation opportunities are available in batteries, fuels and energy technologies, process innovation and digital services are key to the future.
• We have the infrastructure to support our climate change and decarbonisation ambitions. Our low carbon infrastructure assets and energy have earned the region a reputation for quality and productivity. Innovation opportunities are available in batteries, fuels and energy technologies, process innovation and digital services are key to the future.
• Our plan is strongly focused on addressing our key challenges that include fewer employment and training opportunities compared to other parts of the UK and improving the quality of life.

If North East performance matched England excluding London we would have

93,000 additional jobs
25,500 additional businesses
40,000 additional individuals qualified to degree-level or above
1.2 million workforce have strong and improving qualifications
The ongoing development of the Strategic Economic Plan is fundamental as it provides the framework and evidence base for a range of other strategic documents and investment programmes. We work closely with government and partners in the region to develop new resources and structures that can support the delivery of the shared objectives in the Plan.

Over the next year we will develop a Local Industrial Strategy with government and regional partners to set out how we will drive productivity improvement and contribute to delivery of the UK Industrial Strategy.

The North East LEP continues to influence public policy through its work with partners through the North East Brexit Group and other important processes effecting economic policy, transport and infrastructure. Each of these activities are supported by a strong programme of analysis, research and evidence development and co-ordination, which provide a detailed understanding of the North East economy. Strong monitoring and evaluation across our programmes and projects reflects best practice and helps us learn from our work. Over time we will use it to build knowledge and understanding of what works in economic development in the region.

Delivery of the SEP 2014-2018 highlights

Significant capital funding from central government has supported the Strategic Economic Plan programmes. This includes support for 21 Enterprise Zones with £125 million of LEP investment. To date, £33.9 million has been invested across 13 projects with two programmes leveraging £83m from public and private funding.

£30.2 million has been invested in 15 Business Growth projects, including Grade A industrial and office space across the LEP region and the best performing Growth Hub in England.

Skills and Economic Inclusion has seen £18.4 million of capital invested across eight projects, with a further £28.5 million from public and private funding. These include the successful delivery of the Gatsby Good Careers Guidance Benchmarks and the launch of North East Ambition, supporting 170 schools and colleges.

The regeneration of the Vaux site in Sunderland and the construction of the International Advanced Manufacturing Park (IAMP) in Sunderland/South Tyneside are just two of the 23 projects to benefit from £234 million capital investment in investment and infrastructure. Transport improvements have been made across the region with £50.5 million of capital invested in 17 projects, and one project leveraging £55.7 million from public funding. These include enhancements to the Tyne and Wear Metro system and major transport corridor improvements.

Evaluation

A commitment was made to commission an independent evaluation of the progress made and the role of the LEP in developing and delivering the Strategic Economic Plan. Key findings from the first phase show significant progress has been made in creating more and better jobs for the economy. The refresh of the Plan in 2017 was inclusive and engaged partners across the region.

The LEP’s programmes of delivery enjoyed successes including the pilot of the Gatsby Good Careers Guidance Benchmarks, which is now recognised as best practice by government and regional partners. The report’s recommendations include working with partners to ensure data monitoring provides a fuller picture going forward.

Together with our partners, we are working to deliver 100,000 more and better jobs for the North East by 2024.

Impact to date

Good progress has been made towards delivering the headline targets to deliver more and better jobs, with 64,600 new jobs created – 77% of which are better jobs. The gap between our performance and national performance has reduced following an increase in the North East’s employment and economic activity rate. Progress has also been made in relation to the number of private sector job opportunities per head in the North East.

Following a change in the dataset used to measure productivity by, between 2014 and 2016 (the most recent data available), the gap has reduced by 13%.

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Section one

Our strategy
Our region

The North East is the most northerly Local Enterprise Partnership area in England, located between Scotland, Cumbria, Tees Valley, North Yorkshire and the North Sea. At just over 3,000 square miles, we are the sixth largest LEP in England by geographic size. We have a mix of urban, suburban and rural areas that span our seven local authority areas of County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. We have:

- Three cities: Newcastle, that has science, education, culture, digital and service sectors and acts as our transport gateway; Durham, that is a leading university, science and tourism centre at the hub of a large rural county; Sunderland, home of Nissan’s UK-leading automotive manufacturing, has education, culture and a well-established digital software sector;
- Diverse towns that provide a mix of employment, housing, education, cultural and leisure offers, that are well connected to our cities, each other, the coast and countryside;
- Four universities: Durham, Newcastle, Northumbria and Sunderland;
- Key industrial sites, business parks and innovation hubs, including Cobalt Business Park, Infinity Park, NETherX, Newcastle Helix, Integra 61, Quorum Business Park, the International Advanced Manufacturing Park and 21 Enterprise Zones sites;
- A large and varied rural and coastal area, ranging from market and seaside towns to the largest remote rural area in England, hosting a diverse rural economy.

The North East’s communities and economic activities are heavily concentrated around the coast, the region’s rivers and major transport routes. Reflecting this, the North East’s five ports (Port of Berwick, Port of Sunderland, Port of Tyne and Seaham Harbour) are key assets, alongside Newcastle International Airport. Within the region, we have strong connectivity via public transport, roads, infrastructure and a UK leading digital infrastructure.

Our geography

Our people

The North East has a population of almost 2 million people, making us the ninth largest LEP area by population:

- With a working population (aged 16-64) of over 1.2 million, our businesses are able to draw on a large and diverse pool of workers to fill employment opportunities and train young people;
- 32% of the North East’s residents have a degree or equivalent and the qualification levels are improving. Our people are friendly, welcoming and proud of their history. They have a strong and distinctive sense of place, a capacity for endurance, ingenuity, and a deep and shared passion for our landscapes, cities and culture.

National and international connections

We have strong connections with the rest of the UK:

- Many of our businesses sell their products to customers elsewhere in the UK and/or have supply chains outside the North East;
- Many of our industries operate across regions. For example, offshore energy businesses work closely with partners in Scotland and the Humberside and Cumbria.

- Of the 55,000 people who move to the North East every year, about three-quarters come from elsewhere in the UK.
- Half of the UK students who enrol at North East region universities come from elsewhere in the UK.
- There were over 3.7 million overnight trips to our region by people from the UK during 2017 resulting in spend of £680 million and 8.2 million day visits, spending £2.5 billion.
- We are part of wider Northern partnerships, including the Northern Powerhouse, the NPT that brings together the 11 northerners to promote northern growth, and Transport for the North, a new statutory authority, promoting northern connectivity.

- A proposal for the Borders and Inclusive Growth Deal is being developed, that will build on the connections between Northumberland, Cumbria and the South of Scotland.

- Important transport links include the East Coast Mainline, with regular services to London in less than three hours and Edinburgh in one and a half hours with onward connections across Scotland. Cross-country also provides rail services to the Midlands and South West. The Allonby national highway connects the region to London and Edinburgh, with the A66 to the Scottish Borders and the A19 a major freight route that links us directly with Yorkshire. The A57 and A85 link us to Cumbria and onward to the West of England and Scotland.

We are also strongly integrated into global markets:

- 4,300 businesses in the North East region exported £2.8 billion in goods in 2017.
- 6,000 businesses imported goods valued at £13.2 billion in 2017.
- Businesses in the North East region exported £4.2 billion in services in 2017.
- Foreign owned businesses play a key role in the North East economy, accounting for 53% of businesses in the North East region and 27% of Gross Value Added (GVA).
- Over a fifth of the 530,000 visits by overseas residents to the North East in 2017 were from Ireland and Germany with other key markets being Netherlands, Spain and the USA.
- Whilst migration rates are low compared to the national picture, it has played a key role in maintaining population growth over the last decade.
- A large proportion of the migrants who live here are students – with over 17,000 international students studying at our universities.
- Many of our global connections rely on the North East’s airports and airport – with both of these having grown over a period of recent growth. Newcastle Airport generates more than 20,000 jobs across the region, and 5.3 million passengers pass through it every year, to 80 destinations in 26 countries.
Our offer

Housing
We have a wide range of housing for renters and buyers, with everything from affordable homes and apartments, through to large executive homes in city centres, riverside and coastal locations, market towns and rural villages.
House prices are competitive compared to other parts of the UK.
We plan to build 6,000 housing units per year until 2024 to meet demand, respond to demographic changes and to make sure we have attractive housing options for our current and potential residents.

Transport
The Tyne and Wear Metro is the largest light rail system in the UK outside of London, with 60 stations across the region and over 36 million passengers annually. This is complemented by an integrated bus network, connecting transport hubs and stations across the region and over 36 million passengers annually. This is complemented by an integrated bus network, connecting transport hubs and stations across the region and over 36 million passengers annually.

Culture and leisure
Our region also has a diverse leisure offer from theDurham and Tyne Deaf to the quayside along the Tyne in Newcastle and Gateshead, the success of the Great Exhibition of the North, the Tall Ships races 2018 and the Rugby World Cup demonstrated our ability to host large international events. We have a thriving sports culture with Premiership football, rugby (union and league), international athletics, cricket, and are home to the Great Run – the world’s largest half marathon. We’ve seen significant investment in our culture and tourism assets, including the opening of the Sage in Gateshead.

Our natural environment
We are home to two iconic UNESCO World Heritage Sites – Hadrian’s Wall and Durham Cathedral. Northumberland National Park features England’s cleanest rivers, clearest air and darkest skies.

We have over 100 primary and middle schools, two University Technical Colleges and over 175 secondary schools, including pupil referral units and Special Educational Needs and Disability provision. Ofsted grades in primary schools in the North East continue to be positive and there was an improvement in GCSE results in 2018 which is testament to the hard work of students and staff in secondary schools and colleges.

Our new further education colleges offer a diverse range of hands on approach to training, delivering a career focussed curriculum in academic, technical and professional pathways.

We have over 100,000 apprenticeships in the North East LEP area in 2017/18, over half were higher or advanced apprenticeships, contributing to the North East region having the highest rate of apprenticeships in England.

We have over 80,000 students every year studying at one of our four universities Durham, Newcastle, Northumbria and Sunderland. Both Durham and Newcastle universities are part of the prestigious Russell Group, research-intensive universities that contribute to the intellectual reputation of the UK across the globe. Northumbria and Sunderland universities are highly respected and active anchor institutions in the North East.

