The North East Strategic Economic Plan

Creating more and better jobs

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.

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What does the Strategic 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 service sectors 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 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.

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 business, local government, education and our communities. This work continues to command support across the region and we have made good progress.

Our thanks go to each and every one for their hard work and commitment to our partners in business, local government, education and our communities in taking forward the priorities set out in our Strategic Economic Plan. Our efforts and partnership. We look forward to working together in the future.

Andrew Hodgson
Chair, North East Local Enterprise Partnership

Foreword

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Updating our plan at a time of change

It is 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.

Government announced that the regions will have the opportunity to develop a local Industrial Strategy to demonstrate their contribution to the national Industrial Strategy. The North East’s response will be led by the North East Local Enterprise Partnership and will be delivered during 2019.

New policy and investment opportunities have been created by a devolution deal and the formation of a new Mayor of Tyne Combined Authority, that includes Newcastle, North Tyneside and Northumberland local authorities.

The North East Combined Authority will continue to support economic growth across Durham, Gateshead, South Tyneside and Sunderland. The two Combined Authorities will work together through a Joint Transport Committee to oversee regional Transport.

Wider partnerships across the Northern Powerhouse area, with the creation of Transport for the North and a new NTFP structure of north eastern LEPs, also create opportunities for our region. The Borderslands Deal will include the wider economy in a cross-border structure with four other areas in northern England and Scotland to deliver rural growth and development.

In 2018 we agreed to update our Strategic Economic Plan to ensure we can deliver our ambitions during this period of change. To do this we have worked with our regional partners and government.

Our refreshed plan includes:
- Updated analysis of our opportunities and challenges, including an update on the position of our targets
- Our plans for programme delivery from 2019 to 2021
- Four key themes have also impacted the Plan:
  • Preparing for Brexit: with implications for businesses, residents and funding
  • Preparing the ground for the development of a Local Industrial Strategy
  • The impact of technology and in particular how the digital revolution changes the way we live and do business
  • A response to labour market needs by strengthening inclusivity and the pathway into careers.

As ever we remain future focused to take advantage of opportunities, stemming from economic change and this new direction in public policy.

As Chair of the North East Local Enterprise Partnership, I would like to acknowledge the hard work and commitment of our partners in business, local government, education and our communities in taking forward the priorities set out in our Strategic Economic Plan. The Plan. Our efforts and partnership. We look forward to continuing working together in the future.
The North East is a great place to live, learn, work and do business. We have a high quality living environment with beautiful 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. Over 80,000 students study at our region’s four universities every year. There are 700 primary and middle schools, two University Technical Colleges, over 170 secondary schools and nine further education colleges in the North East. Grade A office space in the North East is, on average, 19% 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 geography
We are the most northerly Local Enterprise Partnership region in England. Covering Scotland, the North East is a mix of urban, suburban and rural areas spanning seven local 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 people
With almost two million people, the North East is the thirteenth largest LEP area by population. 1.2 million are aged 16 to 65, with 32% of this age group having a degree or equivalent qualification. People that live in the North East are friendly, welcoming and proud of their region.

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 specialist and international investments from the EU, UK, Japan and India and exports 14% of the EU and £5.3 billion to the rest of the world. 55,000 people move to the North East every year and half of UK students at North East universities are from outside the area. The North East has strong Northern partnerships and important transport links.

Our region
If North East performance matched England excluding London we would have

3.6 million workforce have strong and improving qualifications

93,000 additional jobs

25,500 additional businesses

40,000 additional individuals qualified to degree-level or above

Our offer
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 life.

We also have underlying issues including lower productivity performance and higher levels of economic inactivity and exclusion. 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 global opportunities
Significant changes in the global economy present opportunities for the North East, because of our assets and industries. These include:

- Our access to growing digital markets allows our firms to be part of this transformation by adopting and connecting to new business and business models in sectors such as manufacturing and encouraging 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 are available in batteries, fuels and energy technologies, process innovation and digital services are key to the future.

- The UK has committed to facing climate change and promoting clean growth. We can continue to address this agenda by reducing our carbon emissions through energy generation, carbon capture and digital services.

Our opportunities

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Expertise in offshore energy and subsea technologies, regional energy and demilitarisation and innovation

- Areas of strategic importance

Digital
- Manufacturing
- Life sciences
- Specialising in automotive and medicine
- Manufacturing

Advances in manufacturing

- Digital
- Life sciences
- Manufacturing

Health
- Manufacturing
- Life sciences
- Manufacturing

- Manufacturing

Energy
- Manufacturing
- Manufacturing

Enabling services

- Education
- Financial, professional and business services
- and logistics
- Construction

Programmes of delivery

- Digital transformation

Areas of strategic importance

- Manufacturing
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The North East LEP Board ensures that a robust and transparent governance structure underpins the work of the North East. It is business-led and is a private, public and education partnership supported by four advisory boards. The effectiveness of the governance structure is reviewed annually.

The LEP also plays a key role in regional governance, working with the two combined authorities and seven local authorities. The governance structure changed in November 2018 following the formation of the North of Tyne Combined Authority. The North East Combined Authority remains focused on economic growth for their part of the region. The Local Assurance Framework sets out how the LEP makes decisions and ensures effectiveness of the governance structure.

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 Biscuit Group and other important processes affecting 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 reflect best practice and help 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.

The LEP’s programmes of delivery enjoyed significant progress. Programmes and project level monitoring and evaluation provide a fuller picture of what works.

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.

**Significant capital funding from central government has supported the Strategic Economic Plan programmes.**

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

**Good progress has been made towards delivering the headline targets to deliver more and better jobs, with 84,600 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, 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

Our geography

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 geographical 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 sector businesses and acts as our transport gateway.
  - Sunderland, home of Nissan’s UK-leading automotive manufacturing, has education, culture and a well established digital software sector.
  - Newcastle, that has science, education, culture, digital and service sector businesses and acts as our transport gateway.

• Diversity: 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, NEPIC, Newcastle Helix, Integra 61, Quorum Business Park, the International Advanced Manufacturing Park and 21 Enterprise Zone 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 Blyth, 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.

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 Humber, Liverpool and Cumbria.

• Of the 55,000 people who move to the North East every year, about three-quarters come from elsewhere in the UK.

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.

• 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 resilience, ingenuity, and a deep and shared passion for our landscapes, cities and culture.

We are also strongly integrated into global markets:

• A 300 businesses in the North East region exported £6.2 billion in goods in 2017.

• 6,000 businesses imported goods valued at £13.2 billion in 2017.

• Businesses in the North East region exported £42 million services in 2016.

• Foreign owned businesses play a key role in the North East economy, accounting for 52% of businesses in the North East region and 27% of Gross Value Added (GVA).

We are part of wider Northern partnerships, including the Northern Powerhouse, the RITI that brings together the 11 northern LEPs to promote northern growth, and Transport for the North, a new statutory authority promoting northern connectivity.

