



North East Local Enterprise Partnership

Business plan 2018/19

About the North East Local Enterprise Partnership

What is the North East Local Enterprise Partnership (LEP)?

The North East LEP is a public, private and education partnership that works together to improve the North East economy. The North East LEP covers Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland local authority areas.

What is the North East Strategic Economic Plan (SEP)?

The SEP is our plan for economic growth in the North East for the period 2014-2024. It sets out what we are good at, our targets to create more and better jobs and details how we are going to deliver them.

What is the LEP's role in delivering the SEP?

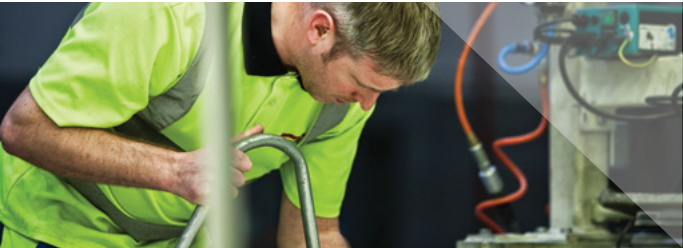
Our role is to provide strategic leadership for the region, working with partners and facilitating each element. We also aim to secure maximum investment and resources for the region, raise the national profile of the North East and work with partners on initiatives that will have the greatest economic impact for the area.



You can read the North East Strategic Economic Plan on the our website at northeastlep.co.uk

Why is it important to have a SEP?

The SEP is recognised by government as the North East's principal economic policy document that sets a strategic direction for our regional economy. It outlines our medium term economic plan and helps identify interventions and investments to support economic growth and to create more and better jobs for our economy. It is the plan which is shared and owned by the North East to grow the economy.



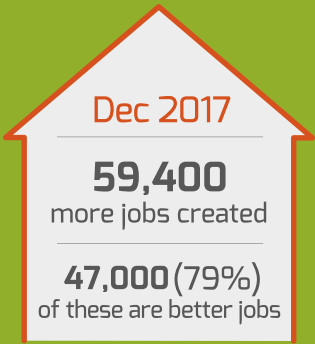
What are the targets in the SEP?

The SEP has two absolute targets. The first is to add 100,000 more jobs to the North East economy by 2024. The second is to ensure that 70% of the jobs growth is in 'better' jobs.

A *better* job is defined as being in the top three Standard Occupational Classification (SOC) categories, which are: managers and directors; professional occupations; and associate professional and technical occupations. Measuring this means we can demonstrate that we have higher skilled and more productive roles in our economy, which will bring greater wealth for North East residents and businesses. We have also identified four comparative targets which aim to deliver a measurable reduction in the gap in performance between the North East and the UK average in key parts of the economy; productivity, business density, the employment rate, and economic activity amongst our population.



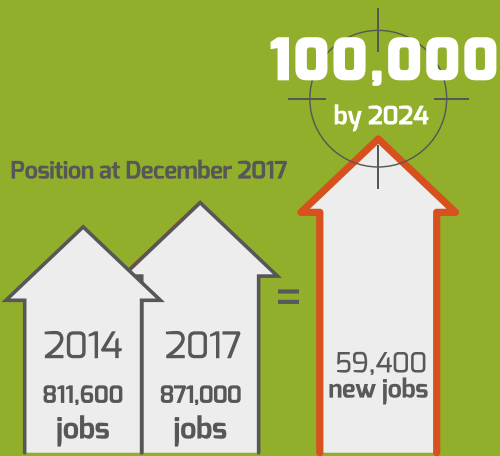
Progress: Of the 59,400 additional jobs since 2014, 79% – 47,000 – are 'better jobs'.



Source: Annual Population Survey - Workplace Analysis (Nomis)



Progress: The total number of jobs in the North East LEP area had increased by 59,400.



Source: Annual Population Survey - Workplace Analysis (Nomis)

The North East Strategic Economic Plan sets out our ambition and goals.