To recognise the employment and progression opportunities here, our universities, Durham, Newcastle, Northumbria and Sunderland universities are committed to ensuring students and graduates can identify routes into work. They are supported through experience and exposure to the world of work, and following completion of their studies, they have successfull, progressive careers.

We have 80,000 students every year studying at one of our four universities Durham, Newcastle, Northumbria and Sunderland.

Our offer

A place to live and progress

We have a workforce of 1.2 million with a strong and improving qualifications profile. Our colleges, universities and training providers are responsive to employer needs. Employees are loyal, with some of the UK’s lowest attrition rates.

We have nationally significant research and innovation centres and adaptable public infrastructure that provide our businesses with access to cutting edge knowledge and test beds that facilitate commercialisation and innovation.

We have five national catapult centres (Digital, Energy Systems, High Value Manufacturing, Offshore Renewable Energy and Space Applications) and a range of national innovation centres at Newcastle Helix and NETPark in Durham, providing over 200ha of public and private innovation focused development.

A number of regional projects and programmes demonstrate the potential for public infrastructure to provide a test bed for innovation delivery.

Investment into our new convention and exhibition facilities will enhance our business tourism offer.

Building on UK leading levels of superfast broadband across the region we are moving rapidly towards ultrafast, next generation digital connectivity – increasing our competitive advantage and transforming opportunities in the global data economy.

Our globally connected ports and supply chains, diverse talent pool, development sites, Enterprise Zones, strength in global growth markets, enhanced access to growth capital, and cost competitiveness makes our region an ideal place for the private sector to invest and do business, alongside a strong track record of delivery of public sector investment in site readiness and transport.

We have over 80,000 students every year studying at one of our four universities Durham, Newcastle, Northumbria and Sunderland.

A place to do business and invest

In 2018, Grade A office space in North East England was £28.20 per sq ft making it, on average, 76% cheaper than London, 65% cheaper than Paris and 40% cheaper than Dublin.

Industrial costs are over one-quarter lower than in Glasgow, almost half the cost in Dublin, almost one-quarter the cost of London, and over 80% cheaper than Singapore.

We have over 100 primary and middle schools, two University Technical Colleges and over 175 secondary schools, including pupil referral units and Special Educational Needs and Disability provision. Ofsted grades in primary schools in the North East continue to be positive and there was an improvement in GCSE results in 2018 which is testament to the hard work of students and staff in secondary schools and colleges.

Our new further education colleges offer a diverse range of hands on approach to training, delivering a career focussed curriculum in academic, technical and professional pathways.

We have strengthened their provision in digital, health and life sciences, advanced manufacturing and engineering, construction and financial and professional business services, whilst continuing to provide inclusive and balanced education and training.

There were 16,800 apprenticeships in the North East LEP area in 2017/18, over half were higher or advanced apprenticeships, contributing to the North East region having the highest rate of apprenticeships in England.

We have over 80,000 students every year studying at one of our four universities Durham, Newcastle, Northumbria and Sunderland. Both Durham and Newcastle universities are part of the prestigious Russell Group, research-intensive universities that contribute to the intellectual reputation of the UK across the globe. Northumbria and Sunderland universities are highly respected and active anchor institutions in the North East.

To recognise the employment and progression opportunities here, our universities Durham, Newcastle, Northumbria and Sunderland universities are committed to ensuring students and graduates can identify routes into work. They are supported through experience and exposure to the world of work, and following completion of their studies, they have successful, progressive careers.

We have 80,000 students every year studying at one of our four universities Durham, Newcastle, Northumbria and Sunderland.

A place to live

World’s biggest half marathon with over 50,000 participants every year.


“The clock is ticking to apply... If you choose to work in the energy sector, the North East is the place to be”

Sarah Akers, Renewables Manager, SRC Capital.

#InvestInGateshead
Despite being a great place to live, learn, build a career, do business and invest, like all areas, we still face particular gaps in relation to:

- Skills of the workforce
- An effective innovation eco-system.

These have been reconfirmed by subsequent research and analysis over the past six years and will be the focus of continuing analysis.

The key issues we face are:

- You never employment opportunities: we have particular gaps in relation to:
  - jobs in the private sector – this is reflected in us having fewer businesses per head than other areas
  - jobs in high skilled occupations including managerial, professional and technical, for example in knowledge-intensive service sectors, such as financial, professional and business services.
- Lower levels of productivity: this has an impact on the potential competitiveness and resilience of our businesses and the potential for higher earnings for the people who work in them.

Collectively, these factors limit opportunities for our residents and businesses and reduce our attractiveness as a place to live and work.

Our plan has been developed to identify opportunities, programmes and interventions that will address these challenges. We have also set targets that will measure our progress.

To create more opportunities for our people and our businesses and improve prosperity and inclusion, we need to tackle these deep rooted, underlying issues that are underpinned by things such as:

- The productivity performance of our key industries and sectors
- Skills of the workforce
- The availability of appropriate, affordable business premises
- Access to finance, transport and digital connectivity
- An effective innovation eco-system.

We monitor the performance of the North-East economy regularly. Over the last five years, we have made good progress in regard to the number of jobs, employment and economic activity rates, improvements in the qualifications profile, growth in the size and dynamism of the business base, success in securing inward investment and improvements in the amenity of housing, industrial and commercial property.

However, we also continue to underperform, compared to England excluding London in many indicators, that still require action, including:

- Growing the jobs base and increasing the quality of employment opportunities
- Ensuring individuals have the skills and competencies to take up the available employment opportunities
- Continuing to grow the business base and ensure the right support is available for businesses to grow.

Investing and innovating to drive improvements in productivity

Since the Strategic Economic Plan was published in 2014, a number of new challenges have emerged. Most of these are UK-wide or global in nature but will directly impact on the performance of the North-East economy.

Brexit

The UK is heading towards leaving the European Union on 29 March 2019. Forecasts suggest that the North-East will be amongst the worst affected regions in the UK, especially if there is no deal Brexit.

The impact will vary across the North-East’s sectors depending on the extent to which:

- The goods and services they produce are traded internationally
- Their supply chains are international
- The ownership of and/or investment into the sector is international
- The EU sets the regulatory environment for sectors
- The EU provides funding for specific sectors (e.g. agriculture, fishing, culture, etc.)
- Migrant labour forms important component of the workforce.

There will also potentially be a range of wider impacts including exchange rate changes and to perceptions of the UK.

Brexit process. It includes representation of the majority of businesses have delayed preparing for Brexit or making investment decisions due to uncertainty about the process, the deal and its implications.

The group has monitored and prepared evidence about economic issues, the views, experiences and responses of these regional organisations. It has also set out the governance framework and the future policy in migration, funding and trade, support the North East economy.

Since 2015, the North-East LEP has established the North-East Brexit Group to provide a collective regional voice as the UK moves through the Brexit process. It includes representation from businesses, education, trade unions, local authorities and voluntary organisations.

The Brexit group includes businesses export, with almost 6,000 having supply chains outside the UK.

Brexit in the North-East

The global economy has been growing, with a strong growth in global trade and is the main contributor to growth over the last two years. However, global politics are becoming more volatile, which is undermining confidence with trade patterns across international boundaries.

Emerging challenges

The UK productivity growth has been weak for over 10 years. Whilst the reasons for this are not fully known, it has lead to this trend being referred to as the ‘productivity puzzle’. We do not however that factors have included:

- Low levels of business investment – limiting growth in capital (e.g. equipment, resources) available per worker
- Limited growth in efficiency labour and capital are being used.

These trends are likely to be further exacerbated by Brexit and the other challenges discussed in this section.

The industrial strategy sets out the national response to the challenge of low productivity growth. It is being now central government with the North-East Local Industrial Strategy.

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The global economy has been growing, with a strong growth in global trade being the main contributor to growth over the last two years. However, global politics are becoming more volatile, which is undermining confidence with trade patterns across international boundaries.

Increasing trade protectionism poses a particular threat to the global economy, which is a key risk for the North-East because trade plays such a fundamental role in our economy. Almost 430 North East businesses export, with almost 6,000 having supply chains outside the UK.

It will be important, going forward, that North-East businesses are supported to continue to grow and develop their international markets.

Productivity gap

Costs and inflation

Businesses and residents have experienced a number of increases in prices over the last few years. There have been a number of reasons for this including:

- Global increases in commodity prices
- Triggered by Brexit, the depreciation of the pound and the policy responses to it, has impacted on the cost of imported components
- Low unemployment has begun to lead to growth in wages.

As a result, the Bank of England forecasts suggest inflation will remain above its target of 2% for the next two years. Whilst we cannot as a region influence price levels, it is important that we work to ensure the appropriate supports are in place to enable businesses to respond effectively to these challenges. For example, by helping them innovative to reduce costs and by taking measures to enable local property and labour markets to work effectively.

Global trade

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It will be important, going forward, that North-East businesses are supported to continue to grow and develop their international markets.
It is a time of significant change in the global economy, which presents both opportunities and challenges for the UK and the North East.

We are well positioned to capitalise by using our regional assets and strengths to create and sustain employment, improve productivity and contribute solutions to wider global challenges. At a point of significant national policy change, and changes in our international relationships, regional governance and UK policy arrangements, we need to develop new mechanisms for delivering the priorities and programmes set out in this Strategic Economic Plan.

Our opportunities

Digital transformation

The capacity for digitalisation to transform our economy and society is increasingly recognised. It is globalising communications, relationships and economic activity. There are opportunities for growth and competitiveness through digital connectivity, new service and business models across the economy and a range of global sectors. However it brings with it risks of data security and social and economic exclusion. The UK aims to play a leading role in global digital transformation. The UK Digital Strategy in 2018 sets out a number of themes that offer opportunities for the North East. These include the use of smart data, the digitalisation of transport, energy and social services, the use of digital technologies around the health, manufacturing and construction. The North East has a strong digital eco-system and partners are working together across business, education and the public sector to take advantage of areas of specialisation, providing national leadership and demonstrating areas of digital delivery. Each of these offers a way to further grow the North East’s digital sectors and secure investment.

