

# *The North East Strategic Economic Plan*

Creating more  
and better jobs

January 2019



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## What is the North East Strategic Economic Plan?

It is the North East's plan for growing and developing a more productive, inclusive and sustainable regional economy.

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

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



## 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.

## Foreword

### Our Strategic Economic Plan for the North East

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

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

### Creating more and better jobs

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

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

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

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

We have also identified four targets focused on other long term objectives. To demonstrate our progress we aim to reduce or close the gap in our performance compared to England excluding London. By making this comparison in these four areas – employment rate, economic inactivity rate, productivity and private sector employment rate – we aim to deliver both positive change in our region and help rebalance the national economy.

We have made progress in each of these areas but the rate of improvement will need to increase if we are to

achieve our 2024 targets.

In 2017, we published a refreshed plan and increased our focus on distinctive areas of economic growth. We set out specific programmes of delivery for 2017 and 2018 designed to support our people, businesses and towns, cities and rural communities. This work continues to command support across the region and we have made good progress.

### 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 Mayoral North of Tyne Combined Authority, that includes Newcastle, North Tyneside and Northumberland local authority areas.

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 NP11 structure of northern LEPs, also create opportunities for our region. The Borderlands Deal will include Northumberland in a new 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.

The 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. Our thanks go to each and every one for their efforts and partnership. We look forward to continuing working together in the future.

**Andrew Hodgson,**  
Chair, North East Local Enterprise Partnership



Andrew Hodgson

# Executive Summary

## Our region

### Our geography

We are the most northerly Local Enterprise Partnership region in England. Bordering Scotland, the North East is a mix of urban, suburban and rural areas spanning 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 ninth largest LEP area by population. 1.2 million are aged 16 to 65, with 32% of this age group having a degree or equivalent 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 significant international investments from the EU, US, Japan and India and exports £7.6 billion to 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 offer

The North East is a great place to live, learn, work and do business.

We have a high quality living environment with historic towns and cities, a varied landscape and coastal environment and strong cultural and leisure offer. Landmarks include centres for contemporary art and music on Gateshead Quays, the UK's most popular open-air museum, Beamish, the Northumberland National Park and two UNESCO World Heritage Sites – Hadrian's Wall and Durham Cathedral. It is an increasingly prominent location for international sport and events.

House prices are competitive compared to other parts of the UK and the region's transport network, which includes the Tyne and Wear Metro and integrated bus network, makes average commuting times some of the lowest in the country.

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, 76% cheaper than London and the 1.2 million workforce have strong and improving qualifications. Globally connected ports and supply chains add to the North East's business and inward investment strengths.



**Over 80,000 students study at our region's four universities every year.**



**1.2 million workforce have strong and improving qualifications**

## Our challenges

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

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

Emerging challenges for our region include Brexit, volatility in the global economic environment and trade. We also face wider UK challenges including the productivity puzzle, and rising costs and inflation.



**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**

## Our opportunities

### Our global opportunities

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

- Our capacity to demonstrate how digitalisation can transform the economy and society through increased digital adoption and connectivity, new service and business models in sectors such as manufacturing and maximising the potential of our research and business assets.

- Improving health and responding to an ageing population through innovation in drugs, treatment and public health practice is another of our strengths. The North East already makes a significant contribution to this area through strong clinical research and our excellent health care system.

- We also have the capability to play a leading role shaping the future of manufacturing. Our strengths in automotive, pharmaceuticals and energy have earned the region a reputation for quality and productivity. Innovation opportunities in areas like batteries, fuels and energy technologies, process innovation and digital services are key to the future.

- The UK has committed to tackling climate change and promoting clean growth. We can continue to this agenda by our reduction of carbon emissions through energy generation, sub-sea technologies and investment in zero carbon transport.

### Policy and funding opportunities

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

## Our plan

### Areas of strategic importance



**Digital**  
Specialising in software, cloud computing, communications, buildings information modelling, gaming. Emerging specialisms include data analytics, immersive technologies and cybersecurity



**Advanced manufacturing**  
Specialising in automotive and medicine manufacturing



**Health and life sciences**  
Excelling in clinical research, innovation in pharmaceuticals, responding to an ageing population



**Energy**  
Expertise in offshore Energy and subsea technologies, regional energy and demonstration and innovation

### Enabling services



**Education**



**Financial, professional and business services**



**Transport and logistics**



**Construction**



**Digital transformation**

### Programmes of delivery



**Business growth**



**Innovation**



**Skills, employment, inclusion and progression**



**Transport connectivity**



**Investment and infrastructure**

## Governance

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 value for money when investing in projects across the North East LEP area.

## Strategy, policy, evidence and analysis

The ongoing development of the Strategic Economic Plan is fundamental as it provides the framework and evidence base for a range of other strategic documents and investment programmes.

We work closely with government and partners in the region to develop new resources and structures that can support the delivery of the shared objectives in the Plan.

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

The North East LEP continues to influence public policy through its work with partners through the North East Brexit Group and other important processes effecting economic policy, transport and infrastructure.

Each of these activities are supported by a strong programme of analysis, research and evidence development and co-ordination, which provide a detailed understanding of the North East economy.

Strong monitoring and evaluation across our programmes and projects reflects best practice and helps us learn from our work. Over time we will use it to build knowledge and understanding of what works in economic development in the region.



### Data

Our Economy, North East Data Hub and developing new data sources.



### Research

North East Economic Evidence Forum and Programme of research studies.



### Evaluation

Interim Strategic Economic Plan evaluation, Programme and project level monitoring and evaluation and Contributing to wider understanding of what works

## Delivery of the SEP 2014-2018 highlights

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

This includes support for 21 Enterprise Zones with £125 million of LEP investment. To date, £65.9 million has been invested across 13 projects with two programmes leveraging £85m from public and private funding.

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

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

The regeneration of the Vaux site in Sunderland and the construction of the International Advance Manufacturing Park (IAMP) in Sunderland/South Tyneside are just two of the 23 projects to benefit from £214 million capital investment in investment and infrastructure.

Transport improvements have been made across the region with £80.9 million of capital invested in 17 projects, and one project leveraging £55.7 million from public funding. These include enhancements to the Tyne and Wear Metro system and major transport corridor improvements.

## Evaluation

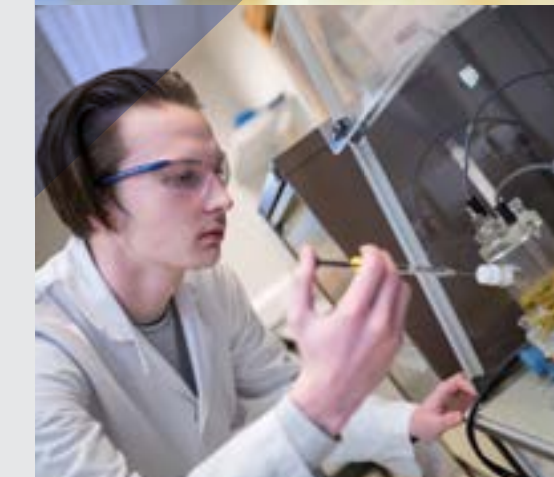
A commitment was made to commission an independent evaluation of the progress made and the role of the LEP is developing and delivering the Strategic Economic Plan.

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 success 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.

An interim evaluation will be undertaken each year between 2018/19 and 2020/21.



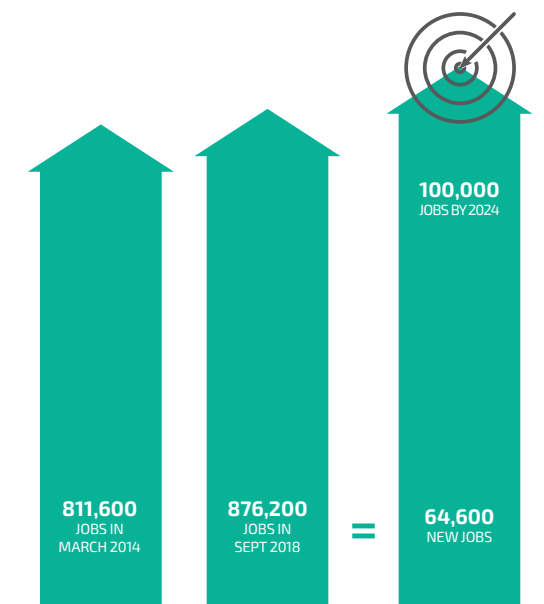
## Impact to date

Good progress has been made towards delivering the headline targets to deliver more and better jobs, with 64,600 new jobs created – 77% of which are better jobs.

The gap between our performance and national performance has reduced following an increase in the North East's employment and economic activity rate. Progress has also been made in relation to the number of private sector job opportunities per head in the North East.

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

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



**49,600 (77%)**

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



*Section one*

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***Our strategy***

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## Our region

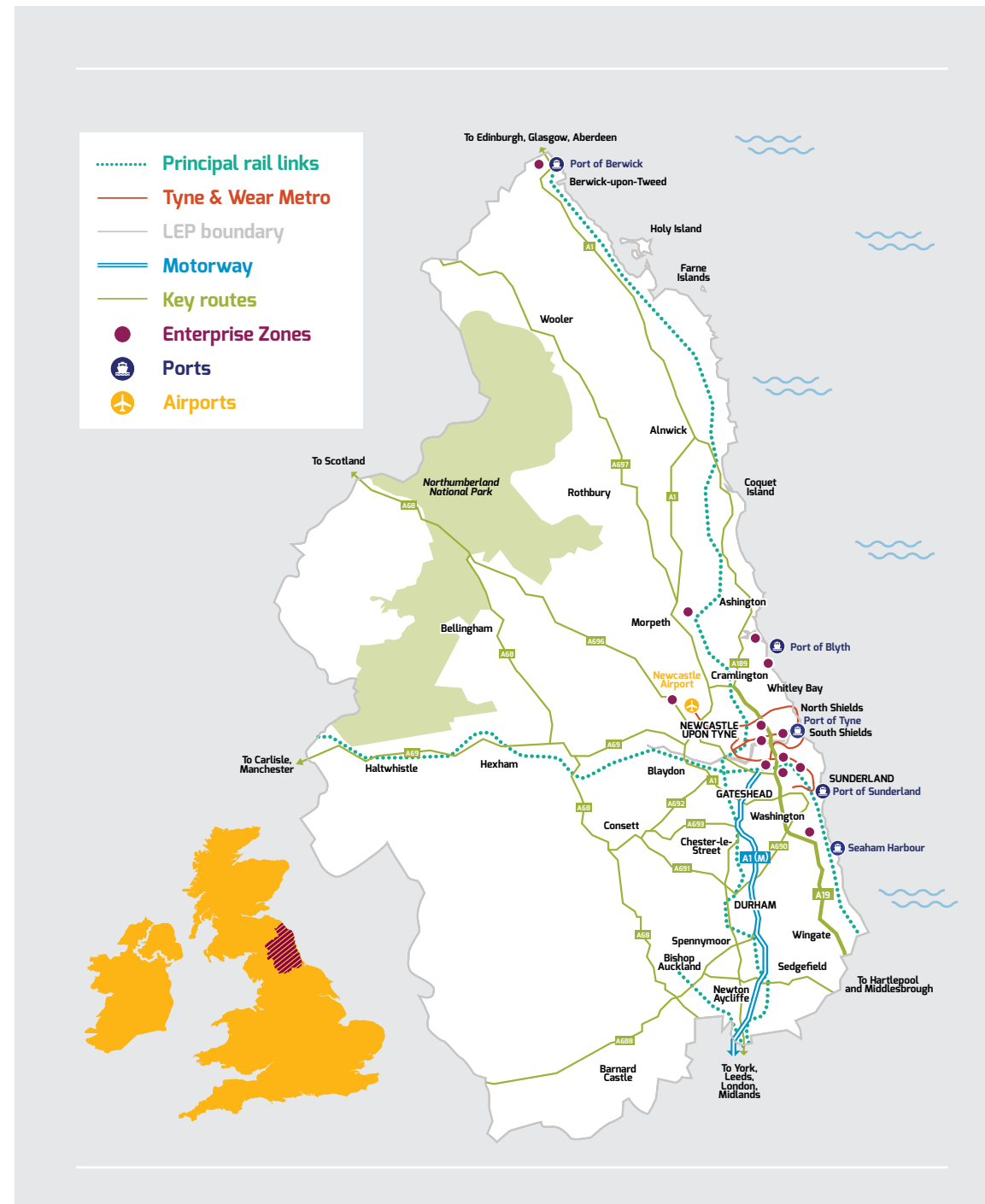


### Our geography

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 geographic size. We have a mix of urban, suburban and rural areas that span our seven local authority areas of County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. We have:

- Three cities:
  - Newcastle, that has science, education, culture, digital and service sectors and acts as our transport gateway
  - Durham, that is a leading university, science and tourism centre at the hub of a large rural county
  - Sunderland, home of Nissan's UK-leading automotive manufacturing, has education, culture and a well established digital software sector.
- Diverse towns that provide a mix of employment, housing, education, cultural and leisure offers, that are well connected to our cities, each other, the coast and countryside
- Four universities; Durham, Newcastle, Northumbria and Sunderland
- Key industrial sites, business parks and innovation hubs, including Cobalt Business Park, Infinity Park, NETPark, 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 through public transport, roads, infrastructure and a UK leading digital infrastructure.