The SEP highlights how we will foster a business environment that supports higher levels of investment, innovation and growth, drive areas of the economy where the North East has specialisms that can deliver more productive employment and create economic opportunities for people and communities in the region. It identifies four areas of specialism which represent distinctive growth opportunities, which are:




Tech North East
Driving a digital surge



Making the North East's Future
Automotive and medicines advanced manufacturing



Health Quest North East
Innovation in health and life sciences



Energy North East
Excellence in subsea, offshore and energy technologies


Our digital specialisms include:


- Software development
- Cloud computing shared services
- Systems design and communications
- Building information modelling
- Games design and delivery.



Our emerging specialisms include:


- Data analytics
- Virtual reality
- Smart data
- Cybersecurity.






35,300 STEM students
enrolled at our universities in 2016/17

Key Sectors




Automotive




Medicines

Our national centres of excellence are:


- Ageing and age related diseases
- Personalised medicine
- Formulation
- Emerging national centres in healthcare photonics and dementia.




Newcastle upon Tyne Hospitals NHS Foundation Trust is a leading UK Trust for clinical research with the largest number of studies in the UK.



The International Centre for Life
600 employees from 35 countries




World leader in offshore and subsea technology



Over 50 companies
with a combined turnover of £1.5bn
employ more than 15,000 people



The SEP identifies three enabling service sectors which support the wider economy and deliver higher productivity employment opportunities. These three service sectors are:



Education

We have a highly diverse education system including four universities providing a significant research base 83,060 enrolments in 2016/17.

Based on its share of employment, the education sector is estimated to account for nearly 7% of total North East LEP GVA and has seen growth over the last 10 years of around £700 million.

The further education (FE) system includes nine colleges and a range of other providers including sixth forms and private bodies. There are around 900 schools in the North East.



Financial, professional and business services

The North East hosts key segments of the UK's £180 billion financial technology, banking, insurance, securities dealing, fund management, management consultancy, legal services, and accounting services sectors.

There are 17,645 financial, professional and business services companies in the region.



Transport and logistics

Around 4,000 additional jobs have been created in the transport and logistics sector since 2014.

This comprises about 4% of the business base plus a range of public providers.

Delivering the North North East Strategic Economic Plan

We will focus our delivery around six programmes of work, which are outlined in the SEP. These programmes will support businesses to achieve and sustain growth. We will provide the leadership and work with our Board, Advisory Boards, partners and businesses to deliver the programme objectives. Our delivery plan tracks our progress.



Innovation

Innovation is central to the long term ambition of the SEP to build a more productive North East with a competitive business base and creative and inclusive communities. We will do this by:

- Creating an innovation ecosystem that embeds open learning and delivers business growth and social improvement through delivery of new products, processes, and technologies
- Improving our region's innovation infrastructure
- Developing strategies around our areas of opportunity.



Business growth and access to finance

We aim to increase the density of our high growth businesses by 50% through the creation of a business ecosystem that enables more businesses to scale. We will do this by:

- Improving access to support and finance
- Supporting businesses to achieve and sustain high growth
- Strengthening inward investment and trade flows
- Ensuring the North East can respond to economic change.



Skills

Improving skills is fundamental to our economic future so that our region has better jobs. We will continue to improve the skills pipeline in our region by:

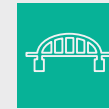
- Developing 'North East Ambition' – a programme that will deliver outstanding career guidance
- Excelling in technical and professional education through our FE Colleges and private providers
- Working in partnership with education and business to have job ready graduates and high quality employment opportunities
- Reducing the gap between our best and lowest performing schools
- Reducing inactivity levels in our 50+ workforce by helping older workers to develop their skills.



Employability and inclusion

Strengthening our employment rate is key to economic resilience. Ensuring local people are prepared and fit for work and have access to good quality employment opportunities will improve their lives and ensure that businesses can recruit and retain the people they need in a changing labour market. We will:

- Support people with health conditions to find and maintain employment
- Develop pathways for the most vulnerable and disadvantaged young people to help them to move into education, training and employment
- Reduce inactivity levels in our 50+ workforce, by reconnecting older people to work.



Economic assets and infrastructure

We must supply the right land and develop our critical infrastructure and sites to support the growth of our industrial strengths and clusters, accommodate the changing structure of the economy, foster innovation and deliver the housing required for our changing population. We will make this happen by:

- Delivering growth focused Local Plans in our local authority areas
- Agreeing a pipeline of key projects for investment
- Developing the regional spatial planning framework.



