

North East Local Enterprise Partnership Board



Thursday 3 December 2020

17.00 – 19.00

AGENDA

1. **Introductions and apologies** (5.00pm)
2. **Declarations of interest** (5.00pm)
3. **Minutes of the last Board meeting held on Thursday 1 October 2020** (5.05pm).
Board will be asked to agree the Minutes.
4. **Chair and Chief Executive update** (5.10pm)
Lucy Winskell and Helen Golightly to update the Board
5. **SEP update** - paper attached (5.20pm)
Helen Golightly to present to the Board.

Items 6 and 9 are confidential as they contain commercial information relating to the financial or business affairs of a particular person or organisation and are not for wider circulation.

6. **Investment** - confidential papers attached (5.30pm)
 - a) **Funding update**
 - b) **Commercial Property Investment Fund**Paul Woods to present to the Board.
7. **Spending Review** – paper attached (5.50pm)
Richard Baker to update the Board
8. **EU Transition** - paper attached (6.00pm)
Colin Bell and Richard Baker to present to the Board.
9. **Free Zone** – confidential paper attached (6.15pm)
Jo North to present to the Board.
10. **Health and Life Sciences Strategy** – paper attached (6.40pm)
Richard Baker to update the Board
11. **Any Other Business** (6.55pm)
12. **Date and time of next meeting – Thursday 28 January 2020 from 5 - 7pm**
13. **Additional paper for information -**
 - **Economic data update**

Thursday 3 December 2020

Item 4: Chair and Chief Executive Update

1.0 Background

1.1 The Chair and Chief Executive would like to update Board Members on some of the discussions they have been involved in since the last Board meeting, as well as suggest a new way of providing an update to Board members outside of the Board meeting.

2.0 Chair key meetings and discussions

2.1 The LEP Chair joined us on 1 September. Over the last 3 months she has been involved in a variety of meetings and discussions championing our work. Below gives a high-level overview and flavour within the LEP itself, and within the region, at the Northern Powerhouse level and nationally.

2.2 LEP level meetings have included;

- Briefings on fund management and finance;
- Briefings on the five SEP Programmes;
- Attendance at the Team Huddle – the weekly full team meeting;
- Chairing the public Annual General Meeting;
- Interviewing for the Chief Economist post;
- Attendance at the Business Growth Board; and
- Nine 1:1 meetings with LEP Board members.

2.3 At the regional level, meetings have included:

- Being a speaker at the CBI Conference, the North East England Chamber of Commerce member meeting and the CBI regional meeting;
- Attendance at the North East Combined Authority Leadership Boards and the North of Tyne Combined Authority Cabinet meetings;
- Meeting the Police and Crime Commissioner;
- Briefings from Northumberland County Council;
- A briefing on the International Advanced Manufacturing Park (IAMP);

2.4 At the Northern Powerhouse geography, meetings have included:

- Attending the NP11 meeting with the other ten Northern Powerhouse LEP Chairs and briefing from NP11 Chair;
- Attending the Transport for the North Board and the Northern Transport Accelerator Council; and
- Being invited as a guest to join three Northern Powerhouse Roundtables to input into discussions on sustainability and SMEs, with the Shadow Chancellor of the Exchequer and on skills.

2.5 Nationally, discussions have taken place with:

- Government including with Stephen Jones from the Cities and Local Growth Unit and BEIS officials; and
- Mark Bretton, Chair of the National LEP Network.

3.0 Chief Executives key meetings and discussions

3.1 Since the last Board meeting, outside of the internal business as usual meetings and the four LEP sub-boards' meetings, the Chief Executive has been involved in a number of meetings to move the regional economic growth agenda forward.

3.2 Within the region, these include dialogue and / or as a formal member representing the LEP and:

- Both combined authorities and local authorities on shared agendas, and through the regional Economic and Financial Directors' meetings;
- The Regional Coordination Group with executive leaders from the combined and local authorities, NHS Trusts, blue light services and business, working together on the response to the pandemic;
- Towns Deal Boards in Blyth and Bishop Auckland;
- The Transport Strategy Board which feeds into the Joint Transport Committee;
- Various investment and commercial discussions, and with the NTCA Investment Panel;
- Various discussions with business and cluster representative organisations; and
- The North East Fund Ltd Board.

3.3 Within the Northern Powerhouse, meeting with:

- The NP11 Board;
- The NP11 Chief Executives Group; and
- The Northern Powerhouse Investment Fund.

3.4 National conversations with Government departments on elements of the Response and Recovery Plan, with the Careers and Enterprise Company and the LEP Network.

4.0 Additional Board Member communication

- 4.1 Please also see attached as appendix one an example of the latest quarterly update we currently send to the CBI for their regional council meeting, which we are to roll out to the other business representative organisations. Views are sought from Board members to establish if a similar summary document would be useful.

4.0 Recommendation

- 4.1 The Board is recommended to:
- (i) Note the report;
 - (ii) Discuss whether the proposed communication would be helpful for Board members too.

North East Local Enterprise Partnership: Update for CBI Regional Council

For more information, please visit nelep.co.uk

September – November 2020

North East Growth Hub COVID-19 response

Proposed recovery and renewal deal for post-COVID North East published

The North East COVID-19 Economic Response Group has published its Recovery and Renewal Deal for the North East, which outlines how a thriving post-pandemic economy could potentially be created. Its proposal reflects on COVID-19 as a catalyst for change and details how the North East is ready and prepared to harness this catalyst to reinvigorate the North East economy. The document sets out how, with the necessary support from the government, the North East could maximise opportunities to reach a goal of rapidly creating 100,000 good quality and secure jobs. In the Recovery and Renewal Deal for the North East, the Group is asking the government for £2.8bn to directly unlock half of required 100,000 additional jobs quickly.

Strategic announcements and update

North East Local Enterprise Partnership 2020 AGM

Businesses will be given an update on plans to build a stronger North East post-pandemic economy at the North East LEP's 2020 Annual General Meeting. Taking place online on Tuesday 24 November, the event will include a welcome from the recently appointed Chair of the North East LEP, Lucy Winskell. The AGM will also include updates from the team.

Ellen Thinnesen appointed to lead Skills Advisory Panel

Ellen Thinnesen is the new Chair of the Skills Advisory Panel as it supports the drive to improve skills in the North East workforce. Ellen is CEO of Education Partnership North East (EPNE), a partnership between Sunderland College, Hartlepool Sixth Form and Northumberland College. Ellen first began her career as a qualified nurse and has previously held high-profile positions within the education sector in Manchester and the Yorkshire and Humber regions. In her previous role as Principal and Chief Executive of Sunderland College, her ambitious vision led the college through two highly successful mergers.

Business growth

New programme brings North East businesses together for economic recovery

Businesses in the North East are being invited to join a new business network programme which aims to help companies recover from the impact of COVID-19. The Peer Networks programme will bring small cohorts of businesses together to support each other, work through common issues, and benefit from one-to-one coaching on a range of topics. The programme is part of the government's national COVID-19 response and up to 34 sector-specific networks will be formed in the North East, catering for businesses in a range of areas, from leisure and hospitality to advanced manufacturing.

Working towards an ambitious North East trade and export strategy

The North East England Chamber of Commerce (Chamber) and North East LEP are at the forefront of developing a Trade and Export Strategy for the region. A funding boost from the Department for International Trade will enable us, and our partners, to ensure the voice of the North East is heard as the Government prepares its forthcoming Trade and Investment Strategy.

Skills, employment, inclusion and progression

Funding on offer for North East employers to help young people into work

New funding from government is on offer to help employers in the North East create job placements for young people who might otherwise be at risk of long-term unemployment. Applications are now open for the Kickstart Scheme, which offers employers of any size, and operating in any sector, funding to create new, six month job placements for young people who are currently receiving Universal Credit. For businesses that plan to create fewer than 30 placements, the North East LEP will apply on their behalf, grouping applications to create clusters of high quality placements across a range of sectors in the North East.

Innovative data-driven approach to shape careers guidance for young people in the North East

A ground-breaking pilot project is providing North East schools, employers, further education, higher education and training providers with live data on young people's career aspirations and understanding of the different options open to them when they leave school. In the first project of its kind, a new digital tool developed by the North East LEP allows educators to use current data from pupils at 16 pilot schools to tailor careers guidance and training opportunities for young people in the North East.

Ground-breaking careers pilot inspires primary pupils

An ambitious programme to establish and raise the standard of careers education in primary schools has made significant progress after just one year. The Career Benchmarks Primary Pilot is a ground-breaking new project, which will raise the aspirations and broaden the horizons of North East primary school pupils. An independent audit commissioned by the North East Local Enterprise Partnership (LEP) and the EY Foundation has found in its first year of activity, the pilot has achieved its aims of translating and embedding the career benchmarks within primary school settings.

Changing the narrative around prospects for young people

With the economic impact of COVID-19 hitting the headlines, a new project is underway to mitigate the effect on young people's career aspirations and mental health. Michelle Rainbow, Skills Director at the North East LEP, said: "As part of our region-wide response to the COVID-19 pandemic, we are beginning a new programme of work, looking at changing the narrative around the prospects for young people today. While we in no way want to ignore the challenges, we do want to make sure that no one's aspirations are lowered and that no one is discouraged from pursuing their dream job, apprenticeship, or college or university place. We want to make sure that young people in the North East hear about the support available, and to make sure that their questions, worries and opinions are being heard."

Innovation

World's first multi-site £9m Integrated Smart Energy Lab launched by North East Energy Catalyst

A unique multi-site £9m smart energy testbed, the Integrated Smart Energy Lab (ISE Lab), has been launched in the region by the North East Energy Catalyst partnership, uniting the region's smart energy capabilities to become the world's first multi-site energy laboratory. The ISE Lab is a combination of complementary research and testing capabilities in the North East – home to where the national grid was first pioneered. It will enable new smart energy research, demonstration and industry engagement, and includes digital and physical assets across multiple locations in the region, interconnected using high performance virtual platforms.

Open innovation programme launched to help tackle COVID-19 issues and fast track solutions

A new programme has been launched by the North East LEP that will seek to understand the common issues facing our region's businesses due to COVID-19 and help to provide solutions to minimise the ongoing disruption. Alan Welby, Innovation Director at the North East LEP, said: "Challenge North East is an open innovation programme to help solve some of our region's most pressing practical problems when faced with COVID-19. And that's what we're good at in this region – coming together to solve problems – to resolve our challenges – and make things happen. We want to identify areas of shared concern, to invite solutions from the region's innovators and then help fund the development of these problem-solving ideas."

Funding

North East LEP joins public in safeguarding 120 local businesses through Crowdfunder campaign

Members of the public, together with the North East LEP, have helped safeguard 120 businesses and protect over 350 jobs during the coronavirus pandemic. In May of this year, the North East LEP announced a partnership with Crowdfunder UK, which meant it would award up to £5,000 in match funding to crowdfund campaigns launched by small businesses in the North East LEP area. The fund was set up in partnership with Crowdfunder UK to provide additional support to businesses, charities, social enterprises and sole traders unable to access government funding, and those forced to close or struggling to trade because of lockdown restrictions. To date, the North East LEP has awarded £400,000 through the scheme, in addition to the £495,000 raised by almost 10,000 generous members of the public who have supported local businesses' appeals through the Crowdfund North East LEP campaign.

Funding available to support voluntary, community and social enterprise projects in the North East

A new fund was launched by the North East LEP to support voluntary, community and social enterprise (VCSE) projects in the wake of COVID-19. Applications have now been assessed and investments made. A report published in May this year by Voluntary Organisations' Network North East (VONNE) showed that the COVID-19 pandemic has had a devastating impact on the VCSE sector, with 13% of organisations surveyed at the time anticipating they might close. Across the 7,200 VCSE organisations in the North East, that could mean more than 900 closures.

3 December 2020

ITEM 5: SEP Programme Delivery Update

1.0 Purpose of Report

- 1.1 This report provides a summary of the details given in the SEP Programme Delivery report, which is attached as *Appendix 1*.

2.0 Highlights and points to note since the last meeting

Business Growth

- Kickstarting Tourism and Restart and Recovery Grants: The Expressions of Interest process has now closed with 653 submissions in process; 339 projects are now contracted, and the average grant value is £2.7k.
- North East Growth Hub: Performance to 31st October 2020; high intensity interventions delivered = 3525 (119% of target), medium intensity interventions delivered = 967 (91% of target), light touch interventions delivered = 27.7k (155% of target), customer satisfaction 98%

Innovation

- Digital Catapult and Innovation SuperNetwork to run the Covid-19 Challenge Programme. Two round table events have been held with regional partners to define and shape a programme of Covid challenges. The programme will be launched on 2nd December 2020 and the first two challenges will focus on the impact of Covid on delivery of home-based services and safe in-person events.
- Final report submitted for the Invite Project which has been signed off by the European Commission. The LEP hit all KPIs for the programme and delivered on budget. Development of lessons learned underway in relation to the delivery of the Covid-19 Challenge programme, in addition to a Blog overviewing the programme and highlighting some of the learning taken from the overall process.

Skills, employment, inclusion and progression

- Generation North East has adapted extremely well under Covid-19 restrictions by delivering digitally to young people. Currently they have on register 1,185 young people and have supported 414 into work since April 2020. The contract is now preparing to end in March 2021 and partners are reviewing the legacy and lessons learnt to inform any future funding opportunities or programmes.
- The last period has been challenging with our Enterprise Adviser Network with a number of EAs leaving the network due to the demands of the businesses they represent. However, we are still supporting new businesses to get involved in the network and more broader education engagement across the Skills Team. We are currently working with a pool of 138 Enterprise Advisers, 119 of which are matched with schools or colleges. Due to current restrictions within most of our schools and colleges, engagement is happening remotely, facilitated by the Enterprise Coordinator Team.

Transport

- Nexus continues to progress the mobilisation and design development phases with Stadler mainly by video conferencing in line with COVID 19 guidelines. The virtual reality public consultation in conjunction with Stadler and Newcastle University's Open Lab concluded successfully with over 23,000 hits on the web site. Positive feedback has been provided to date. Howdon satellite depot is now ready for use ahead of the November timetable introduction.
- The Go Ultra Low North East programme notably opened the first EV filling station in the UK. There has been some delay to the planned hubs due to COVID 19 therefore a project extension until January 2021 has been granted to enable the remaining hubs to be delivered.

Investment and Infrastructure

- Package of measures agreed at previous LEP Board for £5m of Covid-19 related support are progressing; Patent Protection Scheme has provided grants to 12 Health and Life Science focused businesses; Health and Life Science Development Fund has led to seven individual grant awards; Cluster Development Fund received 15 applications; VCS Capital Fund call received 30 applications, of which 14 have been progressed to funding award.
- £47m allocated to region through the Getting Building Fund (GBF) with programme of applications coming forward over the coming months to the LEP Investment Board. Eight projects with £19.7m of GBF grants already approved, and strategy has been considered by the North East LEP Investment Board to ensure spend target for 2020/21 (half of total allocation) is met.

Strategy and Policy

- Health and Life Science project pipeline is under review and an open call for projects was launched on 29 July to take up £300k fund approved at last Board. Applications closed on 28 August and seven project applications were submitted. The assessment panel approved 6 which are now subject to a full appraisal process.
- Monitoring activity on UKSPF continues. The Government's plans for regional consultation have been put on hold by Covid-19, but proposals were published in May 2020. The development of UKSPF is likely to be affected by future developments of devolution policy and the economic response to Covid-19

Communications

- There continues to be growth in the number of followers across LEP's social media (1.2% on Twitter and 4.2% on LinkedIn since March). The North East LEP remains the most followed LEP in the country on Twitter.
- The stories with the greatest interaction for the period were in relation to collaborations with Universities and Colleges on the Economic Recovery.

3.0 Recommendations

- 3.1 The Board is recommended to note the contents of the report and *Appendix 1*.

North East Strategic Economic Plan **Programme Delivery update**

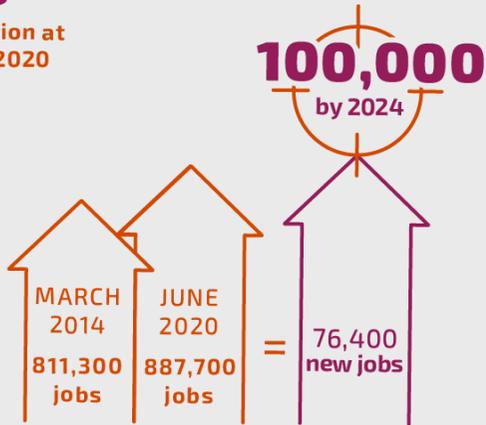
November 2020



Target Increase the number of jobs in the North East economy by 100,000 by 2024



Position at June 2020



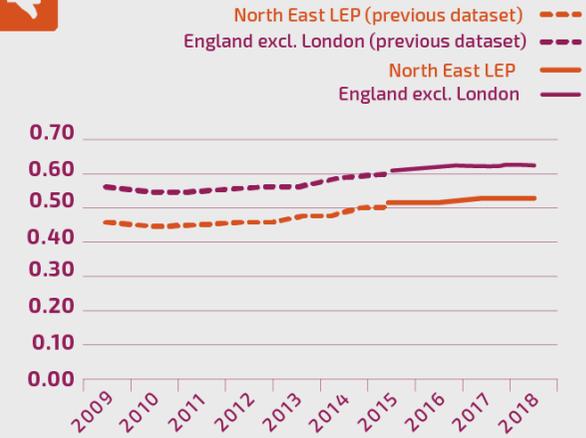
Target 70% of all jobs created from 2014 will be better jobs



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



Position at 2018: 17% increase (compared to 2015)



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



Position at June 2020: 20% reduction



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



Position at June 2020: 9% increase



Reduce the gap in GVA per hour worked
Target 50% reduction in gap by 2024



Position at 2018: 19% increase



Business Growth | Lead: Colin Bell

Ambition by 2024

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 job 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 we will deliver	Progress update and current position	Lead	Progress Status
Raise levels of business growth ambition			
<ul style="list-style-type: none"> · Research, develop and implement a strategy designed to increase businesses' ambition to start up, grow, scaleup and improve · Develop relationships with intermediaries to reach a larger proportion of the region's businesses, with a particular focus on improving awareness amongst under-represented groups, such as women, ethnic minorities, rural areas and social enterprises 	<ul style="list-style-type: none"> · Levelling up Business Start-up Rates: The North East team continues to engage in the MIT REAP programme. The project focus has narrowed to focus on attracting Graduates back to the North East to start a business. Covid19 Response Plan Growth Hub 2.0 proposition is prioritising increased start up support capacity as a priority. · Internationalisation Strategy: The DIT have made funding available to the North East LEP (via NECC) to fund a position and research project that will focus on the development of a North East Internationalisation Strategy – interviews took place 24th November. We are hopeful that the chosen candidate will be able to start December. 	Colin Bell	G
Increase demand for external business support and finance			
<ul style="list-style-type: none"> · Provide access to business start-up support, finance and information through the North East Growth Hub online portal and the national Business Support Helpline · Provide one-to-one impartial brokerage to established businesses and high potential start-ups through our Growth Hub Connectors · Provide intensive account management and managed brokerage to businesses that are scaling up or have the potential to do so · 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 	<ul style="list-style-type: none"> · North East Growth Hub: Performance to 31st October 2020; high intensity interventions delivered = 3525 (119% of target), medium intensity interventions delivered = 967 (91% of target), light touch interventions delivered = 27.7k (155% of target), customer satisfaction 98% · GVA per employee remains below target but has doubled since the September board report suggesting that the changes businesses have made to their business and operating models are taking effect. · We are particularly pleased that the strain on Growth Hub capacity has not affected customer satisfaction which remains high. This is a testament to the professionalism of the team and their customer focus. · We expect further funding from BEIS to increase Growth Hub capacity to support businesses through EU Transition – we are awaiting confirmation of funding. 	Colin Bell	G
Ensure the support of external business support and finance matches the needs of businesses and the economy			
<ul style="list-style-type: none"> · Review business support and finance provision to ensure that the region's ecosystem provides a ladder for business growth from start-up to scaleup and continuous improvement · Introduce a quality assurance system through the North East Growth Hub that assess the quality of support offered to businesses by external business support and finance providers · Work with private and public partners to design and develop a range of interventions to drive productivity improvement and the adoption of digital technology · Ensure peer mentoring and peer-to-peer leadership development is available to support businesses to scale and improve productivity · Work with partners to increase the density of high potential start-ups in the North East · Continue to develop the North East Growth Hub Business Support Provider Network to encourage collaboration and the sharing of good practice 	<ul style="list-style-type: none"> · Covid19 Restart Plan– Business Support : Logic chains are being developed for immediate and medium term propositions. The immediate Growth Hub 2.0 proposition has been to the Business Growth Board, Covid19 ERG and has been developed in partnership with the Business Support Network. · BEIS Business Support Reform: We continue to engage with BEIS on business support reform which will provide a framework for Government investment in business support. · Peer Networks: Although procurement has taken longer than expected, recruitment for Peer Networks is off to a good start with an immediate pipeline of 19 Peer Network Cohorts (of 34) the delivery timetable (to March 31st) does however remain tight. · Kickstarting Tourism and Restart and Recovery Grants: The EOI process has now closed. 653 EOIs are in process, 339 projects are now contracted, and the average grant value is £2.7k. · Scaleup North East: was recognised as a National Exemplar in the 2020 Scaleup Institute annual report and received a special mention during the launch event. The quality of the Scaleup Partners and their role as account managers was attributed to the programmes success. · High Potential Start-ups recruitment for Cohort 5 is now complete. The initial impact assessment is underway for Cohort 1 – results will hopefully be ready for the March board report. · Start-up support capacity: as previously mentioned start up support and the need for additional capacity is a key ask in the Covid19 Recovery plans Growth Hub 2.0 proposition. We anticipate that demand for Start-up Support will increase once the Job Retention Scheme is removed. · Access to finance task and finish group: Chaired by David Hicks, Partner, Deloitte, the Finance Task and Finish Group have presented to and endorsed by the Business Growth and Innovation Boards. Internal discussions have taken place on how best to move the recommendations forward. 	Colin Bell	G