• Proposals for the Borders Inclusive Growth Deal are 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 A1 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 A66 and A19 link us to Cumbria and onward to the West of England and Scotland.

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• Over a fifth of the 550,000 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 11,000 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 through 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.

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We have over 100 primary and middle schools, two University Technical Colleges and over 170 secondary schools, including pupil referral units and Special Educational Needs and Disability provision. 60% of primary schools in the North East continue to be in 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 further education colleges offer a diverse range of hands on approach to training, delivering a career focused curriculum in academic, technical and professional pathways.

They 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, and run agencies, colleges and private training providers are all 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, stay to have successful, progressive careers.

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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 Dubai, almost one-quarter lower than Paris, and over 80% cheaper than Singapore.
Our challenges

Despite being a great place to live, learn, build a career, do business and invest, we still have much to do to become a globally competitive region. This work will be critical to ensuring the success of our region.

Long-term challenges

The North East Independent Economic Review (2013), set out the key challenges facing our region. These have been recently confirmed by subsequent research and analysis over the past six years and will be the focus of continuing analysis.

The key issues we face are:

• The productivity performance of our key industries and sectors.
• The availability of appropriate, affordable business premises.
• Access to finance, transport and digital connectivity.
• A dynamic and effective innovation eco-system.

Collectively, these factors limit opportunities for our residents and businesses and reduce our attractiveness to investors. 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 underscored 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 increasing levels of housing, industrial and commercial property. However, we also continue to under perform, compared to other areas, in many indicators that still require action, including:

Growing the jobs base and increasing the quality of employment opportunities

• Jobs in high skilled occupations including managerial, professional and technical, for example in knowledge-intensive service sectors, such as financial, professional and business services.

Ensuring individuals have the skills and competences 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

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
- £685 million additional spend on R&D by businesses

Emerging challenges

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.
• Their ownership of and/or investment into assets within a recognised UK context.

The EU sets the regulatory environment for traders.

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 to exchange rates and to perceptions of the UK.

Reports from a number of sources, including the Confederation of British Industry (CBI) and the British Chamber of Commerce, state that 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 North East LEP 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 group has monitored and prepared evidence about economic issues, the views, experiences and responses of these regional organisations. It will work to ensure that future policy in migration, funding and trade support the North East economy.

In 2018, the North East LEP’s Growth Hub worked with partners to launch a toolkit that brings together business support, access to finance schemes and resources to help businesses with their preparations for Brexit.

Global trade

UK productivity growth has been weak for over 10 years. Whilst the reasons for this are not fully known, it has led to this trend being referred to as the ‘productivity puzzle’.

We do know however that factors have included:

• Low levels of business investment – limiting growth in capital (e.g. equipment, resources) available per worker.
• Limited growth in how efficiently labour and capital are being used.
• Low unemployment has begun to lead to growth in wages.
• 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.
• Their supply chains are international.
• Their ownership of and/or investment into assets within a recognised UK context.

The EU provides funding for specific sectors (e.g. agriculture, fishing, culture, etc.).

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In 2018, the North East LEP’s Growth Hub worked with partners to launch a toolkit that brings together business support, access to finance schemes and resources to help businesses with their preparations for Brexit.

Global trade

The global economy has been growing, with a strong growth in global trade being the main contributor over the last two years.

However, global politics are becoming more volatile, which is undermining confidence with trade patterns across international boundaries.

Growing 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 4,300 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

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.
• Their supply chains are international.
• Their ownership of and/or investment into assets within a recognised UK context.

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 to exchange rates and to perceptions of the UK.

Reports from a number of sources, including the Confederation of British Industry (CBI) and the British Chamber of Commerce, state that the majority of businesses have delayed preparing for Brexit or making investment decisions due to uncertainty about the process, the deal and its implications.

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Costs and inflation

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In 2018, the North East LEP’s Growth Hub worked with partners to launch a toolkit that brings together business support, access to finance schemes and resources to help businesses with their preparations for Brexit.
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 competitiveness, and help deliver 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 global 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 digital 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 water utilities infrastructure and the use of data in healthcare and manufacturing. 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 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 23 billion people over the age of 65 globally, an increase of 23% 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 delivery of drugs and treatments and hosts excellent manufacturing, research and health care organisations with the opportunity for ongoing growth. Through its science strengths, it has the potential to lead national adaptation to our ageing population and support new economic opportunities.

The future of manufacturing

While the UK as a whole has seen industrial restructuring away from manufacturing in favour of business and consumer services, the North East has retained a more balanced position. Manufacturing accounts for 15% of our GVA and 11% of employment. We have key engineering and manufacturing sectors in automotive, pharmaceuticals and energy sectors as well as a wider manufacturing base. Our capability and reputation for quality and productivity are and are unique among UK regions in maintaining a positive balance of trade in goods. Science and innovation strengths in areas such as materials are accompanied by manufacturing systems. An international market, products and customers change, and the UK Industrial Strategy focuses on its long-term productivity challenges and opportunities in new markets. With this new market the North East has the chance to build its productivity, grow its market presence and supply chains and continue to deliver sustainable, higher value manufacturing processes and products.

Tackling climate change and promoting clean growth

The Tackling Climate Conference in December 2018 was the latest stage in an increasingly urgent global discussion about how the world will work together to shift towards a zero-carbon economy. The UK has adopted stretching targets to reduce emissions, providing a strong focus for sustained investment with an estimated £35 trillion expected between 2015 and 2030. Key priorities that offer significant opportunities for the North East include reductions through shifts in energy generation technologies and investment in zero-carbon transport. New markets are available thanks to a wider environmental agenda encompassing water management, the sustainability of natural assets and the use of technologies to replace plastics and change construction.

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.
The North East Strategic Economic Plan aims to create more and better jobs. Our goal is 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.

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 100% 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

The North East Strategic Economic Plan

**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:

- Increased 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.

**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:
  - **Digital**
  - **Advanced Manufacturing**
  - **Health and life sciences**
  - **Energy**

- **Five delivery programmes** that will deliver the ambitions of this Plan. They are:
  - **Education**
  - **Financial, professional and business services**
  - **Transport and logistics**
  - **Construction**
  - **Digital transformation**

**Four service sectors** to support growth and better jobs:

- **Digital**: Specialising in software, cloud computing, communications, buildings information modeling, gaming, emerging specialisms include data analytics, immersive technologies, and cybersecurity.
- **Advanced Manufacturing**: Specialising in automotive and medicine manufacturing.
- **Health and life sciences**: Excellence in clinical research, innovation in pharmaceuticals, responding to an aging population.
- **Energy**: Expertise in offshore energy and subsea technologies, regional energy and demonstration and innovation.

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

- **Business growth**
- **Innovation**
- **Skills, employment, inclusion and progression**
- **Transport connectivity**
- **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.
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, cyber security.