Connectivity

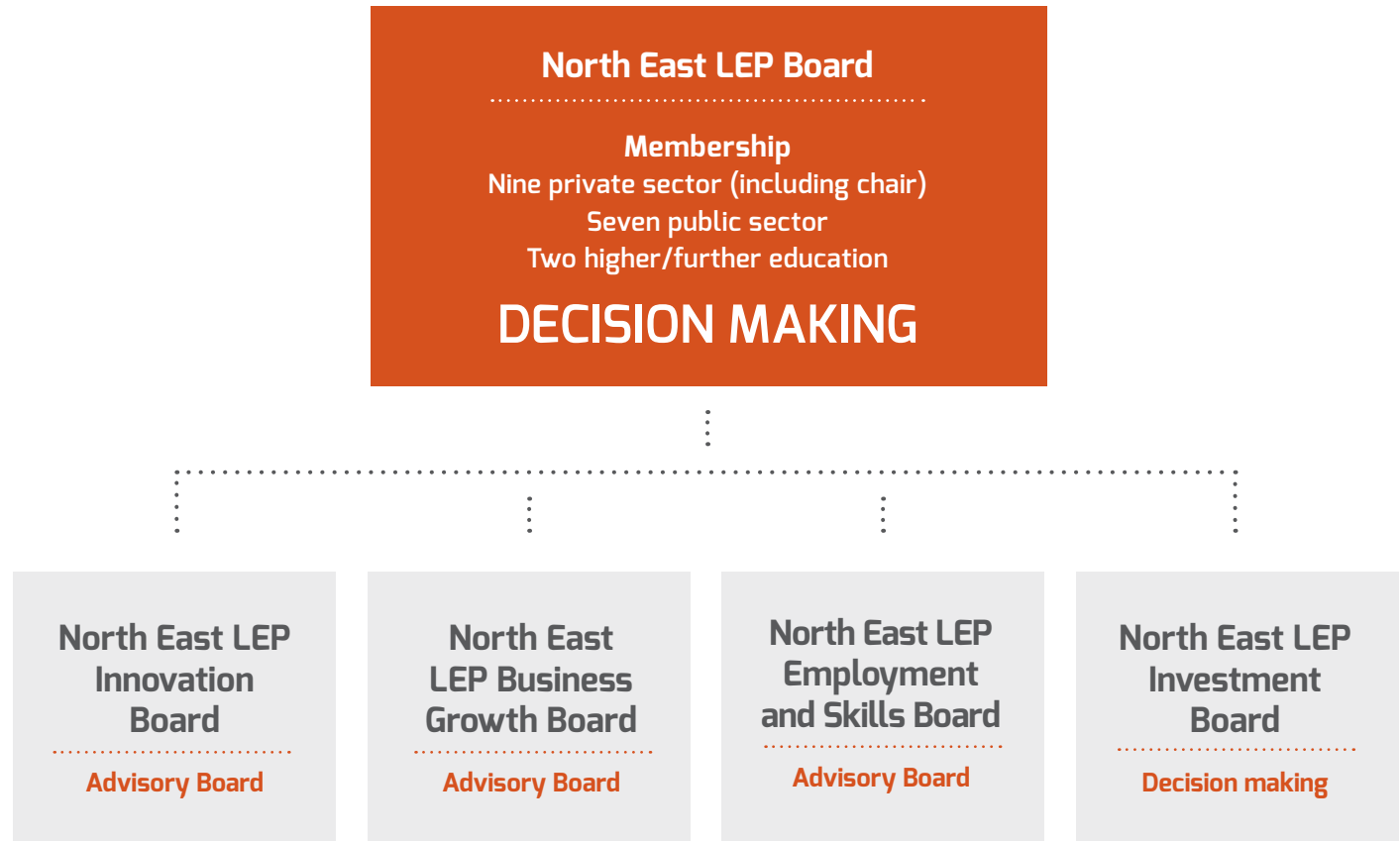
Connectivity plays a crucial role in enabling economic growth and sustaining jobs. Transport and digital infrastructure provide access to national and international markets, facilitates trade and inward investment, and ensures flows of goods, services, information and people. We will continue to build on this by:

- Helping people, services and goods move quickly, safely and reliably
- Improving national and international connectivity
- Developing and implementing the regional transport plan
- Developing digital connectivity through the availability of superfast broadband and development of 5G.