What we will deliver	Progress update and current position	Lead	Progress Status
Improve the region's economic resilience			
<ul style="list-style-type: none"> Use the North East Growth Hub to distribute up-to-date information on business support and finance options available to support Brexit preparations Work with partners to develop programmes and solution designed to help businesses to diversify into new markets, supply chains and geographies, including through Supply Chain North East Work with partners to inform the business support and finance funding mechanisms that will replace the European Structural Investment Funds Work with partners to set up task forces, when appropriate, to prepare for, to mitigate the effects of and to deal with the fallout of economic shocks 	<ul style="list-style-type: none"> EU Exit Capacity: we are awaiting confirmation of funding from BEIS for additional Growth Hub Connector and Triage roles. Recruitment has commenced for 3x Connectors and 1x Triage role. We also expect to secure additional resource that would enable the procurement of specialist technical EU Exit support for businesses. Resilience in the Automotive Sector: Following a competitive procurement process the North East Automotive Alliance have been appointed to provide resilience health checks to businesses across the North East Automotive Supply Chain, the health checks will consider both Covid19 and EU Exit preparedness and provide intelligence to inform our forward approach. Covid19 Restart and Recovery plan: propositions are being developed in readiness for the Spending Review and subsequent delivery. Covid19 and EU Exit Intelligence Gathering: intelligence gathering tools such have been amended to identify the effects of local covid19 restrictions and EU Exit. Cluster Development Fund: the business growth team are managing the £238k Cluster Development Fund which is funding 15 projects designed to support cluster and sector-based organisations to develop and deliver Covid19 recovery plans. Many projects have commenced at their own risk whilst funding agreements are finalised. North East Growth Hub Cluster developments: In partnership with Tees Valley CA we have developed a Growth Hub cluster plan that will see the joint procurement and delivery of a Mental Health Support Line for business owners, call centre resource to provide additional capacity and outbound surveying and training for front line staff on how to deal with difficult and emotional engagements with business leaders. 	Colin Bell	G
Grow inward investment in the region			
<ul style="list-style-type: none"> Combined and local authorities, the LEP, the Department for International Trade and private sector will work together with a shared ambition of securing maximum inward investment into the North East Establish and follow a clear target driven, lead generation model that is focused on the SEPs areas of strategic importance and support service sectors Have a robust account management system, led by local authorities, to share knowledge and investment opportunities with key partners Develop and deliver an integrated marketing plan to raise the profile of the North East as a place to invest and locate 	<ul style="list-style-type: none"> To date in 2020/21, due to Covid-19, there has been a significant decrease in active inward investment project numbers and a very difficult environment in which to attract new investment. The Q1&2 success totals show that in the NE LEP area there have been 23 inward investment project successes resulting in 1,230 new jobs. The major success was the creation of 1,000 jobs at the new Amazon distribution hub in County Durham. At peak seasons the job numbers employed at the facility are likely to be in excess of 2,000. INEE continues to deliver the DIT Key Account Management Programme (KAM) in partnership with local authorities. The team has been working with DIT to agree an expanded three year programme, however this is likely to revert to an annual programme due to the government's decision to hold a one year CSR in 2020. Key information on the impact of COVID-19 on the KAM companies is being fed to DIT. After a period of pausing proactive lead generation, INEE resumed this activity in September. The team is focusing on a range of activities including: servicing existing clients on the INEE project pipeline (one very significant investment expected shortly); updating INEE data sources (Toolkits) on which it bases the development of bespoke company value propositions; reviewing and updating its marketing and communications strategy; developing its strategic approach to inward investment attraction in a post-COVID-19 world; developing with other NPH LEPs the Northern Powerhouse Trade and Investment Prospectus which aims to increase DIT funding into the NPH as well as reviewing ways of working with DIT; assisting in the regional COVID-19 Economic Recovery Plan activity. 	Guy Currey	A

Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Programmes do not match the needs of businesses	Lack of control over current funding landscape	M	H	MH	Liaison with BEIS, LEP taking a thought leadership role.
Future ecosystem deployment is delayed	SPF or EU funding successor is delayed	M	H	MH	Financial input/output model being tested and embedded within recovery planning
Business downturn and/or closure	Brexit process/outcome causes economic shock National resources are not secured or directed to deal with significant shocks Regional partners are uncoordinated and unable to draw down Government resources	M	H	MH	Engage with business and gather intelligence about business impacts of Brexit.
Covid-19 impacts coupled with EU Exit processes and timescales significantly impede ability to attract new FDI with resultant economic impacts to North East LEP area's economy.	Covid-19 and EU Exit processes and timescales cause uncertainty and deter or defer investment decisions.	H	H	HH	Continued liaison and dialogue with partners to develop contingency plans.

Innovation | Lead: Alan Welby

Ambition by 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 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.

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 we will deliver	Progress update and current position	Lead	Progress Status
Stimulate new business opportunities through the North East Open Innovation Challenge			
<ul style="list-style-type: none"> Support growing activity to foster open innovation between large corporates, public sector and innovation-led SMEs in the region Support the alignment and communication of open innovation and challenge events and programmes to create critical mass and deepen engagement with regional businesses in events Support best practice for open innovation events 	<ul style="list-style-type: none"> The development of a regional Covid-19 Innovation Challenge, now in delivery phase, provides the opportunity to test our approach to the rollout Open Innovation Challenge programme. The Covid 19 programme is testing approaches to delivery and being used as pilot to better understanding market failure The LEP have procured the Digital Catapult and Innovation SuperNetwork to run the programme. We have held two round table with regional partners to define and shape a programme of Covid challenges. The programme will be launched on 2nd December and the first two challenges will focus on the impact of Covid on delivery of home-based services and safe in-person events. Communications is being focussed on the roll out of Covid-19 Innovation Challenge. We have developed a interim website and we are in the process of scoping out a formal platform for the future challenge programme. this will include a OI. Final report submitted for the Invite Project which has been signed off by the European Commission. The LEP hit all KPIs for the programme and delivered on budget. Development of lessons learned underway in relation to the delivery of the Covid-19 Challenge programme, in addition to a Blog overviewing the programme and highlighting some of the learning taken from the overall process. 	Alan Welby	G
Prioritise a regional pipeline of projects to form a Strategic Investment Programme			
<ul style="list-style-type: none"> Develop a prioritised list of regional, large scale pipeline projects Align with activities undertaken by our Combined Authorities Focus on large-scale collaborative projects that have the capacity to have significant impact for the regional economy and create jobs The North East LEP's Innovation Board will play a challenge and support role, holding regional partners to account for progress in developing the evidence base and business plans, securing funding and delivering pipeline projects Develop a programme to address identified place-based gaps to supporting business growth Coordinate an approach to securing funds for pipeline projects, including from the National Productivity Investment Fund (NPIF) and Grand Challenges 	<ul style="list-style-type: none"> The open call is well established and will be detailed on forthcoming updated LEP website innovation pages with an improved expression of interest form. The Innovation Board provides endorsement for the pipeline, and has representatives from both the North East Combined Authority and North of Tyne Combined Authority. Representatives from both CAs have been invited to participate on the IDP evaluation panel. Alan Welby presented to the Local Authority Economic Directors meeting October Emerging projects continue to be evaluated based upon their potential economic impact. Alignment will be maintained with the broader LEP regional pipeline. Application of the economic input/output model under review. Processes for developing board reports have been reviewed and improved to ensure project knowledge is shared amongst LEP colleagues prior to updates and recommendations being prepared for board. All Projects were engaged by the Innovation Team prior to the November self-reporting round to ensure a rounded understanding of their needs and challenges faced. Review of this activity taking pace as part of review of all C-19 activity and emergence of the regional recovery plan. Discussions are ongoing with Durham University to take forward this piece of work The team has supported projects to access the Getting Building Fund and ensured that innovation features strongly in the North East regional response plan and recovery deal. We have also supported Northumbria University in final submission for the IC3 Strength in Places bid 	Alan Welby	G
Support our businesses to capitalise on local research and innovation capability			
<ul style="list-style-type: none"> Strengthen collaboration between businesses and innovation assets such as universities, catapults and national centres of excellence Enhance the co-ordination between businesses, sectors and innovation assets Support our innovation assets to successfully secure national funding to run regional programmes Work with service delivery partners such as the NHS and local authorities to take-up and roll-out new delivery approaches 	<ul style="list-style-type: none"> The Covid 19 Challenge programme is being launched in December. Intrapreneurship plan developed as part of High Potential Startups. Lifeboating proposal submitted to Government and we are monitoring for response. Continued collaboration with the Business Growth Programme and North East Growth Hub. The universities continue to feed into Covid-19 Regional Response Working Group. Innovation Delivery Partnerships, Cluster Development and Peer Networks activities are being brought together to align and unify businesses, sectors and assets. This integrates with the innovation project pipeline process. Coordination between sectors is taking place through the IDP process which is actively encouraging cross-sector collaboration in addition to alignment of Cluster Development Support and Peer Network activity. National Innovation Centre for Rural Enterprise coordination continues with the Rural Design Centre. The 12 projects supported through the Innovation Project Development Fund are progressing with business case development. IC3 (the International Centre for Connected Construction) is submitting a final round bid into Strength in Places Fund. The Covid 19 challenge programme will engage with service delivery partners to apply new models of collaboration to address issues thrown up by Covid 	Alan Welby	G

What we will deliver	Progress update and current position	Lead	Progress Status
Increase private sector investment into growing innovation businesses			
<ul style="list-style-type: none"> Support VentureFest and FinanceCamp Develop new approaches to lever private funding from outside the region Develop an open innovation challenge to drive increased collaborative investment Work with universities to continue to grow spin-out success, including through Northern Accelerator 	<ul style="list-style-type: none"> The Innovation team continues to work closely with the Innovation SuperNetwork which delivered an investment conference in September at which Ammar Mirza CBE gave a keynote speech. Covid-19 Open Innovation Challenge is underway, providing groundwork for the OI Challenge. New date agreed for VentureFest, 17 March 2021. Recommendations and roadmap considered and endorsed by at the joint advisory board, 23 October and work continues to build the action plan. Discussions on-going regarding successor to North East Fund and with Venture North, to be built in to the action plan which becomes a living corporate document. The development of the Open Innovation Challenge is underway as reported under Activity 1, using the Covid-19 Challenge approach as a test. The challenge approach is intended to support increased private sector investment. Alan Welby has been invited to join the Northern Accelerator Advisory Board to support the development of the project. Continuing to work with the universities to identify options to increase spin-out activity including through investment routes. University representation for Northern Accelerator is supporting the Finance Task & Finish Group. ERDF support for NA continues and details of a new venture fund are emerging. The MIT Regional Entrepreneurship Acceleration Programme is now focused on retaining and returning graduates, working across all four universities. Survey is out for consideration to provide further evidence to support the project. 	Alan Welby	G
Engage partners to identify and drive business growth through an Innovation Sectors and Competencies Programme			
<ul style="list-style-type: none"> Identify and prioritise regional innovation sectors and competencies, including assessing where these align with the Industrial Strategy and North East Local Industrial Strategy Put robust governance in place to identify priority areas Ensure buy-in and engagement with private sector Develop a portfolio of projects and programmes Identify leads and capacity to drive activity Improve alignment of innovation activities to skills and business growth programmes 	<ul style="list-style-type: none"> Procurement process undertaken but unable to appoint. Therefore designing an alternative plan to deliver pilot programme. Healthy interest in the IDP pilot programme from partners with Eol framework designed and implemented. Taking forward the priority pipeline, the 12 IDP Eols will be assessed by joint panel 2 Dec prior to seeking endorsement of Innovation Board on 8 December for endorsement. IDP expressions cover the following markets: aging, battery materials, cybersecurity, design, electric vehicles, fintech, immersive technologies, integrated construction, offshore robotics, surfaces and interfaces, space and water resource management from which pilot suite will be selected for development. Market testing took place on 5 October with strong engagement with consultancies. The ITQ was published on 20 November, closing date 5 January 2021. The project is steered by the LEP's SMT due to the strong interrelationships with other programmes of activity. The government's Open Innovation Team is providing expertise in critical friend and validation capacity to the project. Progress on the Priority Project Pipeline is reported under Activity 2. Work is ongoing with the LEP's sector leads to identify new projects. The innovation priority projects are being integrated within the wider Regional Priority Project Pipeline. Continued improvements made to how project performance is reported. Focus has shifted to the Regional Recovery Plan with submission due imminently to the Government in preparation for the CSR 2020. Innovation propositions form an integrated part of the five-point plan. Alan Welby is leading the corporate planning workstrand. Work is ongoing regarding the business growth and innovation ecosystem and innovation and business growth activities are aligning via MIT-REAP, IDPs, cluster development and peer networks. Alignment through governance continues, for example through the Finance Task and Finish Group. SMT is providing the steering group for the economic markets foresight analysis project which is integrating with the future skills work underway. Further engagement has taken place to finalise the economic input-output model reported under Activity 6. 	Alan Welby	G
Coordinate regional partners to provide enhanced innovation support activity			
<ul style="list-style-type: none"> Supporting the delivery of a programme of innovation support for regional businesses Ensure activity is aligned through successful partnership brokered by the Innovation SuperNetwork Support businesses to increase their investment in RDI Strengthen our links with national and international hubs and networks to generate commercial returns for local businesses 	<ul style="list-style-type: none"> Economic input-output model produced and now with the executive team for further development of the supporting data set. We continue to test the model which has been created to indicate the probable impact of investment in innovation activities to economic growth. A consortium to operationalise the programme will commence once the model has been adopted. LEP team continues to work closely with the SuperNetwork team including on the development of the Open Innovation Challenge. Waiting for the launch of the BEIS Place based strategy to provide context for our framework. This anticipated to be launched in the new year. Promotion of investment and benefits of R&D tax credits continues to be highlighted through the North East Growth Hub and has been considered by the Finance Task and Finish Group which reported to a joint meeting of Innovation and Business Growth Boards at the end of October. Next steps are to develop the action plan to take forward recommendations endorsed by the boards. Alan Welby is chairing the Northern Powerhouse innovation leads and is leading a review of activity. There is ongoing 	Alan Welby	G

Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Innovation budget insufficient to cover all activities - namely Places and Communities study	Broader budget pressures	H	M	HM	Investigating other approaches to delivery with reduced cost and reprofiling activity
Uncertainty over funding direction of key national competitions	Pre-budget period lack of clarity	M	H	MH	Keeping up to date with development and developing strong project irrespective of details of investment stream
Capacity to address key activities particularly IDP	Required resourcing for IDP development	H	M	HM	Considering options for additional focused resource to provide capacity

Skills, employment, inclusion and progression | Lead: Michelle Rainbow

Ambition by 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 delivery 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 patterns understand the importance of skills in improving productivity and living standards, with commitment to delivering good working environments for residents

This is an ambition 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 we will deliver	Progress update and current position	Lead	Progress Status
1. Deliver North East Ambition			
<ul style="list-style-type: none"> · Develop a primary school benchmark pilot that could influence the national careers strategy · Adoption of the Gatsby Good Careers Benchmarks by all secondary schools and colleges · 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 	<ul style="list-style-type: none"> · As part of the Skills Teams' response to covid-19, we are continuing to work on a number of projects, to support Careers Leaders. Firstly, we are commissioning an LMI resource for schools; we are further developing our work on transition pathways and we are creating a work experience framework to support employer engagement. Whilst all are being produced with the purpose to support schools and colleges in direct response to the pandemic we are being conscious to ensure all have longevity and sustainability built into them so that they can continue to support the schools and colleges into the future. · Our Hub Facilitators have been busy engaging with schools and colleges across our work in primary and secondary schools; SEND schools and the colleges. A significant proportion of the schools and colleges have had 1-1 meetings to discuss their current situation and plans for the next year. These have highlighted the huge challenges that they are faced with, as well as competing priorities. They have also highlighted the level of commitment and engagement to North East Ambition. · Primary Pilot, Wave 1 and Wave 2 School Hubs and College Hubs have all hosted virtual Hub meetings during the first term. The SEND Hub meeting is coming up soon. These have been positive meetings, which we have used to reflect on the successes of last year; the current challenges and how we can support the schools and colleges during this academic year. · We have also hosted our first Regional Careers Leader Network Meeting of the year. Based on feedback, this 'event' has been converted into a series of short, live events. The first of the series has been delivered; the next three will happen in consecutive weeks and will focus on LMI, Parental Engagement and our work in the Primary Pilot. · The College Hub has continued to work with a broader remit and the Hub Facilitator has led on some interesting projects connecting various colleagues with the colleges to employers/sectors to support their work. Examples include DWP & Creative and Cultural Sector. · The last period has been challenging with our Enterprise Adviser Network with a number of EAs leaving the network due to the demands of the businesses they represent. However, we are still supporting new businesses to get involved in the network and more broader education engagement across the Skills Team. We are currently working with a pool of 138 Enterprise Advisers, 119 of which are matched with schools or colleges. Due to current restrictions within most of our schools and colleges, engagement is happening remotely, facilitated by the Enterprise Coordinator Team. 	Michelle Rainbow	G
2. Deliver Education Challenge			
<ul style="list-style-type: none"> · 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 · 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 	<ul style="list-style-type: none"> · Opportunity North East is now into the first term of delivery phase. Despite the Covid-19 restrictions and challenges all 16 schools are engaged with over 90% student attendance to Cycle 1 interviews with L6+ careers advisers. The project delivery has been adapted to meet the specific circumstances faced by each school, the efforts from all stakeholders is reflected by the high attendance. Each school has received a data report pack and relevant data sets have been shared with a wide range of stakeholders leading to the identification and signposting of specific interventions and resources for students. The data has driven a number of focussed meetings with Enterprise Advisers matched with ONE Vision schools. · Phase 2 Ford Next Generation Learning is in delivery with two secondary schools and an FE college, Ford NGL have led the institutions through the planning phases of the transformation roadmap leading to particular focus areas of work in each institution. Planning is now moving to implementation and teaching and learning incorporating careers in the curriculum with industry collaboration is being delivered to young people. · We are currently planning a scale up of support to work with another FE college within the same college group. Phase 2 schools and college staff have accessed a range of CPD including; project based learning 2 day course delivered by the world leaders, Buck Institute of Education, study visits to other institutions, virtual CPD, teacher externships and industry tasters with further collaboration planned such as partnership with South Eastern Regional College, Ireland who have an innovative curriculum model. · Teachers across the North East continue to access teacher externship opportunities with a range of industry sectors. A second Extended Project Qualification pilot, in partnership with Newcastle University, has just commenced with a cohort of 30 students from a Phase 1 school, the aim is to test a scalable model within the University that can then be expanded and shared with other Higher Education institutions to become part of their school engagement offer. · As a School Governor Champion organisation we continue to work with Inspiring Governance to promote the benefits to individuals, schools, colleges and employers through supporting the volunteering opportunity including targeted information on the North East LEP Business Growth website. 	Michelle Rainbow	G

What we will deliver	Progress update and current position	Lead	Progress Status
3. Improve skills progression			
<ul style="list-style-type: none"> · Develop a list of the region's assets within FE, HE and other providers to inform future investment provision · Promote the North East as a potential location to pilot a system to help individuals recognise and record their transferable skills · 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 · Support partners to implement good quality T-levels and specialist technical education to widen choices for young people · Secure funding to deliver a university pilot project focussing on careers and opportunities 	<ul style="list-style-type: none"> · The survey is now complete. The Further Education sector, Independent Learning Providers and the four regional universities have all been consulted. The research framework has been adapted to take the impact of Covid-19 on the skills sector into account and the first part of the report is now available · The LEP and other partners are scoping the pilot programme for transferable or fusion skills. The pilot will be influenced by the findings in the Taylor Review. A proposition for a pilot was included in the draft local industrial strategy. · The Skills Advisory Panel has identified the impact on Covid-19 on apprenticeship delivery as a priority. This is now part of an overall ask around Jobs Recovery in the regional Economic Response to C-19 · A LEP proposal to hold a series of targeted events to promote T-levels placements was approved by ESFA, an a series of events is underway with employers and with educational organisations to promote 	Michelle Rainbow	G
4. Increase youth employment			
<ul style="list-style-type: none"> · Continue to deliver Generation North East and the model to prevent youth unemployment · Provide specialist intensive support for those most distant from the labour market because of disadvantage, poverty, poor physical and mental health · Grow the number of apprenticeships by developing access courses · Ensure young people are able to develop their digital skills. This required digital skills to be build 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 	<ul style="list-style-type: none"> · Generation North East has adapted extremely well under Covid-19 restrictions by delivering digitally to young people. Currently they have on register 1,185 young people and support 414 into work since April 2021. The contract is now preparing to end in March 2021 and partners are reviewing the legacy and lessons learnt to inform any future funding opportunities or programmes. · DurhamWorks has now supported 8,177 young people since its commencement in January 2016. 4,582 have completed the programme and of those 3,877 (85%) have progressed into employment, education or training or gained a qualification. DurhamWorks has been working closely with DWP to develop an online Intensive Support Programme delivered by Citizens Advice County Durham, one of DurhamWorks' Delivery Partners. The programme is for 16-24 year olds who have been unemployed for less than 13 weeks and supports them with application and interview skills. DurhamWorks has also become a Kickstart gateway organisation and has submitted its first Kickstart bid, working with 40 employers and generating over 100 job placements. · Further information on DurhamWorks can be accessed at: https://durhamworks.info/ · The National Careers Service (NCS) is currently being provided by telephone or other digital platforms which provides the customer still with a full Information, Advice and Guidance session; and demand is rapidly increasing - total customers seen in this period in the North East LEP area are 5,847 this equates to 974 customers per month; · Jobs & Learning Outcomes: although small numbers where employment has been secured the leading sector is Care/Social/Nursing etc., for learning outcomes the leading sector is Construction followed in second position by ICT; and we are seeing the ICT skills requests increasing across all Prime areas given the digital aspect to how we are all living, working and what the future might hold whilst in the grip of this C-19 pandemic and post. · Local Authority Provision: the majority of customers supported (and this will be through demand as opposed to resource) County Durham absolutely dominates the landscape with Sunderland and Newcastle in respective second and third positions. The Jobs Fuse project to provide direct support to Employers is strongly active in many local authority areas now which via NCS provides the triage service between multiple support agencies. 	Michelle Rainbow	G
5. Improve labour market activation			
<ul style="list-style-type: none"> · Continue to develop holistic package 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 · Ensure support is in place for those that have moved from unemployment or inactivity into work to help them progress and acquire further skills · Increase take up of Better Health at Work Awards and similar schemes to employers, to share employment and human resource best practice 	<ul style="list-style-type: none"> · The North East Mental Health Mental Trailblazer three year project closed at end of December 2019. The £2.2m project was funded from the CLG Transformation Challenge Award and European Social Fund. An evaluation report was presented to the February SAP board. The project demonstrated a high level of impact, this was reflected in its high referral rates compared to other projects, indicating a high level of demand. Additionally there was evidence of jobseekers accessing talking therapies who may not have otherwise · The National Careers Service has been working with local authorities to roll out the Jobs Fuse programme. This is a new programme that supports workers impacted by the Covid-19 crisis to return to work and help employers fill vacancies. The programme has been launched in Durham and South Tyneside (at the time of writing) and planning was underway in the rest of the North East LEP region. The programme is flexible and will be integrated into existing services where appropriate. The programme also provides direct support for furloughed workers, it also provides information and support to employers to plan for their furloughed employees. · The North East LEP is developing a partnership project with Durham University to develop a series of case studies looking at good work. The proposal has been approved for funding and first inception meeting are underway. 	Michelle Rainbow	G