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

Our opportunities

We want to accelerate digital transformation across the regional economy, enhancing productivity and the quality of public and private services and creating new opportunities for our businesses across all sectors.

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.

There are digital opportunities specifically within the transport and logistics industries, including ports, airports, maritime and rail, which will transform the way we move products, people and data.

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

Our assets

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 datacentre campus in the UK.

We are home to a number of digital innovators based in the North East including:

- Partners, which provides products and services in over 170 countries.
- SITVS Group, cloud services provider to the Premier League.
- Leghtam Group, leading digital agency that operates SalesCycle and WorkEast.
- Scott Logic, UK-leading bespoke software development company.
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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 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 manufacturing**

Specialising in automotive and medicine manufacturing

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.

Pharmaceuticals contributed £868 million to the regional economy in 2017. There are 73 companies in biopharma, employing 4,100 people with a turnover of £601 million

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

### Our opportunities

**Automotive advanced manufacturing**

We have opportunities to grow the automotive sector through investment in the manufacturing sector, including with the Automotive Sector Deal.

In 2017, the North East region exported £12.9 billion of goods including £7.4 billion of machinery and exported £12.9 billion of goods. We are home to automotive industry-governed clusters in the Chemicals, Electronics and Transportation engineering sectors.

**Pharmaceutical manufacturing**

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

**The Automotive Sector Deal**

The Automotive Sector Deal presents a significant opportunity for North East suppliers through its ambition to increase the volume of UK content in domestically produced vehicles to 35% by 2022.

**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 £100 million development, IAMP is strategically located near Nissan to house major international supply chain companies and create over 5,000 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.

We have relevant skills provision and a world class research base in the North East. The Automotive Sector Deal presents a significant opportunity for North East suppliers through its ambition to increase the volume of UK content in domestically produced vehicles to 35% by 2022.

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As global health services and markets are changing and being shaped by rapid development of healthcare technologies, resulting in more personalised treatments and the need to respond to the health and social care implications of an ageing population, the North East offers a unique environment for innovation in health and life sciences and medicines manufacturing.

Our combination of skills, physical assets, capabilities and networks can support the delivery of the UK’s response to this challenge through the ongoing development of our key capabilities and their strategic co-ordination.

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

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

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

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 vibrant SME base in medical technologies including precision medicine and medical technologies, testing and clinical trials. Regional Innovation pathways have been developed by the Academics 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 a 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 a number of innovation 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.

Our opportunities

Through the established Health and Life Science 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 await 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 LED 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.

- The North East has a diverse and vibrant clustering of life sciences, manufacturing and health services. We 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.

Our assets

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The Newcastle University Institute for Ageing comprises a network of over 500 researchers

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 understand 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 lead on innovations that improve all aspects of life for our ageing societies.

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 Vitality; and The National Formulation Centre based at NETPark in Sedgefield.

Our assets

Health and life sciences

Excellent clinical research, innovation in pharmaceuticals, responding to an ageing population

Excelling in clinical research, innovation in pharmaceuticals, responding to an ageing population

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John Bell GCB, FRS, FMedSci

The North East 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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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.

We have an innovative energy community that is responding, whilst servicing global markets.

Our assets are categorised into three key areas: regional energy, offshore energy and subsea technology, demonstration and innovation. Each presents opportunities to contribute to new solutions that provide clean, secure and accessible energy.

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.

Total energy consumption +39,000 GWh per year
38% domestic sector
31% transport
31% industrial and commercial sector

Regional energy

We have the UK’s largest smart grid project, the £2 million ‘Smart Grid for All’; led by the Newcastle Helix, part of the Newcastle Helix Partnership and Northumbria University, Northumberland Powergrid and Siemens.

Regional businesses including Scottish and NewcastleBank, AVID Technology, Hepworth and H老旧 is helping accelerate the transition to lower carbon transport and smart energy systems. The North East has pioneering heat networks, such as the Gateshead Heat Network (England’s first heat network), and a regional pipeline of projects valued at over £250 million under active development.

Geothermal resources within abandoned flooded mines are helping to commercialise low carbon heat.

Durham Energy Institute and the Swan Centre for Energy Research at Newcastle University are leading research institutions for energy technology, demonstration and innovation. Each presents opportunities to drive economic growth and deliver more and better jobs.

Our opportunities

Regional energy

The North East has been identified as a key cluster for delivery of the Offshore Wind Sector Deal, providing a strong focus to build on regional strengths in offshore energy and subsea technologies.

The Sector Deal ambition sets out a total potential market for the UK provided offshore wind, domestic and export, of £9 billion annually by 2030. The industry’s ambition for 2030 includes £4.9 billion annually by 2030.

We have three major ports: (Port of Blyth, Port of Tyne and Port of Sunderland), providing 30% of space next to deep water, and easy access to 400ha of development land.

Energy Central is a deep-water East Coast offshore energy base across the Blyth Estuary with extensive physical capabilities, clusters of energy businesses and supported by a strong partnership between the Port of Blyth and Advance Northumberland.

We have excellent access to key North Sea oil and gas fields, and offshore wind development sites such as Dogger Bank, Firth of Forth and Hornsea.

Our assets

Offshore energy and subsea technology

Our world-class supply chain expertise are servicing various aspects of the global offshore renewables and oil and gas markets.

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Demonstration and innovation

The UK’s carbon budgets place restrictions on the amount of greenhouse gas it can emit over five year periods. If the UK is to meet its upcoming carbon budgets, technological breakthroughs and deployment of new solutions and technologies are urgently needed.

We have the innovation and demonstration assets in the North East that form an important hub for research and innovation, and is a powerful test bed for businesses to assist with this transition.

Andrew Jamieson, Chief Executive of the Offshore Renewable Energy Catapult

Andrew Jamieson, Chief Executive of the Offshore Renewable Energy Catapult
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
Education

71,000 people are employed in education in the North East

Education system includes

870 schools
9 colleges
4 universities

Estimated to contribute about 7% of regional GVA

What is needed to support growth

Ongoing collaborative leadership is required to gather data, influence education institution’s strategies, support communication and funding and to promote the sector outside the North East. Leadership from both higher and further education and our schools, as well as a collaboration between the education and business sector is essential.

The ongoing work of the North East LEP’s Enterprise Advisor Network will grow in impact as the national careers strategy is implemented, matching skills to the needs of employers. The North East Careers Hub must promote innovation to ensure skills levels between education and business also match.

Stronger and ongoing development of links between businesses, education and students is required to facilitate more and better jobs.

Skills are critical to the health of the regional economy and the education sector is a high value employer providing skilled employment across the North East.

The further education Area Based Review, provided a useful oversight of labour market needs. Since then, colleges have worked hard to align their provision to the future needs of business. This has led to investment by colleges in new facilities.

Ensuring we have a strong skills pipeline into the sectors that are fundamental to the regional economy is critical. This is why we are focused on helping education providers to shape their organisations around economic changes so we are fit for the future.