### 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.

### National and international connections

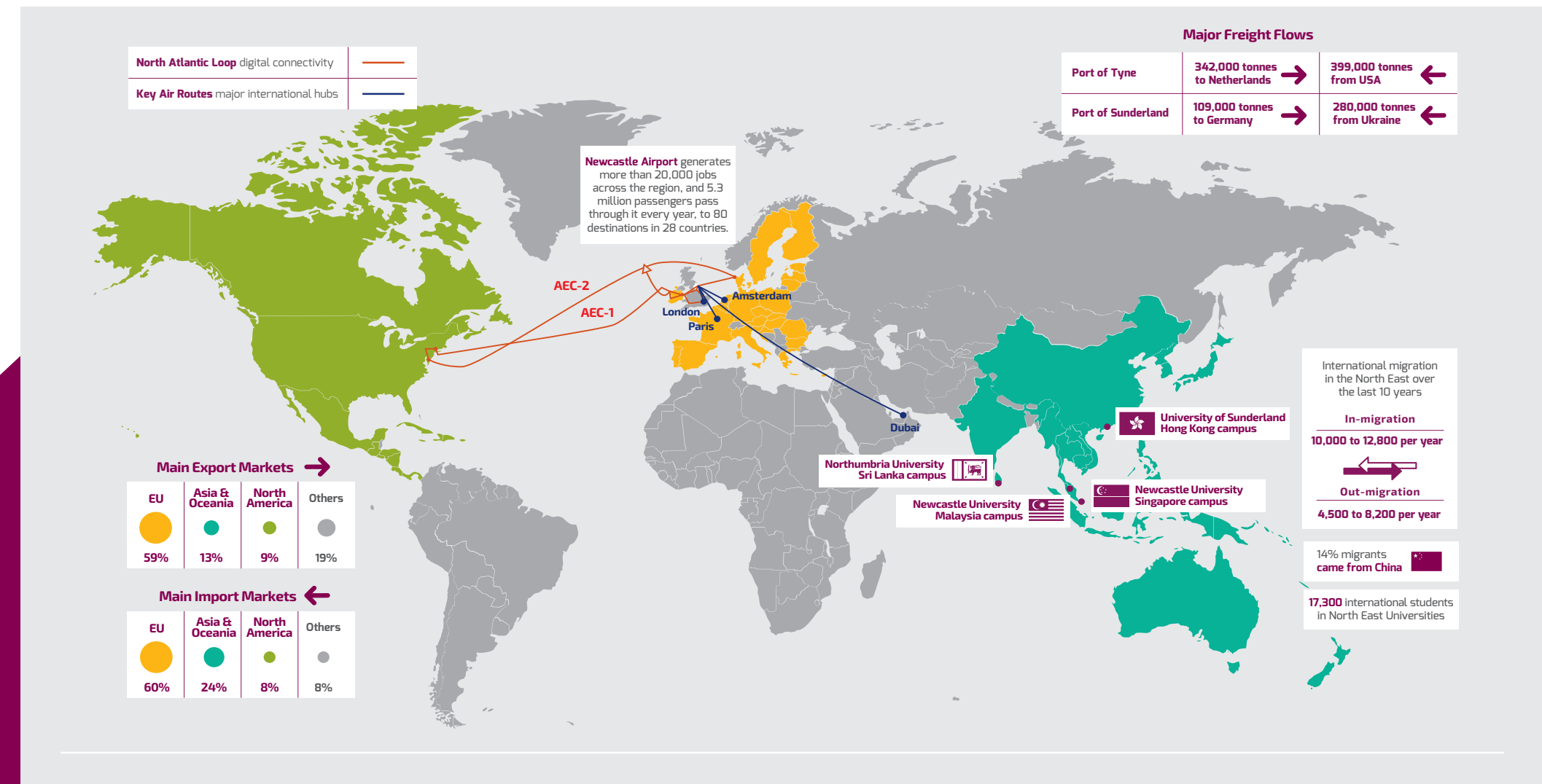
We have strong connections with the rest of the UK:

- 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 region every year, about three-quarters come from elsewhere in the UK
- Half of the UK students who enrol at North East region universities come from elsewhere in the UK
- There were over 3.7 million overnight trips to our region by people from the UK during 2017 resulting in a spend of £680 million and 82 million day visits, spending £2.5 billion
- We are part of wider Northern partnerships, including the Northern Powerhouse, the NP11 that brings together the 11 northern LEPs to promote northern growth, and Transport for the North, a new statutory authority, promoting northern connectivity
- A proposal for the Borderlands Inclusive Growth Deal is being developed, that will build on the connections between Northumberland, Cumbria and the South of Scotland
- Important transport links include the East Coast Mainline, with regular services to London in less than three hours and Edinburgh in one and a half hours with onward connections across Scotland. Cross-country also provides rail services to the Midlands and South West. The A1 national highway connects the region to London and Edinburgh, with the A68 to the Scottish Borders and the A19 a major freight route that links us directly with Yorkshire. The A66 and A69 link us to Cumbria and onward to the West of England and Scotland.

We are also strongly integrated into global markets:

- 4,300 businesses in the North East region exported £12.9 billion of goods in 2017
- 6,000 businesses imported goods valued at £13.2 billion in 2017
- Businesses in the North East region exported £4.2 billion of services in 2016
- Foreign owned businesses play a key role in the North East economy, accounting for 5% of businesses in the North East region and 27% of Gross Value Added (GVA)
- Over a fifth of the 530,000 visits by overseas residents to the North East in 2017 were from Ireland and Germany with other key markets being Netherlands, Spain and the USA
- Whilst migration rates are low compared to the national picture, it has played a key role in maintaining population growth over the last decade
- A large proportion of the migrants who live here are students – with over 17,000 international students studying at our four universities
- Many of our global connections rely on the North East's seaports and airport – with both of these having gone 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 28 countries.



## Our offer



### A place to live

#### Housing

We have a wide range of housing for renters and buyers, with everything from affordable homes and apartments, through to large executive homes in city centres, riverside and coastal locations, market towns and rural villages.

House prices are competitive compared to other parts of the UK.

We plan to build 6,000 housing units per year until 2024 to meet demand, respond to demographic changes and to make sure we have attractive housing options for our current and potential residents.

#### Transport

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

North East railway stations are used by over 15 million people every year, connecting us directly and frequently to London, Birmingham, Leeds, Sheffield, Manchester and Scotland.

Within the region, the Durham Coast Line, Tyne Valley Line and stations in between Newcastle and Berwick provide important links between communities with local residents using these to travel to work, study and for leisure.

**Lowest average commuting distance of 7.7 miles and one of the lowest commuting times of 24.9 minutes, compared to the national average.**



#### Culture and leisure

Our region also has a diverse leisure offer, from the Durham and Tyne Dales to the quayside along the Tyne in Newcastle and Gateshead. The success of the Great Exhibition of the North, the Tall Ships Races 2018 and the Rugby World Cup demonstrated our ability to deliver large international events. We have a thriving sports culture with Premiership football, rugby (union and league), international athletics, cricket and are home to the Great North Run; the world's largest half marathon.

We've seen significant investment in our culture and tourism assets, including the opening of the Sill in Northumberland, the National Centre for the Written Word in South Tyneside, the development of a vibrant music, arts and cultural quarter in Sunderland and investment in culture also featuring at the heart of Gateshead's regeneration plans.

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

#### Our natural environment

The coastline takes in Northumberland including the Holy Island of Lindisfarne and the regenerated coast of North and South Tyneside and East Durham with 20 of our 25 coastal waters being classified as excellent in 2018.

We have internationally recognised assets including Beamish, the UK's most popular open air museum, Sunderland Airshow, Sage Gateshead, a landmark music venue, a number of theatres hosting national productions, Lumiere in Durham, and BALTIC Centre for Contemporary Art - Arts Council, England's largest investment in the visual arts outside of London. We are known for our preserved Roman heritage in Northumberland through to the coast in the North and South Tyneside.

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



**£362 million Metro investment for 42 new trains and a new maintenance depot secured for delivery in 2021.**

### A place to learn and progress

We have over 700 primary and middle schools, two University Technical Colleges and over 170 secondary schools, including pupil referral units and Special Educational Needs and Disability provision. Ofsted grades in primary schools in the North East continue to be positive and there was an improvement in GCSE results in 2018 which is testament to the hard work of students and staff in secondary schools and colleges.

Our nine further education colleges offer a diverse and hands on approach to training, delivering a career focussed 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 16,600 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, further education 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.

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



### A place to do business and invest

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

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

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

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

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

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

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



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 the cost of London, and over 80% cheaper than Singapore.**



## Our challenges



Despite being a great place to live, learn, build a career, do business and invest, like all areas, we still face challenges. Overcoming these 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 faced by our region.

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

The key issues we face are:

- **Too few employment opportunities:** we have particular gaps in relation to:
  - Jobs in the private sector – this is reflected in us having fewer businesses per head than other areas
  - Jobs in high skilled occupations including managerial, professional and technical, for example in knowledge-intensive service sectors, such as financial, professional and business services.
- **Lower levels of productivity:** this has an impact on the potential competitiveness and resilience of our businesses and the potential for higher earnings for the people who work in them.

Collectively, these factors limit opportunities for our residents and businesses and reduce our attractiveness 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 underpinned by things such as:

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

We monitor the performance of the North East economy regularly. Over the last five years, we have made good progress in regard to the number of jobs, employment and economic activity rates, improvements in the

qualifications profile, growth in the size and dynamism of the business base, success in securing inward investment and increasing availability of housing, industrial and commercial property.

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

**Growing the jobs base and increasing the quality of available employment opportunities**

**Ensuring individuals have the skills and competencies to take up the available employment opportunities**

**Continuing to grow the business base and ensure the right support is available for businesses to grow**

**Investing and innovating to drive improvements in productivity**

### 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**

**550 additional businesses that are innovation active**



**£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 a no deal Brexit.

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

- The goods and services they produce are traded internationally
- Their supply chains are international
- The ownership of and/or investment into the sector is international
- The EU sets the regulatory environment for sector
- 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 seek 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 Brexit Toolkit that brings together business support, access to finance schemes and resources to help businesses with their preparations for Brexit.

[northeastgrowthhub.co.uk/toolkits/brexit-toolkit/](http://northeastgrowthhub.co.uk/toolkits/brexit-toolkit/)

### 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.

Increasing trade protectionism poses a particular threat to the global economy, which is a key risk for the North East because trade plays such a fundamental role in our economy. Almost 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

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.

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

The Industrial Strategy sets out the national response to addressing the challenge of low productivity growth. We are currently working with government to develop the North East Local Industrial Strategy that will set out the approach we will take to improve the North East's productivity. This is our opportunity to look at innovative, transformative solutions and position the North East's economic assets within a recognised UK context.

### Costs and inflation

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

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

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



## Our opportunities



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 focus on solutions to wider regional 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 our region's transport, energy and wider utilities infrastructure and sectoral change in areas like health, manufacturing and construction. The North East has a strong digital eco-system and partners are working together across business, education and the public sector to take advantage of areas of specialisation, providing national leadership and demonstrating areas of digital delivery. Each of these offers a way to further grow the North East's digital sectors and secure investment.