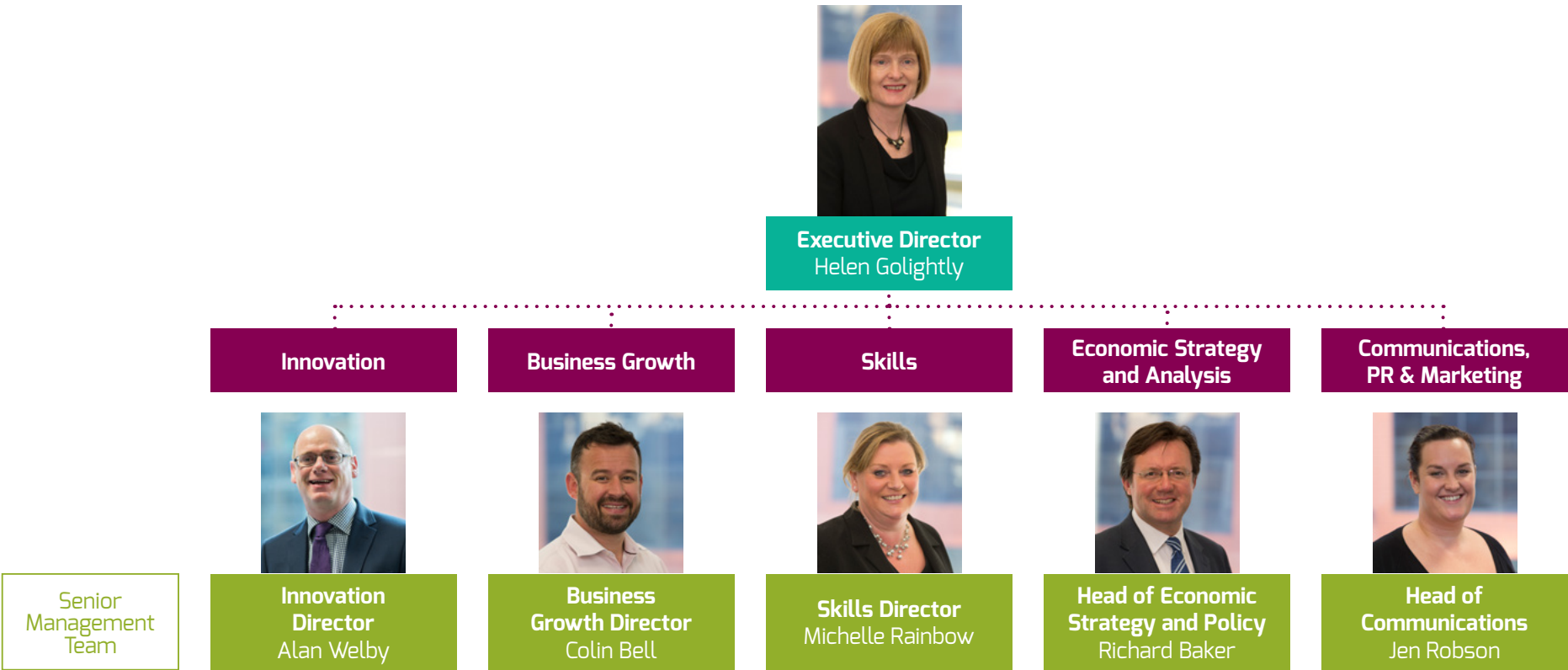
The North East LEP governance

Providing advice, oversight and decision making.