Stronger and ongoing development of links between businesses, education and students is required to facilitate more and better jobs.

Priorities... a call for action

The North East Skills Advisory Panel is being created to bring organisations together around intelligence and support communication and funding and to promote the sector outside the North East. Leadership from both higher and further education and our schools, as well as a collaboration between the education and business sector is essential.

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Financial, professional and business services

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

Inward investment is driving employment in the region

In the two years to March 2018, 15 foreign investments and 18 from elsewhere in the UK delivered 3,600 additional jobs in the North East in these services.

What is needed to support growth

The financial, professional and business service sector has genuine momentum in the North East.

Activities are designed to deliver a strong inward investment flow and to strengthen work on skills through the Enterprise Advisor scheme and encourage graduate recruitment campaigns.

Work is ongoing to ensure office accommodation is readily available across the region in places like Newcastle, Durham and Sunderland City Centres and on key employment sites including Cobalt, the Baltic Quarter, Holborn Riverside and Gosford Park.

Skills supply into the sector needs to continue with greater innovation and a strategy to drive up the demand for higher quality employment.

New digitally driven and automation business models, processes and services are changing the competitive environment in the shared services sector. To ensure that the sector remains competitive, North East businesses must adopt and apply new digital technologies to their business model, whilst supporting their employees through this change.

Continuing investment in transport connectivity is required to ensure the optimum flow of people and goods into and out of the region to ensure we remain competitive within the UK and global markets.

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 employment opportunities to secure and retain skills
- Continue to deliver good value and attractive locations for financial, professional and business service companies
- Provide scale up support to improve business productivity through management skills and exports
- 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
The Metro is the largest light rail system in the UK, with 180 million journeys in 2016/17. It is the second most used in the Northern Powerhouse after Manchester.

The value of construction exports in the North East is £17 million (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.

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

What is needed to support growth

Sector-wide thinking is needed to facilitate growth through:

- Strengthened co-ordination between economic and 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.

Priorities... a call for action

- Engagement in the North East has identified three priorities, taking advantage of the opportunity created by the Sector Deal.
- To strengthen joint working as a sector and to understand and respond to opportunities and challenges with stronger intelligence.
- To focus on key opportunities for collaboration including:
  - The challenge of a more sustainable industry using new types of resources, reducing energy use and promoting recycling of materials.
  - Innovation in design, focused on the North East strengths in Building Information Modelling including promoting a Centre for Connected Construction.
  - Joint work on procurement and supply chain activity.
- To continue the focus on skills including working with education partners and considering the potential for a dedicated sector skills hub.

Construction

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.

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.

What is needed to support growth

- 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 digitised 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.

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

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- 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.

- 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.

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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 in the density of scaleup businesses in the North East by 50% from 2019 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 2020 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 challenges?
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 is a continuous challenge.

What are our opportunities?
North East 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 initiatives, presents 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.

Businesses that effectively adopt digital technologies are growing faster, and are more profitable and productive. There is an opportunity to build on national and local development and programmes, including Circle Nine, to expand into new geographies, markets and supply chains and to secure investment into the North East.

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 30% to 35%. This provides an opportunity for us to work with the Department for International Trade, and local partners to develop an internationalisation strategy, supporting more businesses to expand into new geographies, markets and supply chains and to secure investment into the North East.

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What will we deliver by 2021?

- 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 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.
- Use the North East Growth Hub to distribute up-to-date information on business support and finance options available to support Brexit preparedness.
- Develop and deliver an integrated marketing plan to raise the profile of the North East as a place to invest and locate.

Increase demand for external business support and finance
- Provide simplified access to the business support and finance required to start-up, grow, scaleup and improve. Provide guidance and advice to support businesses at different stages of growth as well as businesses with specific barriers to engagement.
- Ensure the supply of external business support and finance matches the needs of businesses and the economy.
- Review and assess the effectiveness of business support and funding provision to ensure support is available to enable businesses to start, grow, scale up and improve. Work with partners to identify and fill gaps in provision and raise the quality of provision.

Ensure the supply of external business support and finance matches the needs of businesses and the economy.
- Review business support and finance provision to ensure that the region’s ecosystem provides a ladder for business growth from start-up to scale-up and continuous improvement.
- Introduce a quality assurance system through the North East Growth Hub that assesses the quality of support offered 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 productivity.
- 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 30% to 35% of GDP.
- Continue to develop the North East Growth Hub Business Support Provider Network to encourage collaboration and the sharing of good practice.

Improve the region’s economic resilience
- Support businesses to prepare for and trade through global trade changes, including Brexit.
- Continue to develop the North East Growth Hub Business Support Provider Network to encourage collaboration and the sharing of good practice.
- 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.
- Have a robust account management system, led by the local authorities, to share knowledge and investment opportunities with key partners.

Grow inward investment in the region
- Maximize North East job growth from regional, national and international businesses investing in the region.
- Increase demand for external business support and finance matches the needs of businesses and the economy.
- Review business support and finance provision to ensure that the region’s ecosystem provides a ladder for business growth from start-up to scale-up and continuous improvement.
- Introduce a quality assurance system through the North East Growth Hub that assesses the quality of support offered 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.
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- Develop and deliver an integrated marketing plan to raise the profile of the North East as a place to invest and locate.
### Innovation

**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 entrepreneurial business base and solving social and economic challenges in the region and beyond. It is a cost 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 550 and increase investment in business, research, development and innovation by 50% between 2014 and 2024.

**What are our challenges?**

- Comparatively we have a lower level of investment in research, development and innovation particularly from private sector.
- Sectors and Competencies

**What are our opportunities?**

- The North East has a wide range of innovation opportunities for North East businesses to capitalise on innovation and to develop new products and services.
- 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 ‘sider innovation’ by 2021.
- Increase the share of UK government innovation expenditure per capita to the UK average by 2021.

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### What will we deliver by 2021?

#### Activity

- **Stimulate new business opportunities through the North East Open Innovation Challenge**
  - Develop a brand and a coordinated approach to open innovation and challenge-based programmes, recognising the potential for these approaches to engage local SMEs, to open-up commercial collaborations and to take advantage of our region’s smaller scale.
  - Support growing activity to foster open innovation between large corporates, public sector and innovation-led SMEs in the region with a clear brand
  - Support the alignment and communication of open innovation and challenge events and programmes to create critical mass and deepen engagement with regional businesses in events.
  - Support best practice for open innovation events.

- **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 securing 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 local 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 for non-regional programmes
  - Work with service delivery partners such as the NPIF and local authorities to take-up and roll-out new delivery approaches.

- **Increase private sector investment into growing innovation businesses**
  - Engage with investors and funders to increase access to and success in securing finance for innovation for North East businesses.
  - Support best practice for open innovation events.
  - Support 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.

