

## Our challenges and opportunities

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.

### Our challenges

Our plan is strongly focused on addressing our key challenges that include fewer employment opportunities compared to other parts of the UK and improving the quality of jobs.

We also have underlying issues including lower productivity performance and higher levels of economic inactivity and exclusion, although we have seen improvement in both of these areas.

Emerging challenges for our region include how the UK economy will respond to leaving the European Union, volatility in the global economic environment and trade. We also face wider UK challenges including the productivity puzzle, and rising costs and inflation.

### Our opportunities

#### 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 maximising the 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 in areas like batteries, fuels and energy technologies, process innovation and digital services are key to the future.
- The UK has committed to tackling climate change and promoting clean growth. We can continue to this agenda by our reduction of carbon emissions through energy generation, sub-sea technologies and investment in zero carbon transport.

#### 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.

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

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North East  
Local Enterprise Partnership



# The North East Strategic Economic Plan

Creating more and better jobs

Executive summary

January 2019





## 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.

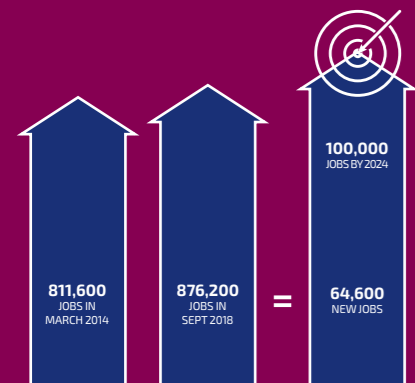
## What does the Strategic Economic Plan want to achieve?

The Plan's ambition is to increase the number of jobs in the North East by 100,000 between 2014 and 2024, with 70% of these being better jobs, defined as managerial, professional and technical roles.



### Impact to date

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



**49,600 (77%)**

of these were 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.

## Why are we updating the Plan?

"We are updating our Strategic Economic Plan at a time of significant change for the global and national economy. New opportunities in technology and areas such as ageing and the management of climate risks provide potential for economic growth. Changes in public policy as we prepare to leave the European Union and embrace the UK Industrial Strategy provide a new context for our activity."



Andrew Hodgson,  
Chair, North East Local Enterprise Partnership

# Delivering our Plan

The North East Strategic Economic Plan is our evidence based plan to grow and develop the region's economy. The Plan has been refreshed and updated as our economy and the environment in which we operate has changed and our economic base has developed. The delivery of our plan is structured in the following way.

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

### Digital

Our vibrant digital community is one of the most productive and fastest developing in the UK, across industry and public services.

### Health and life sciences

Our excellence in clinical research, innovation in pharmaceuticals, and responding to an aging population allow us to respond to the changing global health services and markets.



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

### 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



### Advanced manufacturing

Our advanced manufacturing sector is globally focused with strengths in automotive and pharmaceuticals. We have significant opportunities in international trade and investment and in local supply chains.

**Manufacturing accounts for 15.3% of the North East LEP area's GVA and 11.3% of employment**



### Energy

With expertise in offshore energy and subsea technologies, regional energy and demonstration and innovation, we are ready to respond to national and international energy agendas towards clean growth.

### North East subsea sector

**50 supply chain companies supporting 15,000 jobs**



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

### Education

**2,700 enterprises employ 85,000 people in education in the North East**



### Financial, professional and business services

**5,600 enterprises employ 40,000 people in financial, professional and business services**

### Transport and logistics

**1,100 enterprises employ 15,000 people in transport and logistics organisations, supporting the movement of goods and people across the region**

### Construction

**6,500 enterprises employ 51,000 people in a construction related industry**

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



### Business growth

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. Through this, the North East will be a growth orientated, dynamic and productive environment where businesses invest, grow and thrive.



### Innovation

Innovation is central to our long-term aim to build a more productive region, fostering a competitive and embedded business base and solving social and economic challenges. For this reason, we want to increase the number of innovation active businesses by 550 and increase investment in business research, development and innovation by 50% between 2014 and 2024.



### Skills, employment, inclusion and progression

Our ambition is that all individuals in the North East have a good understanding of the employment opportunities available and how to access these and that employers have strong links with education and training providers, helping to ensure that provision meets local needs. We will work to ensure that all partners understand the importance of skills in improving productivity, social mobility and living standards.



### Transport connectivity

Our ambition is to have improved, greener and more sustainable transport options, including public transport, cycling and walking. We aim is deliver continuous improvement to a modern, integrated transport system that underpins our economic ambitions.



### Investment and infrastructure

Through focussed and co-ordinated investment we will address market failures, competitive weaknesses and develop a North East investment pipeline of projects. We will work with partners to quicken the pace and scale of investment across the North East, focusing on our business and infrastructure investment opportunities and needs.



### Digital

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