What we will deliver	Progress update and current position	Lead	Progress Status
6. Ensure connected communities			
<ul style="list-style-type: none"> · Provide targeted support for communities and individuals, focusing on those with multiple barriers or protected characteristics, and ensure this is a strategic funding priority · Work to secure funding and other resources to ensure that all North East residents are able to develop their digital skills regardless of their age, location or economic status · Consideration of digital skills provision and local digital infrastructure must be prioritised 	<ul style="list-style-type: none"> · Over £70m of ESF projects are currently live, with 21 projects currently in the appraisal process. The ESF regional coordinator has collected information on the impact of covid-19 on delivery across the North East programming and is in touch with the managing authority to mitigate the impact. · Digital Skills is part of the overall ESIF strategy and will be a priority in the development of future provision. The SAP will provide the start of the detailed analysis of the requirement. · Digital meeting with representatives with Digital Workforce group took place last week with the next steps being to address those responsible for both the delivery of the tech specific qualifications and those for digitally upskilling the wider teaching workforce through an information session to these personnel. The aim of this session is to broker relationships between those supporting the demand led agenda and those delivering within the FE Sector supply side, particularly with the Institute of Technology. 	Michelle Rainbow	G
7. Help deliver Fuller Working Lives			
<ul style="list-style-type: none"> · 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 	<ul style="list-style-type: none"> · Work has commenced the development of a series of activities focussed on the 3 R, re-train, retrain and regain. Development of the FWL strategy is being developed as a key part of local industrial strategy. The LEP is working with regional universities to explore innovation in healthy aging, aligned with the Aging Society set out in industrial strategy. 	Michelle Rainbow	G

Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Fusion Skills Pilot: Lack of funding	No confirmed funding source for the employability framework	M	H	MH	Sources of funding is being sought
T Levels: Emerging government policy on T-Levels placements	Emerging government policy on T-Levels placements may result in reluctance from employers to provide apprenticeships.	M	H	MH	Regular communication with ESFA/partners to ensure clear messages to employers on reforms.
Youth Employment: Future funding	replace them have not yet been provided, however it is anticipated that the amount of future funding will be less.	M	M	MM	Advisory Panel in order to ensure future funding is effectively spent
Labour Market Activation: Future funding	Majority of programmes are funded through European Funds. Details of funds to replace them have not yet been provided.	M	M	MM	Building a strong evidence base in order to ensure future funding is effectively spent
North East Ambition: outputs fall due to Covid-19	North East Ambition ESF funded programme suffers fall in outputs due to Covid-19	M	M	MM	Delivery is continuing online and in contact with managing authority to update outputs profiles.
Apprenticeships: regional delivery impacted by covid-19	Early indications are that covid-19 is having a impact on apprenticeship delivery country-wide	M	H	MH	Working with regional partners to draw up an action plan to support delivery.
Youth Employment: programmes face uncertainty around delivery	The sector is reporting financial uncertainty with many grant funding streams uncertain and delivery halted.	H	H	HH	Working closely with partners to assess the impact of covid-19 on the sector and draw up a response.

Transport connectivity | Lead: Philip Meikle

Vision Statement

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

New mobility solutions will make travel simpler 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 we will deliver	Progress update and current position	Lead	Progress Status
Ongoing transport project delivery			
<ul style="list-style-type: none"> Continued infrastructure renewals on the Metro system to promote system reliability Further roll out of electric vehicle charging points through the Go Ultra Low North East programme to encourage the uptake of Ultra Low Emission Vehicles in the region Delivery of the Local Growth Fund transport programme and the Local Sustainable Transport Fund capital programme 	<ul style="list-style-type: none"> Project and Programme Management of circa 300 individual projects within the Metro Asset Renewal Programme. Funding of £350m confirmed with investment to date of £337m. 231 Projects completed and closed out, 58 live projects in at 20 November 2020. Programme delivery is continuing with some delays and disruption to site works and budget pressures resulting from Covid-19 working restrictions. The Nexus Learning Centre is now operational and critical track renewals are continuing with completion expected by end November 2020. The development of a further 60 'Essential Renewals' Projects is underway in readiness for delivery post April 2021 - subject to funding. Securing of Metro Infrastructure Funding beyond March 2021. Dialogue continuing with DfT. Confirmation of £20m funding for 2021/22 received on 23rd June. This will improve ability to schedule work efficiently and provide some continuity beyond March 2021 for the highest priority works such as overhead line equipment. This is understood to be an interim approval with further details to follow. Awaiting Government Spending announcement on 25th November. Transport North East Strategy Unit has procured Swarco UK Ltd. to progress the development of the EV chargers for the Taxi trade. Orders have been placed and the chargers are being installed with the intention of the chargers going live in December 2020. The Civil works to install the chargers have progressed well but there are some delays with the connection of the chargers due to a reliance on third parties involved in the 	Philip Meikle	A
Secure funding from Transforming Cities Bid and commence delivery			
<ul style="list-style-type: none"> A high-quality bid, that secures significant funding for the sustainable transport network Begin a programme of sustainable infrastructure interventions in public transport, walking and cycling Develop the foundations of an innovative new mobility ecosystem with digitally based ticketing 	<ul style="list-style-type: none"> An excellent funding settlement has been achieved, with both rail schemes funded and a £104m Devolved Pot established for local schemes. This programme will commence during 2020, subject to COVID19 restrictions. A programme delivery team structure for the TNESU will be recruited. A plan for new mobility has been prepared (this formed the basis of our FMZ bid). Exploration continues to find potential sources of funding for new mobility interventions. 	Philip Meikle	G
Deliver better connectivity through improved infrastructure			
<ul style="list-style-type: none"> Interventions on the local Strategic Highways Network, including major junction projects and commencement of A1 improvements Roll out of the first trains in the Metro fleet replacement programmes Commissioning of electric vehicle filling stations and charging clusters 	<ul style="list-style-type: none"> Highways England (HE) current work programmes for strategic highways improvements is on schedule: A19: Construction on Testos/ Downhill Lane continues through the period, which will create a free flowing A19 between North Yorkshire and Northumberland. A69: Work has continued on the two junction schemes in the Hexham area to improve flow - Due for completion in March 2021. A66: Planning for the dualling scheme is progressing and HE with the commitment in the Spring Budget that the scheme will commence within the RIS2 period (2020-2025). An exercise is currently live showing the latest designs, before a formal engagement exercise next year. A1: Western Bypass improvements at Scotswood-North Brunton commenced in March 2020, Birtley to Coalhouse: due to start in 2020-2021. A1 in Northumberland, schemes at Morpeth to Felton and Alnwick to Ellingham merged to now be called Morpeth to Ellingham. DCO consultation has closed and the application is being considered by the Planning Inspectorate with a decision expected in July 2021. Nexus continues to progress the mobilisation and design development phases with Stadler mainly by video conferencing in line with COVID 19 guidelines. There have been three face to face contract technical and safety workshops undertaken with Stadler within UK Government distancing guidelines. There was a successful transfer of the Gosforth depot and associated fleet maintenance activities to Stadler on 4th October 2020. The adverse impact of COVID 19 on the programme continues to be minimised and site work at the depot are progressing via the sub contractor Volker Fitzpatrick (again within UK Government distancing guidelines). It remains unclear as to the impact COVID 19 will have on the Fleet Replacement Programme but as yet it has not impacted on the new trains entering service in 2023. The virtual reality public consultation in conjunction with Stadler and Newcastle University's Open Lab concluded successfully with over 23,000 hits on the web site. The specialist users consultation on the partial saloon mock up is underway at the Newcastle College Rail Academy. Positive feedback has been provided to date from hearing and visually impaired Metro customers, wheelchair users and students with various learning difficulties. Howdon satellite depot is now ready for use ahead of the November timetable introduction. The Go Ultra Low North East programme has made significant progress during the project period, notably the opening of the UK's first EV filling station. There has been some delay to the hubs due to COVID 19 therefore a project extension until January 2021 has been granted to enable the remaining hubs to be delivered. 	Philip Meikle	G

What we will deliver	Progress update and current position	Lead	Progress Status
Develop a future transport investment pipeline			
<ul style="list-style-type: none"> Development of the North East Transport Plan including supplementary thematic strategies designed to support our economy Continued participation in Transport for the North and Rail North to identify pan-Northern connectivity priorities A pipeline of schemes matched to targeted funding solutions 	<ul style="list-style-type: none"> The development of the North East Transport Plan continues; the Plan's Vision: Moving to a green, healthy, dynamic and thriving North East. The mission flowcharts include a baseline position and set out a strategic direction of where we want the region to be, together with key recommendations. The information in the mission flowcharts will form the core content of the Transport Plan technical document. Unlike previous transport plans, we will digitalise the Plan to ensure it is more public facing and it will be a 'live' document so that the data and interventions can be updated. The technical document will sit behind the web based, public facing Transport Plan. It is anticipated that the consultation draft of the Plan will be endorsed by JCT summer 2020. The Transport North East Strategy Unit and Nexus are engaged with TfN on current projects covering the Major Roads Network, Strategic Development Corridors (road and rail) and the Long Term Rail Strategy line of route audits. TfN are engaging with DfT over the review of HS2/NPR to develop an Integrated Rail Plan by the end of 2020. TNE/Nexus are inputting the NE asks into the process. NPR Strategic Outline case is also progressing with a view to submission by early 2021. TfN preparing a Covid response plan (TfN Economic Recovery Plan) and preparing for a potential stimulus budget. Project pipeline for inclusion in the Transport Plan is being developed, these will be projects which are regional priorities and meet the objectives and targets within the Transport Plan. The pipeline will be run as a live programme. The initial draft project pipeline is included in the consultation draft of the North East Transport Plan. Funding solutions have not been identified for most schemes in the pipeline. 	Philip Meikle	A
Improve national and international connectivity			
<ul style="list-style-type: none"> Delivery of the programme of interventions outlined in the Newcastle Airport Masterplan to grow routes and foster wider business growth in associated sectors Agreement with Northern Powerhouse Rail and others on approach to East Coast Mainline improvements Ongoing augmentation or port capability to support trade and investment and to foster growth in key regional areas of opportunity including energy and advanced manufacturing 	<ul style="list-style-type: none"> Aviation has been severely impacted by the Covid-19 and associated restrictions on travel. NIAL management have been focussed on ensuring the business navigates through the crisis. Most airlines have returned to operations but at a much reduced frequency but unfortunately easyJet has closed its Newcastle base. Aviation development objectives have therefore switched to recovering lost traffic with existing airlines, together with securing replacement airlines and routes. More positively, Loganair has been increasing domestic capacity and has taken on the Southampton and Exeter routes, in addition to Aberdeen. Nexus are currently engaged in development work with Network Rail and TfN in projects including Northern Powerhouse Rail (1st Strategic Outline Business Case (SOBC) completed, refreshed SOC under development,) making the ECML HS2 and NPR ready (Initial future capacity analysis complete by Network Rail). Network Rail have produced the outputs from a study of the future needs of the ECML between Northallerton and Newcastle, findings show the need for 9 trains per hour (tph) (an uplift from the 6tph a day currently) to include both HS2 and NPR services. TfN Board approved on 18th November the initial preferred network and phasing strategy following the intermediate sifting of options. For Leeds to Newcastle corridor the preferred option includes Full reopening of the Leamside Line for Freight traffic, enabling an uplift of passenger services on 	Philip Meikle	A
Use transport to drive innovation and business growth			
<ul style="list-style-type: none"> Joint work across all transport modes to identify opportunities for innovation areas including energy, fuels, digital mobility and the development of the Centre for Connected Autonomous Vehicles Collaborative work with tourism agencies to strengthen the offer for business and visitor tourism Collaborative work to develop supply chain and skills development programmes linked to transport and logistics 	<ul style="list-style-type: none"> Future Mobility Zone Project closed - DfT did not shortlist the North East FMZ proposition. The Airport is working with other members of the Northern Tourism Alliance, including DMO's and LA's on the Visit North East England project. NTA members are providing content for the new website and the Airport is driving traffic to the site via overseas digital campaigns The North East Freight Partnership's Skills Working Group engages with the logistics sector, training providers and other agencies to examine ways of addressing skills and labour shortages. The next meeting was to have been held in mid-2020, however meetings have been on hold due to COVID-19. An online NEFP meeting is planned for 8th December, in which skills can be discussed and we will look to hold an online Skills Group meeting in the early months of 2021. 	Philip Meikle	G

Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Affordability of Metro Asset Renewal Programme - Delivery of required outcomes within the £352m available funding.	Multiple project risks, contractor risk pricing and inflationary pressures. Covid-19 impact on working arrangements and supply chains. EU supply chain risks (inc' Brexit related).	H	M	HM	Re-prioritisation and allocation of risk contingency. Periodic (4weekly) programme reviews and quarterly 'affordability' reporting.
Beyond 2020/21, funding for Metro Infrastructure renewals remains unconfirmed. Metro Infrastructure investment unfunded beyond 31 March 2021	Business Case submitted - still awaiting DfT / Treasury approval	M	H	MH	Continue to engage with DfT / Treasury. DfT Nexus Programme Board and direct communications.
Funding not available for new mobility interventions	No funding can be identified from internal or external sources to develop new mobility trials	H	M	HM	Continue to explore funding opportunities.
Pipeline of schemes for Transport Plan is not agreed and funding is not secured	Unable to reach consensus on which schemes are included in the pipeline and Funding is not available	M	H	MH	The interventions will be as a result of working in partnership with each local authority.

Investment and infrastructure | Lead: Helen Golightly

Ambition by 2024

Through focussed and coordinated investments 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 we will deliver	Progress update and current position	Lead	Progress Status
Manage the already secured North East LEP funding effectively			
<ul style="list-style-type: none"> Invest the £270m of Local Growth Fund (LGF) grant into transport, infrastructure for strategic science parks and employment sites, plus skills and business growth activities Maximise the loan investment opportunity for the £55m North East Investment Fund (NEIF) Progress delivery of the 21 Enterprise Zone sites' infrastructure programme 	<ul style="list-style-type: none"> Package of measures agreed at previous LEP Board for £5m of Covid-19 related support are progressing; Patent Protection Scheme has provided grants to 12 Health and Life Science focused businesses; Health and Life Science Development Fund has led to seven individual grant awards; Cluster Development Fund received 15 applications; VCS Capital Fund call received 30 applications, of which 14 have been progressed to funding award. One further LGF programme project business case was determined at Investment Board during November. 31 projects have now received NEIF awards, including one award made in November. Additional infrastructure required at the Holborn 2 site (following the announcement from SSE/Equinor) has led to an additional application for EZ funding which has approved by LEP Investment Board in November 2020, which will include an allocation for the site from Getting Building Fund. There were 149 jobs created reported on EZ sites during Q2 2020/21 as a result of businesses taking occupation a Jade Business Park and Newcastle International Airport EZ sites 	Helen Golightly	G
Coordinate partners to develop a regional project pipeline based on spatial economic priorities			
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Work continues with Local Authorities to pull together a comprehensive pipeline list, including those forming part of the Covid-19 recovery plan. Expected that draft pipeline will be presented to Investment Board meeting in coming months. Further options around providing development/feasibility funding for pipeline projects being developed in order to ensure the region is in the best position for any funding opportunities. Spatial narrative to be informed by the LIS propositions and project pipelining work. 	Helen Golightly	A
Secure additional investment into the North East			
<ul style="list-style-type: none"> Secure UK government funding linked to delivering the Industrial Strategy into the region Secure the notional allocation of European Structural Investment Funds into the region with partners Work with public and private sector partners to develop and secure funding for strategic projects 	<ul style="list-style-type: none"> £47m allocated to region through the Getting Building Fund (GBF) with programme of applications coming forward over the coming months to the LEP Investment Board. Nine projects with £19.7m of GBF grants already approved, and strategy has been considered by the North East LEP Investment Board to ensure spend target for 2020/21 (half of total allocation) is met. Bishop Auckland and Blyth award capacity funding to support the development of Town Deals. LEP expected to be part of each Town Deal Board which are to convene early in 2020 and produce Investment Plan by the summer. Details awaited from Government on the UK Shared Prosperity Fund (UKSPF) 	Helen Golightly	G
Increase access to finance for business to invest			
<ul style="list-style-type: none"> Effectively deliver the North East Fund Identify gaps and market demand for new business finance models Develop business finance mechanisms to meet the need of North East businesses 	<ul style="list-style-type: none"> North East Fund: while demand for investment over the six months to September was negatively impacted by COVID-19, October has seen a significant upturn in activity, and the pipeline appears healthy. To date the fund has invested over £46m into 266 different companies, although this is somewhat behind the budget set pre-pandemic. Demand for funding continues to be affected by the availability of the government support schemes, which have now been extended into 2021. The availability of Bounce Back Loans has greatly impacted demand for funds at the lower end of the deal sizes, particularly within the Small Loans Fund, and hence we are concentrating on providing loans in the £50k-£100k bracket from this fund. On a more positive note, the availability of the Future Fund has allowed us to benefit from a number of co-investment opportunities, with nine deals completed with FF to date. The equity funds, the Innovation and Venture Funds, have both completed applications to the Future Fund, which has enabled a number of completions to proceed with leverage. Review of the NEIF has resulted in development of Commercial Property Investment Fund, with market engagement activities having been completed with potential fund managers to refine the investment strategy. 	Helen Golightly	G

Programme Risks

Risk Description	Cause description	Likelihood	Impact	Overall	Actions to avoid/reduce impact
Delays to project completions and KPI achievement	Covid-19 related restrictions reduce ability of funded projects to complete in good time and delay achievement of KPIs	H	M	HM	Ongoing dialogue with project sponsors to understand impact
Unable to meet spend targets for GBF programme during 2020/21 financial year	With half of the £47m allocation being provided in the current financial year, impact of due process in approving grants means that there will be limited capital works undertaken in the eight months of the financial year between award and year end.	M	M	MM	Strategy developed and considered by Investment Board in November
Non compliance with National Assurance Framework	Failure to adapt to LEP review requirements especially on governance matters	L	H	LH	Necessary actions reported to Board and planned to be delivered by 31/3/20
EZ Business Rate Income is not sufficient to meet the capital financing costs for infrastructure works	Slow site development and/or lack of end user interest leads across all EZ sites leads to significant drop in Business Rate Income	L	H	LH	Ongoing dialogue with EZ site owners and increased scrutiny via Investment Board

Strategy, Policy and Analysis | Lead: Richard Baker

Vision Statement

The North East LEP will be recognised locally and nationally as an exemplar for driving evidence based economic strategy, public policy and programme delivery.