- **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.
  - 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 portfolio of projects and programmes
  - Identify 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 negocioing through the North East Growth Hubs.
  - Support VentureFirst and FinanceCamp
  - Develop new approaches to lever private funding from outside the region
  - Develop an open innovation challenge to drive increased collaborative investment
  - Work with universities to continue to grow spin-out success, including through Northern Accelerator.

<table>
<thead>
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<th>Key deliverables</th>
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### What is our ambition for 2024?

Our long-term ambition in the North East is that demand for skills and the quality of jobs continues 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 to lead a responsive provision that meets local needs.
- North East businesses understand the importance of improving productivity and long-term standards, with commitment to delivering good working environments for workers.

This is an ambitious vision that will require substantial changes to deliver. By 2024, our ambition is that these principles are understood across the region and that there has been significant progress made towards this 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 poor outcomes in terms of low value-added destinations. There is no clear pattern about what underlies this under-performance.

While 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).

We have fewer North East school leavers than other areas that go on to attend the top performing UK universities.

Skills shortages and skills gaps suggest there are mismatches between the skills employers are looking for and those available in the workforce. This is likely to reflect both genuine shortages and gaps and an element of individuals and employers failing to match up.

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 currently a challenge for schools, colleges and universities to plan, resource and deliver provision that keeps pace.

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

Some groups are more likely to be out of work than others. In particular, those with health issues and disabilities are currently a challenge for schools, colleges and universities to plan, resource and deliver provision that keeps pace.

The region is offering a number of good quality 'work' and other career opportunities, but there are still many out of work. Many local employers are not aware of programmes aimed at supporting their recruitment and retention of workers. There are also many older workers in the region who, due to workplace culture or other barriers or protected characteristics, and ensure this is a strategic funding priority.

There is an increased awareness of digital skills training. This requires digital skills to be included in school, fit and beyond courses, ensuring new modes of delivery including working to 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.

To develop Generation North East and the model to prevent youth unemployment, many schools and employers have considered the allocation of the £24 million Opportunity North East funding to improve prospects for young people in the region, North East, boost social mobility and raise aspirations for children from disadvantaged communities. The North East Learning Partnership is committed to helping employers to lead a responsive provision that meets local needs, work with partners to support schools, colleges and universities to plan, resource and deliver provision that keeps pace.

However, there is a mismatch between skills supply and demand. Consideration of digital skills provision and local digital infrastructure must be prioritised.

### What will we deliver by 2021?

- Develop a primary school benchmark pilot that could influence the national careers strategy.
- Adopt the Generation Good Careers Guidance Benchmark Pilot with schools, colleges and employers delivering outstanding career guidance from primary education to employment.
- Partner with the Department for Education and others to consider the allocation of the £24 million Opportunity North East funding to improve prospects for young people in the North East, boost social mobility and raise aspirations for children from disadvantaged communities. The North East Learning Partnership is committed to helping employers to lead a responsive provision that meets local needs, work with partners to support schools, colleges and universities to plan, resource and deliver provision that keeps pace.

### Activity

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<tr>
<th>Deliver North East Ambition</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Increase youth employment</td>
<td>Work with partners to support schools, teachers, and providers to reduce the gap between our best and lowest performing schools and to ambitiously aim that all students have the opportunity to be educated in good outstanding schools.</td>
</tr>
<tr>
<td>Improve skills progression</td>
<td>Improve skills progression by encouraging the provision of high quality opportunities to learn to their Further Education (FE) and other providers increase the partnership between education and employers to reduce the mismatch between skills supply and demand.</td>
</tr>
<tr>
<td>Improve labour market activation</td>
<td>Encourage the commission of holistic approaches that include employers and the integration of services.</td>
</tr>
<tr>
<td>Ensure connected communities</td>
<td>Increase social mobility and economic activity by working with partners to increase access to digital skills.</td>
</tr>
<tr>
<td>Help deliver fuller working lives</td>
<td>Reduce inactivity levels in our older workforce and help people to have a clearer path to career progression, and that organisations' culture prioritises wellbeing to reduce excessive workload and stress.</td>
</tr>
<tr>
<td>Develop a list of the region’s assets within FE, HE and other providers to inform future investment and programmes.</td>
<td></td>
</tr>
<tr>
<td>Develop a primary school benchmark pilot that could influence the national careers strategy.</td>
<td></td>
</tr>
<tr>
<td>Promote the North East as a potential location to pilot a system to help individuals recognise and record their transferable skills.</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Partner with employers to support school leaders, teachers, and providers to reduce the gap between our best and lowest performing schools and to ambitiously aim that all students have the opportunity to be educated in good outstanding schools.</td>
<td></td>
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### Key deliverables

- Continue to develop Generation North East and the model to prevent youth unemployment.
- Provide specialist and labour market advice for those most distant from the labour market because of disadvantage, poverty and poor physical and mental health.
- Grow the number of apprenticeships by developing access courses.
- Ensure young people are able to develop their digital skills. This requires digital skills to be included in school, fit and beyond courses, ensuring new modes of delivery including working to 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.
- Continue to develop holistic packages of support for people facing barriers to employment, by ensuring that each package of support for unemployed people is tailored to suit the individual, focusing on digital skills training, Linking, Showcasing the benefits of collaboration.
- Continue support is in place for those who have moved from unemployment or inactivity into work to help them progress and acquire further skills.
- Increase take up of Better Health at Work Awards and similar schemes to employers, to share best practice.
- Continue to develop the Fuller Working Lives strategy with a supporting communications plan that targets employers and addresses the challenges and opportunities arising around this agenda.

### How will we know if we have been successful?

How will we know if we have been successful?

- Reduction of reported skills shortages in key sectors of the economy.
- Reduction in gaps with England in education and employment outcomes and economic inactivity rates - working age population, younger people and older people (SE19).
- Perceptions of individuals and employers in the North East as a place to build a career have become more positive.

### Deliver North East Ambition

Build on the success of the Generation Good Careers Guidance Benchmark pilot with schools, colleges and employers delivering outstanding career guidance from primary education to employment.

### Deliver North East Challenge

Work with partners to support schools, teachers, and providers to reduce the gap between our best and lowest performing schools and to ambitiously aim that all students have the opportunity to be educated in good outstanding schools.

### Improve skills progression

- Improve skills progression by encouraging the provision of high quality opportunities to learn to their Further Education (FE) and other providers increase the partnership between education and employers to reduce the mismatch between skills supply and demand.
- Work out all of the skills routes so that learners and potential learners are clear on their options and that provision is based on sound labour market information.

### Increase youth employment

- Increase youth employment by creating and building pathways for the most vulnerable and disadvantaged young people into education, training and employment and helping young people understand why skills development is beneficial.

### Improve labour market activation

- Encourage the commission of holistic approaches that include employers and the integration of services.

### Ensure connected communities

- Increase social mobility and economic activity by working with partners to increase access to digital skills.