March 2018

North East LEP executive team



Office Manager, Rebecca Kinmond Senior Administrator, Dorothy Bell Communications Adviser, Nicola McIntosh Programme Support Officer, Dawn Bewick Programme Support Officer, Ben McLaughlin Programme Support Officer, Vacant Programme Support Officer, Rebecca Furness Communications Support Officer, Vacant	Programme Manager, Ray Browning Programme Manager, James Davies Programme Manager, Matthew Ebbatson Programme Manager, Dinah Jackson Programme Support Officer, Vacant Career Benchmarks Facilitator, Ryan Gibson Regional Project Lead, Neil Willis Enterprise Co-ordinator, Denis Heaney	Enterprise Co-ordinator, Lindsey Joy Mentoring Co-ordinator, Helen Lee Senior Economist, Victoria Sutherland Policy and Evidence Co-ordinator, Emma Ward Health and Life Science Programme Lead, Vacant Energy Programme Lead, Vacant Digital Programme Lead, Vacant
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Budget

Income	2018/19 Proposed budget £'000
LEP core grant	500
Local authority contribution (£37.5k from each of the seven local authorities)	250
Local Growth Fund (2.5% top-slice)	1,100
North East Investment Fund and Enterprise Zone income	100
Gatsby Foundation contribution	33
Growth Hub grant	410
Enterprise Adviser contribution	84
North East Combined Authority (NECA) contribution	30
Interest on funding balances	50
NECOP	45
Horizon 2020 grant	66
Energy Strategy grant	100
ERDF	50
Other income	6
LEP reserves/ EZ income	263
Gross income	3,087

Expenditure	2018/19 Proposed Budget £'000
Employees	1,483
Premises	95
Communications, PR and marketing	247
Operations - Corporate	300
Operations - Strategic Policy and Economic Analysis	80
Operations - Innovation	110
Operations - Business growth and access to finance	20
Operations - Skills	20
Operations - Funds	84
Operations - Transport LGF monitoring and evaluation	215
Operations - Good Career Guidance Benchmarks and Growth Hub	243
Operations - Inward Investment contribution to NECA	140
Other LGF costs	50
Gross expenditure	3,087

The funding streams for investment

Capital investment and funding sources currently secured and managed by the LEP are:

Local Growth Fund

We manage the North East LEP's Local Growth Fund (LGF) allocation of £270.1m. This is a six year fund, which supports major capital projects across the North East LEP area.

We have supported 52 capital projects since 2014.

LGF Budget (m)	Round one and two	Round three	Total
2015-16	£53.9	£0.0	£53.9
2016-17	£79.4	£0.0	£79.4
2017-18	£31.8	£10.7	£42.5
2018-19	£24.1	£27.6	£51.7
2019-20	£16.6	£11.4	£28.0
2020-21	£14.6	£0.0	£14.6
Total	£220.4	£49.7	£270.1

North East Investment Fund

The North East Investment Fund is a loan fund supporting capital projects that encourage local economic growth and create jobs in our area.

North East Investment Fund

£55m capital evergreen loan fund
 £65.8m invested to date
 £45.1m of the fund is allocated
 £10.3m available for new investments in 2018/19

Enterprise Zone Business Rate Income

All Enterprise Zone business rate growth income comes to the LEP to invest. The North East LEP Board has agreed to invest in the 21 Enterprise Zone sites' infrastructure and then into other regional strategic economic investment priorities.

Enterprise Zone Business Rate Income

Income projection from the 21 sites over the 25 year period (up to 2038) around £470m.

Project funding sources currently managed and delivered by the North East LEP are:

1. Growth Hub

£410k in 2018/19

The Growth Hub is the one stop shop for businesses to find the business support and access to finance they need to grow their business.

2. Good Career Guidance Benchmarks

£33k in 2018/19

The Good Career Guidance project is a national pilot being carried out in the North East that aims to implement best practice in careers guidance in schools and colleges based around eight benchmarks of best practice.

3. Enterprise Advisers

£84k in 2018/19

The Enterprise Advisers project aims to embed business leaders into secondary schools and colleges on a voluntary basis to help teachers shape the delivery of careers education.

European Funding

The North East also has a notional allocation of £437m of European Structural Investment Funding (for the period 2014-2020). This is administered by central government through the Department for Communities and Local Government.



European Union
 European Structural and Investment Funds



nelep.co.uk



northeastgrowthhub.co.uk



northeastdatahub.co.uk



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