Improving health and responding to population ageing

Across the world, innovation in approaches to drugs, treatment and public health practice are changing the structure of health and care systems and improving lives for many people, opening up new potential for the North East. The response to demographic change in the UK is an increasingly dominant economic theme. The global population is projected to make a fundamental age shift to an older population by 2050, where it is expected there will be 2.1 billion people over the age of 65 globally, an increase of 218% compared with 2017. This necessitates a rethink of systems across economies – including employment, health care, finance and the structure of communities. The North East makes a significant contribution to the development and supply of health care and services across the UK, and the region is well placed to capitalise opportunities to respond to demographic change by offering new solutions for the future of health care delivery and financing.

Tackling climate change and promoting clean growth

The Paris Agreement came into force in December 2015 following the COP21 conference in Paris. It involves 195 countries who agreed to keep global warming below 2°C above pre-industrial levels. The UK has committed to achieving a 48% reduction in greenhouse gas emissions by 2030. The global shift to clean growth is part of this agreement, and the UK has committed to lead the reduction in greenhouse gas emissions. The North East is well positioned to capitalise on this opportunity through our regional assets and strengths in the low-carbon sector and our strong focus on sustainable economic development.

Policy and funding opportunities

We are at a time of change in the public policy environment. Publication of the Industrial Strategy in 2017 has increased a focus on improving productivity and living standards, whilst there is increasing recognition that decision making should be closer to residents and businesses, with devolution and the development of new structures at the Northern Powerhouse level both forming part of this shift. In addition, the UK’s decision to leave the European Union will lead to a new funding environment for delivering growth. All of these changes will provide new opportunities for the North East and partners will need to work together to capitalise on them.

Industrial Strategy

Government published the Industrial Strategy: Building a Britain for the future in November 2017. This is a business-led strategy that aims to support UK businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. The Strategy is structured around five foundations of productivity:

- Ideas – the world’s most innovative economy
- People – good jobs and greater earning power for all
- Infrastructure – a major upgrade to the UK’s infrastructure
- Business environment – the best place to start and grow a business
- Place – prosperous communities across the UK.

It provides the overarching policy framework for Sector Deals between government and business. To date, a number of Sector Deals have been developed and, setting out priorities for partnerships and collaborations, these are focused on key industry clusters.

Devolution

The first devolution deal in the North East was announced in 2018 for the North of Tyne area, that has been the introduction of a Metropolitan Combined Authority, new powers for almost 30 years. This will create opportunities across Newcastle, North Tyneside and Northumberland that will benefit the region.

The North East Combined Authority will continue to support economic growth in the other four local authority areas and the two Combined Authorities will work together through a Joint Transport Committee to oversee regional transport. The region is committed to progressive devolution of powers and resources to support the economy and will continue to seek to extend devolution to the North East.

The North East Local Industrial Strategy

The North East Combined Authority published its North East Local Industrial Strategy in 2017. The NELIS sets out a new industrial strategy for the North East that will drive stronger Northern growth in areas such as energy and manufacturing, and to strengthen our economic infrastructure. This strategy sets out a set of Grand Challenges that the region should focus on, in order to build a stronger Northern economy. These are: Clean growth – we will maximise the advantages for UK industry from the global shift to clean growth
- Future of mobility – we will become a world leader in the way people, goods and services move
- Ageing society – we will harness the power of innovation to help meet the needs of an ageing society
- Infrastructure – a major upgrade to the UK’s infrastructure
- Productivity – a major upgrade to the UK’s productivity
- Digitalisation – we will transform the UK's digital eco-system
- North East partners play an important role, working with others through the Northern Powerhouse and the North East has a stronger potential for growth than others in the North between 2019 and 2050.

The Northern Powerhouse

North East partners play an important role, working with others through the Northern Powerhouse and the North East has a stronger potential for growth than others in the North between 2019 and 2050.

The Northern Powerhouse is a national strategy that brings together the 11 northern LEPs and government, through the NITF, to contribute to stronger leadership and co-ordination across the North. The NITF is focused on Northern economic growth. The NITF will work with others, including Transport for the North, business and political leaders, to drive stronger Northern growth in areas such as energy and manufacturing, and to strengthen our economic infrastructure.

Transport for the North is focused on increasing connectivity and reducing journey times across the North.

UK Shared Prosperity Fund

The UK Shared Prosperity Fund is a government’s proposed funding mechanism that will replace current regional funding from EU and UK sources after Brexit. At the time of writing this Strategic Economic Plan’s publication, the scale, scope, timing and design of the UK Shared Prosperity Fund has not yet been finalised.

The North East Combined Authority has developed a strategy for how the fund may help to address regional disparities. The fund is intended to target at regional priorities, set out in the local Industrial Strategy.

Partnerships

Continuing to work with partners in other areas is fundamental to the successful delivery of our plan. We must look outside, as well as within, the region to progress.

Our key partnerships include:
- The North East Combined Authority
- The North of Tyne Combined Authority
- The Northern Powerhouse
- The Borderlands Partnership
- The strengths of the working relationships with our business representative organisations and education sector

Our global opportunities

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Transport for the North is focused on increasing connectivity and reducing journey times across the North.
Our plan

This is the North East's Strategic Economic Plan, developed, owned and delivered by the North East for the North East.

The North East Strategic Economic Plan aims to have 100,000 more jobs in the North East economy by 2024 than there were in 2014 and for 70% of these to be better jobs. We define better jobs as managerial, professional and technical roles.

The Plan aims to create more and better jobs

- Reduce the gap in private sector employment density by 50% by 2024
- Close the gap in the employment rate for people aged 16-64 by 50% by 2024
- Reduce the gap in economic activity for people aged 16-64 by 50% by 2024
- Reduce the gap in productivity by 50% by 2024

We have also set four targets where we aim to improve our performance relative to England excluding London.

- Reduce the gap in private sector employment density by 50% by 2024
- Close the gap in the employment rate for people aged 16-64 by 50% by 2024
- Reduce the gap in economic activity for people aged 16-64 by 50% by 2024
- Reduce the gap in productivity by 50% by 2024

For at least 70% of the new jobs, to be better jobs. A better job is defined as being in managerial, professional and technical roles.

The four targets are:

1. The Plan was refreshed and updated as our economy and the environment in which we operate has changed and our economic base has developed.
2. We have also set four targets where we aim to improve our performance relative to England excluding London.
3. Digital
4. Advanced Manufacturing
5. Health and life sciences
6. Energy

The shared economic plan

Partners from across the region have worked together to develop the Plan and there is collective agreement that our focus should be to deliver more and better jobs and have a more entrepreneurial economy. The benefits of growth are spread to our region’s people and community. It is the region’s plan and collective agreement to its ambition was fundamental from the outset.

There is also a shared commitment that the improvements that bring about these more and better jobs should deliver a more productive, competitive, resilient and inclusive economy.

Key targets

To measure progress against this ambition, we have set six targets. Reflecting our ambition to deliver more and better jobs, the headline targets are:

- Increase the number of jobs in the North East economy by 100,000 between 2014 and 2024
- For at least 70% of the new jobs, to be better jobs
- A better job is defined as being in managerial, professional and technical roles

We have also set four targets where we aim to improve our performance relative to England excluding London.

- Deliver against these will mean we have a stronger North East economy, whilst also contributing to rebalancing the national economy.
- The four targets are:
  1. Reduce the gap in private sector employment density by 50% by 2024
  2. Close the gap in the employment rate for people aged 16-64 by 50% by 2024
  3. Reduce the gap in economic activity for people aged 16-64 by 50% by 2024
  4. Reduce the gap in productivity by 50% by 2024

Delivering our plan

In addition to the Independent Economic Review, international evidence and examples of best practice tell us that economies should always be built on regional strengths and capabilities, whilst acknowledging and addressing challenges.

We have reflected this in our plan by identifying:

Four areas of strategic importance, where evidence tells us our assets and capabilities provide a strong opportunity for growth:

1. Digital
2. Advanced Manufacturing
3. Health and life sciences
4. Energy

Four service sectors that support the wider economy and offer significant opportunity for more and better jobs in the North East:

1. Education
2. Financial, professional and business services
3. Transport and logistics
4. Construction

Five delivery programmes that set out initiatives and projects that will deliver the ambitions of this Plan. They are:

1. Business growth
2. Innovation
3. Skills, employment, inclusion and progression
4. Transport connectivity
5. Investment and infrastructure

Digital technologies will impact on all aspects of the North East economy and society. To reflect this, digital transformation will be considered within all aspects of our plan.

A coordinated, integrated partnership approach to all of our delivery that reflects the opportunities and challenges identified is essential to the success of this plan and our contribution to rebalancing the national economy.

Four service sectors to support growth and better jobs:

1. Education
2. Financial, professional and business services
3. Transport and logistics
4. Construction
5. Digital transformation

Four areas of strategic importance:

1. Digital
2. Advanced Manufacturing
3. Health and life sciences
4. Energy

Digital

Specialising in software, cloud computing, commercialisation, buildings information modelling, gaming. Emerging specialties include data analytics, immunological sciences and cybersecurity.

Advanced Manufacturing

Specialising in automotive and medicine manufacturing.

Health and life sciences

Focusing on clinical research, innovation in pharmaceuticals, responding to an aging population.

Energy

Expertise in offshore energy and subsurface technologies, regional energy and demonstration and innovation.
Four areas of strategic importance

We have identified four areas where evidence tells us the North East has a distinct opportunity to improve its economic competitiveness. For each of these areas we will appoint a programme lead who will work with partners to:

- Define, prioritise and communicate strategic opportunities
- Shape and coordinate delivery plans
- Identify challenges and support needs
- Connect activity to our five delivery programmes
- Ensure a strong link to the Local Industrial Strategy
Our vibrant digital community is one of the most productive and fastest developing in the UK, across industry and public services.

Digital specialisms include software development, cloud computing, shared services, systems design and communications, buildings information modelling, games design and delivery. Emerging specialisms include data analytics, virtual reality, artificial intelligence, and cybersecurity.

A combination of start-up, high growth and established businesses sit alongside a strong regional R&D base and a network of innovation hubs and incubators.

Our schools, colleges and universities are leading the development and uptake of digital skills.

We have UK-leading levels of superfast broadband across the region, currently being extended to reach the most isolated communities.