### Help deliver Fuller Working Lives

- Reduce inactivity levels in our older workforce and help people to have a clearer path to career progression, and that organisations’ culture prioritises wellbeing to reduce excessive workload and stress.

### Activity

- Provide targeted support for communities and individuals, focusing on those with multiple barriers or protected characteristics.
- Work to secure funding and other resources to ensure that all North East residents are able to develop their digital skills regardless of their age, location or economic status.
- Consideration of digital skills provision and local digital infrastructure must be prioritised.
- Continue to develop and implement the North East’s Fuller Working Lives strategy with a supporting communications plan that targets employers and addresses the challenges and opportunities arising around this agenda.

### Key deliverables

- Develop a primary school benchmark pilot that could influence the national careers strategy.
- Adopt the Generation Good Careers Guidance Benchmark Pilot with schools, colleges and employers delivering outstanding career guidance from primary education to employment.
- Partner with the Department for Education and others to consider the allocation of the £24 million Opportunity North East funding to improve prospects for young people in the North East, boost social mobility and raise aspirations for children from disadvantaged communities. The North East Learning Partnership is committed to helping employers to lead a responsive provision that meets local needs, work with partners to support schools, colleges and universities to plan, resource and deliver provision that keeps pace.

### What are our opportunities?

Opportunity North East is a £242 million fund from the Department for Education to boost social mobility and raise aspirations for children across the wider North East. We will work with local and national partners to maximise the impact of this programme.

We will build our reputation for innovation in delivering excellence, robust plans to information of policy.

Evidence is showing there is a need to provide more personalised employability services and to be more ambitious about linking those that are out of work with good quality employment opportunities, especially those that lead to progression opportunities.

We will work with partners across the region to help build the evidence base that informs the delivery of more personalised and improved services.

Increasing the number of high quality, high skill jobs in the North East provides an opportunity to encourage more graduates from our universities to stay in the region after graduation. This will support local business, improve local productivity and enable older workers already in the local labour market to relocate to the North East.

There is a strong focus on ensuring all young people are offered a good ‘work’ including fair wages, hours and working conditions. We will work to ensure the delivery of more apprenticeships, traineeships and other work based learning and work to improve the employment opportunities in the North East that can improve opportunities that offer good wages, fair hours and working conditions, to provide opportunities that allow individuals to move out of poverty.

### Increase in social mobility and economic activity

- Encourage the commission of holistic approaches that include employers and the integration of services.

### Ensure connected communities

- Increase social mobility and economic activity by working with partners to increase access to digital skills.

### Help deliver Fuller Working Lives

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### Key deliverables

- Develop a primary school benchmark pilot that could influence the national careers strategy.
- Adopt the Generation Good Careers Guidance Benchmark Pilot with schools, colleges and employers delivering outstanding career guidance from primary education to employment.
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.

What are our opportunities?
The £1.7 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 education economy. We need to ensure there are robust plans in place to continue this growth and economic contribution.

Our transport network is well placed to be a test bed for innovation and partnership projects.

How will we know if we have been successful?
Capital funding in excess of £150 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 are our challenges?
We want North East residents and visitors to have access to national and part-Funding opportunities are often national and part-

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 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 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 journey and purchase tickets seamlessly across all modes and operators.

North East has to develop high quality, evidence-based, innovative and sustainable proposals that compete at a national level.

We need a system that allows them to plan their journey and purchase tickets seamlessly across all modes and operators.

How will we know if we have been successful?

Completion of projects that are already committed and underway.

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?

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<tr>
<td>Secure funding from Transforming Cities Bid and commence delivery</td>
<td>We are one of 11 regions able to bid into the £1.7 billion funding pot for sustainable transport infrastructure.</td>
<td>• 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</td>
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<td>Deliver better connectivity through improved infrastructure</td>
<td>Improve capacity, resilience, reliability and sustainability of our network</td>
<td>• Delivery of the Local Growth Fund transport programme and the Local Sustainable Transport Fund capital programme</td>
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<td>Develop a future transport investment pipeline</td>
<td>Develop our Regional Transport Plan and to developing with Transport for the North to ensure investment priorities are clear</td>
<td>• A high quality bid, that secures significant capital funding for the sustainable transport network</td>
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<td>Improve national and international connectivity</td>
<td>The continued growth of national and international connectivity to key markets</td>
<td>• Development of the North East Transport Plan including supplementary thematic strategies designed to support our economy</td>
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<td>Use transport to drive, innovation and business growth</td>
<td>Develop a programme of activities that use transport as a focus for business growth and innovation</td>
<td>• 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</td>
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<td>• 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</td>
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What will we deliver by 2021?
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 10,000 jobs on direct employment sites, with this figure rising to 15,000 jobs by 2023.

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

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

What will we deliver by 2021?

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<td>Manage the already secured North East LEP funding effectively</td>
<td>Successfully manage and have oversight of funding controlled by the LEP, ensuring that investment is targeted towards projects and initiatives that deliver the aims of the Strategic Economic Plan and investment priorities for 2019 – 2021.</td>
<td>• Invest the £210 million Local Growth Funding grant into transport, infrastructure for strategic science parks and employment sites, plus skills and business growth activities • Maximise the loan investment opportunity of £55 million North East Investment Fund into strategic projects • Progress delivery of the 21 Enterprise Zones Local Infrastructure programme</td>
</tr>
<tr>
<td>Coordinate partners to develop a regional project pipeline based on spatial economic priorities</td>
<td>Develop an integrated, strategic, spatial statement for the North East, setting out key sites and opportunities for employment, transport, housing, tourism and culture to guide investment decisions. This spatial narrative will also support environmental strategies, including the Environment Plan and the Local Industrial Strategy. Build on the spatial narrative to research and develop a strategic project pipeline for the North East identifying the top strategic projects to inform priority business case development, as well as a wider analysis of future capacity and funding requirements to meet the delivery of the Strategic Economic Plan and Local Industrial Strategy.</td>
<td>• Produce a regional project pipeline based on agreed spatial economic priorities through effective partnership working with the two combined and seven local authorities, business and education partners and government</td>
</tr>
<tr>
<td>Secure additional investment into the North and South East</td>
<td>Identify funding sources to invest into the region from public and private sources, working in collaboration with our partners. Identify regional/local activity where appropriate to secure and maximise potential funding into the region. Prepare for the proposed UK Shared Prosperity Fund.</td>
<td>• Secure UK government funding linked to delivering the Industrial Strategy into the region • Secure the national allocation of European Structural and Investment Funding into the region with partners • Work with public and private sector partners to develop and secure funding for strategic projects</td>
</tr>
<tr>
<td>Increase access to finances for business to invest</td>
<td>Review the current access to finance landscape in the North East to identify the gaps in provision and identify and work with partners to develop and meet business demand, including the effective use of recycled loan funding and regional future legacy funding.</td>
<td>• 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</td>
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</table>

What are our challenges?