What we will deliver	Progress update and current position	Lead	Progress Status
Strategic Economic Plan (SEP) development and delivery			
<ul style="list-style-type: none"> Delivery of external interim evaluation over period 2018-2021 Establish processes for embedding lessons from monitoring and evaluation into LEP decision making Development and delivery of comprehensive SEP communications plan Prepare for next scheduled review in 2021 Secure alignment with other regional plans 	<ul style="list-style-type: none"> The evaluation and monitoring arrangements are in place and active with a full interim evaluation report due in 2021. The Board will discuss 2019-2020 report at a forthcoming Board meeting. The final report content of 2019-20 review period is completed and ready for communication. A forward plan for 2020-21 is in place and will include LGF content aligned with requirements of Investment Team. A NE Ambition evaluation was recently commissioned to align with the SEP evaluation. The 2019-2020 report Executive summary and case studies to be published on the NE Data Hub Research and Evidence Page. Promotion of best practice is ongoing, with the LGF being the latest example of evaluation practice being integrated into the final evaluation. Logic models have been approved to be created for all actions in the Recovery Plan. Discussion has begun about the forward progress for the SEP update, planned for 2021 informed by the evaluation and taking into account wider policy changes such as the Local Industrial Strategy and Transport Plan. The Board has agreed a Recovery Plan in response to the impact of Covid 19 at the Board meeting in May and as part of this it has been agreed that the next update of the SEP will be undertaken at a point when a post Covid 'new normal' is achieved. Initial work to frame the post Covid evidence base has been begun by the Research and Analysis team. 	Richard Baker	G
Local Industrial Strategy (LIS) development			
<ul style="list-style-type: none"> Agree and develop a vision and objectives for LIS Develop a robust and open evidence base Identify and develop core propositions Pursue dialogue with Government regarding the LIS propositions Delivery of the engagement plan. Ensuring that it is co-produced with government and partners, and according to the government time table Approval of the LIS, taking through the required governance mechanisms Manage the various governance mechanisms including LIS Steering Group, Working Group and papers that are required 	<ul style="list-style-type: none"> A draft vision has been developed and included in the May 2019 Board report. This will be confirmed as part of completion of the LIS. The LIS process is currently suspended given the impact of Covid 19, although significant content is being included in the Covid 19 Recovery Plan. Outline KPI's have been produced, but will be confirmed as part of the completion of the LIS. A factor to consider is the framework developed by the Industrial Strategy Council. Draft propositions have been developed and active engagement was undertaken with partners and local authorities. Many of the proposals developed for the LIS feature in the Covid 19 Recovery Plan and continue to be developed. Process of accountability has been agreed, managed by the Working Group and Steering Group involving LA7 structures and finalisation at the LEP Board. There is an active process of engagement with Government which is facilitating co-creation, and has enabled confirmation of the evidence base. 	Richard Baker	A
Economic analysis and commentary			
<ul style="list-style-type: none"> Provide timely, accurate and appropriate analysis of data Effectively communicate key messages from data using the most suitable mode of dissemination Develop new methods of accessing, collating, analysing and presenting data Identify opportunities to work with or provide guidance and training of other people 	<ul style="list-style-type: none"> The SPA team has produced a comprehensive summary of economic and labour market datasets relating to the impact of COVID-19 and has provided analysis to help inform the development of North East COVID-19 Economic Response Group plans, including updating baseline indicators and identifying novel data sources. Currently working with consultants on ways to identify new methods for understanding future employment and skills needs for specific sectors, including a survey comparing pre and post lockdown needs. Initial discussions about how Our Economy 2021 will differ to reflect what has happened in 2020 are underway. COVID-19 indicators are being added to the Data Hub, starting with furlough data. These have different timescales to other hub content. The automated download of data is now ready for the next release of detailed labour market data in October. The team has worked with the innovation team towards development of revised KPIs. Provided analysis of unpublished small business survey for the Business Growth Board. 	Richard Baker	G
Delivery of research and evidence programme			
<ul style="list-style-type: none"> Develop a centrally co-ordinated research programme Establish a collaborative research programme with NE universities Maintain the North East Economic Evidence Forum and continue to strengthen its role and remit Increase visibility of our analysis, research, and evaluation activities 	<ul style="list-style-type: none"> The team continue to support programmes with research activities including stakeholder surveys, consultation activities, reviewing tender specifications, etc. Initial conversations with programmes about future programme priorities have taken place. However, this is yet to be formalised into a process. The team is working across all delivery teams in developing a number of research projects including: emerging global market opportunities with Innovation; LMI project for Skills and piloting exercise to determine future skills needs with specific North East sectors. We have also successfully commissioned a data and research project to support on our COVID intelligence work. The Good Work project and one looking at spatial trade and investment have both started in conjunction with Durham University. The Scale Up project is now complete. The team continue to engage with Newcastle University regarding the development of a regional Policy and Evidence Hub and Knowledge Exchange Seminar Programme. An Economic Evidence Forum meeting took place in September 2020, where the group updated and discussed their COVID-19 research and data activities. The forum are engaged regularly regarding research and opportunities for collaboration. This will be built upon in the coming year. We are working on a forward plan for future research to be shared on the North East Data Hub research and insights pages. The team has developed a format in which to publish research, including use of infographics and summary reports consistent with the datahub branding. 	Emma Ward	G
Informing and influencing public policy in priority areas			

Strategy, Policy and Analysis | Lead: Richard Baker

Vision Statement

The North East LEP will be recognised locally and nationally as an exemplar for driving evidence based economic strategy, public policy and programme delivery.

What we will deliver	Progress update and current position	Lead	Progress Status
<ul style="list-style-type: none"> Confirmation of scope and activity of LEP public policy action Implementation of EU Exit work programme Strengthen and co-ordinate engagement with the northern powerhouse and its constituent activities Support and promote approaches which can deliver enhanced devolution to the region to support the economy Move forward a co-ordinated approach to public policy development related to infrastructure Develop and deliver a public affairs strategy focus on parliament and the senior civil service Co-ordinate and support the public policy response to Covid-19 through LEP teams and the Economic Response Group 	<ul style="list-style-type: none"> The EU Exit Implementation Group continues to meet monthly. The Infrastructure Subgroup meets on an ad hoc basis to advise on the development of the Free Trade Zone proposal. Business intelligence is received through the EU Exit Implementation Group, the Infrastructure Subgroup, the Growth Hub Connectors, and LA economic leads. Specific business intelligence on the impact of Covid-19 is being collated by the LEP programme leads, Invest NE England, the Business Growth Board, and Local Authorities A response to the Freeport consultation was submitted in July, following discussions with the Implementation Group, Infrastructure Subgroup, and LA Economic Directors. A Steering Group has been established to prepare for the bid and key partners have met several times in October and November to discuss the next steps. Local Authority Economic Directors have been kept up to date with progress. Monitoring activity continues on immigration policy. The Government's plans for regional consultation have been put on hold by Covid-19, but proposals were published in May 2020. A response to a call for evidence on the Shortage Occupation List was submitted in June following discussion with the Implementation Group. Continuing to monitor policy developments on UKSPF which is likely to be affected by future developments of devolution policy and the economic response to Covid-19. The Northern Powerhouse Co-ordination Group meeting cycle has been established and active monitoring and engagement is taking place. The LEP needs to continue to build visibility of and engagement with key Government processes and other Northern structures including NP11 and Convention of the North. The North East LEP is represented on the NP11 Board and is supporting work on energy. It is leading work on Innovation at Officer level and has inputted into Convention of the North work on skills. INEE is active in work on trade and investment. The regional transport team is active in the work of Transport for the north. Initial work has been done to examine devolution development in other areas. Further work is required with partners to confirm priorities following an initial discussion by SMT. Awaiting publication of the Devolution and Local Recovery White Paper, which has been delayed until 2021. Work on regional funding is aligned with Recovery Planning processes and the Covid 19 Economic Response Group. A formal position with respect of UKSPF will be developed once policy is clear. Ongoing monitoring of policy developments is happening on the Planning White Paper. Arranging further discussions with a view to co-ordinating a regional response to the proposals. The Covid-19 Economic Response Group has been established, with representation from the LEP, Combined Authorities, and business groups. A work programme has been agreed with five workstreams to support business activity and plan for the recovery. 	Richard Baker	G
<h3>Energy for growth programme</h3> <ul style="list-style-type: none"> Maintain active regional governance and profile for energy Support the growth of an active Offshore Energy Cluster to promote growth working with TVCA & other partners Develop the NE Energy Catalyst partnership and its programme of work Accelerate delivery of regional energy initiatives, linked to the BEIS Local Energy programme Engage actively with wider governance and political structures to embed Energy for Growth strategy Integrate Energy for Growth and its priorities with wider LEP strategies and delivery programmes 	<ul style="list-style-type: none"> Offshore and subsea technology working group actively contributing to regional intelligence to support Covid recovery. Providing guidance on regional positioning in Subsea UK Global Underwater Hub proposition and wider sectoral opportunities. NEYH Hub board has signed off on supporting development of an NE-led energy skills academy with £50k funding. North East lead of mine energy white paper project ongoing. Strong representation of North East projects in the NEYH hub project pipeline. LEP inputting into sourcing strategy for phase two of the £40-50m Green Home Grant. LEP facilitated a regionally coordinated submission to a Government request for information for investment in portside hubs for offshore wind manufacturing. Six bids from the North East were submitted as part of a regional package. Discussions ongoing with Government and Subsea UK, on positioning the North East within a UK 'Global Underwater Hub' proposition. Continuing dialogue with key Offshore Wind stakeholders e.g. developers and sector deal leads. Skills development action plan being developed between the LEP and RWE. Energy Catalyst board meetings very well attended even via webinar format. Following the latest meeting a Hydrogen Sub-Group is being formed to strengthen collaboration. Partners recently taken part in 1:1 consultations on a prospectus document for our North East energy offer. Feedback collated was very positive about the partnership and progress made to date. Energy Innovation Challenge Programme round 1 engaged with 14 regional SMEs, five of which have been successful in their application for £20,000 funding. Catalyst partners consulted to help shape themes and narrative for round 2 (Digital and Data solutions for energy) 10 applications received. Round 3 focussed on 'materials' is in development. Energy Innovation Challenge Programme is driving engagement with SMEs. SMEs making contact directly with North East Energy Catalyst illustrates this engagement is working. An asset map showcasing innovation and demonstration assets has been created and will be digitalised shortly. Energy Catalyst collaborated with Port of Tyne to disseminate Energy Innovation Challenge Programme. Regular content added to twitter and LinkedIn to highlight the work of the Catalyst and partners. Two videos showcasing outcomes of the Energy Challenge Programme produced together with two written case studies. Script for another video focussing on wider North East Energy Sector is approved. Continued engagement with Innovation SuperNetwork (ISN) as part of a cross-sector innovation focussed network. Structure for individual IDPs now forming under the headline Catalyst MOU e.g. an integrated smart energy lab project with a specific MOU. Subgroups also forming e.g. Hydrogen Subgroup under the Catalyst. Mine energy white paper commission now underway, evidence report produced based on stakeholder engagement and literature review. Draft white paper due by end November. The latest RCEF funding round closed to applicants on 1st November. Four applications from applicants in the North East were received. Three of the applications are for stage 1 funding with the remaining application for stage 2 funding. Energy Lead and Rural Energy Officer part of the Boarderands Energy Masterplan project board. Engagement also ongoing around local energy planning at NP11 level, and with utilities at NEYH level. The accelerator business case has been jointly developed with NoTCA & NECA for consideration and potential investment. LEP exploring the opportunity to also part fund the initiative. Eight organisations submitted responses to the community energy research tender. After a competitive tendering process a consultant has now been appointed to lead on the delivery of the community energy research study and an initial kick-off meeting held. Getting Building Fund allocated funding for two Energy for Growth pipeline projects. Ongoing utilisation of LGF and alignment to Energy for Growth strategy. 	Andrew Clark	G
<h3>Digital programme</h3>			

Strategy, Policy and Analysis | Lead: Richard Baker

Vision Statement

The North East LEP will be recognised locally and nationally as an exemplar for driving evidence based economic strategy, public policy and programme delivery.

What we will deliver	Progress update and current position	Lead	Progress Status
<ul style="list-style-type: none"> · Create a governance structure to oversee delivery of the work programme · Develop an agreed communications plan to promote NE Digital development · Develop and begin delivery of an active pipeline of projects under theme: data · Develop and begin delivery of an active pipeline of projects under theme: workforce · Develop and begin delivery of an active pipeline of projects under theme: digital collaboration and enterprise · Develop and begin delivery of an active pipeline of projects under theme: infrastructure and connectivity 	<ul style="list-style-type: none"> · Covid 19 has impacted on structure of programme with formal delivery groups on hold due to lockdown and impact on overall priorities. Task- specific discussions are in process with smaller task and finish groups which will feed into wider delivery plans. · The Steering Group held an annual review of progress in September 2020 and has agreed to develop its processes to support the strategy. Thematic steering groups scheduled to Jan 2021, review of membership and ToRs in discussion. · Covid response roundtable held with key stakeholders from the tech community to scope Responses to Future Fund/Innovate UK package. Webinar on Innovate UK funding held by the LEP in June. Evidence gathering webinar hosted by Digital lead to develop post-Covid recovery plans. DataJam 2020 postponed, alternative online events series under development with NICD and partners started in June 2020. Series of start-up support events under consideration via Digital Collaboration & Enterprise theme. Forward plans ideas being discussed with steering group. · NICD / LEP evidence base to be completed by end of December 2020. Publication of report to announce recommendations and initiate projects via an online event. · Digital skills development embedded in Covid response and recovery planning across workstreams, focus on: training provision; upskilling of existing workforces; digital inclusion; hardware distribution; digital adoption; supporting remote working and remote learning. Specialist tech skills identified by steering group as a gap to be addressed in early 2021. · Internal report on Tech Start up support authored by Digital Lead with input from task and finish group. Sets out suggested delivery mechanisms and activities against an evidence base. Workshop with LEP colleagues held to determine activity in the short term and inform longer term plans. Findings presented to steering group, draft blueprint for startup support programme in production in collaboration with partners to identify short, medium and long term activities. · Covid Future Fund/Innovate UK funding to initiate events series held with webinar. Key tech stakeholders engaged to generate NE submissions to the call in the short term, identify priorities for digital strategy in the mid-term and inform UKSPF development in the long term. Alignment with Business Growth and Innovation programmes. Events series being developed based on task and finish report and recommendations. · Work ongoing with LA7 digital leads group to map regional infrastructure and connectivity demand and supply. Exploring pilot study with some LAs. Significant piece of work undertaken with the Transport team to reflect this work in new Connectivity manifesto · Three bids from across the region submitted to DCMS 5G Create call. Sunderland bid on Connected and Automated Logistics successful. "Connected North East" digital and transport submission to government for CSR in Covid Connectivity workstream. Digital-specific aspects of bid to be presented to steering group in November to identify priorities and governance plans for 2021. · Refreshed outline bid for Made Smarter programme submitted to BEIS in advance of CSR in partnership with TVCA, developed with input from CPI, Digital Catapult NETV and NEAA. 	<p>Laura Partridge</p>	<p>G</p>
<h3>Health and life sciences programme</h3> <ul style="list-style-type: none"> · Develop and update health and life sciences evidence base to inform the Economic growth strategy for Health and Life Sciences · Develop and launch an Economic growth Strategy for the Health and Life Sciences sector in the North East · Working with the Steering Group refresh and develop the project pipeline (based on evidence, and aims and objectives of the Strategic Economic Plan and Local Industrial Strategy · Support the development of the North East Health and life sciences eco-system- and raise the profile · With partners, develop and deliver a communications strategy to raise awareness, promote and develop the reputation of the NE Health and Life Sciences Sector · Identify who we can work with/ other clusters with complementary assets and capabilities to the North East in order to maximise collaborative opportunities from which the region will benefit 	<ul style="list-style-type: none"> · The evidence underpinning the growth strategy was validated by the HLS Steering Group in March 2020. A deep dive exercise was undertaken to understand the impact of Covid 19 on the sector. The findings have been incorporated into Growth Strategy and opportunities for strategically significant projects identified through Covid work have been incorporated in to the HLS project pipeline - and into the CSR submission. · The Health & Life Sciences was approved at the HLS Steering Group on 21st October and will be presented for final approval at the LEP Board on 3rd December 2020. · The Project pipeline has been reviewed and £300k of LGF funds was secured for a project development fund. An open call for projects was launched in July and the assessment panel approved 6 projects which have been appraised and have been included in the programme. · A submission for an Early Diagnostics Institute was supported at the HLSSG at its September 9 meeting for submission to the Innovation Board for approval onto the Priority Project Pipeline. · A HLS comms working group has met to agree core principles, communications channels and practices for sharing 'quick wins and successes' across the region. The outcomes of this group were presented to the HLSSG at July meeting and will meet again in September to progress the agenda of profile raising. · The North East has been successful in securing a Round 2 'Healthy Ageing' HPO - which will aim to result in specific commercial opportunities in the North East through promoting and marketing by DIT. The first stakeholder workshop will take place in February 2021- work is underway with partners to prepare for that. · Work is underway to map out the potential campaigns and opportunities to support HLS as a sector and define a work programme over coming months. This will directly support the delivery of the Strategy. 	<p>Katherine Forbes</p>	<p>G</p>

North East LEP Board: communications update December 2020

The date range for this report is 1 October - 23 November 2020

Highlights from the last two months

1. We hosted our first virtual AGM, which was attended by over 200 people.
2. Internal communications has been an ongoing priority, - ensuring the health and wellbeing of the team. We have recently carried our full team technical and productivity training which has been well received. As a result we have implemented a LEP wide internal meeting pledge which is now being implemented. The pledge can be viewed [here](#).
3. We issued a press release that celebrated the success of our Crowdfunding scheme. We're so proud to have helped safeguard 120 businesses and protect over 350 jobs through the scheme. You can read more [here](#).

Priorities for the next two months

1. Support the development of the Health and Life Sciences strategy and develop a communications plan to announce its publication
2. Continue to develop the New LEP website – refreshing content and structure. The website will launch in early 2021.
3. We are refreshing our airport advertising with a new campaign, scheduled to go to print in January 2021

Social media

Total followers

Twitter	12,122 (+1.2%)
LinkedIn	7,481 (+4.2%)

Total reach

Twitter	153,245
LinkedIn	43,921

Top performing LEPs on Twitter:



Top posts (All organic posts):

Twitter



Impressions	Engagement	Clicks	Retweets
6,300	228	108	34



Impressions	Engagement	Clicks	Retweets
5,830	162	63	22



Impressions	Engagement	Clicks	Retweets
5,617	138	33	15



Impressions	Engagement	Clicks	Retweets
3,819	128	66	19



Impressions	Engagement	Clicks	Retweets
3,332	135	92	19

LinkedIn

North East Local Enterprise Partnership
7,481 followers
2w • 🌐

Ellen Thinnesen, CEO of [Education Partnership North East](#), has been appointed Chair of the North East LEP's Skills Advisory Panel, supporting the drive to improve skills in the North East workforce <https://bit.ly/212VaSu>



Impressions	Engagement	Clicks
2,861	130	65

North East Local Enterprise Partnership
7,481 followers
2w • 🌐

Energy sector partners Newcastle University, the Offshore Renewable Energy (ORE) Catapult and Durham University are coming together through the North East Energy Catalyst to launch the world's first multi-site energy lab [#EnergyForGrowth](#) <https://lnkd.in/ejIXDka>



World's first multi-site £9m Integrated Smart Energy Lab launched by North East Energy Catalyst - North East Local Enterprise Partnership
northeastlep.co.uk • 3 min read

Impressions	Engagement	Clicks
1,996	85	44

North East Local Enterprise Partnership
7,481 followers
1mo • 🌐

University of Sunderland's Sustainable Advanced Manufacturing (SAM) Project - which supports businesses to become more productive and sustainable - has been awarded an additional £6m in funding, ensuring it can continue its work up to 2023 <https://bit.ly/3iSifwL>

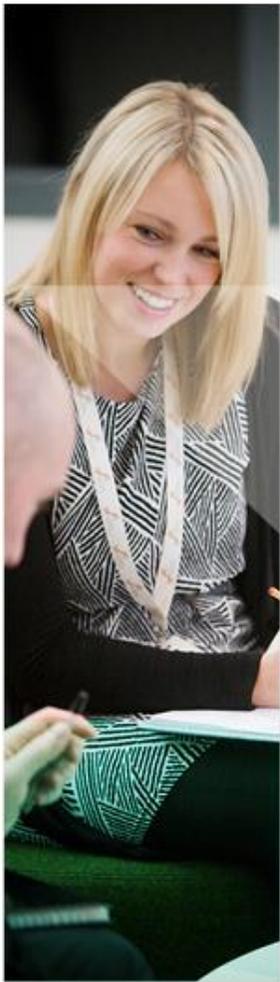


Multi million-pound cash boost for businesses thanks to University project | UMi
weareumi.co.uk • 3 min read

Impressions	Engagement	Clicks
1,566	73	43

North East LEP website performance summary:

Audience			Top five news pages		views
Visitors	11,367	(+1.96%)	Proposed recovery and renewal deal for post covid north east		211
Total page views	25,828	(+35.7%)	Worlds first multi site 9m integrated smart energy lab launched by north east energy catalyst		208
Average session duration	0m 44s	(-1.6%)	North east lep response to governments new peer networks scheme		174
Traffic source			Top five pages		views
Organic		2,673	The importance good school Governance		154
Direct		1,793	North East LEP appoints Lucy Winskell OBE as chair		142
Email		38			
Social		432	Home		4,699
Referral		390	/about/executive-team		1,422
Other		15	/the-plan		1,185
			/projects		963
			/about		913



North East

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Thursday 3 December 2020

ITEM 7: Spending Review Briefing

1.0 Background

- 1.1 The Chancellor of the Exchequer, Rt Hon Rishi Sunak MP, presented the outcome of the Spending Review to the House of Commons on 25 November 2020. This briefing aims to summarise the key economic data and spending commitments.

2.0 Economic context

- 2.1 The Office for Budget Responsibility (OBR) forecast that the UK economy will contract by 11.3% in 2020, the largest fall in 300 years.
- 2.2 GDP is expected to grow by 5.5% in 2021, 6.6% in 2022, then 2.3%, 1.7% and 1.8% in the following years. Economic output is not expected to return to pre-Covid levels until Q4 in 2022.
- 2.3 The Covid-19 pandemic is predicted to cause long-term scarring: in 2025 the UK economy will be 3% smaller than expected in the March 2020 Budget.
- 2.4 UK Government borrowing will hit £394 billion in 2020, equivalent to 19% of GDP. Underlying debt (without QE) will stand at 91.9% this year and continue to rise in every year reaching 97.5% of GDP in 2025-26.
- 2.5 The OBR forecast that a fiscal adjustment of £27 billion (1% of GDP) would be required to match day-to-day spending to receipts by the end of the five-year forecast period.
- 2.6 Unemployment is expected to rise to a peak of 7.5% in Q2 2021. The OBR states that Government interventions such as the Job Retention Scheme and Self-Employment Income Support Scheme have prevented a very rapid increase in unemployment as seen in the US.
- 2.7 The OBR's forecasts include an assumption that the UK and EU conclude a Free Trade Agreement and that there is a smooth transition at the end of the transition period on 31 December 2020. The OBR forecast that a Free Trade Agreement will lower both export and import intensity over time, and that productivity will be 4% lower in the long run than if the UK had remained a member of the EU.