### Improving health and responding to population ageing

Across the world, innovation in approaches to drugs, treatment and public health practice are changing the structure of health and care systems and improving lives for many people, opening up new potential for the North East. The response to demographic change is an increasingly dominant economic theme. The global population is projected to make a fundamental age shift to an older population by 2050, where it is expected there will be 2.1 billion people over the age of 60 globally, an increase of 218% compared with 2017. This necessitates a rethink of systems across economies – including employment, health care, finance and the structure of communities. The North East makes a significant contribution to the development and 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 footprint. Our capabilities in this area have earned a reputation for quality and productivity and are unique among UK regions in maintaining a positive balance of trade in goods. Science and innovation strengths in areas like batteries and fuels, processes and materials are accompanied by a growing reputation in automation and digitalisation of manufacturing systems. As international markets and products change, and the UK Industrial Strategy focuses on its long-term productivity challenges and opportunities in new global markets, 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 practice.



### Tackling climate change and promoting clean growth

The Katowice 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 \$13.5 trillion expected between 2015 and 2030. Key priorities that offer significant opportunities for the North East include reduction of carbon emissions 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.

### Industrial Strategy

Government published the Industrial Strategy: Building a Britain fit for the future in 2017. The aim of the Industrial Strategy is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. The strategy is structured around five foundations of productivity:

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

It provides the overarching policy framework for Sector Deals between government and key industries within the UK economy. To date, a number of Sector Deals have been developed and published, setting out priorities for growth and productivity in these sectors, with other Sector Deals forthcoming. A number of these are focussed on key North East sectors including:

- Automotive
- Life sciences
- Offshore renewables.

Another feature of the Industrial Strategy is that it identifies four Grand Challenges for government and the wider economy. These are major global challenges that the UK needs to respond to – but that also provide significant opportunities for businesses. The Grand Challenges are:

- Artificial Intelligence and data economy – we will put the UK at the forefront of the artificial intelligence and data revolution
- Clean growth – we will maximise the advantages for UK industry from the global shift to clean growth
- Future of mobility – we will become a world leader in the way people, goods and services move
- Ageing society – we will harness the power of innovation to help meet the needs of an ageing society.

Underpinning the Industrial Strategy are a number of strands of investment, including the National Productivity Investment Fund. This fund has identified a number of funding pots within it, including the Industrial Strategy Challenge Fund and Strength in Places Fund.

### The North East Local Industrial Strategy

Reflecting the place agenda, the Industrial Strategy sets out plans for all areas to develop a Local Industrial Strategy that sets out how growth and improved productivity will be delivered.

The North East Local Industrial Strategy will be led by the North East Local Enterprise Partnership, together with partners and will be developed during 2019.

### Devolution

The first devolution deal in the North East was announced in 2018 for the North of Tyne area, that has seen the introduction of a Mayoral Combined Authority, new powers in a number of policy areas and a £600 million investment fund available over the next 30 years. This will create opportunities across Newcastle, North Tyneside and Northumberland that will benefit the wider region.

The North East Combined Authority will continue to support economic growth in the other four local authority areas and the two Combined Authorities will work together through a Joint Transport Committee to oversee regional transport.

The region is committed to progressive devolution of powers and resources to support the economy and will continue to seek to extend devolution to the North East.

### Northern Powerhouse

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

2018 saw the introduction of a new structure that brings together the 11 northern LEPs and government, through the NP11, to contribute to stronger leadership and co-ordination across the North of England, focused on Northern economic growth.

The NP11 will work with others, including Transport for the North, business and political leaders, to drive stronger Northern growth in areas such as energy and manufacturing, and to strengthen our economic infrastructure.

Transport for the North and Rail North focus on increasing connectivity and reducing journey times across the North.

### UK Shared Prosperity Fund

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

The North East Brexit Group has developed evidence to demonstrate the impact and importance of previous regional investment from Europe in preparation for this new resource and will work with government and regional partners to influence the design and delivery of this fund, to ensure it is targeted at our regional priorities, set out in this plan.

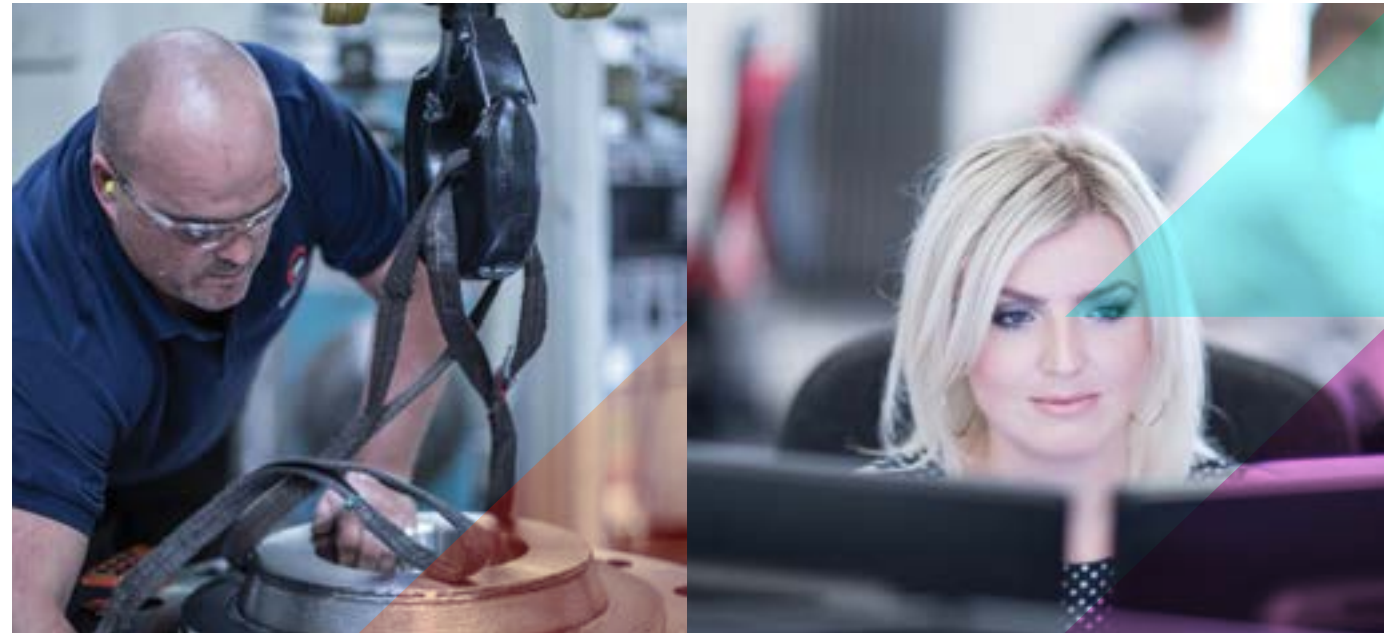
### Partnerships

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

Our key partnerships include:

- The North East Combined Authority
- The North of Tyne Combined Authority
- The Northern Powerhouse
- The Borderlands Partnership
- The strength of the working relationships with our business representative organisations and education sector.

# Our plan



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

The North East Strategic Economic Plan is our plan to grow and develop the region's economy. It is an evidence-based response to our long-term economic challenges and opportunities that were identified by the North East Independent Economic Review in 2013.

The Strategic Economic Plan was initially published in 2014, for a ten year period and demonstrated how we would drive forward a modern, diverse and entrepreneurial economy that was agile in the face of change and will deliver economic benefit to residents and businesses across every part of the region.

The Plan has been refreshed and updated as our economy and the environment in which we operate has changed and our economic base has developed.

### The shared economic plan

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

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

### Key targets

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

**To increase the number of jobs in the North East economy by 100,000 between 2014 and 2024**

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

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

Delivery against these will mean we have a stronger North East economy, whilst also contributing to rebalancing the national economy.

The four targets are to:

**Reduce the gap in private sector employment density by 50% by 2024**

**Close the gap in the employment rate for people aged 16-64 by 50% by 2024**

**Reduce the gap in economic activity for people aged 16 – 64 by 100% by 2024**

**Reduce the gap in productivity by 50% by 2024**

### Delivering our plan

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

We have reflected this in our plan by identifying:

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

#### Digital

#### Advanced manufacturing

#### Health and life sciences

#### Energy

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

#### Education

#### Financial, professional and business services

#### Transport and logistics

#### Construction

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

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 reflect the opportunities and challenges identified is essential to the success of this plan and our contribution to rebalancing the national economy.

## The North East Strategic Economic Plan

### The Plan aims to create more and better jobs

Our aim 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.

**Reduce the gap in private sector employment density by 50% by 2024**

**Close the gap in the employment rate for people aged 16-64 by 100% by 2024**

**Reduce the gap in economic activity for people aged 16-64 by 50% by 2024**

**Reduce the gap in productivity by 50% by 2024**

### Four areas of strategic importance



#### Digital

Specialising in software, cloud computing, communications, buildings information modelling, gaming. Emerging specialisms include data analytics, immersive technologies and cybersecurity



#### Advanced Manufacturing

Specialising in automotive and medicine manufacturing



#### Health and life sciences

Excelling 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 to support growth and better jobs



#### Education



#### Financial, professional and business services



#### Transport and logistics



#### Construction



#### Digital transformation

### Five delivery programmes



#### Business growth



#### Innovation



#### Skills, employment, inclusion and progression



#### Transport connectivity



#### Investment and infrastructure

A place that works

## Four areas of strategic importance

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

- 

Define, prioritise and communicate strategic opportunities
- 

Shape and coordinate delivery plans
- 

Identify challenges and support needs
- 

Connect activity to our five delivery programmes
- 

Ensure a strong link to the Local Industrial Strategy



## Digital

Specialising in software, cloud computing, communications, buildings information modelling, gaming. Emerging specialisms include data analytics, immersive technologies and cybersecurity

'Information and communications' was the research subject that secured the second highest amount of research funding between 2007 and 2017 in the North East region.

134 projects

£40.5 million

3.1% of UK funding



**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, smart data, and cybersecurity.

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

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

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

**22,000**  
people employed in digital industries in the North East



**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 assets

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

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

North East universities with leading research capability and new incubator facilities are supporting innovation led growth in key parts of the digital sector including Intel Parallel Centre and NVIDIA global centres in Durham.

Both the Digital Catapult, led by Sunderland Software City, and the Satellite Applications Catapult, hosted by Business Durham, have expert centres based in the region.

Our established digital community includes the headquarters of FTSE 100 listed software leader, Sage, shared service centres for Hewlett Packard Enterprise, Accenture, BT, IBM and innovation centres for Ubisoft, ENGIE and Red Hat, alongside over 2000 SMEs.

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.

Stellium 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:

- Partnerize, which provides products and services in over 170 countries
- SITS Group, cloud services provider to the Premier League
- Leighton Group, leading digital agency that operates SalesCycle and WorkCast
- Scott Logic, UK-leading bespoke software development company
- Viewpoint, global leader in collaboration and Building Information Modelling compliance software
- Palringo, gaming community builders with 27 million users across 350,000 user groups
- Fintech innovators based in the region include Atom Bank, World Pay and True Potential.

## 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.

There are digital opportunities specifically within the transport and logistics industries, including ports, airports, maritime and rail, which will transform their use of digital technologies through innovation applications including Artificial Intelligence, Internet of Things, Big Data, Space and Satellite.

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.

Work is being undertaken to strengthen the fibre connectivity of the North East to Northern Europe. In 2018 Aqua Comms announced its intention to install the North Atlantic Optical Fibre Loop - a new cable route to Denmark through the UK that will link Stellium's data centre to Esbjerg. This will give the region faster and more reliable digital connectivity and interconnect national and international networks, making the North East the optimum place to locate data rich businesses. This is a huge asset for our region that we will use to attract data rich business to our region.



**The North East is home to an established and growing cluster of leading businesses, ranging from global players to early-stage and high-growth tech companies. This local technical expertise has been integral to the success of Digital Catapult NETV and our ability to deliver impact nationally. Key players in the North East are working to drive economic growth through advanced digital innovation and we will continue to partner in these efforts.**

**Jeremy Silver**  
Chief Executive of Digital Catapult



Jeremy Silver





## Advanced manufacturing

Specialising in automotive and medicine manufacturing

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

### In 2017, the North East region exported £12.9 billion of goods

Including £7.4 billion of machinery and transport and £2.8 billion of chemicals (including pharmaceuticals)

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

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



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

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

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



**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 assets

### Automotive advanced manufacturing

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

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

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

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

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

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

We have strengths in process innovation through a number of national innovation centres hosted by the Centre for Process Innovation at NETPark in Durham.