To focus resources in order to:

- Invest in enabling infrastructure and premises that support the development of agglomeration economies in specific sectors and locations.
- Identify strategic economic priority investments required for economic growth and development so key projects are ready for delivery.
- Develop best in class digital infrastructure to underpin the efficient functioning and growth of the regional economy, and identify opportunities to improve and accelerate the roll-out of fibre, 4G, and 5G technologies to accelerate business opportunities and growth in the North East through the Industrial Strategy.
- Invest in key renewable employment and port infrastructure to meet the needs of the industrial sector and increase international trade.
- Invest in our key regional strategic employment sites, innovation and national centres of excellence and economic assets, including site preparation and build costs to secure strategic employment sites for market and maximising the opportunities linked to our innovation and nationally recognised assets to build our eco-systems and attract inward investment.
- Work with partners to take advantage of our science and innovation assets and to maximise industrial benefits to the broad north east economy. Reduce, mitigate, and deliver visitor economic benefits to the north east economy.
- Provide support for businesses to grow with access to available skills.

To develop a co-ordinated, collaborative, strategic approach across the North East to secure growth to ensure the North East ready to compete for UK funding.

To coordinate a regional response and work with partners to secure funding opportunities as they become available.

To gain a better understanding of supply and demand for business finance to inform where there are gaps in strategic provision.

What is our opportunity?

Investment is required to:

- Advance infrastructure or remediate needed to unlock and accelerate private sector development on key employment sites.
- Address an under supply of Grade A industrial and office space which, continues on historic trends, will limit growth. Plug existing viability gaps due to low property value and rental levels which hold back development.
- Facilitate a general mental shift to sustainable forms of travel, tackling congestion and improving the quality and reducing journey times of people and goods.
- Improve digital infrastructure, to provide a competitive position for the region.

Further accelerate our innovation eco-system.

Maximise the economic impact of our region’s vibrant cultural, social and economic opportunities.

Ensure fit for purpose business, growth and skills provision to fuel our economic opportunities.

Provide long-lasting and resilient assets that also remain competitive and sustainable against climate change and flood risk.

Address the under provision of housing stock to meet demand, respond to demographic change and support increased pace in the delivery of new and affordable homes through infrastructure.

Adapt to the impact of changing patterns of consumer behaviour, and the impact of increasing economic risks to our key employment sites.

There is limited funding available for investment as a result of:

- An increasingly competitive approach to access UK government funding requiring strong evidence based and nationally competitive project and programme proposals, often with limited time for a co-ordinated regional response.
- Lack of available match funding and public sector resources.
- Unclear availability of funding as European and UK government regional economic development funding ends and the proposed UK Shared Prosperity Plan begins post 2021.
- There is limited access to finance for businesses to invest and grow through either venture capital or traditional banking routes.

By 2021 deliver more than 430,000 sqm of new employment sites, with this figure rising to over 500,000 sqm by 2021.

By 2021, unlock and accelerate private sector development on key employment sites.

Invest in enabling infrastructure and premises that support the development of agglomeration economies in specific sectors and locations.

Identify strategic economic priority investments required for economic growth and development so key projects are ready for delivery.

Develop best in class digital infrastructure to underpin the efficient functioning and growth of the regional economy, and identify opportunities to improve and accelerate the roll-out of fibre, 4G, and 5G technologies to accelerate business opportunities and growth in the North East through the Industrial Strategy.

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Reduce, mitigate, and deliver visitor economic benefits to the north east economy.

Provide support for businesses to grow with access to available skills.

To develop a co-ordinated, collaborative, strategic approach across the North East to secure growth to ensure the North East ready to compete for UK funding.

To coordinate a regional response and work with partners to secure funding opportunities as they become available.

To gain a better understanding of supply and demand for business finance to inform where there are gaps in strategic provision.

Through focused and co-ordinated investment we address market failures and competitive weaknesses. We will work with partners to unlock the pace and scale of investment across the North East, focusing on our business and infrastructure investment opportunities and needs. Opportunities for job and productivity growth on strategic employment sites, in town and city centres, along strategic transport corridors, in our culture and tourism hole and the rural economy will be realised.

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 10,000 jobs on direct employment sites, with this figure rising to 15,000 jobs by 2023.

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

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

What is our ambition for 2024?

By 2021 deliver more than 430,000 sqm of new and refurbished commercial floor space.

By 2021, unlock 50 ha of brownfield land.

Investment and infrastructure

How do we know if we have been successful?

Identify gaps and market demand for new business finance models.

Develop business finance mechanisms to meet the needs of North East businesses.

Increase access to finances for business to invest

Coordinate partners to develop a regional project pipeline based on spatial economic priorities

Secure additional investment into the North and South East

What will we deliver by 2021?

Successfully manage and have oversight of funding controlled by the LEP, ensuring that investment is targeted towards projects and initiatives that deliver the aims of the Strategic Economic Plan and investment priorities for 2019 – 2021.

Identify funding sources to invest into the region from public and private sources, working in collaboration with our partners. Identify regional/local activity where appropriate to secure and maximise potential funding into the region.

Prepare for the proposed UK Shared Prosperity Fund.

Review the current access to finance landscape in the North East to identify the gaps in provision and identify and work with partners to develop and meet business demand, including the effective use of recycled loan funding and regional future legacy funding.

Increase access to finances for business to invest

What is our ambition for 2024?

Through focused and co-ordinated investment we address market failures and competitive weaknesses. We will work with partners to unlock the pace and scale of investment across the North East, focusing on our business and infrastructure investment opportunities and needs. Opportunities for job and productivity growth on strategic employment sites, in town and city centres, along strategic transport corridors, in our culture and tourism hole and the rural economy will be realised.

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.

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

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

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 10,000 jobs on direct employment sites, with this figure rising to 15,000 jobs by 2023.

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

**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:** and engineering companies with a wide choice of world-class laboratory, clean room, office and manufacturing facilities.

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

**Northeast and south Tyne Enterprise Zones:** 21 strategically located sites near sector clusters to attract investment.

**International Airport and the North East Tourism Alliance** will deliver development and promotion of the North East as a tourism destination, increasing visitor numbers, and attracting new businesses to the region. The alliance is working with partners to develop a masterplan for the region, including the creation of a regional inbound tourism website, overseas marketing campaigns, and literary and bookable product development.

**Newcastle Gatehead 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):** a £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 Electrify and Gas Research Laboratory (ITERGi),** 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 Jassus Battery 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:** Sunderland Station to support regeneration, providing a welcoming gateway and city 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 quarter, built for international tech 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 drives.

**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 town centres 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 Newcastle Central Gateway 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 tourism offer opening 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.
Section five

Transparency, accountability and progress
Regional governance
Regional governance changed on 2 November 2018 after government agreed to devolve powers and funding and form a new Mayor – 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 advocacy for the region as a whole.

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.