In 2017 the GVA of digital industries in the North East was £1.7 billion.

The National Innovation Centre for Data opens its doors in 2019 at Newcastle Helix, enabling the region to play a pivotal role in responding to government’s Grand Challenge of growing the artificial intelligence and data-driven economy.

PROTO: The Emerging Technology Centre, located in Baltic Quarter Gateshead, is Europe’s first dedicated centre for emerging technology. Specialising in XR, 3D character capture and motion capture, it is home to some of the region’s most trailblazing businesses and offers contemporary office and co-working space.

The North East is home to 11 of the 100 fastest growing technology companies in the North of England and Scotland, in 2018.

The region provides a strong business support ecosystem and hosts a volume of vibrant and established digital networks, organisations and events.

Government service centres based in the region employ a significant number of people in digital and technical roles. Employers include the Department for Work and Pensions, HMRC and NHS Prescriptions Pricing Authority.

Stadium Data Centres, located on Cobalt Business Park in North Tyneside, is the largest purpose-built data centre campus in the UK.

By building on our track record of innovative partnerships we must maximise the opportunities available to us to further develop our digital infrastructure, moving towards ultrafast, next generation connectivity and 5G.

Jeremy Silver
Chief Executive of Digital Catapult
Across the North East, advanced manufacturing is globally focused with strong clusters in automotive, and pharmaceuticals. We manufacture automotive products including passenger cars, trains and heavy off-road vehicles and a range of parts and components. Our medicines cluster is established over many years with a range of business models and international investments.

Significant growth potential lies in international trade and investment and in local supply chains and collectively our manufacturing industries represent a significant opportunity to deliver higher productivity by innovating in high level engineering, from design to manufacturing and from the application of number of knowledge and innovation assets. Managing risks as we leave the European Union requires UK policy to enable just-in-time production and frictionless trade.

Automotive manufacture employs over 30,000 people, higher than any other UK region.

Almost 500,000 vehicles and over 300,000 engines are produced in the North East each year.

The region accounts for a third of cars in the UK and over a fifth of all electric vehicles produced in Europe.

86% of North East pharmaceutical production is exported, with 64% of finished products going to the United States.

Our opportunities

Made Smarter

The Applied Digital Technologies Science and Innovation Audit has given us insight into the barriers that businesses are facing in adopting next generation digital technologies. This insight underpinned the North East’s response to the national Made Smarter Review. We have proposed a collaborative programme to address these barriers and create a regional hub and adoption programme with Tees Valley Combined Authority which will also secure funding to deliver a North East Made Smarter programme.

Driving the Electrical Revolution

A North East-led consortium is focused on securing funding to deliver the Driving the Electrical Revolution programme. This will position the North East as a global leader in the development of power electronics, machines and drives.

Enterprise Zones

Enterprise Zones are crucial to the growth of the advanced manufacturing sector and we will continue to work hard to attract business and investment, with a particular focus on the IAMP.

A £150 million development, IAMP is strategically located near Nissan to house major international supply chain companies and create over 1,500 jobs by 2024.

Centre for Sustainable Advanced Manufacturing (CESAM)

CESAM is a proposed facility that will accelerate process innovation and enable a shift towards industrial digitisation for advanced manufacturers. The CESAM partnership aims to secure funding and be on site by 2020.

Innovation diversification and development

Strengthened innovation activity around the barriers that businesses are facing in adopting next generation digital technologies. This insight underpinned the North East’s response to the national Made Smarter Review. We have proposed a collaborative programme to address these barriers and create a regional hub and adoption programme with Tees Valley Combined Authority which will also secure funding to deliver a North East Made Smarter programme.

The Automotive Sector Deal

The Automotive Sector Deals presents a significant opportunity for North East suppliers through its ambition to increase the value of UK content in domestically produced vehicles to 50% by 2022.

Pharmaceutical manufacturing

We are home to globally established pharmaceutical brands including GSK, MSD, Aesica, Sterling, AstraZeneca and Piramal Healthcare. We have a world class reputation for regulatory expertise, high quality outputs and a safe manufacturing record.

Our assets

Advanced manufacturing

We have strategic sites that include the nationally significant International Advanced Manufacturing Park (IAMP), which straddles the Sunderland and South Tyneside border. Our Enterprise Zone sites sit along the A19 corridor and in South East Northumberland, and provide opportunities to strengthen our key sectors and clusters. Team Valley in Gateshead offers a strong cluster of advanced manufacturing businesses in the Chemicals, Electronics and Materials engineering sectors.

We have home to world class vehicle manufacturers including Komatsu, Caterpillar, Cummins, and Nissan. Nissan is the UK’s largest car plant and the most productive in Europe.

We have strong supply chains including Calsonic Kansei, Gestamp Tallent, Unipres, Vantec Europe, ZF-TRW and Lear, which service other companies nationally and internationally.

We have relevant skills provision in the Skills Academy for Sustainable Manufacturing and Innovation by Gateshead College.

Pharmaceutical manufacturing

Along with other advanced engineering industries, including aerospace and defense, our advanced manufacturing sector provides a focus for the emergence of new industrial opportunities including low carbon vehicles, batteries, power electronics and rail engineering.

We are increasing investment into research, development and new technologies, including advanced propulsion, fuels and connected and autonomous vehicles.

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Although we are not reliant on the United Kingdom as our sole market, the Automotive Sector Deal presents a significant opportunity for our advanced manufacturing sector.

The Automotive Sector Deal

The Automotive Sector Deals presents a significant opportunity for North East suppliers through its ambition to increase the value of UK content in domestically produced vehicles to 50% by 2022.

The Applied Digital Technologies Science and Innovation Audit has given us insight into the barriers that businesses are facing in adopting next generation digital technologies. This insight underpinned the North East’s response to the national Made Smarter Review. We have proposed a collaborative programme to address these barriers and create a regional hub and adoption programme with Tees Valley Combined Authority which will also secure funding to deliver a North East Made Smarter programme.

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Excelling in clinical research, innovation in life sciences, responding to an aging population.

These include excellence in the quality of care and a focus on health innovation and partnership between the health system, science and business.

World-leading research

47% of biological sciences research at Newcastle University was rated 4 stars in the Research Excellence Framework 2014 meaning it is world-leading.

Research funding secured by North East institutions (2008 - 2018)

£92 million from the Biotechnology and Biological Sciences Research Council

£122 million from the Medical Research Council

Life sciences

We have world-leading health research and outstanding NHS healthcare organisations, with a record of health innovation and collaborative work with companies.

We have a world SMI base in medical technologies including precision medicine and medical technologies, testing and clinical trials. Regional innovation pathways have been developed by the Academic Health Science Networks to get new products, services and technologies translated into the NHS. The North East and North Cumbria Innovation Pathway is recognised as UK leading.

Innovating in pharmaceutical manufacturing

A diverse range of business models, international links and a strong export performance are responding proactively to changing global markets.

We have direct links to the UK Catapult Network, through the Centre for Process Innovation, which operates facilities in the region including the National Formulation Centre, the National Biologics Centre and the National Centre for Health Care Photonics as well as the forthcoming Medicines Manufacturing Innovation Centre in Scotland.

The Newcastle Institute for Ageing represents a significant number of academics, clinicians and researchers working on all aspects of ageing, from medical, biological and cellular, to psychosocial, economic and environmental. Its vision is to examine and even a better understanding on all aspects of ageing, in order to create a society where we all live better for longer.

The National Innovation Centre for Ageing was set up in 2014, with £40 million investment from UK government and Newcastle University. It brings together world-leading scientists, business and industry, health and care providers, and the public in a unique space that is designed to fast-track innovations that improve all aspects of life for our ageing societies.

Our assets

The North East has a diverse and vibrant clustering of life sciences, manufacturing and health services. I believe that the work that is being done in the North East can support more growth in the region and make a strong contribution to a wider UK initiative to promote research collaboration, partnership and investment globally as part of government’s Life Sciences Industrial Strategy.

John Bell CBE, FRS, FMedSci

Aging

The Newcastle is a globally recognised hub for the development of medical science and social research in response to the challenges and opportunities of ageing populations.

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Centres of excellence

We continue to invest in National Centres of Excellence in order to grow our economy and give the region a globally competitive advantage. Our established centres include The International Centre for Life, The Institute for Ageing and Campus on Ageing and Vitality and The National Innovation Centre based at NETPark in Sedgefield.

Our opportunities

Through the established Health and Life Sciences Working Group, The North East Health and Life Science Plan has been developed to secure growth and investment through commercial and public application of clinical research in the NHS industry and of our ageing science asset base.

We will ensure strong link to Industrial Strategy priorities through the Life Sciences Sector Deal and Grand Challenge programmes. Projects contained in health and Life Sciences plan have been presented for investment into the Sector Deal process, and partners have made proposals to the Grand Challenges. We assess the outcomes of these proposals.

It will be critical to maximise the use of the national centres of excellence and their capacity to support and invest in the growth of the sector by continuing to strengthen working relationships and delivery of our project pipeline, including:

- SMARTmed is a project supported by the UK Medicines Manufacturing Industry Partnership where the North East LEP is working with the Centre for Process Innovation and partners to enhance support for the smart and intelligent packaging of medicines, smart medical devices and drug delivery. It will deliver benefits to the healthcare system and patients, by changing models of delivery in response to personalisation and to reduce medicine waste.

- Great North Care Record is a UK-leading initiative to share medical information across the North East and North Cumbria amongst authorised health and social care practitioners. It will ensure that health care activities such as diagnosis, medications, hospital admissions and treatments can be improved for both patients and the health system. Collaboration with the AHSN will develop the project to deliver strengthened benefits to the region.

John Bell
With rapid technological innovation, a growing population and a changing climate, the way we generate and use energy must respond. As the national and international energy agenda focuses on clean growth, there are huge economic, social and environmental opportunities for the North East to contribute to new solutions that provide clean, secure and accessible energy.

Our assets are categorised into three key areas: regional energy, offshore energy and subsea technology, demonstration and innovation. Each presents opportunities to drive economic growth and deliver more and better jobs.

The North East is the leading location in England in the wind energy, oil and gas sectors.