### Pharmaceutical manufacturing

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

There is a successful SME base working closely with industrial partners and innovation assets in formulation, novel therapies and biologics.

## Our opportunities

### Made Smarter

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

### The Automotive Sector Deal

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

### Innovation diversification and development

Strengthened innovation activity around long-term sustainability from low carbon production and digitalisation is critical for the future development of the sector.

### 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 particular focus on the IAMP.

A £500 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.



**The North East has established and maintained a reputation as a leading hub for UK advanced manufacturing. With global supply chains and trade links, and a continuing focus on quality and productivity, North East produced cars, medicines and other exported products deliver huge economic benefits for the regional and the UK economy.**

**As we drive forward the Industrial Strategy, I'm struck by the readiness of North East leaders to grasp the opportunities presented by digital and other technologies in their products and processes and look forward to working with the region to drive forward the ambition of the Made Smarter Commission of industrial digitalisation to drive more productive industries and better jobs.**

Jeurgen Maier Chief Executive of Siemens UK



Jeurgen Maier





## Health and life sciences

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

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.



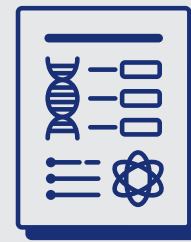
### World-leading research

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

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

£92 million from the Biotechnology and Biological Sciences Research Council

£122 million from the Medical Research Council



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

## Our assets

### 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 Academic Health Science Networks to get new products, services and technologies translated into the NHS. The North East and North Cumbria Innovation Pathway is recognised as UK leading.

### Innovating in pharmaceutical manufacturing

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

We have direct links to the UK Catapult Network, through the Centre for Process Innovation which operates 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.

### Ageing

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

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 seek a better understanding on all aspects of ageing, in order to create a society where we all live better for longer.

The National Innovation Centre for Ageing was set up in 2014, with £40 million investment from UK government and Newcastle University. It brings together world-leading scientists, business and industry, health and care providers, and the public in a unique space that is designed to 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 Campus on Ageing and Vitality; and The National Formulation Centre based at NETPark in Sedgefield.

## 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 LEP is working with the Centre for Process Innovation and partners to enhance support for the smart and intelligent packaging of medicines, smart medical devices and drug delivery. It will deliver benefits to the healthcare system and patients by changing models of delivery in response to personalisation and to reduce medicine waste.
- Great North Care Record is a UK leading initiative to share medical information across the North East and North Cumbria amongst authorised health and social care practitioners. It will ensure that health care activities such as diagnosis medications, hospital admissions and treatments can be improved for both patients and the health system. Collaboration with the AHSN will develop the project to deliver strengthened benefits to the region.



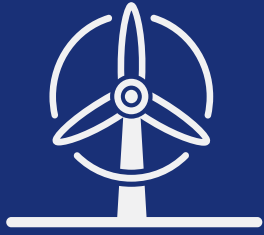
**The North East has a diverse and vibrant clustering of life sciences, manufacturing and health services. I believe that the work that is being done in the North East can support more growth in the region and make a strong contribution to a wider UK initiative to promote research collaboration, partnership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

John Bell GBE, FRS, FMedSci



John Bell





## Energy

Expertise in offshore Energy and subsea technologies, regional energy and demonstration and innovation

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 drive economic growth and deliver more and better jobs.

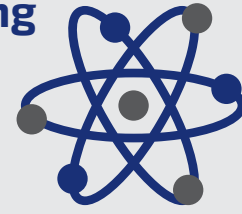
The North East is the leading location in England in the wind energy, oil and gas sectors

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



79 energy research projects receiving £46.2 million

(North East region, 2007-2017)



North East subsea sector  
50 supply chain companies supporting 15,000 jobs



Industrial costs are over 29% cheaper than Edinburgh and Aberdeen



Total energy consumption +39,000 GWh per year.



38% domestic sector  
31% transport  
31% industrial and commercial sector

North East universities in the top 20 for research publications:

Offshore wind Durham 3rd - Northumbria 19th  
Oil and Gas Newcastle 7th - Durham 11th

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



## Our assets

### Regional energy

We have the UK's largest smart grid project, the £2 million 'Smart Grid Lab' test bed on the Newcastle Helix site. A partnership between Newcastle University, Northern Powergrid and Siemens.

Regional businesses including Nissan, AVID Technology, Hyperdrive and Helix are helping accelerate the transition to low carbon transport and smart energy systems.

The North East has pioneering heat networks, such as the Gateshead District Energy Centre, and a regional pipeline of projects valued at over £280 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.

### 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.

We have three major ports, (Port of Blyth, Port of Tyne and Port of Sunderland), providing 7km of quay 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.

### Demonstration and innovation

Tyne Subsea is a purpose built hyperbaric testing, certification and research facility, developed through a local partnership between British Engines and Newcastle University.

The Offshore Renewable Energy Catapult's £150 million National Renewable Energy Centre, in Blyth, houses world-leading test, validation and demonstration facilities specialising in testing wind, wave and tidal energy generation technology.

The Integrated Transport Electricity and Gas Research Laboratory in Gateshead, is the UK's first full scale integrated energy systems R&D facility, providing a space for industry, academia, SMEs and government to explore and test new energy technologies and processes.

## Our opportunities

### Regional energy

The UK's Clean Growth Strategy estimates that the low carbon economy could grow four times faster than the rest of the economy, while supporting wider clean growth and productivity.

The energy agenda is a crucial part of this transition to clean growth. IPPR research indicates that given the right support, the North has the potential to be home to a clean energy revolution, creating 46,000 new jobs.

### Offshore energy and subsea technology

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 UK provided offshore wind, domestic and export, of £4.9 billion annually by 2030. The industry's ambition for 2030 includes £48 billion investment in UK infrastructure, and 27,000 skilled jobs, mainly in coastal areas which other sectors find hard to penetrate.

### 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 a powerful test bed for businesses to assist with this transition.



With world-leading innovation and research, a strong local supply chain, long established skills base and outstanding infrastructure, the North East can justifiably lay claim to being at the very heart of the UK's clean energy revolution. It could not be better placed to capitalise on the huge ambition and future growth in offshore wind.

Andrew Jamieson, Chief Executive of the Offshore Renewable Energy Catapult



Andrew Jamieson

# 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

### Potential for growth

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.

### 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 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 business and education also match.

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 data and to consider opportunities to work together on higher skills and discuss the skills supply and demand.

Schools, colleges, universities and training providers should use the Strategic Economic Plan and its evidence base to inform their own institutional strategies. They should also promote seamless progression and careers escalators to investigate how digital transformation and other employment opportunities can benefit from the sector.

An asset map could be produced to develop collaboration in relation to infrastructure, facilities and equipment and other resources, and to highlight where can be developed to projects to grow the sector assets, employment and expertise of the sector.



## 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 3,400 additional jobs in the North East in these services



18,000 (almost 25%) of North East university students are studying subjects related to financial, professional and business services

### Potential for growth

The North East has a strong and diverse financial, professional and business services sector.

We are home to the headquarters of Virgin Money and Newcastle Building Society, specialist teams, shared services centres and the local offices of well known national brands. Also based here are leading regional companies in law and finance and specialist consultancies supporting key areas of opportunity like offshore energy.

The clustering of headquarters of innovative companies like Atom Bank, World Pay, True Potential, Wire Card and Scott Logic is driving further interest and investment from financial technology businesses.

A critical factor is the strong flow of graduates from the North East's four universities. Retention of more of these graduates will further strengthen the sector.

One challenge is to ensure a strong transition into jobs requiring similar skillsets for employees as call centres and shared services activity is automated.

### 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 Doxford 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.



## Transport and logistics



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



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

The Metro is the largest light rail system in the UK outside of London and Newcastle Airport is the second most used in the Northern Powerhouse after Manchester



## Freight in 2017

**51 million tonnes** lifted by vehicles,  
**5.3 million tonnes** handled by North East ports  
**5,482 tonnes** handled by Newcastle Airport

### Potential for growth

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

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

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

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

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

Local growth in other sectors can be strengthened through the procurement approach of public transport providers.

Other considerations must include the growing demand for fewer, more highly qualified individuals and the low response to apprenticeships, given more general labour market trends.

### What is needed to support growth

Sector-wide thinking is needed to facilitate growth through:

Strengthened co-ordination between economic 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

Strengthening of collaborative leadership and co-ordination within the region's transport sector in order to take forward work on skills, transport and sector planning and deliver new opportunities for growth in transport and logistics.

Collaborative work on transport related innovation should be identified and addressed to enhance mobility, reduce carbon and use the transport system as an enabler for wider innovation activity through digitalisation and connectivity.

Create new opportunities to build stronger regional supply chains, including for the replacement of Metro rolling stock.



## Construction



**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 equal to £2.4 billion in 2016**

**The value of construction exports in the North East is £17 million (2016)**



### Potential for growth

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

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

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

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

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

### 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.

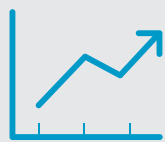
To focus on key opportunities for collaboration including:

- 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.

## Five programmes of delivery

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



**Business growth**



**Innovation**



**Skills,  
employment,  
inclusion and  
progression**



**Transport  
connectivity**



**Investment  
and  
infrastructure**



## Business growth

### What is our ambition for 2024?

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

- An increase to the density of scaleup businesses in the North East by 50% from 2014 to 2024. These businesses will deliver 6,000 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 2014 and 2024.

We want more businesses to actively seek, and find with ease, the support and finance they need to grow and to strengthen the visibility of opportunities for investment in our economy.

### What are our opportunities?

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 funding opportunities, provide us with an opportunity to increase the number of businesses that can access the business support and finance they need to reach their full potential and to progress to their next stage of growth.

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

Government's Export Strategy aims to increase exports as a proportion of Gross Domestic Product (GDP) from 30% to 35%. This provides an opportunity for us to work with the Department for International Trade and local partners to build a strategy for strengthened internationalisation, supporting more businesses to expand into new geographies, markets and supply chains and to secure investment into the North East.

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

### 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 requires the continued development of relationships with the rest of the world, including attracting inward investment.

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

The number of businesses scaling up has increased.

GVA per hour worked has increased.