Assurance framework
As a partnership organisation that is both funded by and responsible for distributing public funds, robust and transparent governance is essential to the North East LEP’s operations. The North East LEP has strong systems in place to ensure they apply the highest standards of governance across our Boards and Executive Team, supported by our accountable body.

The North East LEP takes its importance of delivering our responsibilities through compliance with government best practice guidelines and in accordance with our own operating principles and standards detailed in our ‘Local Assurance Framework’ seriously. The Framework sets out how decisions are made and ensure value for money when investments are made.

Importantly, this document also sets out how we communicate and publish information to the public about our affairs such as our annual accounts, how we select projects and how Board decisions are subject to independent scrutiny. Our local assurance framework is reviewed annually by the LEP Board to ensure it remains compliant with the very latest government guidelines and best practice.

We seek to keep all interested partners and members of the public up to date through regular email bulletins, which currently go to over 2,500 subscribers. We welcome more people to sign up for our newsletters and to keep in touch with the activities of the North East LEP and its partners through our website. We also encourage you to join our 10,000 followers on twitter @northeastlep.
The Strategic Economic Plan process so far

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 that 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 economic policy and strategy.

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.

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.

We published the first ‘Our Economy’ in March 2013 and will continue to publish on an annual basis.

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 economy.

Over the next three years, we will develop the breadth and depth of the data available and ensure additional tools are available to help users understand and make use of the data.

Developing new data sources

Our Economy and the North East Data Hub increase understanding of the North East economy and support 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.

Brexit

We will continue to coordinate and support the North East Brexit Group, bringing together regional cross sector partners to ensure negotiations and decisions about Brexit reflect the priorities of the region and that businesses and residents are informed and supported through change.

Industrial Strategy

The North East Local Enterprise Partnership will continue to lead on the development of our evidence base and will 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 or shape public policy 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.

Programme and project level monitoring and evaluation

We are committed to collating and analysing data on performance and using this to inform current delivery and future project development.

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. This will include the development of a key performance indicator framework.

Contribution to wider understanding of what works

We will proactively share our evaluation evidence and learning with relevant stakeholders including delivery partners, other LEPs, the What Works Centre for Local Economic Growth and the North East Economic Evidence Forum.

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Delivery of the Strategic Economic Plan: 2014-2018

Our Strategic Economic Plan programmes have been supported by significant capital funding from central government. This is via Local Growth Funding, the designation of 21 Enterprise Zones and allocation of both the Growing Places Fund and Regional Growth Funds, which have been combined to create the North East Investment Fund, managed by the North East Local Enterprise Partnership (LEP). The North East LEP also influences how the European Structural Investment Fund is invested in the region.

The table below shows management and programme delivery progress over the first four years of the 12 year plan.

<table>
<thead>
<tr>
<th>Enterprise Zones (EZ)</th>
<th>North East Investment Fund (NEIF)</th>
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<tbody>
<tr>
<td>£1.5 million LEP funds expected to be invested in 216 sites.</td>
<td>£65 million of loans awarded through NEIF.</td>
</tr>
<tr>
<td>£1% increase of investment approved to date across eight sites.</td>
<td>26 projects and other funds supported the extension of the Finance for Business North East initiative.</td>
</tr>
</tbody>
</table>

**Business growth**

| £3.2 billion expected invested across 66 projects, one programme and one financial instrument, leveraging £1.7 million from other public and private funding. |
| £6.6 billion expected invested across 90 projects and two programmes, leveraging £4.4 billion from other public and private funding. |

**Science and technology parks**

- Gateshead Business Park - Science and Technology, supported the National Innovation Centre for Data, National Innovation Centre for Ageing and the Centre for Energy Efficiency, providing capital funding for buildings and equipment.
- Newcastle Business Park - New Build programme, supported the development of business floorspace.

**New Build facilities**

- PRIMA - The Emerging Technology Centre - Tyne Science Park - Meerhouse Technology Park.

**M25 programme**

- Innovation Project Development Fund and Incubator Support Fund introduced to stimulate and support growth in key sectors.

- Strengthened the expectation to support businesses through the Innovation Support Programme and stimulated North East.

- Participated in 12 business and innovation clusters covering a range of industries and supporting businesses to scale up.

- Worked with our university partners to influence a broader understanding of the North East’s ambitions and opportunities in these areas.

- Established a number of commercial and innovation clusters to support businesses through early stage innovation to commercialisation.

- Brought together partners to develop projects to establish clusters and activities in support of funding opportunities such as ESA, Strength in Place and Grand Challenge funding. Including funding development of a National Innovation Centre for Data, National Innovation Centre for Ageing and the Centre for Energy Efficiency.

- Established and enhanced awareness of the North East offer by improving links with national organisations particularly with InnovateUK and the Department of Business, Energy and Industrial Strategy.

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- Supported and championed the conclusion of proof of concept funding through access to critical structures, particularly the North East Investment Fund.

**Investment and infrastructure**

| £2.62 billion expected invested across 213 projects and one financial instrument, leveraging £1.6 billion from other public and private funding. |
| £2.76 billion capital funding secured for the region. |

**Local Growth Fund (LGfF)**

- 48 projects funded alongside four reuse programmes.
- 56% of funding committed to date.

**European Structural Investment Fund**


**Skills**

- £6.4 million capital invested across 15 projects which used to support businesses and the workforce.
- 10 jobs created from other programmes.

**Transport connectivity**

- £4.8 million invested across 12 projects and used to support businesses and the workforce.
- 60 jobs created from other programmes.

**Knowledge**

- £5.9 million invested across 39 projects which used to support businesses and the workforce.
- 17 jobs created from other programmes.

**Leadership**

- £5.9 million invested across 39 projects which used to support businesses and the workforce.
- 17 jobs created from other programmes.
Evaluation

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 2022. 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 instructive 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 timescales around delivery.

The refresh of the Plan also saw an improvement in the quality and appropriateness of criteria benchmarks as part of the Gatsby pilot, which has led to an improvement in the quality and appropriateness of criteria benchmarks in the region.

The Strategic Economic Plan was well received and there was strong support across all stakeholders in the region. The refresh of the Plan was seen as inclusive and successfully engaged partners across the region.

Further progress has been made by the region in creating more and better jobs for the North East economy.

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Impact to date

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 jobs 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 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 Strategic Economic Plan and against these targets.

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.

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.

Position at September 2018: 25% reduction in gap by 2024

Position at September 2018: 4% reduction in gap by 2024

Position at 2017: 5% increase in gap by 2024

Position at 2017: 29% reduction in gap by 2024

More of these were better jobs, defined as managerial, professional and technical roles.

Reduce the gap in employment rate for people aged 16-64

Target: 25% reduction in gap by 2024

Reduce the gap in private sector employment density

Target: 50% reduction in gap by 2024

Reduce the gap in GVA per hour worked

Target: 50% reduction in gap by 2024

More targets are shown here.