North East universities in the top 20 for research publications:

Offshore wind: Durham 3rd - Northumbria 19th

Oil and Gas: Newcastle 7th - Durham 11th

In 2017, Northumberland generated the second highest amount of electricity from onshore wind of any English local authority, and had the greatest hydro generation capacity.

Sunderland, County Durham and Northumberland were in the top six UK local authorities for total number of Solar PV sites.

Industrial costs are over 29% cheaper than Edinburgh and Aberdeen.

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Section three

Four service sectors to support growth

The success and growth of these four service sectors is essential to support the overall ambition of creating more and better jobs.

The North East LEP will:

- Provide a lead facilitation role to bring the sectors together
- Coordinate activity and growth
Priorities... a call for action

Business engagement has identified a need for an uplift in activity which boosts business confidence and growth and improves productivity and skills utilisation. We will:

- Strengthen regional messaging about the scale and diversity of the sector
- Promote employer opportunities to secure and retain skills
- Continue to deliver good value and attractive locations for financial, professional and business service companies
- Develop a plan to support the transition of existing investments and associated jobs. This will take advantage of and mitigate the risks from automation and digitalisation

Transition plans to support the sector are a specific priority for business support activity, as digital transformation, automation of service centres and Brexit drive change.
Potential for growth

For a trading region with a complex economic geography like the North East, the importance of transport and logistics is crucial to economic success.

Quality transport infrastructure helps people move for jobs and leisure and distribute goods and services across the economy. The role of key transport hubs and increasingly digitalised signalling will achieve even greater efficiencies and offer opportunities for wider growth.

New business will be driven by increased production, trade and growth in sectors like tourism and education.

Recent work examining trends in sectors like pharmaceuticals suggests there are opportunities for freight growth that could in turn strengthen international connectivity.

Key parts of the transport and logistics sector need to innovate and introduce new business models. The drive to decarbonise transport with new fuels, connected and autonomous vehicles and the digitalisation of warehousing all offer both challenges and opportunities.

Local growth in other sectors can be strengthened through the procurement approach of public transport providers. Other considerations must include the growing demand for fewer, more highly qualified individuals and the low response to apprenticeships, given more general labour market trends.

What is needed to support growth

Sector-wide thinking is needed to facilitate growth through:

- Strengthened co-ordination between economic sector growth priorities and transport planning to ensure that growth is enabled and the transition to new modes and business models is actively facilitated.
- Better connections between Northern Freight Partnership work and programmes facilitated through the Strategic Economic Plan to aid forward planning and skills development.
- Joint work around new tourism products and communications, especially linked to airport and rail user growth, which should be supported by economic development and wider transport partners.
- Wider opportunities for stimulating growth through freight, through transport supply chains and innovation in transport.

What is needed to support growth

Construction

The North East has a strong construction sector in terms of numbers of businesses that are medium sized and need to respond to changing markets and challenges.

Collaboration could stimulate greater demand and opportunities, which is why the North East LEP is working with the North East Construction Industry Training Board to encourage organisations to work together to develop skills, win more projects and to influence at a senior decision-making level.

Here in the North East, our aim is to accelerate construction by developing skills and regional design expertise, as well as focusing on new technologies such as modular construction and materials including the use of timber.

Potential for growth

Construction is a strong contributor to the UK and the North East economy. It is also a sector that traditionally faces challenges including low productivity and skills shortages.

As part of the Industrial Strategy, government is working on a Sector Deal to foster greater innovation, enhance collaboration and strengthen supply chains. Offering potential for recruitment, skills development and diversification of the labour force are a key part of this.

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In 2016/17 there were 180 million journeys on metro and bus passenger transport.

The Metro is the largest light rail system in the UK outside of London and Newcastle Airport is the second most used in the Northern construction related industry and industry research suggests that by 2022 the sector could create a further 4,200 jobs.

The GVA contribution of this sector to the North East is £7 million (2016)

The GVA contribution of this sector to the North East is equal to £2.4 billion in 2016

6,500 enterprises employ 51,000 people in a construction related industry and industry research suggests that by 2022 the sector could create a further 4,200 jobs.

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Five programmes of delivery

We have five programmes of delivery that set out initiatives and projects that will deliver the ambitions of this Plan. They are:

- Business growth
- Innovation
- Skills, employment, inclusion and progression
- Transport connectivity
- Investment and infrastructure
**What is our ambition for 2024?**

Our ambition for the North East is to be a growth orientated, dynamic and productive environment where businesses invest, grow and thrive. At a time of change, we want business leaders to be inspired and supported to achieve their goals through strengthened leadership, innovation and trade, resulting in:

- An increase to the density of scaleup businesses in the North East by 50% from 2014 to 2024. These businesses will deliver 8,000 new jobs into the North East economy.
- The attraction of new businesses who invest in the North East and create 4,000 new jobs per year between 2019 and 2024.
- We want more businesses to actively seek, and find with ease, the support and finance they need to grow and to strengthen the visibility of opportunities for investment in our economy.

**What are our opportunities?**

North East businesses are below the national average in terms of productivity.

The number of businesses starting and scaling up in the North East remains below that of other areas in the UK.

Many businesses are vulnerable to changes in the economy, including the challenges presented by Brexit.

With the changing dynamic of global trade and Brexit, retaining and enhancing our global connectivity requires the continued development of relationships with the rest of the world, including attracting inward investment.

Greater focus on productivity by government provides us with the opportunity to increase the productivity and competitiveness of North East businesses by supporting the adoption of excellent business practices.

Businesses that access external support grow faster than those that do not engage. The continued development and simplification of the business support and finance ecosystem, including the North East Growth Hub, alongside European and other funded programmes, provides us with an opportunity to increase the number of businesses that can access the business support and finance they need to reach their full potential and to progress to their next stage of growth.

Greater focus on productivity by government provides us with the opportunity to increase the productivity and competitiveness of North East businesses by supporting the adoption of excellent business practices.

Government’s Export Strategy aims to increase exports as a proportion of Gross Domestic Product (GDP) from 20% to 25%. This provides an opportunity for us to work with the Department for International Trade and local partners to build a strategy for strengthened internationalisation, supporting more businesses to expand into new geographies, markets and supply chains and to secure investment into the North East.

Businesses that effectively adopt digital technologies grow faster, are more productive and profitable. There is an opportunity to build on national and local developments and programmes, including the Made Smarter Review, Supply Chain North East and the Science and Innovation Audit, in applied digital technologies in advanced manufacturing.

How will we know if we have been successful?  

The number of businesses scaling up has increased.

GVK per hour worked has increased.

The number of businesses trading outside the North East has increased.

The North East has continued to secure levels of inward and foreign direct investment, that deliver additional employment opportunities for the region.

**What will we deliver by 2021?**

- **Research, develop and implement a strategy designed to increase businesses’ ambition to start-up, grow, scaleup and improve**
- **Develop relationships with intermediaries to reach a larger proportion of the region’s businesses, with a particular focus on improving awareness amongst under-represented groups, such as women, ethnic minorities, rural areas and social enterprises.**
- **Review business support and finance provision to ensure that the region’s ecosystem provides a ladder for business growth from start-up to scaleup and continuous improvement**
- **Introduce a quality assurance system through the North East Growth Hub that assures the quality of support provided by external business support and finance providers**
- **Work with private and public partners to design and develop a range of interventions to drive productivity improvement and the adoption of digital technology**
- **Ensure peer mentoring and peer-to-peer leadership development is available to support businesses to scale and improve productively**
- **Work with partners to increase the density of high potential start-ups in the North East**
- **Work with partners to enhance access to high quality solutions designed to tackle the barriers to scaling up**
- **Work with the Department for International Trade and local partners to develop an internationalisation strategy that supports the national Export Strategy in achieving its goal of moving exports from 20% to 25% of GDP**
- **Continue to develop the North East Growth Hub Business Support Provider Network to encourage collaboration and the sharing of good practice.**
- **Use the North East Growth Hub to distribute up-to-date information on business support and finance options available to support Brexit preparedness**
- **Work with partners to develop programmes and solutions designed to help businesses to diversify into new markets, supply chains and geographies, including through Supply Chain North East**
- **Work with partners to inform the business support and finance funding mechanisms that will replace the European Structural and Investment Funds**
- **Work with partners to set up task forces, when appropriate, to prepare for, to mitigate the effects of and to deal with the fallout of economic shocks.**
- **Combined and local authorities, the North East Local Enterprise Partnership, the Department for International Trade and the private sector will work together with a shared ambition to secure maximum inward investment into the North East**
- **Establish and follow a clear target driven, lead generation model that is focused on the Strategic Economic Plans’ areas of strategic importance and support service sectors**
- **Have a robust account management system, led by the local authorities, to share knowledge and investment opportunities with key partners**
- **Develop and deliver an integrated marketing plan to raise the profile of the North East as a place to invest and locate.”
What is our ambition for 2024?

Innovation is central to our long-term aim to build a more productive North East, fostering a competitive and embedded business base and building social and economic challenges in the region and beyond. It is a core for internationalising our economy, particularly in areas of specialisation, by attracting partners and investors to engage in our science, research and business base and for strengthening the competitiveness of businesses and the creativity of communities.

We have an ambition of a collaborative and open innovation eco-system that enables the matching of what is needed to what is possible to drive economic or social value, or both.

Through a focus on strengths and key capabilities, our aim is to secure stronger flows of business investment into research and development in the region, to maximise local business growth and continue to build our reputation through investment in our assets.

We aim to increase the number of innovation active businesses by 50% and increase investment in business research, development and innovation by 50% between 2014 and 2024.

What are our opportunities?

- Growing understanding and interest in open-innovation and challenge-based approaches to innovation provide the basis for new collaborative, commercial-focused activities, building on our established test and demonstration capabilities.
- Local knowledge and business strengths are relevant to growing markets, providing opportunities for North East businesses to capitalise on innovation and to develop new products and services, processes and market.
- Increased investment, including through the government’s pursuit of 2.4% of GDP for innovation and dedicated funds (National Productivity Investment Fund), support productivity and efficiency gains from innovation.

How will we know if we have been successful?

