

Enterprise Zones: Draft Implementation Plan

North Eastern LEP Proposition

By 2037, the NELEP Enterprise Zone will have produced:

1. Over 481,433 sq.m. of floorspace (industrial and office).
2. Nearly 8,480 jobs in respect of direct employment.
3. Over £121,000,000 in additional business rates, of which more than £46m will be net of investment costs and can be applied to meet NELEP priorities.

By 2015, the Enterprise Zone will produce:

- A. Over 40,000 sq.m. of floorspace (industrial and office).
- B. Almost 1,000 jobs in respect of direct employment.
- C. Nearly £750,000 per annum in additional business rates.

1. Introduction and Background

1.1 On 17 August 2011, the Government announced that agreement had been reached on the site locations of a designated Enterprise Zone within the North Eastern LEP area.

1.2 The Government's approach to the 'new generation' of Enterprise Zones is based on:

- Generating and maximising a positive impact for the wider economic area.
- The long term economic success of both a Zone and the wider area going beyond the initial period of Government business rate subsidy.
- Connection between the Zone and the strategic economic priorities of the wider area.
- Minimising displacement and avoiding localised competition.

1.3 This draft Implementation Plan sets out the steps that are being taken to establish the Enterprise Zone within the North Eastern LEP area.

1.4 The vision for the North Eastern LEP is to deliver smart, enterprising leadership between the private sector, local government, higher education and further education, to rebalance the economy and ***create Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs.*** To achieve the vision, the LEP has agreed to focus on supporting actions delivered within a 'Growth Plan' targeting four strategic economic priorities:

- **Supporting Enterprise and Private Sector Business Growth.**
- **Building on Key Economic Strengths.**
- **Improving Skills and Performance.**
- **Strengthening Transport, Connectivity and Infrastructure.**

1.5 By taking forward the work on the 'Growth Plan', and with the Enterprise Zone as a key delivery tool, the NELEP is also positioning itself to take full advantage of initiatives, such as Growing Places Fund, North East of England ERDF Competitiveness Programme, Port Infrastructure Fund and Green Investment Bank. The LEP is also ready to take advantage of any opportunities arising out of the Government's 2011 autumn Budget Statement.

Rationale and Strategic Economic Fit

1.6 The North Eastern LEP area has made substantial progress in moving towards achieving the overall vision agreed by the LEP. The intention of the LEP is to capture the benefits from the development of a low carbon economy by capitalising on the distinct locational advantages of the NELEP area and the critical assets and strengths of the locality.

1.7 There are two major opportunities in low carbon industries that the NELEP area is well placed to secure:

- The development of mass production **ultra low carbon vehicles**, particularly in the form of electric cars.
- The manufacture assembly and servicing of **offshore wind energy** farms in the North Sea.

1.8 Both opportunities are real, and work is well-advanced in preparation to secure new investment and create value-added employment in these new industries. Whilst the low carbon economy operates in a fiercely competitive global market place, the Enterprise Zone initiative offers a practical means of positioning the NELEP area ahead of other similar places. The Zone will also act as a catalyst and anchor for economic growth beyond the boundaries of the EZ sites.

1.9 In relation to electric and ultra low carbon vehicles, Nissan has already announced its intention to produce the LEAF electric vehicle at its Sunderland site from 2012, and has invested in a new battery plant to serve those requirements. The opening up of the Nissan test track to third parties has already attracted other electric vehicle suppliers and the intention is to attract further companies involved in both electric vehicle production and battery technologies to build a low carbon 'technopole' (or a set of strongly-linked technology locations). As production at Nissan and elsewhere expands, there is a major opportunity to develop a new supply chain relating to electric vehicle production that could serve the growing European market for ultra low carbon vehicles. This sector also provides a high level of distinctiveness for the Enterprise Zone when situated within a UK plc context.

1.10 For offshore wind energy, the NELEP area possesses several strengths that position it ahead of alternative locations on the North Sea, including:

- Research expertise and test facilities at Narec in Blyth and in the marine sector on the River Tyne.
- The availability of very large sites on the River Tyne for final assembly.
- Excellent port facilities on the Rivers Blyth, Tyne and Wear for survey work, sub-assembly and the servicing of offshore fields.
- Riverside and coastal sites suitable for component assembly of the very large structures that go to make the new generation of offshore turbines (which can comprise up to a 70m radius blade on top of a 100m high column and carrying a generator located in the nacelle that itself weighs up to 200 tonnes).