3.0 Positioning

- 3.1 The measures announced in the Spending Review prioritise funding to support the Government's response to Covid-19. The Spending Review sets departmental budgets for 2021-22. A Comprehensive Spending Review is anticipated in 2021 to set longer-term budgets.
- 3.2 The Chancellor set out 3 key objectives for the Spending Review: controlling and mitigating the virus, investing in public services support and recovery, and supporting jobs and businesses.
- 3.3 In 2021, total departmental spending will be £540 billion and day-to-day departmental budgets will increase by £14.8 billion.
- 3.4 Announcing a freeze in public sector pay, the Chancellor stated that public sector wages had risen faster than the private sector.

4.0 COVID-19 Response

- 4.1 The Government has spent over £280 billion this year on the response to Covid-19.
- 4.2 The Chancellor announced an additional £38 billion for public services to continue to fight the pandemic this year, and £55 billion of support to public services in responding to Covid-19 in 2021/22.
- 4.3 The Government will freeze the business rates multiplier in 2021/22, saving businesses in England £575 million over the next five years. The Government is also considering options for further Covid-19 related support through business rates reliefs.
- 4.4 The British Business Bank's Start-Up Loans scheme will be expanded with an additional £56.5 million in 2021/22.

5.0 Transport and Infrastructure

- 5.1 The National Infrastructure Strategy was published alongside the Spending Review. See attached separate briefing note from Transport North East.
- 5.2 The Spending Review provides or confirms £100 billion of capital investment in 2021, a £27 billion real terms increase compared to 2019-20. Described by the Chancellor as "a once-in-a-generation investment in infrastructure".
- 5.3 Announcements include:
 - Over £1.3bn for electric charging infrastructure points
 - £257m for cycling and walking infrastructure
 - £120 million for 500 new zero-emissions buses
 - A £2.5bn investment in the transport networks of 8 city regions across England
 - A new UK Infrastructure Bank in the north of England which will work with the private sector to finance new major projects from next Spring

- Nearly £20bn of investment to support new housing from 2021-22, including the introduction of a £7.1bn National Home Building Fund and the £12.2bn Affordable Homes Programme
 - £1.2 billion to subsidise the rollout of gigabit-capable broadband, as part of the Government's £5 billion commitment to support rollout to the hardest to reach areas of the UK
 - Over £260 million for transformative digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Diversification and Testbeds and Trials Programmes.
- 5.4 A Levelling Up Fund worth £4 billion for England will be created to invest in local infrastructure. Local areas can bid for up to £20 million to directly fund projects. Examples of eligible projects include: "bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture"
- 5.5 The Fund will be managed jointly between the Treasury, the Department for Transport and the Ministry of Housing, Communities and Local Government. Projects must have local support – this could include the support of the local MP or elected Mayor.
- 5.6 £600m will be available from the Levelling Up Fund in 2021/22. Projects must be delivered within this Parliament. The Government will publish a prospectus for the Fund and launch the first round of competitions in the New Year.

6.0 Science, Innovation and R&D

- 6.1 The increase in capital spending includes almost £15 billion in 2021/22 for R&D, including funding for clinical research to support delivery of new drugs, treatments and vaccines.

7.0 Energy, Environment and Climate Change

- 7.1 The Spending Review confirms funding for the 10 Point Plan for a Green Industrial Revolution – previously announced here:
<https://www.gov.uk/government/news/pm-outlines-his-ten-point-plan-for-a-green-industrial-revolution-for-250000-jobs>
- 7.2 Announcements include:
- £1 billion provided for a Carbon Capture and Storage Infrastructure Fund which will help establish four CCS clusters by 2030. The Tees Valley is a frontrunner for a CCS cluster
 - £160 million for modern ports and manufacturing infrastructure
 - Nearly £500 million in the next four years for the development and mass-scale production of electric vehicle batteries and the associated EV supply chain. This will "boost investment into the UK's strong manufacturing bases, including in the Midlands and North East"
 - £200 million for the Net Zero Innovation Portfolio in 2021/22 to support new decarbonisation solutions and bolster emerging technologies such as direct air capture and low carbon hydrogen

- £475 million to make public buildings greener, £150 million to help some of the poorest homes become more energy efficient and cheaper to heat with low-carbon energy, and a further £60 million to retrofit social housing
- The Green Homes Grant voucher scheme will be extended with £320 million of funding in 2021/22
- £122 million in 2021/22 to support the creation of clean heat networks. More details to be announced in a forthcoming Heat and Buildings Strategy

8.0 People and Workforce

8.1 The Spending Review includes £3.6 billion of funding in 2021/22 for labour market support. Announcements include:

- £2.9 billion for a 3-year Restart programme, delivered by the DWP, to provide intensive and tailored support to over 1 million unemployed people and help them find work. The scheme is designed to support people who have been unemployed for over a year
- Confirmation of £2 billion funding for the Kickstart Scheme, to provide for over 250,000 Kickstart jobs
- Pay rises for most public sector workers will be paused in 2021/22
- 2.1 million public sector workers earning less than £24,000 will receive a minimum £250 increase
- Over 1 million NHS workers will receive a pay rise
- Following the recommendations of the independent Low Pay Commission, the government will increase the National Living Wage for individuals aged 23 and over by 2.2 per cent from £8.72 to £8.91, effective from April 2021
- Additional National Minimum Wage increases:
 - increasing the rate for 21 to 22-year-olds by 2.0 per cent from £8.20 to £8.36 per hour
 - increasing the rate for 18 to 20-year-olds by 1.7 per cent from £6.45 to £6.56 per hour
 - increasing the rate for 16 to 17-year-olds by 1.5 per cent from £4.55 to £4.62 per hour
 - increasing the rate for apprentices by 3.6 per cent from £4.15 to £4.30 per hour

8.2 The Spending Review provides funding towards meeting the Government's commitment to provide £1.5 billion to improve Further Education college estates. The schools' budget will increase from £47.6 billion in 2020/21 to £49.8 billion in 2021/22. Additional announcements on education and skills include:

- £375 million from the National Skills Fund in 2021/22, to fund technical courses for adults, traineeships, sector-based work academy placements, and the National Careers Service
- From August 2021, employers who pay the Apprenticeship Levy will be able to transfer unspent levy funds to SMEs with a new pledge function. A new online service will be launched to match levy payers with SMEs
- incentive payments for hiring a new apprentice introduced in the Plan for Jobs will be extended to 31 March 2021
- £83 million in 2021/22 to ensure that post-16 providers can accommodate the expected demographic increase in 16 to 19-year-olds
- £162 million in 2021/22 to support the rollout of T Levels wave 2 and 3

- £72 million in 2021/22 to support the commitment to build 20 Institutes of Technology
- funding to prepare for a UK-wide domestic alternative to Erasmus+, in the event that the UK no longer participates in Erasmus+, to fund outward global education mobilities. The Government will set out further details in due course

9.0 Devolution and Regional Policy

9.1 The Chancellor provided the first details of the UK Shared Prosperity Fund.

9.3 The UKSPF will operate UK-wide and investments and programmes will display common branding. The funding profile for the UKSPF will be set out at the next Spending Review.

9.4 The government will develop a UK-wide framework for investment in places receiving funding and prioritising:

- **investment in people and skills** tailored to local needs, such as work-based training, supplementing and tailoring national programmes (e.g. the Adult Education Budget); and other local support (e.g. for early years)
- **investment in communities and place** including cultural and sporting facilities, civic, green and rural infrastructure, community-owned assets, neighbourhood and housing improvements, town centre and transport improvements and digital connectivity
- **investment for local business** including to support innovation, green and tech adoption, tailored to local needs

The framework will be published in the Spring.

9.5 A portion of the UKSPF will be used to target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities. A second portion of the UKSPF will be targeted to support people most in need through bespoke employment and skills programmes that are tailored to local need. This will support improved employment outcomes for those in and out of work in specific cohorts of people who face labour market barriers.

9.6 In 2021/22, to help local areas prepare for the introduction of the UKSPF, the Government will provide additional funding to support communities to pilot programmes and new approaches.

9.7 Funding for the UKSPF will ramp up so that total domestic UK-wide funding will at least match receipts from EU structural funds, on average reaching around £1.5 billion per year.

9.8 The Government will accelerate the Borderlands Growth Deal.

10.0 International Trade and EU Exit

10.1 The Spending Review provides over £2 billion to support repatriation of functions from the EU and to prepare the UK border for the end of the transition period.

10.2 Announcements include:

- £1 billion for HMRC to reform and enhance the UK customs system after the end of the transition period, including investment in physical and IT infrastructure and additional support for UK traders
- £363 million to recruit 1,100 Border Force officers to deliver transit customs arrangements and to continue supporting law enforcement cooperation with EU member states from 1 January 2021
- £572 million to the Department for Environment, Food and Rural Affairs to prepare for environmental, regulatory and economic changes resulting from EU Exit
- An additional £217 million to deliver the Future Borders and Immigration System
- £60 million for the FCDO to support the UK's new relationship with the EU and to maintain and strengthen diplomatic relations with EU institutions and member states

10.3 The CSR confirmed the funding envelope for the Freeports programme.

11.0 Other Departmental spending announcements

11.1 The overseas aid budget will be cut from 0.7% of GDP to 0.5% next year. The Spending Review document states: "At a time of emergency, sticking to 0.7 per cent is not an appropriate prioritisation of resources. The government intends to return to the 0.7 per cent target when the fiscal situation allows."

12.0 Green Book Review

12.1 Alongside the Spending Review, the Government published a report following a review of the Green Book, which sets out how decisions on major investment programmes are appraised. The report can be accessed here: <https://www.gov.uk/government/publications/final-report-of-the-2020-green-book-review>

12.2 The review finds that the current appraisal process does not fully take account of the strategic context when decisions are made on investment proposals. Specific issues include business cases which do not demonstrate an understanding of:

- The proposal's specific contribution to the delivery of the government's intended strategic goals (such as levelling up or net zero)
- The specific social and economic features of different places and how the intervention may affect them
- Other strategies, programmes or projects with which the intervention may interact, including in a particular geographical area

12.3 As a result, the Government acknowledges that the investment decision becomes heavily reliant on a Benefit Cost Ratio that is not aligned to wider objectives, and is focused on benefits that it is easy to put a monetary value on.

12.4 The Government has pledged to change the Green Book to include:

- A stronger requirement to establish clear objectives from the outset

- Stronger and clearer advice on what constitutes value for money
- New guidance on the appraisal of transformational changes
- Appropriate emphasis on the analysis of place-based impacts
- Measures to improve analysis on differential impacts
- An expert review into the application of the discount rate for environmental impacts

12.5 The Government is also committed to greater transparency on decision making, with a new requirement to publish a summary business case within four months of it receiving final approval.

13.0 Commentary

13.1 The Spending Review sets out the scale of the challenge we face to recover from the economic impact of Covid-19.

13.2 The measures announced by the Chancellor are intended to support public services with the response to the pandemic, and to start the process of economic recovery.

13.3 The announcement of the Levelling Up Fund, the first details of the UK Shared Prosperity Fund, and changes to the Green Book are welcome.

Thursday 3 December 2020

ITEM 8: EU Exit Preparations

1.0 Background

1.1 Following previous papers to the Board about the work which is being co-ordinated by the North East EU Exit Implementation Group, this paper provides an update on the following:

- The EU Exit Work Programme and key activities to prepare businesses for the changes that will happen at the end of the transition period
- Monitoring and reporting arrangements within the region and between the region and comments to the Government across a number of policy areas framed by the statement of key messages previously agreed by the Board
- Work to co-ordinate a response to emerging opportunities

1.2 Trade negotiations between the UK and the EU are continuing. Although several deadlines for an agreement have been missed and No Deal is still a possibility, recent progress in the trade negotiations has been positive.

Reports have suggested that the UK and EU may agree a 'slim' Free Trade Agreement before the end of the transition period. There remains a risk that even if a trade deal is agreed before the end of the year, there will not be time to implement the new regulations. Concerns have been raised that the new IT systems developed by the Government to manage customs declarations are untested.

It is possible that some changes or aspects of the agreement will be phased in over time. The UK Government has announced that importers of standard goods from the EU will have up to six months to complete declarations and pay tariffs, with full controls in place by July 2021.

2.0 North East EU Exit Implementation Group

2.1 Following the UK's formal exit from the European Union on 31 January 2020, the North East Brexit Group agreed in February to continue meeting as the North East EU Exit Implementation Group.

2.2 The Group agreed to focus on a refreshed set of key projects, arranged into workstreams that identified short- and long-term priorities under the following themes:

- Trade and Internationalisation

- Resourcing Regional Economic Policy
- Business Growth and Regional Resilience

Updates on work in each of these themes is detailed below.

3.0 Trade and Internationalisation

- 3.1 The Group has continued to monitor the progress of trade negotiations between the UK and EU, with updates provided by regional business representative organisations and Trade Unions on discussions between their national teams and Government.
- 3.2 Intelligence from Group members on business preparedness has been shared with the Growth Hub team and included in weekly reports to the Department for Business, Energy and Industrial Strategy (BEIS).
- 3.3 The Group has held a number of sector-focused discussions on preparations for EU Exit and the implications of future trade and customs arrangements, with representatives from the North East rural and agricultural sector, the automotive and advanced manufacturing sector, and the food and drink sector.
- 3.4 The Group also discussed the operation of the World Trade Organisation (WTO), implications for North East businesses of trading on WTO terms, and training opportunities with a representative of the WTO. There is plan in place, if required, to invite the WTO to provide a training programme in the region.
- 3.5 The Group has previously discussed opportunities to maintain regional links with EU bodies and networks, and at the start of the year had begun to develop proposals to pilot a North East representative post in Brussels. Covid-19 has changed the nature of the trade negotiations and due to the travel restrictions in place across Europe these plans are on hold.

4.0 UK Shared Prosperity Fund

- 4.1 The Group has discussed the status of EU-funded programmes in the North East and sought feedback from representatives of key sectors on the design and delivery of the UK Shared Prosperity Fund (UKSPF). A consultation on the UKSPF was expected but has not been published. Work is planned to formally submit evidence to the Government on the design of the UKSPF based on the previously agreed position on behalf of the Group when more details are available.

5.0 Migration and Workforce

- 5.1 The Group has continued to monitor the development of the UK's points-based migration system, due to take effect from 1 January 2021. In June, the LEP submitted a response to the Migration Advisory Committee's review of the Shortage Occupation List on behalf of the Group.

Our response emphasised the economic and social contribution made by EU nationals to the region. We called on the Government to recognise that

international migration has played a major part in maintaining population levels and supporting growth, and that a future system which limits overall national labour force growth risks drawing labour from the region to 'thicker' jobs markets with more extensive career trajectories.

We submitted evidence on regional salary levels to support the case for a future points-based system to take into consideration regional salary differentials and demands on local economies for regions like the North East.

- 5.2 The Migration Advisory Committee published the outcome of their review in October, recommending new additions to the Shortage Occupation List, including some occupations at RQF Level 3 (equivalent to A Level). In October, the Home Secretary announced that the Government would not immediately adopt any of the MAC's recommendations and would assess the impact of Covid-19 on the UK labour market before making any changes to the Shortage Occupation List.
- 5.3 The Group will continue to engage with the Home Office on the design and operation of the new points-based system, taking into account the impact of Covid-19 and supported by our economic evidence base.

6.0 Science, Innovation and Universities

- 6.1 The UK continues to participate fully in the Erasmus scheme for the remainder of the academic year. A decision on the UK's future participation in Erasmus will be made as part of the trade negotiations.
- 6.2 UK Universities and regional partners have lobbied for the UK's position as part of the Horizon 2020 R&D programme to be maintained. This will also form part of the trade negotiations with the EU. The UK Government has stated that it will meet any funding shortfalls and put in place alternative schemes if the UK withdraws from Horizon.
- 6.3 Universities have been preparing for the impact of the new immigration system on staff and student recruitment.

7.0 Monitoring and reporting arrangements

- 7.1 Monitoring and reporting arrangements have been maintained between Government departments and a range of regional and local organisations. The North East Growth Hub team reports weekly to BEIS on Covid-19 and EU Exit enquiries generated through the Growth Hub, supplemented by Local Authority feedback and intelligence, plus other intelligence of general nature, research and surveys including regional business surveys and updates from the organisations in membership of the EU Exit Implementation Group.
- 7.2 The Group also has membership from Local Resilience Forum (LRF), which is co-ordinating preparation between emergency planning and blue light services across a range of issues.
- 7.3 It has senior representation from North East universities, enabling monitoring of relevant issues relating to research collaboration and students.

8.0 Other mechanisms

8.1 The Infrastructure Subgroup including regional ports, Newcastle International Airport, Transport North East, the North East and North of Tyne Combined Authorities and the North East LEP has continued to meet over the past year. The Subgroup provides a point of contact and information sharing about the level of preparedness at key gateways, the impact of Covid-19 on the movement of freight and has been the main point of discussion with infrastructure bodies in the development of the response to the Freeports consultation and development of a North East Free Trade Zone.

A separate paper will be presented on the Free Trade Zone development alongside this update.

9.0 North East Growth Hub UK Transition Toolkit

9.1 The North East Growth Hub website continues to provide access to information for businesses through the UK Transition Toolkit. The Toolkit provides links to resources in the region and also direct links to the latest Government guidance on EU Exit.

9.2 The UK Transition Toolkit has received 638 views in the last 11 weeks. There have also been 560 other EU Transition/Overseas Trade focused web-based interactions.

10.0 Summary of EU Exit intelligence

10.1 The section below contains a summary of intelligence reported through the EU Exit Implementation Group and Local Authority reporting on regional preparations for EU Exit.

- 10.2
- The Covid-19 pandemic has been a significant barrier to businesses' ability to plan for the end of the transition period. The combined impact of disruption caused by the initial period of lockdown between March and July, subsequent restrictions on non-essential travel and work-from-home orders, and staff required to self-isolate or on sick leave has reduced capacity for business planning. Many firms have also been forced to put on hold plans for recruitment or capital investment due to reduced cashflow.
 - Business representative groups have reported a steady increase in enquiries from members about EU Exit since the Summer. As the trade deal negotiations have continued without reaching a conclusion, there is still a lack of clarity and certainty in some important areas to enable businesses to be fully prepared.
 - In general, the firms that have the resource and capacity to prepare for EU Exit have been doing so. Larger firms, and those with experience of trading with countries outside the EU, are better prepared than SMEs. Some SMEs have been fully focused on responding to Covid and do not have the capacity to prepare for EU Exit, particularly as the final details of our trading relationship with the EU are unknown.
 - There has been consistent feedback from business representatives that

failure to agree a trade deal with the EU will be economically damaging for the region. A scenario in which a trade deal has not been agreed in time for the end of the transition period, and UK trade with the EU falls back to World Trade Organisation rules before changing again when a deal has been agreed, will be particularly disruptive and costly for businesses

- Business groups have called on the Government to provide additional funding for SMEs to prepare for changes to customs arrangements. There is a national shortage of capacity for customs and logistics advisors. Companies that have not prepared for the new trading arrangements at this point will struggle to access external advice due to the lack of capacity. In addition, the response to the Covid pandemic has resulted in a reduction in capacity for warehouse space, which will make it harder for companies to stockpile goods to mitigate against delays in their supply chain
- Automotive manufacturers have raised concerns over changes to Rules of Origin requirements. Companies in the chemical processing and manufacturing sector are concerned about changes to tariffs and the replacement of the EU REACH regulations with a parallel UK system
- The rural and agricultural sector are concerned about changes to food standards and the risk to the competitiveness of domestic producers of sub-standard, cheaper imported produce. EU workers play a key role in the food production supply chain, and the sector is calling for a sector-wide skills and training strategy supported by Government. Farmers are facing a period of unprecedented policy change, from a new subsidy regime, the introduction of new environmental standards in the Environment Bill, and changes to consumer demand resulting from Covid

11.0 North East Trade and Export Strategy

The North East LEP has been allocated £70,000 by the Department for International Trade to develop a Trade and Export strategy for the region in collaboration with partners, to be completed by March 2021.

The Department for International Trade are expected to publish a refreshed national Export Strategy in 2021. There will be an opportunity to either align to/influence the national strategy depending on process and timings. The North East Strategy will also be aligned with wider regional policy priorities, for example on internationalisation and the development of a Free Trade Zone.

Development of the North East Strategy will be led collaboratively by the North East LEP and North East England Chamber of Commerce. Recruitment of a project lead will be concluded soon.

During the process of developing the Strategy, the project team will provide updates on progress to the Business Growth Board, LEP Board, and Local and Combined Authorities.

12.0 Recommendation

The Board is asked to:

- Note the update on the work which has been done in the region to prepare for the end of the transition period
- Comment on any further issues which could be referred to the EU Exit Implementation Group or Business Growth Team

Thursday 3 December 2020

Item 10: Health and Life Sciences Strategy

1.0 Background

1.1 Health and Life Sciences is one of the four areas of opportunity identified in the Strategic Economic Plan (SEP). The SEP sets out the need to develop a strategy to optimise the opportunity to grow the health and life sciences economy within the region.

2.0 The Strategic Economic Plan - Health and Life Sciences

2.1 The SEP states:

‘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.’

2.2 The Health and Life Sciences Steering Group have worked together to produce this strategy to seize the opportunities we have in the North East.

2.3 Appended to this covering report is the summary of a more detailed technical version of the strategy document. The full strategy document will also be published on our website along with this more accessible version.

3.0 Recommendation

3.1 The Board is recommended:

- a) To discuss and approve the appended Health and Life Sciences Strategy;
- b) To delegate any minor amends and updates to the document to the Chief Executive to make ahead of publication.

Health, life sciences and medicines manufacturing: A growth strategy for the North East

December 2020

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Would you like more information?

If you have any questions or would like to discuss this strategy further, please contact Richard Baker:

Email: Richard.Baker@nelep.co.uk

Phone: 07900226154



Richard Baker
Strategy and Policy Director,
North East Local Enterprise Partnership

Foreword

This strategy has been finalised at a time when the world is grappling with the social and economic consequences of COVID-19. The pandemic has challenged policy makers, health professionals and manufacturers to deliver immediate responses to the health challenges and to build a more resilient health environment for the future.