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

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

## What will we deliver by 2021?

Activity	Description	Key deliverables
<b>Raise levels of business growth ambition</b>	Targeted activities designed to increase awareness of the possibilities for enterprise and to boost people's aspirations to start, grow, scaleup and improve their businesses.	<ul style="list-style-type: none"> <li>• Research, develop and implement a strategy designed to increase businesses' ambition to start-up, grow, scaleup and improve</li> <li>• Develop relationships with intermediaries to reach a larger proportion of the region's businesses, with a particular focus on improving awareness amongst under-represented groups, such as women, ethnic minorities, rural areas and social enterprises.</li> </ul>
<b>Increase demand for external business support and finance</b>	Provide simplified access to the business support and finance required to start up, grow, scaleup and ensure that support services meet the needs of businesses at different stages of growth as well as businesses with specific barriers to engagement.	<ul style="list-style-type: none"> <li>• Provide access to business start-up support, finance and information through the North East Growth Hub online portal and the national Business Support Helpline</li> <li>• Provide one-to-one impartial brokerage to established businesses and high potential start-ups through our Growth Hub Connectors</li> <li>• Provide intensive account management and managed brokerage to businesses that are scaling up or have the potential to do so</li> <li>• Work with high quality private and public partners to ensure business support and finance are accessible to rural businesses, social enterprises and business leaders from different gender and ethnic groups.</li> </ul>
<b>Ensure the supply of external business support and finance matches the needs of businesses and the economy</b>	Review and assess the effectiveness of business support and finance provision to ensure support is available to enable businesses to start, grow, scale up and improve. Working with partners we will identify and fill gaps in provision and raise the quality of provision.	<ul style="list-style-type: none"> <li>• Review business support and finance provision to ensure that the region's ecosystem provides a ladder for business growth from start-up to scaleup and continuous improvement</li> <li>• Introduce a quality assurance system through the North East Growth Hub that assesses the quality of support offered to businesses by external business support and finance providers</li> <li>• Work with private and public partners to design and develop a range of interventions to drive productivity improvement and the adoption of digital technology</li> <li>• Ensure peer mentoring and peer-to-peer leadership development is available to support businesses to scale and improve productivity</li> <li>• Work with partners to increase the density of high potential start-ups in the North East</li> <li>• Work with partners to enhance access to high quality solutions designed to tackle the barriers to scaling up</li> <li>• 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</li> <li>• Continue to develop the North East Growth Hub Business Support Provider Network to encourage collaboration and the sharing of good practice.</li> </ul>
<b>Improve the region's economic resilience</b>	Support businesses to prepare for and trade through global trade changes, including Brexit.	<ul style="list-style-type: none"> <li>• Use the North East Growth Hub to distribute up-to-date information on business support and finance options available to support Brexit preparations</li> <li>• 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</li> <li>• Work with partners to inform the business support and finance funding mechanisms that will replace the European Structural and Investment Funds</li> <li>• 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.</li> </ul>
<b>Grow inward investment in the region</b>	Maximise North East job growth from regional, national and international businesses investing in the region.	<ul style="list-style-type: none"> <li>• Combined and local authorities, the North East Local Enterprise Partnership, the Department for International Trade and the private sector will work together with a shared ambition of securing maximum inward investment into the North East</li> <li>• Establish and follow a clear target driven, lead generation model that is focused on the Strategic Economic Plans' areas of strategic importance and support service sectors</li> <li>• Have a robust account management system, led by the local authorities, to share knowledge and investment opportunities with key partners</li> <li>• Develop and deliver an integrated marketing plan to raise the profile of the North East as a place to invest and locate.</li> </ul>



## 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 embedded business base and solving social and economic challenges in the region and beyond. It is a tool 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.

The North East is a relatively small economy, meaning there are fewer opportunities for innovation to arise from a large number of potential collaborators and competitors being in close proximity to each other than in other areas.

There is a low number of headquarters and research, development and innovation (RDI) facilities in the North East - as these are functions that are most likely to engage in innovation, this limits the level of innovation in the region.

The region has a wide range of innovation assets including universities, catapults and national centres of excellence - but more needs to be done to ensure businesses are utilising these to improve commercial returns and to solve social challenges.

### What are our opportunities?

Growing understanding and interest in open-innovation and challenge-based approaches to innovation provide the basis for new collaborative, commercial-focused activities, building on our established test and demonstration capabilities.

Local knowledge and business strengths are relevant to growing markets, providing opportunities for North East businesses to capitalise on innovation and to develop new products and services, processes and market.

Increased investment, including through the government's pursuit of 2.4% of GDP for innovation and dedicated funds (National Productivity Investment Fund), support productivity and efficiency gains from innovation.

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

Increase the percentage of businesses that are 'innovation active' by 2021.

Increase R&D investment to 2.4% of GVA by 2027.

Reduce the gap by 50% in business expenditure on R&D against the UK average by 2021.

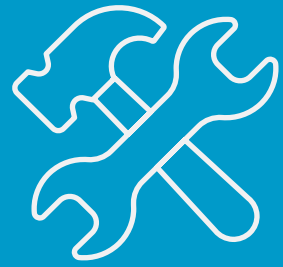
Increase the percentage of businesses that are engaged in process innovation by 2021.

Increase the percentage of businesses that are engaged in 'wider innovation' by 2021.

Increase the share of UK government innovation expenditure per capita to the UK average by 2021.

## What will we deliver by 2021?

Activity	Description	Key deliverables
<b>Stimulate new business opportunities through the North East Open Innovation Challenge</b>	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.	<ul style="list-style-type: none"> <li>Support growing activity to foster open innovation between large corporates, public sector and innovation-led SMEs in the region with a clear brand</li> <li>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</li> <li>Support best practice for open innovation events.</li> </ul>
<b>Prioritise a regional pipeline of projects to form a Strategic Investment Programme</b>	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.	<ul style="list-style-type: none"> <li>Develop a prioritised list of regional, large-scale pipeline projects</li> <li>Align with activities undertaken by our Combined Authorities</li> <li>Focus on large-scale collaborative projects that have the capacity to have significant impact for the regional economy and create jobs</li> <li>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</li> <li>Develop a programme to address identified place-based gaps to supporting business growth</li> <li>Coordinate an approach to securing funds for pipeline projects, including from the the National Productivity Investment Fund (NPIF) and Grand Challenges.</li> </ul>
<b>Support our businesses to capitalise on local research and innovation capability</b>	Work with partners to enable local businesses to secure greater commercial value from research, development and innovation assets.	<ul style="list-style-type: none"> <li>Strengthen collaboration between businesses and innovation assets such as universities, catapults and national centres of excellence</li> <li>Enhance the co-ordination between businesses, sectors, and innovation assets</li> <li>Support our innovation assets to successfully secure national funding to run regional programmes</li> <li>Work with service delivery partners such as the NHS and local authorities to take-up and roll-out new delivery approaches.</li> </ul>
<b>Increase private sector investment into growing innovation businesses</b>	Engage with investors and funders to increase access to and success in securing finance for innovation for North East businesses.	<ul style="list-style-type: none"> <li>Support VentureFest and FinanceCamp</li> <li>Develop new approaches to lever private funding from outside the region</li> <li>Develop an open innovation challenge to drive increased collaborative investment</li> <li>Work with universities to continue to grow spin-out success, including through Northern Accelerator.</li> </ul>
<b>Engage partners to identify and drive business growth through an Innovation Sectors and Competencies Programme</b>	Develop stronger clarity over commercial strengths, existing and potential and put in place governance and support arrangements to drive delivery.	<ul style="list-style-type: none"> <li>Identify and prioritise regional innovation sectors and competencies, including assessing where these align with the Industrial Strategy and North East Local Industrial Strategy</li> <li>Put robust governance in place in identified priority areas</li> <li>Ensure buy-in and engagement with the private sector</li> <li>Develop a portfolio of projects and programmes</li> <li>Identified leads and capacity to drive activity</li> <li>Improve alignment of innovation activities to skills and business growth programmes.</li> </ul>
<b>Coordinate regional partners to provide enhanced innovation support activity</b>	Review current activity to prepare a coordinated innovation support and skills programme with providers to reduce duplication and improve signposting through the North East Growth Hub.	<ul style="list-style-type: none"> <li>Supporting the delivery of a programme of innovation support for regional businesses</li> <li>Ensure activity is aligned through successful partnerships brokered by the Innovation SuperNetwork</li> <li>Support businesses to increase their investment in RDI</li> <li>Strengthen our links with national and international hubs and networks to generate commercial returns for local businesses.</li> </ul>



## Skills, employment, inclusion and progression

### What are our opportunities?

Opportunity North East, is a pledge of £24 million by the Department for Education (DfE) to boost social mobility and raise aspirations for children across the wider North East. We will work with DfE and local partners to maximise the impact of this programme.

We will build on our reputation for innovation in delivering exceptional, robust pilot projects to inform national 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 focused provision 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 four universities to stay in the region after graduation and to encourage those that have studied elsewhere and skilled workers already in the labour market to relocate to the North East.

There is increasing research that demonstrates offering 'good work' - including fair wages, hours and working conditions - delivers for the business bottom line. Many regional partners, including the CBI, North East England Chamber of Commerce and TUC North have delivered programmes around this agenda and this has created a strong basis to build on further.

To encourage the increased availability of data both locally and nationally to ensure education and training priorities are based on a strong understanding of the North East labour market and how it is changing over time.

To ensure that employers recognise the value and potential of our older workforce.

### What is our ambition for 2024?

Our long-term ambition in the North East is that demand for skills and the quality of jobs continue to improve, leading to higher productivity. To deliver this, the North East must be a place where:

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

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 their achievement, providing a strong base to build on in future years.

### What are our challenges?

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

Whilst there has been improvement over recent years, the North East still has a relatively high proportion of its young people not in education, employment or training.

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 recognise skills.

Employers typically under invest in training and workforce development, with this being a particularly critical issue in some sectors.

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.

Brexit and a tighter labour market will create challenges for a number of sectors including those that draw heavily on a migrant labour force and/or are labour intensive including agriculture, construction, contact and customer service centres, health and social care, hospitality and retail.

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

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

Given the growing evidence of in-work poverty across the UK, it will be important that as we work to improve the employment opportunities in the North East that we focus on creating opportunities that offer good wages, hours and working conditions, to provide opportunities that allow individuals to move out of poverty.

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

Reduction of reported skills shortages and gaps in key sectors of the economy.

Reduction in gap with England excluding London on unemployment and economic inactivity rates - working age population, young people and older people (50-64).

Increase in employers that understand the importance of offering 'good work' and are implementing changes to deliver this.

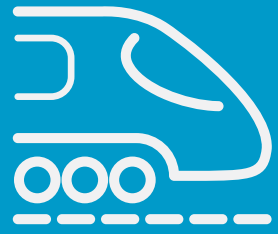
The North East is recognised as a key location for piloting new approaches to skills, employment, progression and inclusion.

Increase in the proportion of individuals with digital skills.

Perceptions of individuals and employers in the North East as a place to build a career have become more positive.

## What will we deliver by 2021?

Activity	Description	Key deliverables
<b>Deliver North East Ambition</b>	Build on the success of the Gatsby Good Career Guidance Benchmark pilot with schools, colleges and employers delivering outstanding careers guidance from primary education to employment.	<ul style="list-style-type: none"> <li>• Develop a primary school benchmark pilot that could influence the national careers strategy</li> <li>• Adoption of the Gatsby Good Career Guidance Benchmarks by all secondary schools and colleges</li> <li>• Secure and deliver a £3.4million North East Ambition programme that ensures our education system provides young people with the skills to meet the long-term needs of the North East economy.</li> </ul>
<b>Deliver Education Challenge</b>	Work with partners to support school leaders, teachers and governors 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 or outstanding schools.	<ul style="list-style-type: none"> <li>• 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</li> <li>• Expand delivery of the Next Generation Learning pilot focussing on school leadership, high quality CPD, rich employer engagement, early preparation for next stage, a focus on wider skills, a focus on student well-being and teaching and learning through applied learning, project based learning and oracy skills.</li> </ul>
<b>Improve skills progression</b>	<p>Improve skills progression by encouraging the provision of high quality opportunities to learn through further and higher education (FE/HE) and other providers. Increase partnership between education and employers to reduce the mismatch between skills supply and demand.</p> <p>Map out all of the skills routes so that learners and potential learners are clear on the their options and that provision and learner choice is based on sound labour market information</p>	<ul style="list-style-type: none"> <li>• Develop a list of the region's assets within FE, HE and other providers to inform future investment and provision</li> <li>• Promote the North East as a potential location to pilot a system to help individuals recognise and record their transferable skills</li> <li>• 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</li> <li>• Support partners to implement good quality T-levels and specialist technical education to widen choices for young people</li> <li>• Secure funding to deliver a university pilot project focussing on careers and opportunities</li> <li>• Promote the North East as a location to 'Live Work and Stay' for recent graduates and skilled workers.</li> </ul>
<b>Increase youth employment</b>	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.	<ul style="list-style-type: none"> <li>• Continue to deliver Generation North East and the model to prevent youth unemployment</li> <li>• Provide specialist intensive support for those most distant from the labour market because of disadvantage, poverty and poor physical and mental health</li> <li>• Grow the number of apprenticeships by developing access courses</li> <li>• Ensure young people are able to develop their digital skills. This requires digital skills to be built into school, FE and HE courses, exploring new models 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.</li> </ul>
<b>Improve labour market activation</b>	Encourage the commission of holistic approaches that include employers and the integration of services so people facing health barriers are fit for work, have a clearer path to career progression, and that organisational culture prioritises wellbeing to reduce excessive workload and stress.	<ul style="list-style-type: none"> <li>• Continue to develop holistic packages of support for people facing health barriers to employment, building on successful projects such as Mental Health Trailblazer and Working Links, showcasing the benefits of collaboration</li> <li>• Ensure support is in place for those that have moved from unemployment or inactivity into work to help them progress and acquire further skills</li> <li>• Increase take up of Better Health at Work Awards and similar schemes to employers, to share employment and human resources best practice.</li> </ul>
<b>Ensure connected communities</b>	Increase social mobility and economic activity by working with partners to increase access to digital skills.	<ul style="list-style-type: none"> <li>• Provide targeted support for communities and individuals, focussing on those with multiple barriers or protected characteristics, and ensure this is a strategic funding priority</li> <li>• 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</li> <li>• Consideration of digital skills provision and local digital infrastructure must be prioritised.</li> </ul>
<b>Help deliver Fuller Working Lives</b>	Reduce inactivity levels in our older workforce and help older employees develop new skills, encourage flexible employment and offer specific support to those out of the labour market.	<ul style="list-style-type: none"> <li>• 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 around this agenda.</li> </ul>



## Transport connectivity

### What is our ambition for 2024?

Our ambition is one of improved, greener and more sustainable transport options, including public transport, cycling and walking.