- Increase the percentage of businesses that are ‘innovation active’ by 2021.
- Increase R&D investment to 2.4% of GVA by 2021.
- Reduce the gap by 50% in business expenditure on R&D against the UK average by 2021.
- Increase the percentage of businesses that are engaged in process innovation by 2021.
- Increase the percentage of businesses that are engaged in ‘wider innovation’ by 2021.
- Increase the share of UK government innovation expenditure per capita to the UK average by 2021.

What are our challenges?

- Comparatively we have a lower level of investment in research, development and innovation particularly from private sector.
- The North East is relatively small economy meaning there are fewer opportunities for innovation to arise from a larger number of potential collaborators and competitors being in close proximity to each other than in other areas.
- There is a low number of headquarters and research, development and innovation (RDI) facilities in the North East - as these are functions close to each other than in other areas.
- There is a wide range of innovation assets including universities, catapults and national centres of excellence - but more needs to be done to ensure businesses are utilising these to improve commercial returns and to solve social challenges.

Prioritise a regional pipeline of projects to form a Strategic Investment Programme

- Develop a shared, prioritised list of regionally important strategic pipeline of innovation projects including consideration of place implications and gaps. This pipeline will provide focus for identifying and securing funding.

- Develop a prioritised list of regional, large-scale pipeline projects.
- Align with activities undertaken by our Combined Authorities.
- Focus on large-scale collaborative projects that have the capacity to have significant impact for the regional economy and create jobs.
- The North East LEP’s Innovation Board will play a challenge and support role, holding regional partners to account for progress in developing the evidence base and business plans, securing funding and delivering pipeline projects.
- Develop a programme to address identified place-based gaps to supporting business growth.
- Coordinate an approach to sensing funds for pipeline projects, including from the National Productivity Investment Fund (NPIF) and Grand Challenges.

Support our businesses to capitalise on local research and innovation capability

Work with partners to enable all businesses to secure greater commercial value from research, development and innovation assets.

- Strengthen collaboration between businesses and innovation assets such as universities, catapults and national centres of excellence.
- Enhance the co-ordination between businesses, sectors, and innovation assets.
- Support our innovation assets to successfully secure national funding to run regional programmes.
- Work with service delivery partners such as the NHS and local authorities to take-up and roll-out new delivery approaches.

Increase private sector investment into growing innovation businesses

Engage partners to identify and drive business growth through an Innovation Sectors and Competencies Programme

- Develop stronger clarity over commercial strengths, existing and potential and put in place governance and support arrangements to drive delivery.
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- Identify and prioritise regional innovation sectors and competencies, including assessing where these align with the Industrial Strategy and North East Local Industrial Strategy.
- Put robust governance in place to identify priority areas.
- Ensure buy-in and engagement with the private sector.
- Develop a programme of projects and programmes.
- Identified leads and capacity to drive activity.
- Improve alignment of innovation activities to skills and business growth programmes.

Coordinate regional partners to provide enhanced innovation support activity

Review current activity to prepare a coordinated innovation support and skills programme with providers to reduce duplication and improve signposting through North East Growth Hubs.

- Supporting the delivery of a programme of innovation support for regional businesses.
- Ensure activity is aligned through successful partnerships brokered by the Innovation SuperNetwork.
- Support businesses to increase their investment in RDI.
- Strengthen our links with national and international hubs and networks to generate commercial returns for local businesses.
Our ambition is that the North East is that demand for skills and the quality of jobs continue to improve, leading to higher productivity. To deliver this, the North East must be a place where:

- Individuals, regardless of age or employment status, have a good understanding of the employment opportunities available in the North East and the pathways to access them.
- Employers have strong links with education and training providers, leading to a responsive provision that meets local needs.
- All partners understand the importance of improving productivity and long-standing, with commitment to delivering good working environments for freshwater.

This is an ambitious vision that will require substantial change to deliver. By 2024, our ambition is that principles are understood across the region and that there has been significant progress made towards their achievement, providing a strong base to build on in future years.

**What are our challenges?**

Our primary schools are amongst the best in the UK, but the performance of our secondary schools is more mixed, with poorer outcomes at many schools in terms of qualifications achieved and post-school destinations. There is no clear pattern about what underpins this under-performance.

Whilst there has been improvement over recent years, the North East still has a relatively high proportion of its young people not in education, employment or training (NEET) with poor outcomes at many schools in terms of qualifications achieved and post-school destinations. There is no clear pattern about what underpins this under-performance.

Educators and training providers should have a good understanding of the digital skills needs required by employers and provision should support individuals to develop these skills. Given the emerging and changing nature of these skills, it is critical that schools, colleges and universities plan, resource and deliver provision that keeps pace.

Despite significant improvements over the last five years, unemployment and economic inactivity remain high in the North East and other Northern areas.

Some groups are more likely to be out of work than others. In particular, those with health issues and disabilities are more likely to be long-term unemployed or inactivity. Health and employability services need to be brought closer together if this group is going to be effectively supported. Changing employer awareness of this group and helping them see the value of individuals in this group is also critical.

Given the growing evidence of in-work poverty across the UK, it will be important that we work to improve the employment opportunities in the North East and that employers and individuals are implementing changes to deliver this.

There is a need to increase the availability of high-quality, high-skilled jobs in the North East to encourage more graduates from our four universities to stay in the region and the pathways to access them are understood across the region.

Despite significant improvements over the last five years, unemployment and economic inactivity remain high in the North East and other Northern areas.

Both a tighter labour market and growth in the economy will challenge both individuals and regions. There is a need to increase the availability of high-quality, high-skilled jobs in the North East to encourage more graduates from our four universities to stay in the region and the pathways to access them are understood across the region.

The North East is recognised as a region with significant potential for piloting new approaches to skills, employment, progression and inclusion.

**What is our ambition for 2024?**

- Further reduce the number of students progressing to Vocational Education and Training (VET) provision.
- Further reduce the number of students progressing to vocational education and training by offering a programme that includes study, work experience and an apprenticeship.
- Encourage more students to participate in post-16 education and training, including further education and higher education, and increase the numbers of students achieving good outcomes.
- Increase the number of students progressing to post-16 education and training, including further education and higher education, and increase the numbers of students achieving good apprenticeships.
- Secure an Institute of Technology in the region and ensuring that support for young people not in education, employment or training includes digital skills training.

**What will we deliver by 2024?**

- Develop a primary school benchmark pilot that could influence the national careers strategy.
- Adopt the Gatsby Good Career Guidance Benchmarks by all secondary schools and colleges.
- Secure and deliver a £24 million Opportunity North East Funding to improve prospects for young people from the North East, boost social mobility and raise aspirations for children from disadvantaged backgrounds.
- Partner with the Department for Education and others to consider the allocation of the £470m Opportunity North East Funding to improve prospects for young people from the North East, boost social mobility and raise aspirations for children from disadvantaged backgrounds.
- Work with the Apprenticeship Growth Partnership and other partners to increase the number of apprenticeships available at all levels within growth and labour-intensive sectors.
- Provide targeted support for communities and individuals, focusing on those with multiple barriers or protected characteristics, and ensure this is a strategic funding priority.

- Promote the North East as a potential location to pilot a system to help individuals recognize and record their transferable skills.
- Develop a list of the region’s assets within FE, HE and other providers to inform future investment and priority setting.
- Provide specialist intensive support for those most distant from the labour market, or those with multiple barriers or protected characteristics, and ensure this is a strategic funding priority.
- Increase the number of students progressing to higher education and training, including further education and higher education, and increase the numbers of students achieving good outcomes.
- Encourage the commission of holistic approaches that include employers and the integration of services, such as health and social care, housing, welfare and employment, to enable young people to progress, and helping young people understand why skills development is beneficial.

- Promote the North East as a location to ‘Live Work and Stay’ for recent graduates and skilled workers.
- Continue to develop Generation North East and the model to prevent youth unemployment.
- Provide sector-specific and labour intensive, training for those most distant from the labour market because of disadvantage, poverty and poor physical or mental health.
- Provide targeted support for communities and individuals, focusing on those with multiple barriers or protected characteristics, and ensure this is a strategic funding priority.
- Increase the number of students progressing to higher education and training, including further education and higher education, and increase the numbers of students achieving good outcomes.
- Encourage the commission of holistic approaches that include employers and the integration of services, such as health and social care, housing, welfare and employment, to enable young people to progress, and helping young people understand why skills development is beneficial.
- Evaluate the impact of the Gatsby Good Career Guidance Benchmarks by all secondary schools and colleges.
- Continue to develop holistic packages of support for people facing barriers to employment, such as health and social care, housing, welfare and employment, to enable young people to progress, and helping young people understand why skills development is beneficial.
Transport connectivity

What is our ambition for 2024?
Our ambition is one of improved, greener and more sustainable transport options, including public transport, cycling and walking. New mobility solutions will make travel simple and affordable across our distinctive local economy. Quality infrastructure will make for reliable, fast journeys with connectivity into national and international freight and passenger networks. This network will be the enabler to sustainable growth and opportunity, and to the North East being an outward looking economy attracting trade, investment and visitors from across Europe and the world.

Through the Strategic Economic Plan we have established a strong investment pipeline. Our aim is to continue to deliver continuous improvement in a modern, integrated transport system that underpins our economic ambitions.

What are our opportunities?

The £3 billion Transforming Cities Fund allows us to bid for significant funding that will enhance our sustainable transport infrastructure and new mobility zones. This fund will also give us an opportunity to trial new mobility platforms.

As a partner of Transport for the North, we are influencing the Northern transport agenda to ensure that both regional and wider Northern connectivity and infrastructure will feature within their Strategic Transport Plan.

Locally, through our Regional Transport Plan, we have the opportunity to develop a pipeline of schemes to focus on improving local journeys.

Our airport and seaports collectively welcome millions of passengers and manage millions of tonnes of freight each year. They contribute significantly to the regional economy, supporting our export, tourism and co-developing with Transport for the North to ensure investment and co-developing with Transport for the North to ensure investment.

As part of the £1.7 billion funding pot for the North East is road transport. In the North East is road transport. In the North East is road transport. We are one of 11 regions able to bid into the £1.7 trillion funding pot for sustainable transport infrastructure.

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Locally, through our Regional Transport Plan, we have the opportunity to develop a pipeline of schemes to focus on improving local journeys.