The North East has made an active contribution to the immediate response, both regionally and nationally through our manufacturing and innovation strengths, our public health and care services, and in the development of testing. This has utilised the best of our diverse life sciences, health innovation and medicines manufacturing capabilities - capabilities that are established and identified as an area of Growth in our Strategic Economic Plan.

We have opportunities to strengthen regional growth in pharmaceuticals which is valued at over \$1.25 trillion per annum globally, and to improve the performance of our health care system, which accounts for 10% of GDP, through new technologies and treatments that will have a positive impact on business growth and the quality of peoples lives.

Both of these areas are recognised by government as national strengths and a focus for investment, innovation and growth through the UK Life Sciences strategy and this strategy to demonstrates how the North East can be positioned central to this part of our country's economic future.

The health and life sciences industry generally is experiencing significant change.

For our manufacturers, digitalisation is resulting in new methods of production and packaging. New methods of formulating drugs and new therapies are leading to new treatments being trialled, developed and made.

For health services, technologies like data and genetics are creating new opportunities to diagnose and target treatments. Digital communications are creating new possibilities to communicate between patients and practitioners. Each of these trends has been accelerated by the COVID-19 pandemic.

Looking forward, in a world increasingly characterised by

population ageing, the countries and businesses that can add quality of life to these extra years will generate high levels of personal wellbeing, higher workforce productivity and new opportunities for economic value from these developments. The focus has to be on integrating care and the development and production of more targeted and personalised medicines.

For these reasons our vision for this strategy is clear:

"To position the North East as a leader in the development, testing, manufacturing and adoption of people centred treatments, therapeutics and medicines at a time of demographic change"

It sets out the ambitious but realistic aims of doubling both the number of jobs and the number of businesses active in this area of our economy over the next decade and identifies priority interventions that will improve global health from the North East.

The strategy has been developed by the North East Life Sciences Steering group which brings together leaders from all parts of our health, life sciences and medicines manufacturing eco-system to work together to drive forward the interventions.

I would like to thank the members of the Steering Group and pay tribute to the Chair, Professor Michael Whitaker for his personal commitment and excellent leadership.

It provides a platform for collaboration with partners in Government and other parts of the country, which I look forward to and I am delighted to see it come to fruition.



Lucy Winskell, OBE
Chair, North East Local Enterprise Partnership



Sir John Bell Regius Professor of Medicine, University of Oxford. Chairman, Office for the Strategic Coordination of Health Research. Sponsor of the Life Sciences Industrial Strategy, a Government White Paper.

One of the North East's great strengths is its ability to collaborate to deliver strategic goals and nowhere is this more evident than in the health and life sciences industry. Partnership between the public and private sector is more crucial than ever to ensure we form a core part of the UK's Industrial Strategy and to allow our capabilities to be recognised on a global stage. We have a fantastic innovation ecosystem supported by an incredible translational environment where healthcare technologies and medicines are being constantly developed. Forward thinking leadership here in the North East is helping to drive forward global health services and markets – something of which we should all be very proud.



Professor Michael Whitaker F
RSA FRSB FMBA FMedSci
Chair, Health and Life Sciences Group

Executive summary

Our vision

"To position the North East as a leader in the development, testing, manufacturing and adoption of people centred treatments, therapeutics and medicines at a time of demographic change"

Objectives

By 2030, we will have:

- Doubled the number of businesses active in the health and life sciences community in the region from 12,000 - 24,000
- Doubled the number of jobs in the health, life sciences pharmaceuticals businesses and the research and development community in the region from xx to xx.

Opportunities and challenges

Opportunities

-  Growth and modernisation of manufacturing and the supply chain
-  Development of new services and treatments
-  Collaboration with the NHS to adopt and commercialise drugs and treatments
-  Inward investment
-  Growth and investment in life sciences SME's
-  Strengthening our cluster and networks

Challenges

-  Overall size of the economy
-  Brand and awareness
-  Connectivity
-  Aspects of the business environment

What the data tells us

£1.7bn

In 2019, Health and Life Sciences in the North East region had a turnover of £1.7bn.

Overall employment in the sector increased by

1,400

(from 2010-2019)



This represents an equivalent increase of:

22%

compared to nationally:

9%

We expect this employment trend to continue.

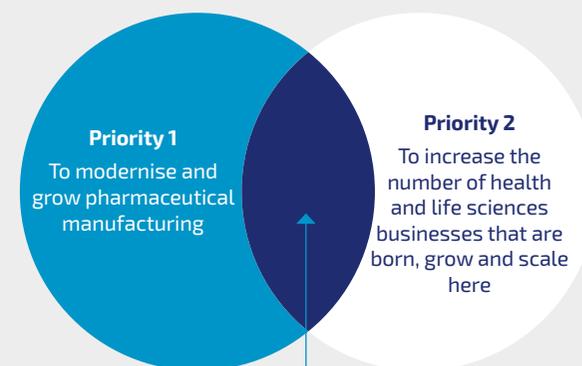
7,680

Total North East regional employment in the health and life sciences sector in 2019 (3.0% of UK total)

Our four priorities

Skilled workforce

Global connectivity and access to markets



Priority 3

Provide access and route to NHS markets whilst nurturing innovation and collaboration

The right access to finance models

Cluster strategy

Infrastructure

Priority 4

Develop the ecosystem so it has the right environment for health and life sciences businesses and manufacturers to grow

Introduction

Health and life sciences form one of the four areas of strategic importance set out in the North East Strategic Economic Plan, due to our exceptional health and life sciences assets and strengths in medicines manufacturing.

COVID-19 has disrupted global healthcare systems and the human and economic cost has been far greater than anyone could have predicted. The North East is set to help lead the economic recovery, with health and life sciences playing a critically role.

Responding to the challenge of demographic change and the economic impact this has on health services will be crucial. As people are now living longer, the North East requires a Health and Life Sciences strategy that demonstrates how we can develop solutions and processes that help people achieve a better quality of life, reduces pressure on health services and as a result, creates more and better jobs for the region.

Growth and change in medicines and therapies

A rapidly developing area of the economy, the global pharmaceuticals market has a total annual value of \$1.25 trillion. Changing process in the delivery of medicines, the development and production of new pharmaceutical therapies and treatments all offer huge opportunity as technology, demography and markets interact. Manufacturing and delivery processes for existing drugs are being modernised through automation and digitalisation and new types of treatments and novel therapies continue to be launched.



Directions in health and care policy and services

Globally, health care policy is changing to meet the needs of an ageing population. New drugs, treatments and interventions are helping to extend life expectancy and deliver a higher quality of life, enabling people with diverse needs to stay physically and mentally healthy and productive.

Detailed patient data mapping and artificial intelligence are helping to provide more personal, individually tailored services, from consultation through to drug tracing and delivery. COVID-19 has accelerated the potential for new models of treatment and care.

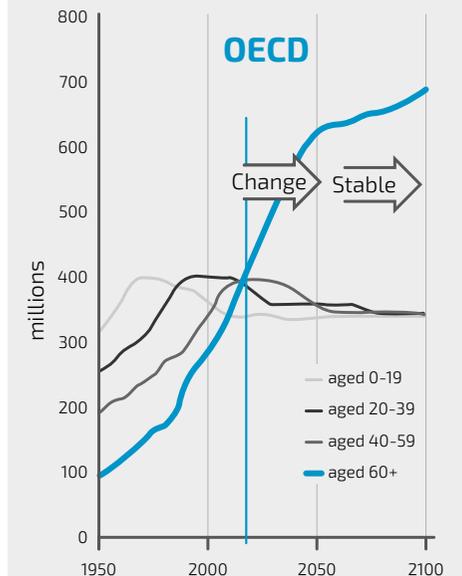
The use of personal data and the relationship between patients and professionals offers multiple opportunities for research and science, testing, collaboration and innovation in delivery. The UK Government has highlighted digital health as a priority within the NHS Plan that can deliver both service and commercial improvement.



Social and demographic changes: Population ageing and diversity

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, double the current total.

Population ageing is the world's dominant demographic trend. Most people in most countries can expect to live longer and healthier lives than previous generations, and the balance of our population is being transformed as extended life expectancy combines with declining birth rates.



What the data tells us

There are a range of data which illustrate the current profile of health, life sciences and medicines manufacturing in the North East.

Employment and economic value

Economic value

£1.7bn In 2019, Health and Life Sciences in the North East region had a turnover of £1.7bn

Employment

Overall employment in the sector increased by **1,400** (from 2010-2019) This represents an equivalent increase of: **22%** compared to nationally: **9%** We expect this employment trend to continue

7,680 Total North East regional employment in the health and life sciences sector in 2019 (3.0% of UK total)



2,060 Biopharma core (3.2% of UK total)

2,180 Biopharma service and supply (3.6%)

2,150 Med-Tech core (2.1%)

1,290 Med-Tech service and supply (4.5%)

300 new jobs An additional 300 jobs were reported in the pharmaceuticals sector during the COVID-19 pandemic

48% 48% of spinouts from the Northern Accelerator Programme came from life sciences businesses

4,300 4,300 related research and science activities in the NHS, Education and business

1,000 new jobs The new COVID-19 Lighthouse project in Gateshead and Newcastle is expected to deliver 1000 new jobs in research and testing

40,000 university students 22,000 of which are studying health and life sciences

Trade and exports

The region exported **£13.3 billion of goods in 2019**, including **£2.8 billion of chemicals and pharmaceuticals**.

86% of North East pharmaceutical production is exported

64% of finished products go to the United States

Inward investment



The North East attracted **4.2% of all life sciences projects into the UK** between 2013 to 2017

Pharmaceuticals and advanced manufacturing

£868 million The North East hosts a significant cluster of the global pharmaceutical industry generating £868 million for the regional economy in 2017

73 pharmaceuticals and biotechnology supply chain companies



4,100 people employed



£601m annual turnover

Its wider impact is estimated at

£1.5 billion supporting between 18,800 and 23,500 jobs

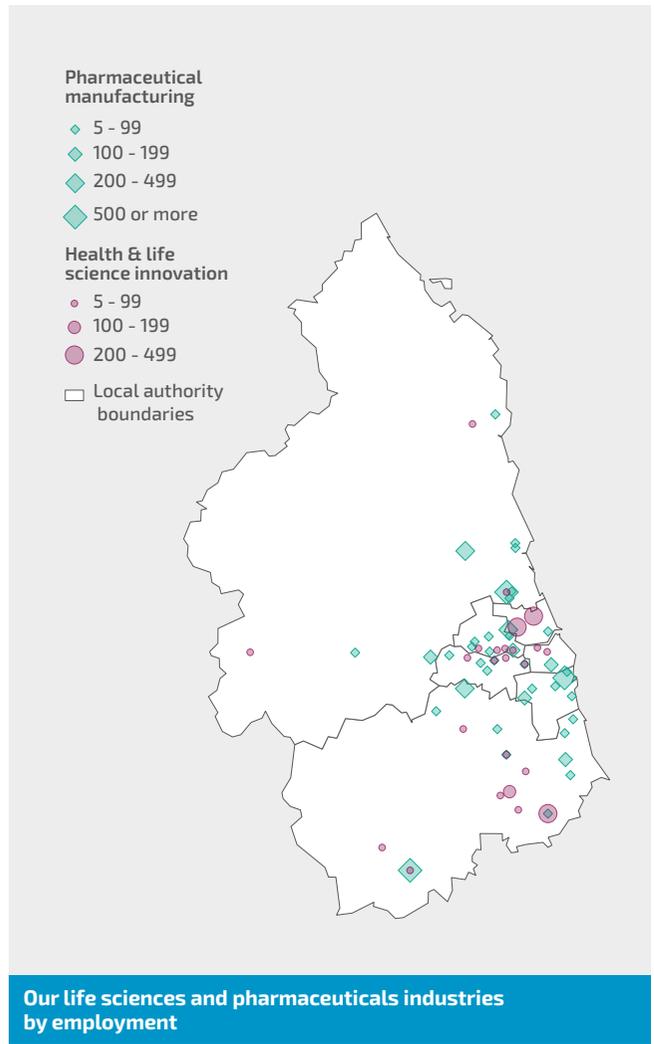
Wider advanced manufacturing footprint (chemicals and automotive)

15.3% of the North East LEP area's GVA

11.3% of employment

Our assets

When mapping our assets in the North East, it is clear that the health and life sciences economic activity here falls into two main categories that are spread across the entire region. We have pharmaceutical manufacturing and health and life sciences innovation, represented on the map below.



We are home to many world class businesses in these areas:

Companies who create and manufacture pharmaceuticals and biotechnology



An emerging biotech cluster of businesses driven by corporate and university spin-outs



Companies developing clinical diagnostics, medical devices and equipment and digital health applications to diagnose and deliver care



Supporting all of these businesses is an evolving ecosystem of innovation centres and supply chains:

A broad eco-system

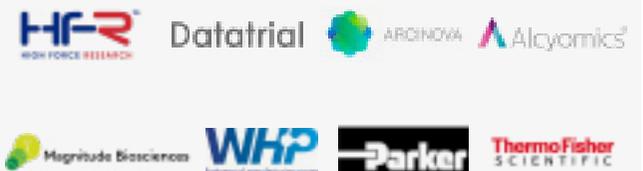
A broad spectrum of institutions, innovation centres and networks that support the functioning growth and development of the sector.



Our two science parks at Newcastle Helix and NETPark host a number of our key facilities.



Support services and value chain – including specialists in the engineering and equipment supply chain and construction of facilities.



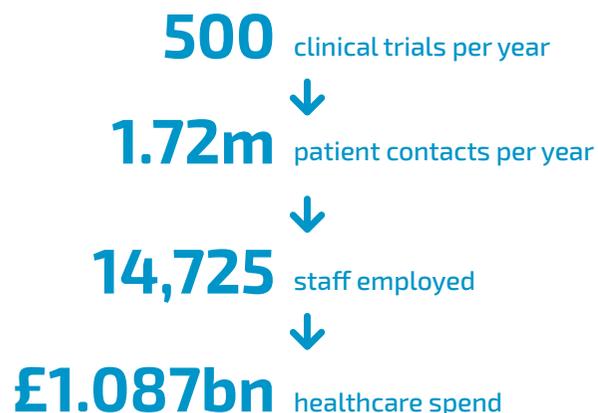
Our assets

The NHS

Our four Hospital Trusts and the wider commissioning and public health systems are one of our biggest assets. The NHS:

- Supports SMEs and spinouts to commercialise products and services
- Conducts real world evaluation and clinical research and trials for product development
- Acts as a testbed of technology innovation and accelerates the commercialisation of products
- Offers a significant health market – health card spending in the UK totals about £200 billion annually, equivalent of 10% of GDP.

Newcastle-upon-Tyne Hospitals NHS Foundation Trust is consistently one of the highest performing and ranking Trusts for clinical research and clinical trials:



Collectively they are rated **CQC Outstanding** and with the Great North Care Record recognised as a **Global Digital Exemplar**.

NHS-led Bodies

Newcastle Health Innovation Partners / Academic Health Science Centre (AHSC)

Newcastle Health Innovation Partners is one of only eight Academic Health Science Centres in the UK, improving the health, wealth and wellbeing of 3.2 million people in the North East and North Cumbria.

Diagnostics North East (DNE)

DNE is a collaboration between Newcastle-upon-Tyne Foundation Trust, Newcastle University and the AHSN NENC working across the region to provide expertise that spans all elements of diagnostic pathway. Newcastle is the only UK centre with a joint Medical Research Centre/Engineering and Physical Sciences Research Council supported Molecular Pathology Node.

Northern Alliance Advanced Therapy Treatment Centre (NA-ATTC)

The Northern Alliance Advanced Therapy Treatment Centre develops the systems and infrastructure required to support the delivery of cell and gene therapies with the ultimate aim of increasing patient access to advanced therapy medicinal products (ATMPs) on a national level.



Catapults

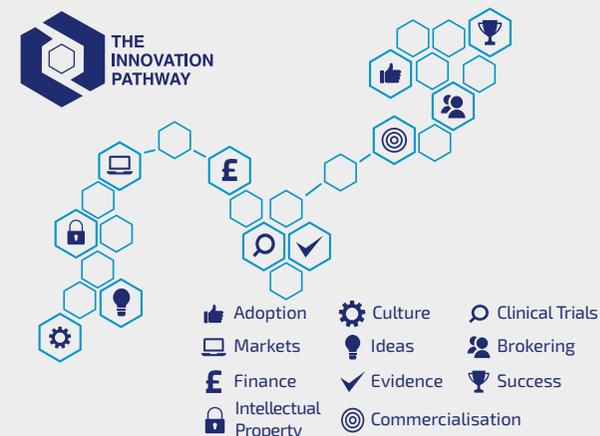
Centre for Process Innovation (CPI)

The CPI is a catalyst bringing together academia, businesses, Government and investors to translate smart ideas and research into the marketplace. It is a founding member of the UK Government's High-Value Manufacturing Catapult with expertise in pharmaceuticals and med tech.

North East and North Cumbria Academic Health Science Network (AHSN NENC)

The AHSN NENC focuses on economic growth by mobilising the assets within the region's Trusts, Clinical Commissioning Groups and universities to attract and grow business.

It developed and successfully implemented The Innovation Pathway which sets out the stages and process of development to support the commercialisation of healthcare products and services. A key component of this is the Great North Care Record. This is the UK's leading initiative to share medical information across the North East and North Cumbria between 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.



Our assets

North East universities and research excellence



World-leading research

50%
★★★★

50% of biological sciences research at Newcastle University was rated four stars in the Research Excellence Framework 2014, meaning it is world-leading.

This was also the case for

51%

of research in psychology, psychiatry, and neuroscience

38%

of research in clinical medicine

In the Top 20 for research publications

The Witty Review rated North East universities in the top 20 for 11 subjects including life sciences and regenerative medicine.

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

£92m

from the Biotechnology and Biological Sciences Research Council

£122m

from the Medical Research Council

University-led centres and programmes

Campus for Ageing and Vitality

Newcastle Health Innovation Partners is one of only eight Academic Health Science Centres in the UK, improving the health, wealth and wellbeing of 3.2 million people in the North East and North Cumbria.

National Innovation Centre for Ageing (NICA)

The UK's National Innovation Centre for Ageing is uniquely positioned to help pharmaceutical, medical technologies and diagnostics, consumer brands and services optimise the opportunities provided by the demographic revolution and longevity economy.

National Innovation Centre for Data (NICD)

The £30m centre is co-located with NICA and funded with £15m from UK Government and £15m from Newcastle University to address the availability shortage of data skills in the UK and open access to a vibrant data ecosystem.

National Institute for Health Research Innovation Observatory

The National Institute for Health Research applies state-of-the-art data analytics to explore trends in health innovation across drugs, medical technologies, diagnostic tools and healthcare services, helping better healthcare and new innovations to be cascaded into practice more rapidly.

Northern Accelerator

Northern Accelerator places entrepreneurial business leaders into university spinouts, offers a venture capital fund and supports a vibrant community of businesses.

ARROW

The ARROW programme targets SMEs looking into new products, processes or services and offers fully funded research and innovation support from university academics to accelerate progress.

Intensive Industrial Innovation Programme

The Intensive Industrial Innovation Programme is an ERDF funded programme and collaboration between Durham, Newcastle and Northumbria universities. Each university works directly with regional SMEs to develop new services and products.

Newcastle Joint Research Office

The Newcastle Joint Research Office is a partnership between The Newcastle upon Tyne Hospitals NHS Foundation Trust and Newcastle University supporting researchers in the development, implementation and delivery of world-class experimental, translational and clinical research.

International Centre for Life (Life)

Life brings together NHS services, university research, spin out businesses, education and public engagement in science on one site. The proximity of NHS clinics to university research departments facilitates collaboration and having access to a science centre allows researchers to undertake vital public engagement activity – in many cases, a necessary element of their funding criteria.

Research specialisms

Ageing and Health

Newcastle is an acknowledged leader in the scientific response to global demographic change including the process of ageing, ageing well and societal responses to ageing.

Precision medicine

Newcastle has a well-developed programme focused on precision medicines. It leads two stratified medicine consortia funded by the Medical Research Council and is a key partner in three others. It co-chairs the Rare Diseases Translational Research Collaboration funded by the NIHR with the leadership of work focused on diseases of the liver.

It hosts the Wellcome Trust Centre for Mitochondrial Disease and the Medical Research Council Single-Cell Functional Genomics Unit.

Newcastle University's Institute of Genetics, based at the International Centre for Life, is acknowledged for its world-leading research into rare diseases and cancer.

The Northern Institute for Cancer Research acts as a national centre of excellence for clinical trials and development of biomarkers for cancer drug discovery focused on both adult and childhood cancer.

Opportunities and challenges

Opportunity area	Summary
 Growth and modernisation of manufacturing and the supply chain	Onshoring pharmaceutical manufacturing will increase investment and strengthen our supply chain. Digitalisation in manufacturing will streamline production processes, grow contract manufacturing and create opportunities for new delivery processes and packaging. Formulating and manufacturing new treatments and therapies is a real growth area.
 Development of new services and treatments	We will focus on the growth and delivery of cell and gene therapies and exploit our strengths in diagnostics, digital health, ageing and medical technologies. We will also leverage the innovation assets we hold in photonics and regional assets on biologics.
 Collaboration with the NHS to adopt and commercialise drugs and treatments	Our partnership work will promote the adoption of new treatments and processes. We will prioritise the further development of the innovation pathway and develop a trusted research environment which will increase trials and demonstration. We will facilitate the deployment of digital health services.
 Inward investment	Our strengths in securing manufacturing projects provide an opportunity for new investment into the cluster, for partnerships and for supply chain growth. Our research capabilities and partnership focused NHS create opportunities for new collaborations including on demographic change and healthy ageing through our joint High Potential Opportunity programme with the Department for International Trade (DIT).
 Growth and investment in life sciences SME's	We will continue to strengthen the business environment to support regional SMEs and the strong and growing programme of university and health services spinouts and collaborations.
 Strengthening our cluster and networks	We will strengthen our leadership structures and institutions and foster collaboration between them. Key locations in the region will be a particular focus as hubs for collaboration and investment.