New mobility solutions will make travel simple and affordable across our distinctive local economy. Quality infrastructure will make for reliable, fast journeys with connectivity into national and international freight and passenger networks. This network will be the enabler to sustainable growth and opportunity, and to the North East being an outward looking economy attracting trade, investment and visitors from across Europe and the world.

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

### What are our opportunities?

The £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 £130 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 move around the region sustainably, either by public transport or active travel. To do this, we need a system that allows them to plan their journey and purchase tickets seamlessly across all modes and operators.

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

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

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

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

## What will we deliver by 2021?

Activity	Description	Key deliverables
<b>Ongoing transport project delivery</b>	Completion of projects that are already committed and underway.	<ul style="list-style-type: none"> <li>Continued infrastructure renewals on the Metro system to promote system reliability</li> <li>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</li> <li>Delivery of the Local Growth Fund transport programme and the Local Sustainable Transport Fund capital programme.</li> </ul>
<b>Secure funding from Transforming Cities Bid and commence delivery</b>	We are one of 11 regions able to bid into the £1.7 billion funding pot for sustainable transport infrastructure.	<ul style="list-style-type: none"> <li>A high quality bid, that secures significant capital funding for the sustainable transport network</li> <li>Begin a programme of sustainable infrastructure interventions in public transport, walking and cycling</li> <li>Develop the foundations of an innovative new mobility ecosystem with digitally based ticketing.</li> </ul>
<b>Deliver better connectivity through improved infrastructure</b>	Improve capacity, resilience, reliability and sustainability of our network.	<ul style="list-style-type: none"> <li>Interventions on the local Strategic Highways Network, including major junction projects and commencement of A1 improvements</li> <li>Roll out of the first trains in the Metro fleet replacement programme</li> <li>Commissioning of electric vehicle filling stations and charging clusters.</li> </ul>
<b>Develop a future transport investment pipeline</b>	Develop our Regional Transport Plan and co-developing with Transport for the North to ensure investment priorities are clear.	<ul style="list-style-type: none"> <li>Development of the North East Transport Plan including supplementary thematic strategies designed to support our economy</li> <li>Continued participation in Transport for the North and Rail North to identify pan-northern connectivity priorities</li> <li>A pipeline of schemes matched to targeted funding solutions.</li> </ul>
<b>Improve national and international connectivity</b>	The continued growth of national and international connectivity to key markets.	<ul style="list-style-type: none"> <li>Delivery of the programme of interventions outlined in the Newcastle Airport Masterplan to grow routes and foster wider business growth in associated sectors</li> <li>Agreement with Northern Powerhouse Rail and others on approach to East Coast Mainline improvements</li> <li>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.</li> </ul>
<b>Use transport to drive, innovation and business growth</b>	Develop a programme of activities that use transport as a focus for business growth and innovation.	<ul style="list-style-type: none"> <li>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</li> <li>Collaborative work with tourism agencies to strengthen the offer for business and visitor tourism</li> <li>Collaborative work to develop supply chain and skills development programmes linked to transport and logistics.</li> </ul>



## Investment and infrastructure

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

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 £400 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 2025.

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.

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

By 2021, unlock 50 ha of brownfield land.

### What is our ambition for 2024?

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

#### What are our challenges?

##### Investment is required to:

Advanced infrastructure or remediation is needed to unlock and accelerate private sector development on key employment sites.

Address an under supply of Grade A industrial and office space which, if continues on historic trends, will inhibit growth.

Plug existing viability gaps due to low property value and rental levels which hold back development.

Facilitate a general modal 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 and tourism offer.

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 retail expenditure impacting on traditional high street retailers and the vibrancy and attractiveness of our town and city centres.

##### 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 austerity measures.

Unclear availability of funding as European and UK government regional economic development funding ends and the proposed UK Shared Prosperity Funding begins post 2021.

There is limited access to finance for businesses to invest and grow through either venture capital or traditional banking routes.

#### What are our opportunities?

##### To focus resources in order to:

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

Identify strategic economic priority investments required for economic growth and develop those key projects 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 to gain regional competitive advantage.

Invest in key riverside employment and port infrastructure to meet the needs of the energy sector and increased international trade.

Invest in our strategic employment sites, innovation and national centres of excellence and economic assets, including site preparation and build costs to bring strategic employment sites to 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 our natural assets to support biodiversity, flood mitigation, CO2 reductions and deliver visitor economy benefits in the rural economy.

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

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

To develop strategic projects ready for delivery.

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 will we deliver by 2021?

Activity	Description	Key deliverables
<b>Manage the already secured North East LEP funding effectively</b>	Successfully manage and have oversight of funding controlled by the LEP, ensuring that investment is targeted at projects and initiatives that deliver the aims of the Strategic Economic Plan and investment priorities for 2019 - 2021.	<ul style="list-style-type: none"> <li>Invest the £270 million Local Growth Funding grant into transport, infrastructure for strategic science parks and employment sites, plus skills and business growth activities</li> <li>Maximise the loan investment opportunity of the £55 million North East Investment Fund into strategic projects</li> <li>Progress delivery of the 21 Enterprise Zone sites' infrastructure programme.</li> </ul>
<b>Coordinate partners to develop a regional project pipeline based on spatial economic priorities</b>	<p>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 the Environment Plan and the Local Industrial Strategy.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Secure additional investment into the North East</b>	<p>Identify funding sources to invest into the region from public and private sources, working in collaboration with our partners.</p> <p>Coordinate regional bid activity where appropriate to secure and maximise potential funding into the region.</p> <p>Prepare for the proposed UK Shared Prosperity Fund.</p>	<ul style="list-style-type: none"> <li>Secure UK government funding linked to delivering the Industrial Strategy into the region</li> <li>Secure the notional allocation of European Structural and Investment Funding into the region with partners</li> <li>Work with public and private sector partners to develop and secure funding for strategic projects.</li> </ul>
<b>Increase access to finances for business to invest</b>	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.	<ul style="list-style-type: none"> <li>Effectively deliver the North East Fund</li> <li>Identify gaps and market demand for new business finance models</li> <li>Develop business finance mechanisms to meet the needs of North East businesses.</li> </ul>



# Developing our North East Investment Plan

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

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

**Strengthened A66 and A69 links to Cumbria and the West of England.**

**Metro enhancement and rolling stock:** the next stage of upgrade has secured investment with the first new trains to enter service during 2021.

**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.

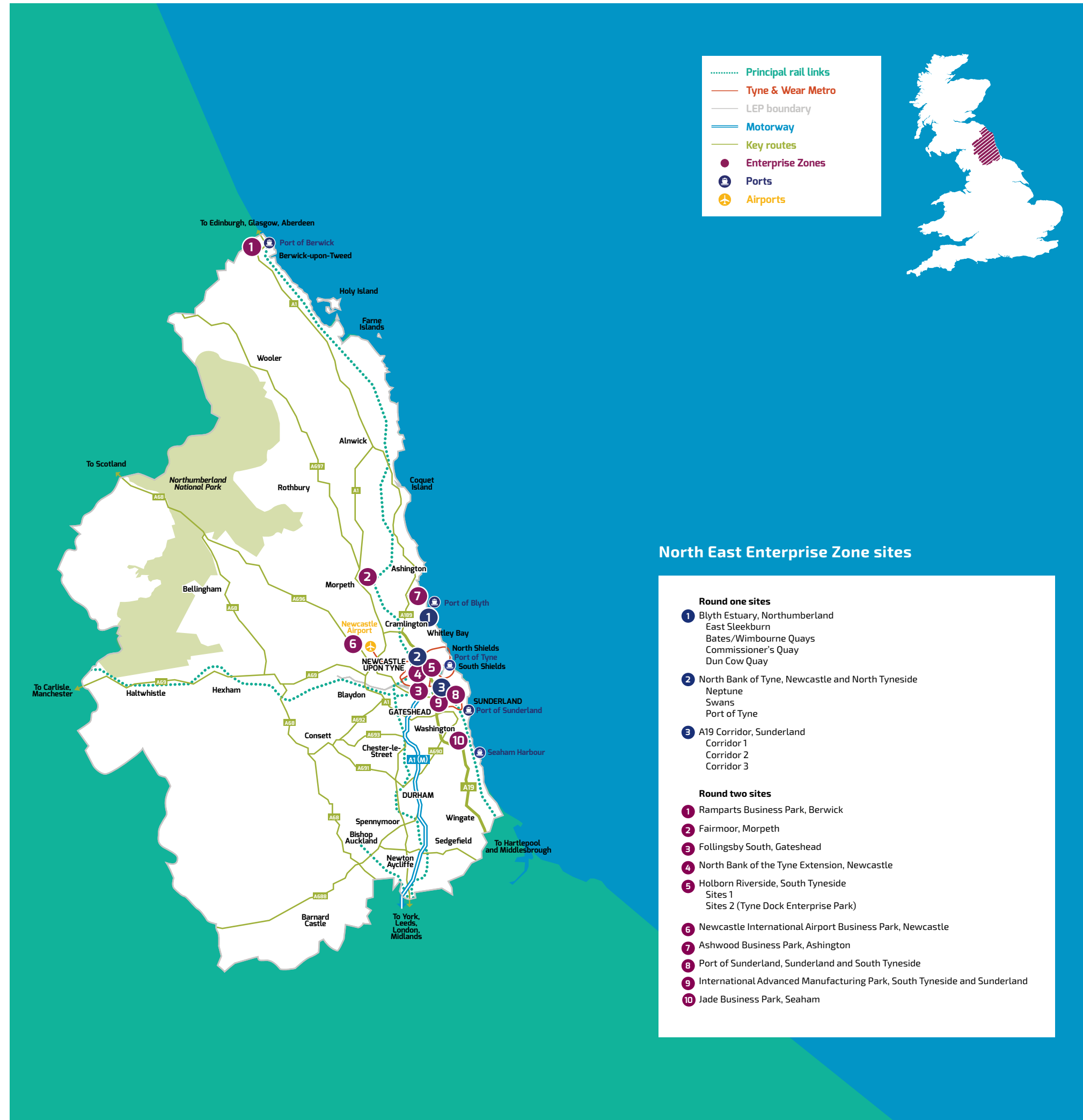
**The Water Innovation Hub:** supported by Northumbrian Water Group, Durham University and the Environment Agency, the hub acts as an enabler for innovation to respond to challenges like climate change.

**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:** enhancing the site as an investment location and improving access to the adjacent Aycliffe Business Park, connecting the Hitachi Rail Europe site to markets and improving access to the neighbouring Engineering University Technical College.

**Securing benefits and connection from High Speed 2 (HS2) and Northern Powerhouse Rail (NPR) to the North East and Edinburgh:** HS2 is planned to join the East Coast Mainline near York, so that new faster trains can reach the North East and bring associated connectivity benefits.

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



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

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

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

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

**Integrated Transport Electricity and Gas Research Laboratory (InTEGREL):** UK's first full scale integrated energy systems R&D facility, led by Northern Gas Networks, working with Northern Powergrid and Newcastle University.

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

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

**Sunderland Station:** redevelopment of Sunderland Station to support regeneration, providing a welcoming gateway and vital 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 Ashington town centre and the Durham riverside renewal.

**Collaborative tourism marketing:** collaboration by partners across the region including Newcastle International Airport and the North East Tourism Alliance will deliver development and promotion of the cultural and 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*

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***Transparency,  
accountability and progress***

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## Governance

The North East Local Enterprise Partnership (LEP) Board ensures that a robust and transparent governance structure underpins its work and ensures it complies with all of the recommendations from the national LEP review, published in 2018.