Deliver better connectivity through improved infrastructure

We are one of 11 regions able to bid into the £1.7 billion funding pot for sustainable transport infrastructure.

A high-quality bid, that secures significant capital funding for the sustainable transport network.

- Begin a programme of sustainable infrastructure interventions in public transport, walking and cycling.
- Develop the foundations of an innovative new mobility ecosystem with digitally based ticketing.

Develop a future transport investment pipeline

Develop our Regional Transport Plan and co-developing with Transport for the North to ensure investment priorities are clear.

- Development of the North-East Transport Plan including supplementary themed strategies designed to support our economic ambition.
- Continued participation in Transport for the North and Rail North to identify pan-northern connectivity priorities.
- A pipeline of schemes matched to targeted funding solutions.

Improve national and international connectivity

The continued growth of national and international connectivity to key markets.

- Delivery of the programme of interventions outlined in the Newcastle Airport Masterplan to grow routes and foster wider business growth in associated sectors.
- Agreement with Northern Powerhouse Rail and others on approach to East Coast Mainline improvements.
- Ongoing augmentation of port capability to support trade and investment and to foster growth in key regional areas of opportunity including energy and advanced manufacturing.

Use transport to drive innovation and business growth

Develop a programme of activities that use transport as a focus for business growth and innovation.

- Joint work across all transport modes to identify opportunities for innovation in areas including energy, fuels, digital mobility and the development of the Centre for Connected Autonomous Vehicles.
- Collaborative work with tourism agencies to strengthen the offer for business and visitor tourism.
- Collaborative work to develop supply chain and skills development programmes linked to transport and logistics.

What are our challenges?

We want North East residents and visitors to move around the region sustainably, either by public transport or active travel. To do this, we need a system that allows them to plan their journey and purchase tickets seamlessly across all modes and operators.

- Funding opportunities are often national and part of a competitive process. To be successful, the North East has to develop high-quality, evidence-based, innovative and sustainable proposals that compete at a national level.

The East Coast Mainline to the north of York has no committed investment to grow its capacity and resilience, required to link the region to HS2 and new/Northern Powerhouse rail routes.

- East-West connectivity is slow and requires investment for both road and rail to connect the North East across the Northern Powerhouse.

The single largest source of energy consumption in the North East is road transport. In the transition to clean growth and low emission road transport, electric vehicles and supporting charging infrastructure is a focus for national policy. Whilst we have a number of assets in this area, including the ‘Go Ultra Low Programme’, which has made good progress delivering a high-quality electric vehicle charging network for the region, we must continue to develop and deliver on our plans to improve in this area.

How will we know if we have been successful?

- Capital funding in excess of £350 million will have been secured through Transforming Cities, and sustainable infrastructure delivery will be underway.

- Satisfaction with the sustainable network will have increased with interventions including new Metro trains to grow public transport use. Road journey time reliability will have improved.

- We will have an established regional transport plan which will lead to a clear pipeline of transport schemes for the region.

- We will be actively pursuing both public and private funding avenues to increase the rate of investment in transport locally.

What will we deliver by 2021?

Activity

- Ongoing transport project delivery
- Secure funding from Transforming Cities Bid and commence delivery
- Deliver better connectivity through improved infrastructure
- Develop a future transport investment pipeline
- Improve national and international connectivity
- Use transport to drive, innovation and business growth

Description

- Completion of projects that are already committed and underway.
- We are one of 11 regions able to bid into the £1.7 billion funding pot for sustainable transport infrastructure.
- Improve capacity, resilience, reliability and sustainability of our network.
- Develop our Regional Transport Plan and co-developing with Transport for the North to ensure investment priorities are clear.
- The continued growth of national and international connectivity to key markets.
- Develop a programme of activities that use transport as a focus for business growth and innovation.

Key deliveries

- Continued infrastructure renewals on the Metro system to promote system reliability.
- Further roll out of electric vehicle charging points through the Go Ultra Low North East Programme to encourage the uptake of Ultra Low Emission Vehicles in the region.
- Delivery of the Local Growth Fund transport programme and the Local Sustainable Transport Fund capital programme.
- Interventions on the local Strategic Highways Network, including major junction projects and commitment of AI improvements.
- Roll out of the first trains in the Metro fleet replacement programme.
- Commissioning of electric vehicle filing stations and charging clusters.
- Delivery of the programme of interventions outlined in the Newcastle Airport Masterplan to grow routes and foster wider business growth in associated sectors.
- Agreement with Northern Powerhouse Rail and others on approach to East Coast Mainline improvements.
- Ongoing augmentation of port capability to support trade and investment and to foster growth in key regional areas of opportunity including energy and advanced manufacturing.
- Joint work across all transport modes to identify opportunities for innovation in areas including energy, fuels, digital mobility and the development of the Centre for Connected Autonomous Vehicles.
- Collaborative work with tourism agencies to strengthen the offer for business and visitor tourism.
- Collaborative work to develop supply chain and skills development programmes linked to transport and logistics.
What is our ambition for 2024?

By 2021 deliver more than 430,000 sqm of new investment and refurbishment of commercial floor space. These projects will have received over £400 million of public investment, including government regional economic development funding requiring strong evidence based and government funding requiring strong evidence based and key employment sites. By 2025 we will target the North East Fund (NEF) loans to maximise impact.

We will attract 4,000 jobs on direct employment sites, with this figure rising to 10,000 jobs by 2023.

We will be successfully targeting the North East Investment Fund (NEF) loans to maximise impact.

A regionally owned coal-based investment fund and project pipeline will have been developed with the key projects being brought forward.

By 2021 deliver more than 410,000 sqm of new and refurbished commercial floor space.

By 2021, unlock 50 ha of brownfield land.

What will we deliver by 2021?

Management and Enterprise Zone infrastructure

• Effectively deliver the North East Fund
• Identify gaps and market demand for new business finance models
• Develop business finance mechanisms to meet the needs of North East businesses.

Investment and infrastructure

• Invest the £210 million Local Growth Fund grant into transport, infrastructure for strategic science parks and employment sites, plus skills and business growth activities
• Maximize the loans investment opportunity of the £250 million North East Investment Fund into strategic projects

What are our challenges?

Investment is required to:

• Effectively deliver the North East Fund
• Identify key sites and opportunities for employment, transport, housing, tourism and culture to guide investment decisions
• Secure the notional allocation of European Structural and Investment funding into the region with partners
• Coordinate a regional response and work with the two combined and seven local authorities, business and education partners and government

We will be successfully targeting the North East Investment Fund (NEF) loans to maximise impact.

A regionally owned coal-based investment fund and project pipeline will have been developed with the key projects being brought forward.

By 2021 deliver more than 410,000 sqm of new and refurbished commercial floor space.

By 2021, unlock 50 ha of brownfield land.

What is our ambition for 2024?

By December 2021, our Local Growth Fund programme and Enterprise Zone infrastructure programmes will be nearing completion with most projects in successful operation.

These projects will have received over £420 million of North East LEP funding and secured £260 million other public sector and £830 million private sector investment.

We will attract 4,000 jobs on direct employment sites, with this figure rising to 10,000 jobs by 2023.

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By 2021 deliver more than 410,000 sqm of new and refurbished commercial floor space.

By 2021, unlock 50 ha of brownfield land.
Developing our North East Investment Plan

The strategic projects set out below are examples of projects which will inform the proposed North East investment project pipeline, and will be considered alongside other strategic projects to attract future investment depending upon the specific criteria attached to the funding source.

Newcastle International Airport: recent connectivity enhancements and diversification have demonstrated opportunities for growth. Continuing route development, supported by associated local delivery of business growth around the airport will be developed as part of a new masterplan to ensure that the region’s economic objectives are achieved. The airport is supporting a strategic approach to passenger growth through tourism working with partners in the North East Tourism Alliance, including the creation of a regional inbound tourism website, overseas marketing campaigns, and literary and bookable product development.

Metro enhancement and rolling stock: the next stage of upgrade has secured investment with the first new trains to enter service during 2023.

North East Convention Centre at Gateshead Quays: enabling the region to better compete for large-scale national and international events and benefit from hotel developments, this will include a new purpose-built conference and exhibition centre.

Durham Infrastructure Programme: opening up Aykley Heads Northern Zone and North Road as a key gateway into the city.

The Water Innovation Hub: supported by Northumbrian Water Group, Durham University and the Environment Agency, the hub acts as an enabler for innovation to respond to challenges like climate change.

North East Technology Park (NETPark): hosting two national catapult centres and a number of National Innovation Centres, NETPark provides science, technology and engineering companies with a wide choice of world-class laboratory, clean room, office and manufacturing facilities.

Strategic Rail Freight Infrastructure (SFRI) at Forrest Park: enabling integrated energy systems R&D facility, led by Northern Gas Networks, working with Northern Powergrid and Newcastle University.

A19 junction improvements: providing a resilient and high quality strategic road network with improved links and more reliable journey times.

Introduction of passenger services to the Northumberland to Newcastle line: connecting urban South East North East linking North Tyneside and Newcastle into an interchange with the Metro system.

Newcastle Gateshead Accelerated Development Zone (ADZ): regenerating key sites – Newcastle Helix, Stephenson Quarter and Newcastle Central Station, East Pilgrim Street, Gateshead Quays and Baltic Business Centre.

Newcastle Central Gateway, High Speed ready: Newcastle Central Station must be ready as a destination for the arrival of HS2 in 2033 with a board being formed to deliver these upgrades.

Centre for Energy Systems Integration (CESI): £20 million research consortium investigating future energy challenges for the UK, led by Newcastle University and partnering with other UK universities including Durham.

Integrated Transport Electrification and Gas Research Laboratory (INTEGRa): UK’s first full-scale integrated energy systems (IES) facility, led by Northern Gas Networks, working with Northern Powergrid and Newcastle University.

Sunderland and South Tyneside City Deal: supporting investment in the automotive and advanced manufacturing industries and developing a Central Business District on the former Vaux Brewery site.

International Advanced Manufacturing Park: develop all phases of the site to provide a high quality location attractive to a range of advanced manufacturing businesses.

Sunderland Station redevelopment: of Sunderland Station to support regeneration, providing a welcoming gateway and site transport hub for businesses, residents and the University of Sunderland.