Challenge area	Narrative and mitigation
 Overall size of the economy	While the overall scale of the economy is a constraint, we will ensure the region is well positioned within wider networks and has a key role in collaborations with national clusters, the Northern Powerhouse and Scotland.
 Brand and awareness	The UK Life Sciences industry is concentrated on the golden triangle. We will use communications and partnership working to establish the region as a 'go to' destination in our areas of strength.
 Connectivity	We are working to strengthen connectivity to key markets and collaborating with DIT to focus on opportunities and mitigate the risks from political developments like the EU Transition.
 Aspects of the business environment	We will strengthen our finance offer and maintain a strong skills supply with skills development activities through the Skills Advisory Panel. We will facilitate business growth in SMEs and manufacturing and ensure our property assets and facilities create growth and attract inward investment.

Vision and objectives

Our vision for the future

“To position the North East as a leader in the development, testing, manufacturing and adoption of people centred treatments, therapeutics and medicines at a time of demographic change”

The North East has an opportunity to become the go-to region for the development, testing and production of personalised treatments and services as technologies and demographics drive change.

To do this effectively we will focus on four priority areas which together can drive our aims of business and employment growth, which focus on:

Four priority areas

- 1** To modernise and grow pharmaceutical manufacturing in the region
- 2** To increase the number of innovative health and life sciences businesses that are born, grow and scale in the region. We will do this by increasing the number of university spinouts, supporting life sciences entrepreneurs and by encouraging partnerships between our institutions, businesses and investors to develop and deliver new ventures.
- 3** To create a world class translation environment. We'll do this by investing in our innovation pathway that provides a supported pathway to take things from discovery into delivery.
- 4** To create a supportive environment where health and life sciences businesses can grow and have access to global markets. To do this, we need to:
 - a. Ensure access to the right finance models
 - b. Deliver support for our cluster bodies and networks
 - c. Develop the property infrastructure needed to develop from labs to bigger manufacturing premises
 - d. Improve freight access to markets.

How will we know if we have been successful?

By 2030, we will have:

- Doubled the number of businesses active in the health and life sciences community in the region from 12,000 - 24,000
- Doubled the number of jobs in the health, life sciences pharmaceuticals businesses and the research and development community in the region from xx to xx.

We will also:

- Be recognised as a key area for the delivery of clinical trials with three top ranking NHS Trusts on a year-on-year basis and be a leading area for the translation of innovation into the NHS
- Have quadrupled the number of university spin outs in this area from xx to xxx
- Be systematically recognised by government as a leading cluster location for health and life sciences
- Have secured one major and several smaller additional pharmaceuticals investments into the North East
- Have strengthened physical connectivity along the pharmaceuticals supply chain including direct freight logistics links to the United States from the North East.

Our approach

The North East Health and Life Sciences strategy has been developed to demonstrate how, as an area of opportunity in the North East Strategic Economic Plan, the sector can contribute to delivering 100,000 more and better jobs for the region.

The Health and Life Sciences Strategy has been developed around our assets, challenges, opportunities and insights into the future and priorities of the global economy.

The strategy is focused on on four priority areas that are then underpinned by an ecosystem that supports businesses to start, grow and scale in the North East.



Our four priorities

Skilled workforce

Global connectivity and access to markets

Priority 1

To modernise and grow pharmaceutical manufacturing

Priority 3

Provide access and route to NHS markets whilst nurturing innovation and collaboration

Priority 2

To increase the number of health and life sciences businesses that are born, grow and scale here

The right access to finance models

Priority 4

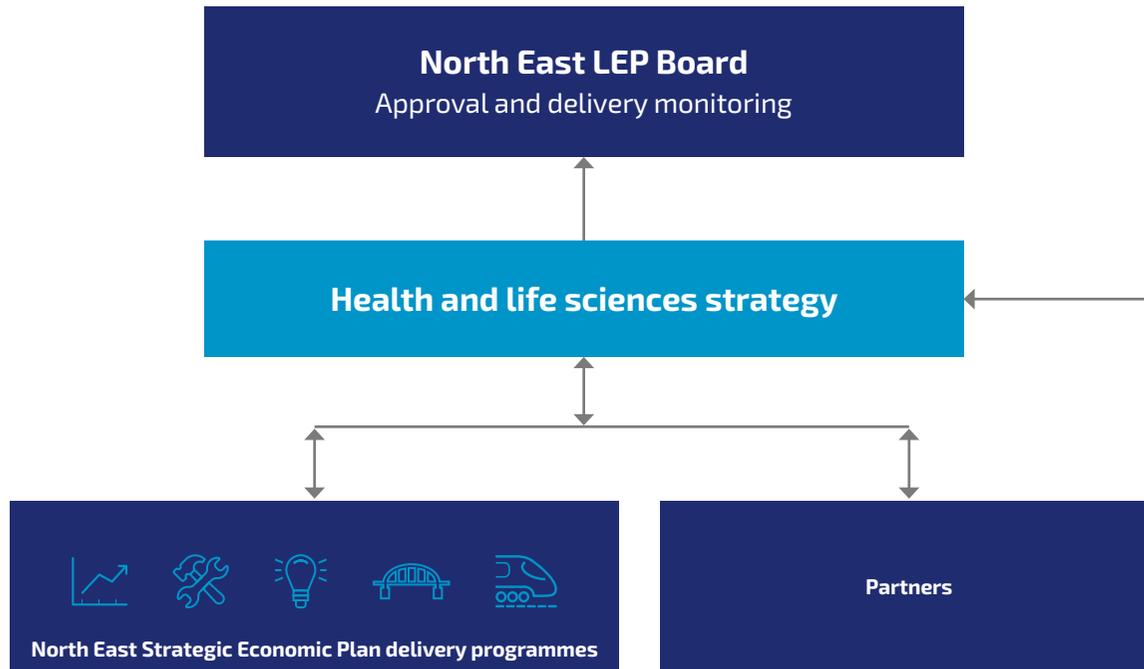
Develop the ecosystem so it has the right environment for health and life sciences businesses and manufacturers to grow

Cluster strategy

Infrastructure

Governance and delivery

The Health and Life Sciences Strategy will be developed and delivered the Steering Group and key partners, approved by the North East LEP board and its delivery facilitated across the five programmes of the North East Strategic Economic Plan.



Health and life sciences steering group

Brings together leaders from our health, life sciences and medicines manufacturing ecosystem to work together to develop and steer the delivery of the strategy.

Michael Whitaker (Chair)	Pharma North East and Innovation Board member
Tim Hammond	Durham University
Geraint Lewis	Newcastle University
Tony Alabaster	University of Sunderland
Carolyn Horrocks	Northumbria University
Richard Baker	North East LEP
Alan Welby	North East LEP
Geoff Davison	BioNow
Nicola Wesley	AHSN
Philip Aldridge	NEPIC
Arun Harish	CPI
Rachel Burdis	Invest North East England
Sarah Pavlou	RTC North
Dale Athey	NPL
Kevin Cook	Sterling Pharmaceuticals
Will Dracup	Biosignatures
Roger Kilburn	Arcinova
Andrew Tasker	Femeda
Ben Cantwell	Kromek
Andrea Burroughs	Newcastle Upon Tyne Hospitals Trust
Peter Rippingale	North East Combined Authority
Vicky Cuthbertson	North of Tyne Combined Authority
Mike Capaldi	Newcastle University

Taking action: key interventions

Key interventions

Priority 1: To modernise and grow pharmaceutical manufacturing		
Project or activity	More details	Lead body
North Shoring (re-shoring manufacture of generic drugs and medicine)	A proposal for a pharmaceutical manufacturing and innovation facility will be developed to build resilience in the UK's supply chain and manufacture of NHS critical generic drugs and provide a focus for new innovation activities.	Pharma North East
North Shoring - supply chain development	Ongoing analysis of supply chain development needs from raw materials to production will make the North East a primary location to manufacture generic drugs and medicines.	NEPIC
Delivery of smart medicines	'Testbed' models for trials will demonstrate the value of innovations in real world settings to accelerate development and scaling of new technologies in the North East, particularly those focused on medicines packaging, medical drug delivery devices and wearable devices.	CPI
Strengthening regional pharmaceutical leadership	A new business-led leadership group, Pharma North East, will champion the role of the sector and provide a collaborative approach and focus on employment and skills, investment, exports and supply chains.	Pharma North East
Support for export and inward investment activity	Invest North East England will build the relationship with the Department for International Trade to promote and develop an inward investment proposition around our advanced manufacturing strengths.	Invest North East England
Industrial Digitalisation: North East Made Smarter programme	Led by the North East LEP and Tees Valley Combined Authority have submitted a bid to government, together with partners, to accelerate industrial digitalisation across North East manufacturing as part of the Made Smarter Adoption programme. If successful, this will include a focus on pharmaceuticals and supply chain businesses.	North East LEP

Key interventions

Priority 2: To increase the number of innovative health and life sciences business that are born, grow and scale in the region		
Project or activity	More details	Lead body
Northern Accelerator	The Northern Accelerator will increase early stage spin-outs, enhance academic commercialisation aspirations through an ideas impact hub, deliver proof of concept support and establish a seed capital investment fund.	North East Universities led by Durham University
Purposeful Health Accelerator	This accelerator programme will help SMEs to grow or expand into the health, wellness and social care delivery sectors building on the product, process and service innovations created by COVID-19.	Northumbria University
Health and Life Sciences IP Protection Fund	In the short term, businesses which have seen opportunities to deploy their intellectual property constrained by COVID-19 will be able to access a unique £300,000 fund to help protect the intellectual property of high-value health and life sciences businesses in the North East. The COVID-19 Patent Protection Scheme will offer up to £25 000 to support high-value proposition (pre-commercial) health and life sciences businesses negatively impacted by the coronavirus crisis until 31 March 2021. This will mitigate the risk of patent and intellectual property loss due to lack of funds.	North East LEP
Biosphere	We have invested in the Biosphere at the Newcastle Helix site to create new accommodation for life sciences businesses and continue to develop the associated support programmes. Future accommodation needs will be identified in our property review.	Newcastle City Council
Healthy Ageing high potential opportunity	Through the <i>High Potential Opportunities</i> process we will work with the Department of International Trade to attract new collaborations with the regions research expertise on ageing and health.	Newcastle City Council and Invest North East with DiT

Key interventions

Priority 3: To broker access to a range of expert support and services across the health and care sectors through the Innovation Pathway		
Project or activity	More details	Lead body
Great North Care Record	This digital platform has been established to enable health professionals and carers to have access to the right information at the point of need and gives individuals improved access to information. In the next stage of the the development, the project will develop a Trusted Research Environment enabling the strengthening of clinical research and trials.	AHSN NENC
North East Health Evaluation Ecosystem system	This evaluation ecosystem model will address a recognised gap in the UK for translational innovation, integration, scale up and pre-commercialisation activities in life sciences and strengthen our regions innovation pathway It will provide a single point of access for businesses seeking to accelerate the commercialisation of product development and adoption by the NHS and social care.	AHSN NENC
CPI – Photonics 2	This innovation facility which focuses on the MedTech market will continue to enhance our capabilities related to digital imaging and in-vitro diagnostics. The SONNET programme supports businesses in the development and application of digital technologies for solving healthcare problems.	CPI
Centre for Public Health Data	This centre builds on data analytics expertise and capabilities to support the development of the GNCR's Trusted Research Environment, improving data access and analytics, allowing better population health planning based on demand and enabling the development and deployment of more innovative treatments. It is currently supporting the regional Trusts in planning and responding to COVID-19.	Durham University
Early Diagnostics Institute	The Early Diagnostics Institute will help to raise the profile of the North East's scientific, medical and technological knowledge. This project represents an industrial approach to applied clinical research, helping to enhance the regions attractiveness for clinical trials and inward investment to support them. In time, the Early Diagnostics Institute will be an active central diagnostic testing and clinical trials centre.	Turbinia
Innovation Delivery Partnerships	The North East LEP will promote a programme of Innovation Delivery partnerships which will bring together businesses, science and innovation partners to collaborate on new initiatives in areas of innovation opportunity.	North East LEP
Northern Alliance Accelerated Therapy Treatment Centre	The NAATTC is a consortium of twenty industry, NHS and academic organisations led by Newcastle Hospitals and the Scottish National Blood Transfusion Service (SNBTS). The centre is developing the systems and infrastructure required to support the delivery of cell and gene therapies, to increase patient access to advanced therapies and treatments.	Newcastle Upon Tyne Hospital Trust
Academic Health Science Centre (AHSC)	One of only 8 established in the UK, the AHSC will work to create world-leading improvements in health and social care, through collaboration in and translational health research, clinical care and education. It will focus on Scientific advancement, Translation into healthcare and Careers and skills and will support industry to access the NHS.	Newcastle Health Innovation Partners

Key interventions

Priority 4: Developing our ecosystem		
Project or activity	More details	Lead body
Digital Clinical Skills Hub	A UK leading Digital Skills Hub for health will be developed to enable the development, training and adoption of robotic and digital surgery, mental health and rehabilitation - building on expertise across immersive tech, robotics and AI.	AHSN NENC
Building facilities and places to grow	We need to understand the property infrastructure needs of the sector, ensuring we have the sites laboratories and facilities we need to enable businesses to grow when they are ready to move to the bigger facilities. A property study will be undertaken by the North East LEP and local authorities looking at existing work and exploring the potential for use of sites around the region including Enterprise Zones and existing hubs, and exploring models from elsewhere including ITAC at SciTech Daresbury, with the aim of developing a 10 year property plan.	North East LEP and local authorities
Enhanced connectivity to markets	Led by Newcastle International Airport and the North East LEP, we will carry out a market feasibility study to assess the potential for enhancing the air connectivity between Newcastle and our growth markets (especially North America) built around freight logistics. It will have a particular focus on pharmaceuticals but will also explore potential in other areas of the economy.	Newcastle International Airport
Cluster development support	The North East has created a fund to support our key cluster organisations and health and life sciences which will be available to support organisations in health and life sciences trial to the funding allocation too.	North East LEP

Hear from some of our businesses on why they chose the North East...

Dr David Simpson

Chief Executive Officer, Iksuda Therapeutics, Newcastle

Iksuda is a drug development company specialising in an enhanced, new generation of Antibody Drug Conjugates (ADCs) targeting difficult to treat solid tumours.



The reason we are based in the North East is because it is an ideal place for our business. The North East has multiple universities with science focus so in terms of talent recruitment, this region is a key place to be for us. The skills set here is a perfect fit for our industry.

While our industry is global in terms of partners we work with, we are manufacturing our second drug in the North East.

The region is very well-placed in our drug class. We could actually take one of our drugs to Phase Two and not need to go any further south than Leeds. It's a pretty powerful story for the North East – as a region, we are incredibly capable of innovation.

Dr Nathalie Huther

Senior Director of Business Development, Europe
Arcinova, Alnwick

Arcinova is a contract development and manufacturing organisation that helps pharmaceutical and biotechnology companies across the globe develop life-changing medicines.



We initially thought it could be a challenge to recruit the right people in Northumberland however we soon learned the North East has a remarkable talent pipeline.

The huge benefit of being based in the North East is that there is so much talent in the local universities and there is such a big pharmaceutical ecosystem harnessing expertise in the region.

Being based somewhere where we can access the right talent has helped us to grow to where we are today'.

Andrew Turner

Inventor and Managing Director, Quality Hospital Solutions and SamplePod Limited, NETPark Science Park, Sedgefield

Quality Hospital Solutions (QHS) is our parent company, which is purely focussed on NHS innovation. We have launched products such as beverage trolleys to be used within the NHS.



'The North East innovation network that we have been able to tap into has been hugely beneficial. It has allowed us to accelerate our product quickly and keep much of our supply chain in the region.

The digitisation of the SamplePod tracking was facilitated by NETPark manager Janet Todd who introduced us to PragmatIC, the company that produced the flexible integrated circuit technology that is used on our smart labels. They are one of the only companies in the world that could offer this and they also happened to be here in the North East.

Dr Sam Whitehouse

Chief Executive Officer, LightOx, Newcastle

LightOx's work is based around the development of new molecules that can penetrate and 'light up' damaged cells with a fluorescent drug in a multitude of cell types.



'The North of England presents some great opportunities to develop new drug entities. Commercialising and driving a drug to market involves the skill sets of a large number of companies to support, test, analyse and manufacture and protect your drug products.

Companies such as High Force Research who can develop new synthetic routes and provide GMP manufacture, Sygnature Discovery who can provide in-vitro and in-vivo testing models, Histologics who provide histology services, formulation work from CPI in Darlington, or Quay Pharma in Alderley Edge, Aptus Clinical on trial design and of course the many NHS trusts that can provide clinical trial sites.

And of course, protecting the intellectual property is key to making it to market and Definition IP in Newcastle are experts in the field, the list goes on and on.

The North of England has many companies that can make up part of the supply chain needed to bring a new drug to the market and provide world-class expertise to the industry'.



North East Covid-19

Economic Response Group

COVID-19 Intelligence

December 2020 update



on behalf of business:



on behalf of regional universities:



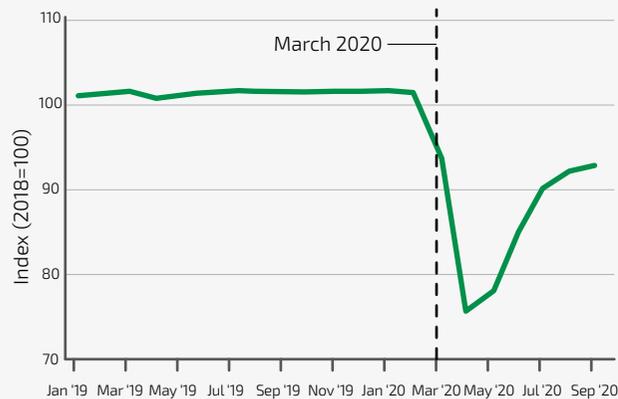
This report forms part of our ongoing monitoring of the immediate and longer term impacts of the COVID-19 pandemic in the North East. It aims to consolidate and update information from a range of available key indicators and intelligence sources.

A copy of the full report is available from the North East LEP from Richard Baker (richard.baker@nelep.co.uk) or Emma Ward (emma.ward@nelep.co.uk).

Headline findings

Economic activity

UK Gross Domestic Product (GDP), January 2019 to September 2020

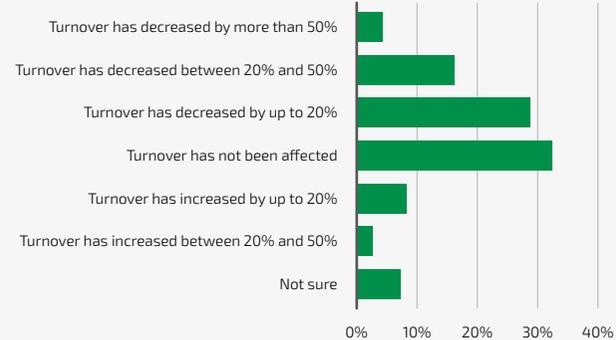


While the economy has begun to recover from the immediate impacts of COVID-19, the rate of recovery is slowing.

Source: ONS GDP monthly estimate, UK: September 2020

Business activity

Impact of COVID-19 on turnover, North East region (Wave 16: 5 October to 18 October 2020)

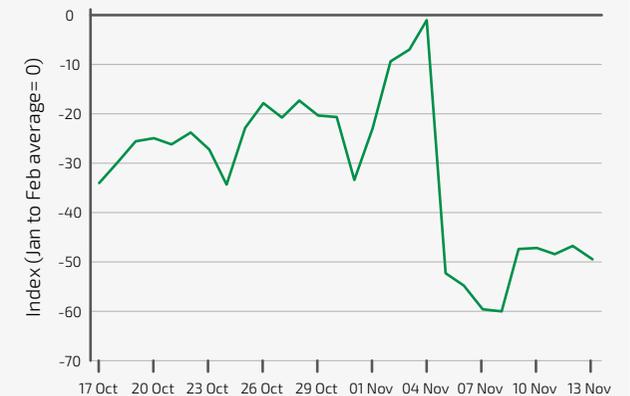


When compared to turnover levels normally expected at this time of year, turnover was reported as being lower for approximately half of businesses (49%) in the North East region (including North East and Tees Valley LEPs) in early October.

Source: ONS Business Impact of COVID-19 Survey

Footfall and visits to retail and recreation locations

Daily visits (indexed), North East LEP, four weeks to 13 November 2020



At the beginning of the second national lockdown, visits to retail and recreation locations fell to around half of average levels in January and early February.

The impact of the latest national lockdown is demonstrated by the fact that visits to retail and recreation locations fell by over 50% between 4 and 5 November.

Also, the announcement of the lockdown led to a spike in visits.

Source: Google Community Mobility Reports

Redundancies

UK redundancies, July to September 2005 to July to September 2020



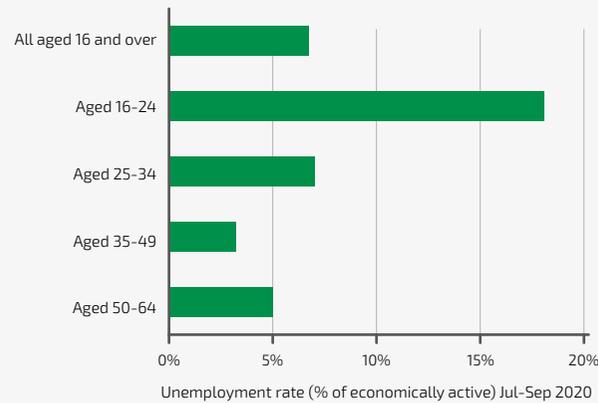
Across the UK, redundancy affected 314,000 people in the three months prior to interview in the July to September 2020 period. This is the highest quarterly increase on record and the number of redundancies now exceeds the level seen following the 2007/08 global financial crisis.