It is supported by four advisory boards and groups that focus on the areas of strategic importance in partnership with industry and education.

The effectiveness of the governance structure is reviewed annually by government to ensure it is fit for purpose and fulfils the recognised 'good governance model'.

In addition, the North East LEP plays a key role in regional governance, working closely with the two combined authorities and seven local authorities.

### Regional governance

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

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

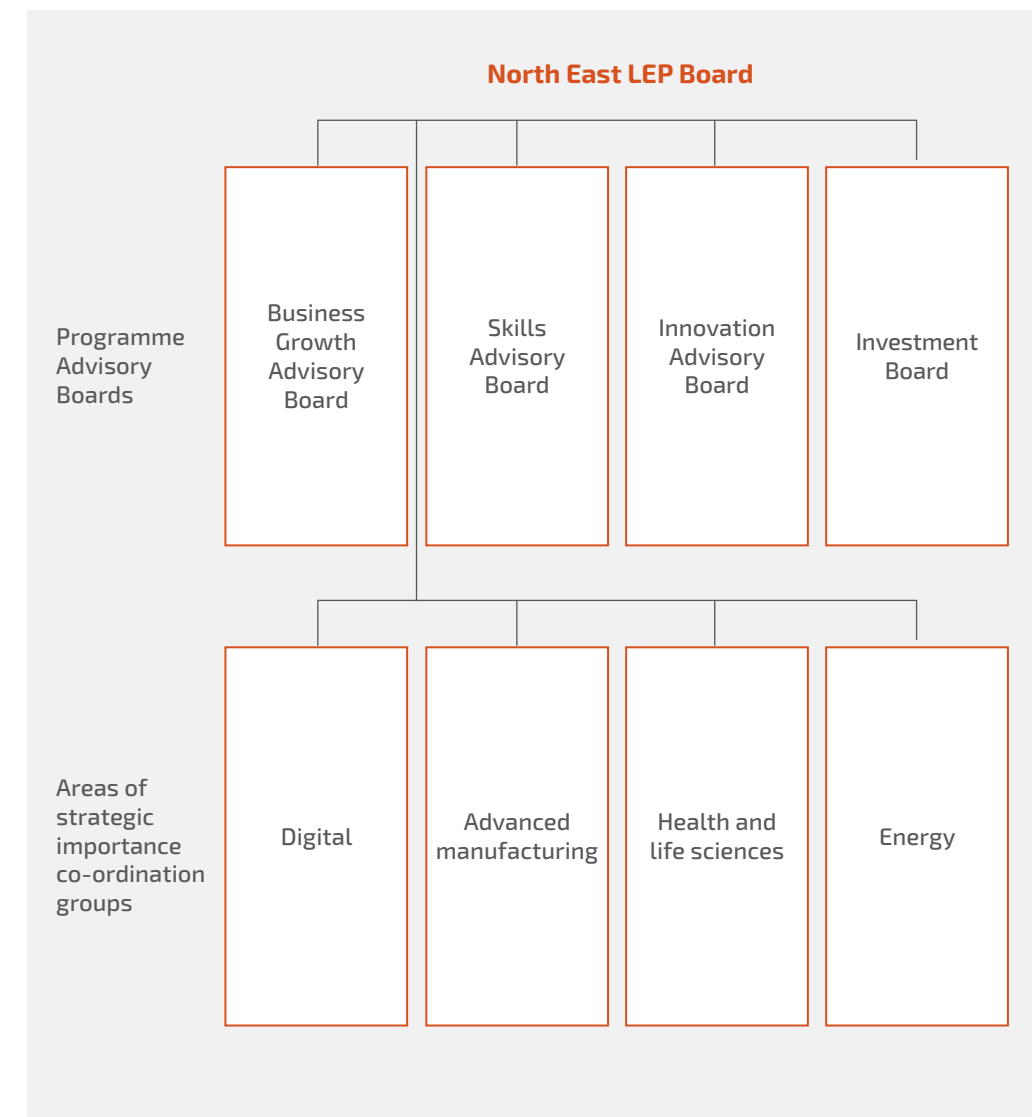
#### North East governance

Seven Local Authorities	Newcastle City Council	Durham County Council
	Northumberland County Council	Gateshead Council
	North Tyneside Council	South Tyneside Council
		Sunderland City Council
Two Combined Authorities	North of Tyne Mayoral Combined Authority	North East Combined Authority
	Covering North Tyneside Council Newcastle City Council Northumberland County Council	Covering Durham County Council Gateshead Council South Tyneside Council Sunderland City Council
One Transport Committee	North East Joint Transport Committee	
One Local Enterprise Partnership	North East Local Enterprise Partnership	

### 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 we 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.



## Strategy, policy, evidence and analysis

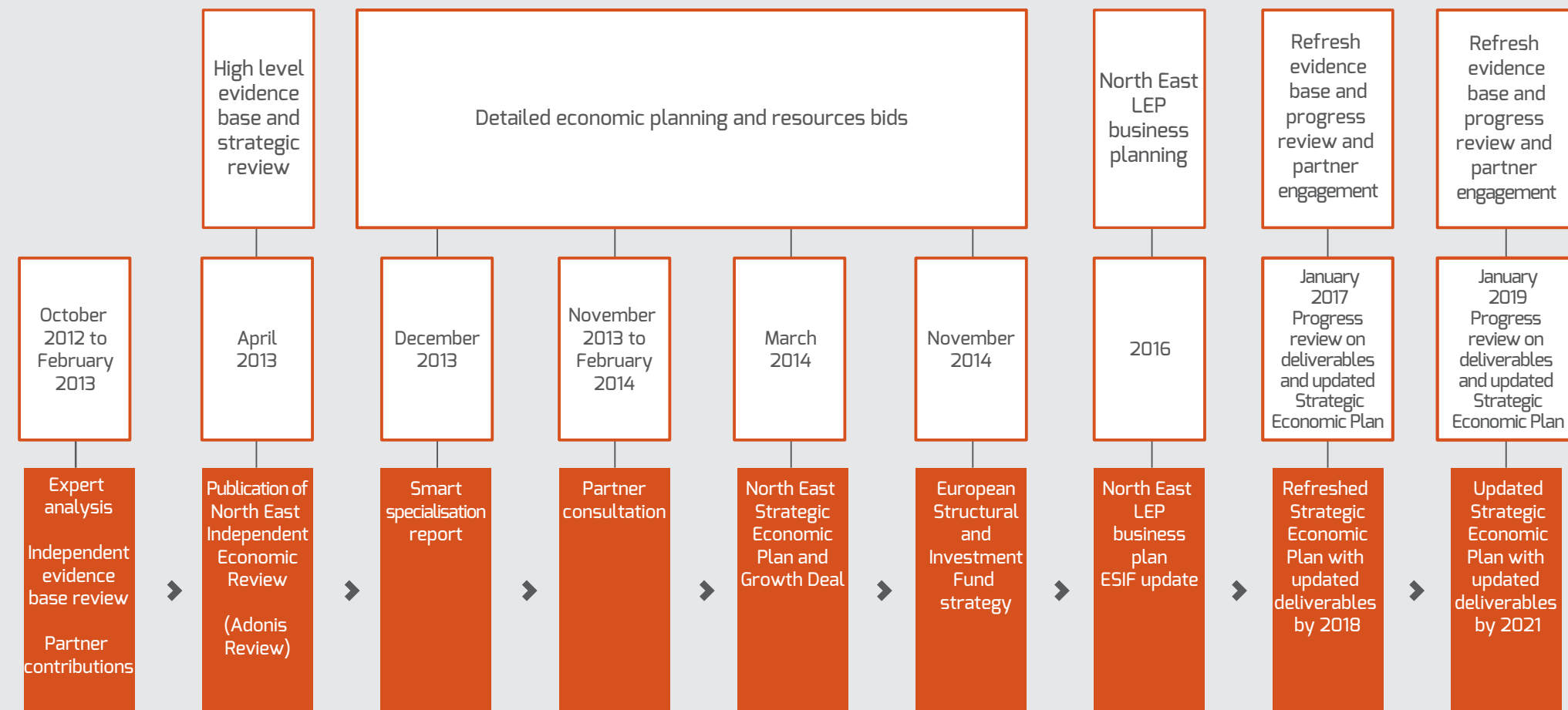
The North East LEP is committed to the ongoing development of the Strategic Economic Plan. It is the framework for a range of other strategic documents and investment programmes including the Local Growth Fund, European Strategic Investment Framework and the forthcoming Local Industrial Strategy. Partners 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), our ambition is that the North East builds a reputation for innovative, collaborative and action-oriented evidence based economic policy and strategy.

### The Strategic Economic Plan process so far

The Strategic Economic Plan is recognised by government and other partners as the key strategic economic document for the North East. The Strategic Economic Plan sets out a forward direction for regional economic development and provides a key point of reference for investment and decision making. From the beginning, evidence has underpinned the development and delivery of the Strategic Economic Plan.

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



### Data

#### 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 2018 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.

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. [northeastdatahub.co.uk](http://northeastdatahub.co.uk)

#### Developing new data sources

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

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



### Research

#### North East Economic Evidence Forum

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

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

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

#### Programme of research studies

A programme of research has been identified.

Key topics for the period to 2021 include undertaking a review of North East productivity to inform our Local Industrial Strategy, developing a deeper understanding of areas of strategic importance and service sectors.

These will be delivered with partners across the region, building on our experiences in delivering Science and Innovation Audits and sector-specific research.



### Evaluation

#### Interim Strategic Economic Plan evaluation

Independent consultants have been commissioned, to undertake an interim evaluation of the Plan over the next three years. The focus is on the effectiveness and impact of the Plan in driving economic growth and the LEP's role in delivering it. Annual reports will be produced, with the final interim evaluation reported in 2021 and will inform future economic planning and policies.

#### 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.

#### Contributing 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, building knowledge and understanding of what works in economic development.



### Policy

#### 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 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 and 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.

# 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 fund management and programme delivery progress over the first four years of the 10 year plan.

Enterprise Zones (EZ)	North East Investment Fund (NEIF)
£151 million LEP funds expected to be invested in 21 EZ sites.	£65 million of loans awarded through NEIF.
£74.5million of investment approved to date across eight sites.	26 projects and two other funds supported the extension of the Finance for Business North East Fund.

Local Growth Fund (LGF)	European Structural Investment Fund
£270.1 million capital funding secured for the region.	€559.5 million allocation secured for period 2015-2021.
48 projects funded alongside four mini-programmes.	58% of funding committed to date.

### Business growth

**Investment**

£30.2 million capital invested across 15 projects, one programme and one financial instrument, leveraging £101.7 million from other public and private funding.

Grade A industrial space - at **Tyne Tunnel Trading Estate, Infinity Park** at Monkton, Elm Park at West Chirton and Portobello Trade Park.

Grade A office space at **Blyth Workspace, Salvus House, Durham, Hope St Xchange, Sunderland, The Jesmond, Newcastle, The Rocket, Newcastle.**

**Rural Growth Network** business grant support scheme assisted 35 growing business.

£120 million **North East Fund** established.

Launch of first fully digital **Growth Hub** in England.

Introduced **Growth Hub Connectors** to provide tailored brokerage to established businesses.

Implementation of new business support schemes - **Scale Up North East, Growth through Mentoring and Supply Chain North East.**

Tested successful pilot projects including, **Manufacturing Growth Programme, Growth Hub High Performance and Be the Business Productivity Mentoring.**

Introduced the **Growth Hub Provider Network.**

**Invest North East England** inward investment office has landed over 400 businesses creating over 18,000 jobs in the North East.

### Innovation

£65.9 million capital invested across 13 projects and two programmes, leveraging £85 million from other public and private funding.

**Science and Technology parks:**  
**Newcastle Helix:** Opened The Biosphere, secured The National Innovation Centre for Data, National Innovation Centre for Ageing and the Centre for Energy Systems Integration and supported the development of a District Heating system. Supported further development of NETPark further phases.

**New R&D facilities**

- PROTO: The Emerging Technology Centre
- Tyne Subsea test facilities including Neptune Centre on the River Tyne and Hyperbaric chamber in Camperdown.