Continuing development of the Sunderland Strategic Transport Corridor (SSTC): strengthening access to Enterprise Zone sites via the A19 and to the Port of Sunderland.

Newcastle Helix: a 24 acre hybrid city, built for future technology and science businesses, the local community and residents.

Centre for Sustainable Advanced Manufacturing (CESAM): partners will work to secure funding for a facility that will accelerate process innovation and enable a shift towards industrial digitisation for advanced manufacturers.

Driving the Electrical Revolution: a North East-led consortium is focused on securing funding to deliver the Driving the Electrical Revolution Programme that will position the North East as a global leader in the development of power electronics, machines and drivers.

Multiple locations:

North East Enterprise Zones: 21 strategically located sites near sector clusters to attract investment.

Strategic local regeneration schemes: local partners are working hard to bring forward schemes in towns across the region, creating a focus for investment and new jobs for local residents. Examples include South Shields 365 in South Tyneside, the development of Ashington town centre and the Durham riverside renewal.

Collaborative tourism marketing: collaboration by partners across the region including Newcastle International Airport and the North East Tourism Alliance will deliver development and promotion of the cultural and tourist offer offering up the region to new visitors and extended stays.

Tourism Sector Deal and Tourism Action Zone: the Tourism Sector Deal is exploring opportunities to grow the UK tourism sector with the creation of tourism action zones to support investment and sector growth being proposed. The North East Tourism Alliance and North East LEP have expressed interest to government in becoming the first wave of these zones.

North East Enterprise Zone sites

Newcastle Central Gateway

Newcastle Central Station

Metro enhancement and rolling stock

The Water Innovation Hub

North East Technology Park

Strategic Rail Freight Infrastructure

A19 junction improvements

Introduction of passenger services to the Northumberland to Newcastle line

Newcastle Gateshead Accelerated Development Zone

Newcastle Central Gateway, High Speed ready

Centre for Energy Systems Integration

Integrated Transport Electrification and Gas Research Laboratory

Sunderland and South Tyneside City Deal

International Advanced Manufacturing Park

Sunderland Station redevelopment

Newcastle Helix

Centre for Sustainable Advanced Manufacturing

Driving the Electrical Revolution

North East Enterprise Zones

Strategic local regeneration schemes

Collaborative tourism marketing

Tourism Sector Deal and Tourism Action Zone

Multiple locations
Transparency, accountability and progress

Section five
Regional governance changed on 2 November 2018 after government agreed to devolve powers and funding and form a new Mayoral North of the Tyne Combined Authority. This sees Newcastle, North Tyneside and Northumberland local authorities come together with a shared ambition for a more dynamic and inclusive economy. The North East Combined Authority, made up of the four local authorities South of the Tyne; Durham, Gateshead, South Tyneside and Sunderland, remain focussed on economic growth together for their part of the region.

Transport matters for the North East region continue to be overseen by all seven local authorities, through the Joint Transport committee. The North East LEP also advocates for the region as a whole.

North East governance

North East LEP governance

The North East LEP Board is a business-led, private, public and education partnership. It is supported by four advisory boards, which provide strategic guidance and oversight of the Strategic Economic Plan programmes’ delivery to the main board.

Areas of Strategic Importance co-ordination Groups are being introduced to support the areas of strategic importance activities.
Building the evidence base

Our Economy

Our Economy provides an overview of the North East LEP area economy and how it is changing over time. It is a resource for partners, positioning the North East for future policy developments.

The North East Independent Economic Review in 2013 provided a strong foundation for the original Strategic Economic Plan and we have continued to build the evidence base to support our programmes and wider economic policy making in the region.

North East Data Hub

The Data Hub is a website that brings together economic and transport data from a range of sources, alongside easy-to-use tools and commentary to improve understanding of the North East LEP area economy.

Developing new data sources

Our Economy and the North East Data Hub increase understanding of the North East economy and supports individuals, businesses and policymakers to make more informed decisions.

We will work with partners to identify new sources of data and methods for analysis to help increase understanding of how the economy is performing.

Policy

Industrial Strategy

The North East Local Enterprise Partnership will continue to lead on the development of our evidence base and work with partners to identify opportunities for regional engagement and investment as we work towards developing the North East Local Industrial Strategy.

Influencing the policy agenda

We will continue to monitor public policy and will work with regional partners to influence relevant public policies where a significant and shared interest is identified which will impact on our economy and where joint work can deliver policy change or secure influence or flows of investment.

North East Economic Evidence Forum

The North East Economic Evidence Forum, established by the North East LEP brings together regional partners and national research organisations to build the North East evidence base.

The group delivers a collaborative programme of research and engagement activities to contribute to regional and national debates on key topics and supports the LEP in its critical analysis of the North East evidence base.

We will continue to use the Forum to ensure we have the evidence that the North East needs to inform policies and investments.

Programme of research studies

A programme of research has been identified. Key topics for the period to 2021 include ensuring additional tools are available to help users understand and make use of the data.

The Data Hub is a website that brings together economic and transport data from a range of sources, alongside easy-to-use tools and commentary to improve understanding of the North East LEP area economy.

Over the next three years, we will continue to prioritise monitoring and evaluation and build on our existing activities to ensure they reflect recognised best practice.

We will continue to use the Forum to ensure we have the evidence that the North East needs to inform policies and investments.

Programme of research studies

A programme of research has been identified. Key topics for the period to 2021 include ensuring additional tools are available to help users understand and make use of the data.

Building the evidence base

The North East LEP is committed to the ongoing development of the Strategic Economic Plan. It is the framework for a range of other strategic documents and investment programmes including the Local Growth Fund, European Strategic Investment Framework and the forthcoming Local Industrial Strategy. Partners are working together to influence public policy to ensure the voice and interests of the region are taken into account in UK policy frameworks including the Industrial Strategy, the preparations for leaving the European Union and the National Infrastructure Assessment.

It is important that the North East Strategic Economic Plan and the interventions that are pursued to deliver it are based on a strong evidence base and that the things it informs are strongly grounded in an understanding of the needs and opportunities of the North East economy and the evidence on ‘what works’. In support of this work, the North East LEP takes a lead role in helping develop and co-ordinate economic analysis and evidence activities on behalf of the region. Building on the work that commenced with the North East Independent Economic Review 2013 the ambition is that the North East builds a reputation for innovative, collaborative and action-oriented evidence based policy and strategy.

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Enter text here...
The North East LEP made a commitment when the Strategic Economic Plan was refreshed in 2017 to commission an independent evaluation of progress made and of our role in supporting its development and delivery. The aim of this evaluation is to assess the effectiveness and impact of the Plan relative to its objectives. The interim evaluation will be undertaken between 2018/19 and 2020/21 and will help inform the final evaluation in 2023. A competitive tendering process was carried out during 2018 and Steer Economic Development were appointed to undertake the interim evaluation.

Key findings emerging from the first phase of the evaluation:

Significant progress has been made by the region in creating more and better jobs for the North East economy. There has also been progress in relation to other targets in the Strategic Economic Plan including employment rates, economic activity rates and productivity, although there remains more to do over future years.

The refresh of the Plan carried out in 2017 was seen as instinctive and successfully engaged partners across the region. It resulted in a final document that was succinct, accessible and visually striking with clear and logical actions.

The Strategic Economic Plan has led to a range of new partnerships, networks and approaches in the region and to furthering the North East’s strategic ambition and its organisational capacity, enabling it to provide economic development of careers education in the North East and is recognised as best practice by both government and regional partners.

Guidance Benchmarks as part of the Gatsby pilot, which has led to an improvement in the quality and appropriateness timescales around delivery.

The North East LEP was established amidst challenging circumstances in 2011. It has made considerable progress in developing the region’s strategic ambition and its organisational capacity, enabling it to provide economic development of careers education in the North East and is recognised as best practice by both government and regional partners.

The report makes a number of recommendations including:

To date, monitoring has focused on satisfying the requirements of funders, in particular, government. To support the evaluation project, a baseline report has assembled data to enable a quantitative assessment.

It is recommended that the North East LEP works on this with partners to provide a fuller picture going forward.

The interim evaluation will be undertaken between 2018/19 and 2020/21 and will help inform the final evaluation in 2023. A competitive tendering process was carried out during 2018 and Steer Economic Development were appointed to undertake the interim evaluation.

The Strategic Economic Plan and against these targets.

There is therefore more to do to help ensure the North East closes these performance gaps. We will continue to work with partners to deliver this.

More and better jobs

Together with our partners, we are working to deliver 100,000 more and better jobs for the North East by 2024.

How are we doing?

Since the Strategic Economic Plan was published in 2014, we have made good progress towards the delivery of our headline targets to deliver more and better jobs, while progress towards the relative targets has been mixed. We are nearly half way through the delivery of the ten year plan.

Key targets for the North East for 2024

- 100,000 more and better jobs
- £20 billion in GVA
- 811,600 local jobs
- 875,200 permanent jobs
- £30 billion in investment
- 50% reduction in gap by 2024
- 100% reduction in gap by 2024
- £28 billion in GVA
- 59

Relative targets

Since 2014, both the employment rate and the economic activity rate have increased in the North East. As improvement in these indicators has been greater in the North East than across England excluding London, the gap between our performance and national performance has reduced. This is good news for the North East. The reduction in the gap has been relatively small for the economic activity rate (4%) while the gap with England excluding London in the employment rate has reduced by almost a quarter.

Progress has also been made in relation to the number of private sector job opportunities available per head within the North East, with a small increase observed between 2015 and 2017 (data is not available on a comparable basis for 2014 due to changes in the dataset used to measure progress against this target). However, as the number of private sector jobs per head increased faster across England excluding London than in the North East over this period, the gap has increased.

Our final target relates to reducing the gap in productivity by 50%. Productivity was defined in earlier versions of this document as GVA per full time equivalent job, but due to changes in the underlying datasets used to measure this, we have decided to amend the definition to GVA per hour worked. This will also bring us in line with the Industrial Strategy. Between 2014 and 2017 (the most recent data available), the gap has reduced by 29%.

There are therefore more to do to help ensure the North East closes these performance gaps. We will continue to work with partners to deliver this.

Strategic Economic Plan and against these targets.

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