In the North East region, redundancy had affected about 15,000 people in the three months prior to interview in the July to September 2020 period. This was three times the total in the same period of 2019 and represented about 1.4 per cent of all employees, the highest rate since early 2009.

Source: ONS Labour market overview, UK: November 2020/September 2020

Unemployment

Unemployment rate by age, North East region, July to September 2020



Unemployment in the North East region (including North East and Tees Valley LEP areas) increased by 15,600 people between Q2 and Q3 2020. The unemployment rate is highest among young people.

Source: ONS Unemployment by age

Recruitment demand

Number of jobs advertised on the Adzuna website (indexed), North East region, week ending 3 January to week ending 30 October 2020



In the last week of October, vacancy levels in the North East region (including North East and Tees Valley LEP areas) were growing, but were at at 88% of the 2019 average.

Source: ONS analysis of Adzuna website data

Key data

Economic output

The UK was officially in a recession following two consecutive quarters of negative growth in Q1 and Q2 2020. Around a quarter of GDP was lost in Q2 2020.

Since then, the economy has begun to recover, expanding by 15.5% in Q3 2020, the fastest quarterly growth on record.

However, monthly data shows that the rate of recovery is slowing.

Output of private sector businesses in the North East region (including North East and Tees Valley LEP areas) continues to improve month on month, but the pace of growth is slowing.

Monthly growth in new orders is also continuing, but has also slowed as lockdown restrictions curbed overall growth.

The NatWest Regional PMI report indicates that the North East region's businesses continue to expect an upturn in demand over the next 12 months, but confidence levels are at their weakest in six months, and below the UK-wide average.

The OBR indicate that the pace of economic recovery remains uncertain, dependent on the extent to which the spread of COVID-19 can be controlled (including through the widespread availability of a vaccine), and the extent to which ongoing local or national restrictions are imposed.

The OBR also posit that the effectiveness of policy measures to mitigate the impacts of the pandemic (such as the protect viable businesses, foster new opportunities and sustain employment) is also a key determinant of economic recovery.

Forecasters continue to expect a gradual recovery in late 2020 and into 2021 and beyond; several scenarios suggest GDP will not return to pre-COVID-19 levels until 2023.



Business activity and confidence

Compared to levels expected at this time of year, turnover was lower than usual for 49% of businesses in the North East region (including North East and Tees Valley LEPs) in early October, compared with 44% in England.

In addition, compared to levels expected at this time of year, profits were lower than usual for a similar proportion of the North East region's businesses (47%, compared with 42% in England).

More than a quarter of exporters in the North East region (29%) were exporting less than normal, compared with 33% across England.

Almost a quarter of importers were importing less than normal (23%, compared with 27% in England).

Stock levels were lower than normal in 13% of the North East region's businesses (compared to 14% in England).

6% of the North East region's businesses had no cash reserves or less than a month's cash reserves; a further 15% had cash reserves of only one to three months (compared to 6% and 20% respectively in England).

While 69% of the North East region's businesses had high confidence that their business would survive the following three months, 2.3% had low confidence in their survival (compared to 62% and 3.3% respectively in England).

Business support

Many businesses are very concerned about an extension to the current lockdown, especially if this happens at short notice, as it will hit the crucial Christmas trading and tourism period.

Businesses continue to request support to help them trade their way out of current challenges, and to look beyond COVID-19. Businesses are seeking support to develop a long-term ability to adapt to future restrictions, including support for short term measures (e.g. to buy new equipment or tools), to innovate with new approaches and business models, and to access professional advice and support.

Businesses are seeking support to adopt new technologies to help them look beyond survival and thrive post-pandemic, including the adoption of digital technology to help pivot business models to online where possible, or better utilise accounting and CRM systems.

Some businesses have requested support to access rapid testing for staff and customers, which would help them fully re-open.

Employers have welcomed the extension of the Coronavirus Jobs Retention Scheme and the increase in the amount payable through the Self Employment Income Support Scheme.

Support agencies continue to receive enquiries from businesses excluded from support schemes with pleas that they are not overlooked again (such as newly self-employed, home based businesses, directors paid through dividends and so on).

There is notable evidence of an increase in requests for business rates relief from manufacturing firms that are only using part of their buildings, suggesting downsizing or consolidation due to COVID-19 and EU Exit.

Footfall and retail and recreation visits

Google's community mobility reports show that footfall and visits to retail and recreation locations reached some of their highest levels during August, which is the period when the Eat out to Help Out Scheme ran (3 August to 31 August). This suggests that the economy is very sensitive to controls, stimulus and messages.

On the three weekdays between the 31 October announcement of a second national set of restrictions and their introduction on 5 November, visits to retail and recreation locations (excluding supermarkets and pharmacies) increased to almost the same levels seen in January and early February.

On 5 and 6 November, visits to retail and recreation locations fell to less than half of average Thursday and Friday levels in January and early February.

The most recent data shows that levels increased marginally around 9 November and stabilised over subsequent days at around 50% of the January to February average.

During the week ending Friday 30 October, retail and recreation visits were higher than in previous weeks due to half-term holidays, although they were still only about 80% of their January and early February level.

The decrease in visits to retail and recreation locations on the first day of the new national restrictions was larger than any single day's decrease at the start of the first lockdown, but this is likely to reflect the earlier, gradual introduction of restrictions during March. Over two weeks in March, the index decreased by more than 80 percentage points

Economic activity

The unemployment rate in the North East region (including North East and Tees Valley LEPs) rose by 1.3 percentage points between Q2 and Q3 2020, to 6.7%.

This was the highest unemployment rate among the English regions (England 4.8%).

In total, around 86,000 people were unemployed in the North East region in Q3 2020, up from around 71,000 in Q2.

The unemployment rate is highest among young people. 18.0% of 16 to 24 year olds in the North East region were unemployed in Q3 2020, compared with 7.1% of 25 to 34 year olds, 3.3% of 35 to 49 year olds and 5.0% of 50 to 64 year olds

Almost 6,000 fewer 16 to 24 year olds were in employment in the North East region in Q3 2020 than in Q2. Unemployment increased by a similar number, with little net change in economic inactivity (people who are out of work but not actively seeking a job, whether they want one or not).

The number of 25 to 34 year olds in employment in the North East region rose by around 5,600 between Q2 and Q3 2020, but unemployment also rose by around 6,400 as economic inactivity decreased.

Around 2,000 fewer 35 to 49 year olds in the North East region were in employment in Q3 2020 than in Q2. Unemployment and economic inactivity both increased by around 1,000 people.

The oldest age group (50 to 64 year olds) saw by far the largest net decrease in employment between Q2 and Q3 2020, of over 12,000 people. Unemployment in this age group increased by almost six times more than economic inactivity (9,700 compared with 1,700), suggesting older workers in the North East have been more likely to seek employment after a job loss than to leave the labour market.

The number of women in employment in the North East region fell by 1.4% between Q2 and Q3 2020, while the number of men in employment fell by 3.6%. The employment rate among women (70.4%) remains below the employment rate among men (72.6%).

Claimant count

**Almost
88,000
people**

Were claiming unemployment benefits in the North East LEP area in October 2020, over 33,000 more than in March. Most of the increase happened between March and April, with a further increase between April and May.

Since May, the claimant count has been relatively unchanged. The October count is slightly below the August 2020 peak (almost 90,000 people) but it is not yet clear whether this reflects a long-term trend.

Coronavirus Job Retention Scheme (CJRS)

Between the introduction of the CJRS and the end of July, 267,300 employments in the North East LEP area were furloughed at some point, a take-up rate of 32%.

**74,300
employments**

In the North East LEP area were still furloughed at the end of August, representing 9.0% of eligible employments (compared with 10.4% in England).

51% of employments furloughed in the North East LEP area at the end of August were female workers.

As at the end of July, over half of employments furloughed in the North East region (including North East and Tees Valley LEPs) during the scheme were in wholesale and retail including the motor trade (19% of furloughed employments), accommodation and food services (18%) and manufacturing (14%).

CJRS take-up rates in the North East region at end July were highest in accommodation and food services (80% of eligible employments had been furloughed) and arts, entertainment and recreation services (76%).



Self-Employment Income Support Scheme (SEISS)

Almost 55,000 self-employed workers in the North East LEP area made SEISS claims in the first tranche of the scheme, which ran from 13 May to 13 July.

Around 47,500 self-employed workers had made claims in the second tranche by the end of September (claims could be made from 17 August).

This represented, respectively, 77% and 67% of the eligible population (compared to 76% and 67% respectively in England).

About 30% of claimants in both tranches were in the construction sector. A further 20% were in transport and storage (including postal) or personal and membership services.

These three sectors, along with the smaller education self-employment sector, have had the highest SEISS take-up rates.

Impacts on individuals

Across Great Britain, 37% of people who were working in the period 28 October to 1 November 2020 were working from home. 29% were not able to work from home.

The proportion of those working from home has risen from 27% at the end of August.

5% of workers had been furloughed in the past seven days, while 2% had been asked to return from furlough.

The proportion of workers who were furloughed in the past seven days was down from 29% at the end of March to 5% at the beginning of November.

Redundancies

Across the UK, redundancy affected 314,000 people in the three months prior to interview in the July to September 2020 period. This is the highest quarterly increase on record and the number of redundancies now exceeds the level seen following the 2007/08 global financial crisis.

15,000
people
affected by
redundancy

In the North East region, redundancy had affected about 15,000 people in the three months prior to interview in the July to September 2020 period. This was three times the total in the same period of 2019 and represented about 1.4 per cent of all employees, the highest rate since early 2009.

Nationally, the rates of redundancy are highest in hospitality, construction, arts, recreation and personal services sectors. The local impacts of potential job losses announced nationally in these and other sectors are uncertain.

Given their importance within the workforce in many of the most impacted sectors, women, young people and the BAME community may be disproportionately affected.

Vacancies



88%
vacancy
levels

In the last week of October, vacancy levels in the North East region (including North East and Tees Valley LEP areas) were at 88% of the 2019 average. Across England as a whole, vacancy levels were at 69% of the 2019 average.

At their lowest point in mid May, vacancy levels in the North East region were at 37% of the 2019 average.

Nationally, vacancy levels were above the 2019 average in transport, logistics and warehousing; facilities and maintenance; domestic help; and health and social care.

Vacancy levels in legal, management, executive, HR and administrative services were less than half of the 2019 average.

The number of vacancies in catering and hospitality was only 30 per cent of the 2019 average.

Part-time and weekend vacancy levels were much higher than in 2019.



Future employment scenarios

Significant uncertainty remains around future employment and unemployment prospects.

The extension of the Coronavirus Jobs Retention Scheme to March 2021 is likely to continue to help mitigate the negative impacts of the pandemic on employment during the winter months.

Job losses are expected to be concentrated in primarily consumer-facing sectors and their supply chains, including the hotel and restaurants sector, wholesale and retail trade, and the arts, entertainment and recreation sector.

Most forecasters expect economic recovery to pick up pace from Spring 2021, and this would be expected to lead to a concomitant recovery in labour demand (though this may not be even across all sectors).

PWC's July 2020 Economic Update noted that as well as short-term shifts in labour demand, the COVID-19 pandemic is also accelerating long-term changes such as automation; occupations at highest risk include machine operators, clerical workers and craft and related trade workers, as well as – more generally – workers in jobs which require lower skill levels.

Sectors such as health and social care, and pharmaceuticals and life sciences are expected to grow in importance, including the need for skilled healthcare workers and researchers.

Science, Technology, Engineering and Mathematics (STEM) jobs are likely to continue to be in demand to drive productivity gains in the economy and support the “levelling up” agenda.

The pandemic has placed greater emphasis on green growth and the Net Zero agenda, and there is likely to be increased demand for workers in the low carbon economy.

Digital skills and transferable skills such as creativity, critical thinking, interpersonal communication skills and leadership skills are also likely to become more important as technology advances.

Sectors, local authorities, and place intelligence

In preparing the report for this period, there has not been a full assessment of the impacts on all sectors, local authorities and places because detailed consultations have not been undertaken. Instead, a brief update on the latest situation has been provided only for those sectors and places for which data and evidence has been published since the previous report in September 2020. This includes hospitality and tourism, retail, manufacturing, and construction.

A comprehensive update on sectors and places will be provided in the January 2021 report, informed by in-depth consultation workshops to take place in December and January.

Business activity

The September 2020 report highlighted a mixed picture in terms of the ongoing impacts of COVID-19 on different sectors in the North East, and the extent to which businesses were recovering and returning to more normal levels of activity following the easing of restrictions over the Summer. This mixed picture across sectors has continued as the impact of changing lockdown restrictions has been felt during the period since September 2020.

Local level restrictions through the Autumn, and the subsequent introduction of a second national lockdown from 5th November 2020, have had a significant impact on some sectors, in particular:



An NGI survey of hospitality businesses in October 2020 showed revenues were down by between 40% and 70%. Average projected losses per business were around £1m over the next six months, with average projected losses of £300k during the Christmas period.

A Visit County Durham survey (October 2020) of predominantly rural visitor economy businesses found that 60% had seen their revenues fall by more than 50%, 33% were operating reduced opening hours and 79% said local restrictions had impacted their businesses significantly. Many businesses in the arts, culture, tourism and hospitality sectors have closed temporarily, or have adapted operations, for the second national lockdown.

ONS data from 18th October reported that accommodation and food were the sectors with the lowest proportion of businesses currently trading, at 75% compared with 85% across other sectors.

By contrast, some other sectors have continued to fare reasonably well. For example, the most recent CITB insights report shows that during October 2020, 82% of construction industry employers were fully operational. The Make UK survey of manufacturing businesses, from October 2020, reports that 24% have returned to full pre-COVID operating levels, while 35% are operating at somewhere between 75% and 99% capacity. 20% reported an increase in orders, and 41% saw no change, while 39% reported a reduction in orders.

Some sectors have experienced continuous strong demand throughout the local and national lockdowns (digital and tech, pharmaceuticals, health, online retail, offshore energy, professional services, and some parts of the manufacturing sector (such as food and beverage). Others have experienced a severe contraction (e.g. automotive, aerospace manufacturing, aviation, tourism, leisure and hospitality, arts and culture, and high street retail).



Jobs, skills and training

From 1st November 2020, the Coronavirus Job Retention Scheme (CJRS) was due to be replaced by the Job Support Scheme (JSS) which would have offered lower levels of financial support for businesses seeking to retain employees. However, the original CJRS has now been extended to March 2021 as part of the response to the second national lockdown. It is expected that the extension of CJRS may delay or prevent redundancies that may otherwise have occurred in the transition between the two schemes.

Around a third of North East employees have been placed on furlough through the CJRS at some point during the pandemic, although this varies greatly between sectors.

CITB data from October 2020 shows that 72% of construction businesses had no employees currently furloughed, while only 7% had most or all staff furloughed. Make UK data for the manufacturing sector shows that 51% of businesses had no staff furloughed in October, 42% had less than one quarter of staff furloughed, and none had more than 75% of staff currently furloughed.

However, the hospitality and tourism, arts and culture, aviation, and fitness sectors continue to be the largest users of furlough, with many businesses now having to close temporarily or significantly reduce their operations as a result of the second national lockdown.

There is evidence from some sectors that the scale of redundancies grew through the period September to November, as businesses adjusted to lower levels of demand and prepared for the original planned end of the CJRS in October 2020.

For example, the October 2020 Make UK Manufacturing Monitor reports that 49% of UK businesses have made redundancies, although the proportion of manufacturing businesses reporting redundancies in the North East is much lower at 20%. It also reports that around one fifth of businesses were planning redundancies within the next six months. However, this is down from the previous month when 30% were planning redundancies within the next six months. The October 2020 CITB survey reported that 71% of construction businesses had made no redundancies, while 28% had made some of their workforce redundant, and only 1% had made most of the workforce redundant.

Businesses in automotive and aerospace manufacturing, high street retail, hospitality, arts and culture, leisure and tourism, were most concerned about the original planned end of the furlough scheme in October 2020, and many expected to see significant redundancies from October. Businesses in these sectors were concerned about the loss of highly skilled staff and the impact on future business sustainability, growth and productivity. The actual scale of redundancies in these vulnerable sectors is unknown at the current time but may become clearer following the sector consultations and research to be reported in January 2021.

Staff recruitment is continuing in some North East business sectors, including:

-  healthcare
-  digital
-  pharmaceuticals
-  online retail
-  logistics
-  supermarkets

There has been an increase in enquiries for business start-up support across the region. This is partly driven by the increase in unemployment, but also includes people who have been considering self-employment for some time, and furlough or redundancy has given them the opportunity and impetus to pursue it.

Places

Footfall in major towns and city centres in the North East remains below pre-COVID-19 levels, with some areas reporting footfall of between 55% and 80% of the normal levels experienced at the same time last year.

Larger towns and city centres have seen the greatest reductions in footfall, and an acceleration of the pre-COVID-19 decline of high streets (e.g. increasing vacancies, national chains closing some stores).

British Retail Consortium data showed high streets experiencing a 75% reduction in footfall due to the second national lockdown, compared to a year previously. This is slightly lower than the 80% fall experienced during the first lockdown in March.

The introduction of the second national lockdown appears to have provided a temporary boost to footfall in some North East towns and city centres, likely to have been driven by people doing last minute shopping ahead of the lockdown coming into effect.

Resilience

Expectations of future business resilience vary widely between sectors and future prospects remain uncertain for many businesses, particularly now that a second national lockdown is in place which is likely to be followed by further local restrictions.

A recent survey undertaken by UK Hospitality reported that 23% of businesses in the sector believed they would fail by early 2021, while 40% believed they would fail by mid-2021.

By contrast, the Make UK Manufacturing Monitor reported that 50% of businesses think it will take less than 12 months for trading conditions to return to normal pre-COVID levels.

However, some evidence is beginning to emerge that orders from large OEMs and Tier One manufacturers into the early part of 2021 are beginning to slow due to both the pandemic and ongoing uncertainty about post-Brexit trading arrangements. This is beginning to impact on some supply chain businesses in the North East manufacturing sector.

For construction businesses, a key risk to future resilience is the availability and cost of building supplies, which has become more challenging through the Autumn and may worsen as a result of the second national lockdown.

The September 2020 report highlighted concerns about the future of the Metrocentre in Gateshead and Eldon Square in Newcastle as a result of Intu going into administration. However, it was announced in October 2020 that the Metrocentre has been taken over by the Metrocentre Partnership and will be managed on its behalf by Sovereign Centros, with potential future investment of £25m into the Centre.

While the impacts of the first national lockdown were not as bad in some sectors as originally feared, there is concern about the impact of ongoing local and national lockdowns. Having survived the economic consequences of the first lockdown, it is feared that some businesses may not have the resources and resilience to survive the second lockdown.



Opportunities and changes

The region has strengths in a number of sectors that are continuing to trade strongly through the pandemic, including food and drink, pharmaceuticals, offshore energy, and advanced manufacturing. This puts the region in a strong position to exploit emerging opportunities that can support economic recovery, including R&D and demonstration of new technologies; strengthening UK-based production and supply chains; and growing the low carbon economy.

The digital and tech sector can have a big impact on all other sectors in the North East economy through the growing use of tech solutions to reach customers and improve productivity and efficiency. The pandemic has accelerated the adoption of digital technologies by businesses across all sectors in the North East and there is an opportunity to put the digital sector at the heart of the region's economic recovery.

The pandemic has demonstrated the benefits of home working and digital delivery of services, including the positive environmental impacts this can deliver. The increase in remote working also offers opportunities for local people to access jobs and income outside the local area.

With the ongoing decline of high street retail and the continued growth of online retail, plans for repurposing town and city centres should focus on the interrelationships between living, working and leisure, including increased investment in residential accommodation and leisure facilities.

Looking ahead and preparing for recovery

It remains the expectation that economic recovery in the region will vary widely between sectors. For example, the arts, culture and hospitality sectors are expecting extensive job losses, business closures and a recovery that will take many years without ongoing support. Other sectors, such as construction and parts of manufacturing, are performing well or on the road to recovery.

Feedback indicates that few businesses, especially SMEs, are actively preparing future recovery plans. Those in strongly performing sectors are getting on with running their businesses. Those in badly impacted sectors are focused on short-term survival. Those businesses that are actively planning for the future tend to be larger firms.

Larger businesses have been planning for EU Exit for some time and, whilst the full impacts won't be understood until the final deal outcome is known, they have largely planned for all different scenarios. The picture is much different for SMEs however, where some are taking a 'wait and see' attitude; some feel they are unlikely to be impacted by EU Exit, for example because they do not export goods or services; and some are too busy focusing on the immediate priorities arising from COVID-19.

A key factor underpinning future economic recovery is business confidence. Firms in strongly performing sectors (e.g. energy, pharmaceuticals, digital, food manufacturing) are most likely to drive the region's recovery. In other sectors, confidence is weak and investment plans on hold.

Current and future support

There has been a high take-up of Government financial support (such as the furlough scheme, business grants and loans, and business rates relief) by businesses in the North East and this has played a critical role in ensuring the short-term survival of many firms.

Some sectors need further short-term financial support to aid their survival and recovery (culture, hospitality, aviation, tourism, and some areas of retail and manufacturing). Businesses in hospitality, tourism and retail in particular need clarity from Government as soon as possible about the end date of the second national lockdown, the level of tiered local restrictions the region is likely to move into at that time, and ongoing financial support after the national lockdown ends. The extent of any Christmas trading period through December could be the difference between survival and closure for many North East businesses in these sectors.

Some key sectors require investment to maximise their contribution to the region's economic recovery and growth (health and pharmaceuticals, advanced manufacturing, energy and offshore, food and drink, education).

Others need the economy more broadly to recover for their businesses to be sustainable and to thrive (legal, finance, digital, professional services).

Training initiatives are needed to support local people to re-train for work in growing sectors. For those that have been made redundant, these schemes may need to include an element of income support while people are in training.

Targeted support is needed for young people to ensure they continue in education or move into employment. The Kickstart scheme may go some way to achieving this, although more will need to be done within the region to supplement this, as the level of need is so great.