**Mini-programmes:** Innovation Project Development Fund and Incubator Support Fund introduced to stimulate and support growth in target sectors.

Strengthened the ecosystem to support businesses through the Innovation SuperNetwork and Venturefest North East.

Participated in six **Science and Innovation Audits** covering offshore and subsea energy, health innovation, bio-economy, satellites and chemical industries and leading on one looking at the application of digital technologies to manufacturing.

Worked with our university partners to provide a broad understanding of the North East innovation context and how global trends may impact on local businesses and areas of opportunity through the **Innovation Observatory** project.

Brought partners together to **coordinate project development activities** to establish shared activities and prepare for funding opportunities such as ERDF, Strength in Place and Grand Challenge funding. Including funding development work in Smart medicines manufacturing centre, 5G North East test bed, Centre for Connected Construction (IC3) and the Centre of Excellence in Sustainable Advanced Manufacturing (CESAM).

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

Supported and championed the **continuation of proof of concept** funding through access to finance structures, particularly the North East Fund development.

### Skills

£18.4 million capital invested across eight projects, leveraging £28.5 million from other public and private funding.

**Supported new STEM College facilities** in South Shields, Wallsend and Ashington.

Community based major new social enterprise-led facilities: **Beacon of Light, Sunderland and Eagles Community Arena, Newcastle** providing access to employment and life skills support.

Major redevelopment of the land based industries **Houghall College site** in County Durham.

Successful delivery of the Good **Careers Guidance Benchmarks** national pilot to direct national careers policy.

**Enterprise Advisor programme** rolled out to help connect 120 schools with employers.

Launch of **North East Ambition** supporting 170 schools and colleges to develop careers support, plus Primary School pilot.

Award of national **Careers Cornerstone Hub** and the **Next Generation Learning pilot.**

**50+** Developed the **Fuller Working Lives** strategy for the over 50 workforce.

Strengthened **FE and HE** partnership working including an **award winning** 'Live Work Stay' campaign to encourage higher levels of graduate retention in the North East including work with businesses, universities and other partners to encourage inward migration of a highly skilled workforce.

### Transport connectivity

£80.9 million capital invested across 17 projects and one programme, leveraging, £55.7 million from other public funding.

Enhancements to the **Tyne and Wear Metro system** - Central Metro Station refurbishment and ongoing works on a new Bus and metro interchange in South Shields.

**Major transport corridor improvements**

- Junction improvements on the Coast Road in North Tyneside
- Lindisfarne Corridor linking the A19 to South Shields
- Newcastle Northern access corridor
- Weetslade corridor connecting to the A1 at Gosforth.

**Cycle way investments** serving three stations on the East Coast Mainline at **Morpeth, Newcastle and Durham.**

Secured circa £1.1 billion investment from **Highways England.**

Partnership working with **Transport for the North.**

**Electric vehicle charging points.**

Upgrade and extensions to the **Urban Traffic Management Systems.**

Development of a **regional walking and cycling strategy.**

### Investment and infrastructure

£214 million capital invested across 23 projects and one financial instrument leveraging, £261.2 million from other public and private funding.

**Rural Growth Network** infrastructure investment has supported the visitor economy e.g. **'The Sil'**, National Landscape Discovery Centre, Once Brewed and **South Tyne Railway Slatyford Station** restoration and new **Land of Oak and Iron Visitor Centre** in the Derwent Valley.

Public realm improvements to enable the **Auckland Project Welcome Building**, Bishop Auckland.

**Regeneration of the Vaux site, Sunderland** for mixed use development including first office 'The Beam' and new riverside walkways.

**Major employment sites** are benefiting from ongoing advance infrastructure investment **International Advance Manufacturing Park (IAMP), Integra61, Jade Business Park, Follingsby Max and Energy Central.**

Work began on the nationally significant **International Advanced Manufacturing Park (IAMP)** with construction starting on the first factory on the 150-hectare site north of the Nissan plant, off the A19. Once complete, the £100 million business park will be home to 7,000 jobs and it is estimated will attract an additional £400 million private sector investment. IAMP has been supported by £41 million from the Local Growth Fund.

Two strategic **'Housing Infrastructure Fund'** projects selected at Murton, North Tyneside and Sunderland South by Homes England.

3 Local Authorities have adopted their **Local Plan.**

**21 Enterprise Zone sites** have been secured and are being developed for investment and business.

The £117.6 million **Northern Spire** in Sunderland (New Wear Crossing), part of the Sunderland Strategic Transport Corridor.

Key Capital project investments and other key initiatives

## 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 2024. 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 inclusive 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 funding being secured to take forward the region's priorities. Evidence of impact is mainly qualitative given the timescales around delivery.

There have been a number of areas of success within the programmes of delivery. These include the Good Career Guidance Benchmarks as part of the Gatsby pilot, which has led to an improvement in the quality and appropriateness of careers education in the North East and is recognised as best practice by both government and regional partners.

The North East LEP was established amidst challenging circumstances in 2011. It has made considerable progress in developing the region's strategic ambition and its organisational capacity, enabling it to provide economic leadership and co-ordination for the North East.

### The report makes a number of recommendations including:

To date, monitoring has focused on satisfying the requirements of funders, in particular, government. To support the evaluation project, a baseline report has assembled data to enable a quantitative assessment. It is recommended that the North East LEP works on this with partners to provide a fuller picture going forward.

The North East LEP and partners should lobby government to provide European Structural and Investment Fund data which is currently held centrally to enable the North East to further understand the impact and effectiveness of interventions funded to support the SEP.

The North East LEP will continue to work with partners to develop the evaluation project and learn from the findings and recommendations. It will promote evaluation through its work and continue to ensure evaluation is embedded across all its work.

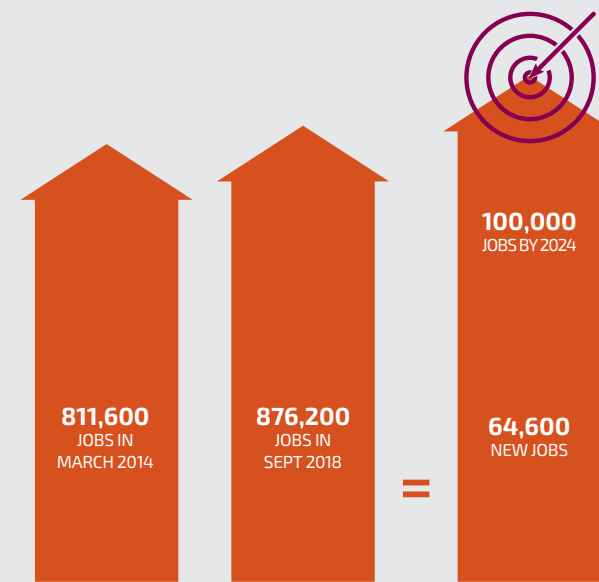
## Impact to date

### 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.



**49,600 (77%)** of these were better jobs, defined as managerial, professional and technical roles

### Relative targets

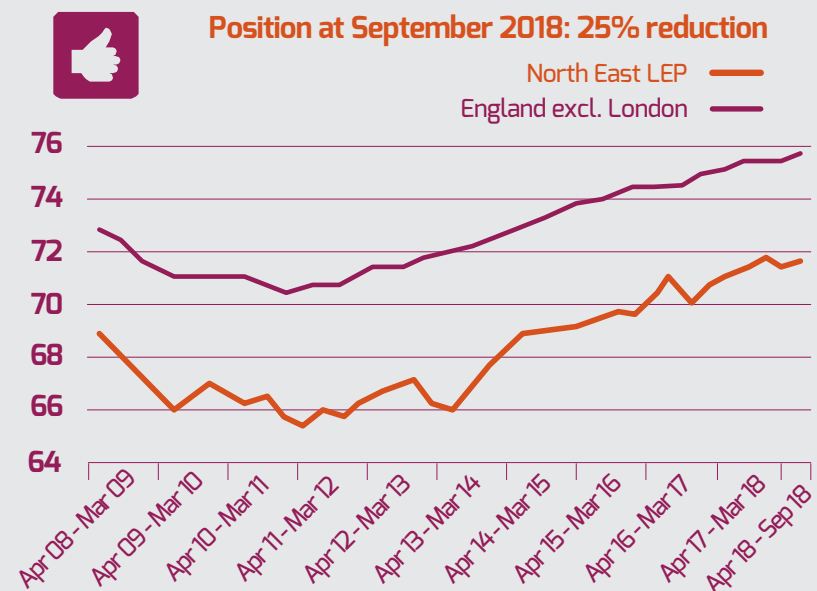
Since 2014, both the employment rate and the economic activity rate have increased in the North East. As improvement in these indicators has been greater in the North East than across England excluding London, the gap between our performance and national performance has reduced. This is good news for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

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

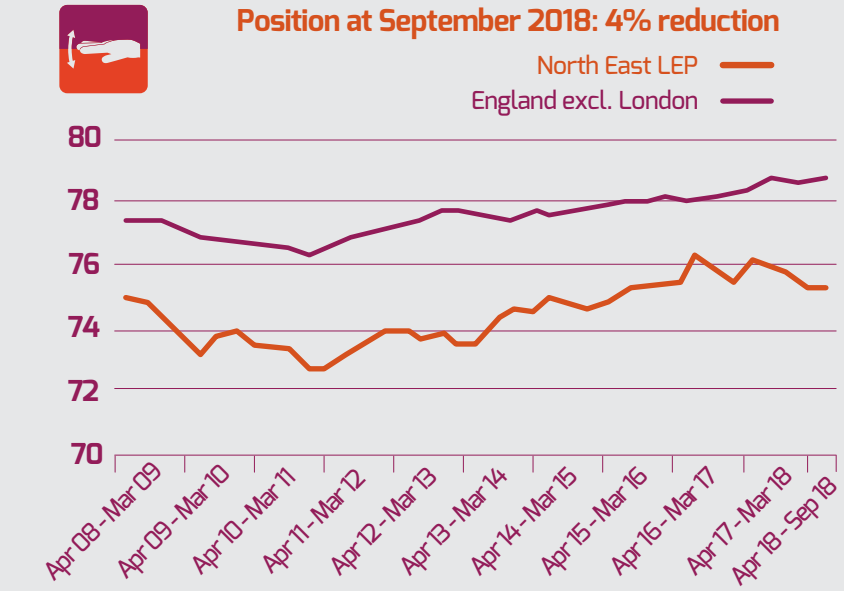
Our final target relates to reducing the gap in productivity by 50%. Productivity was defined in earlier versions of this document as GVA per full time equivalent job, but due to changes in the underlying datasets used to measure this, we have decided to amend the definition to GVA per hour worked. This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

There 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.

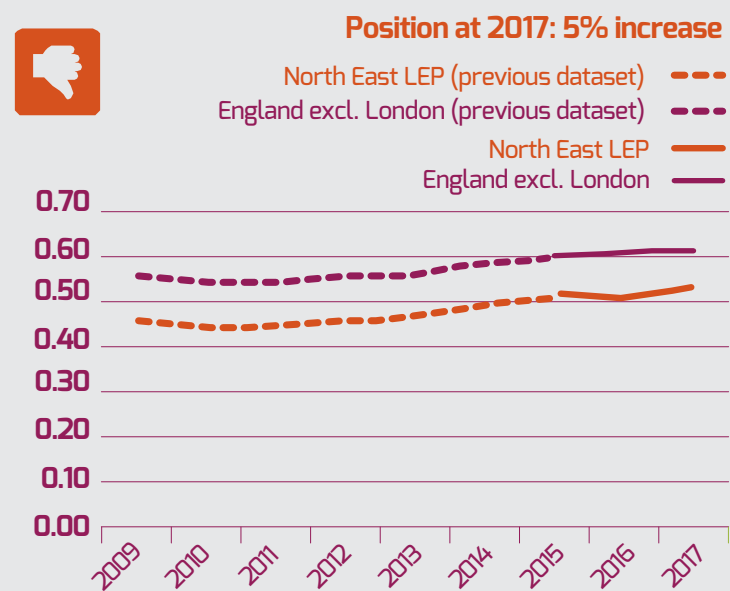
### Close the gap in the employment rate for people aged 16-64 Target 100% reduction in gap by 2024



### Reduce the gap in economic activity for people aged 16-64 Target 50% 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



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