1.11 For offshore wind energy and electric vehicles, the North East's strong industrial base and wide-ranging engineering skills are key factors in supporting these developments.

1.12 The potential exists for the North Eastern LEP area to secure competitive commercial advantage from the transition to a low carbon economy through new investments in offshore wind, electric vehicles, micro-generation, and drawing upon renowned scientific research and innovation strengths in a range of low carbon technologies. There is also a real opportunity, through the Enterprise Zone, to establish stronger linkages between key sites located in the Zone on the basis of a consistent marketing approach.

Strategic Milestones

1.13 The Government has set the strategic milestones it is working towards to enable Enterprise Zones across the country to be up and running from April 2012. The matrix below sets out the corresponding actions that will be taken by the NELEP and partners to meet the requisite Government deadlines and ensure that the EZ is operational by April next year.

Government Deadline	NELEP Action(s)
Localism Bill to receive Royal Assent, regulations defining area of EZs for refund of business rate discounts drafted (end of November 2011).	<ul style="list-style-type: none"> • Define EZ Sites Boundaries (11 November 2011). • Provide details of Incentive Requirements (11 November 2011). • Provide Business Rate Discount projections to DCLG (11 November 2011).
Localism Bill regulations enacted, bringing in powers to discount business rates from 2012. Draft LDOs begin to be submitted.	<ul style="list-style-type: none"> • Agreement to Financial Model to be employed for Retention of Business Rates (End of November 2011).

Government Deadline	NELEP Action(s)
<p>1st April 2012 – 5 yrs Business Rate Discounts begin for those on site. Approved LDOs become operational.</p>	<ul style="list-style-type: none"> • Lead Local Authorities draft framework and timescale for EZ LDOs (ongoing). • Local Authorities to establish contact with nominated DCLG LDO Link Officer. • LDOs prepared in consultation with DCLG. • Draft LDOs to go through statutory consultation process (Early 2012). • LDOs to be approved by Local Authorities and Secretary of State (April to July 2012).
<p>April 2012 - Legislation introduced to enable companies moving into Zones to seek first year Capital Allowances on plant and machinery.</p>	<ul style="list-style-type: none"> • Negotiations over ECA Incentive for NELEP sites completed (End of November 2011). • Projections for ECA for the Zone provided to Government (November 2011). • Sites appropriately marketed to Inward Investors through EZ Marketing Strategy (ongoing).
<p>End of 2012 – Partnerships will have developed plans for the use of business rates retained from businesses located in EZs and nominated a responsible local authority to ensure that retained business rates are subject to usual audit, accountability and transparency.</p>	<ul style="list-style-type: none"> • Core Principles of Financial Model to be agreed (end of November 2011). • Detailed Financial Model set in place by Local Authority partners (April 2012). • NELEP ‘Growth Plan’ completed to inform investment strategy for retained business rates (end of January 2012).
<p>April 2013 – Billing authorities begin to retain business rates collected from businesses located in EZs. Legislation enabling enhanced capital allowances and TIF comes into force.</p>	<ul style="list-style-type: none"> • Expenditure in support of NELEP Growth Plan commences.

NELEP Enterprise Zone



Contact Information

1.14 The senior level owner of the project will be Paul Woolston, Chair of the North Eastern LEP Board: paul.woolston@uk.pwc.com

1.15 The NELEP Board is establishing a new executive team for the LEP. In addition, an Interim Enterprise Zone Project Manager for the LEP is being recruited to provide immediate project management support for the day-to-day co-ordination and implementation of the Enterprise Zone. This post will be filled by December. In the meantime, the initial officer contact for the Zone is Peter O'Brien. Tel: 0191 537 0951, peter@tyneandwearingcityregion.co.uk

1.16 The following contacts will be responsible initially for developing and agreeing a model for managing business rates discounts and retention in the Zone:

- Malcolm Page, Executive Director of Commercial and Corporate Services, Commercial and Corporate Services, Sunderland City Council, Civic Centre, Burdon Road, Sunderland SR2 7DN. Tel: 0191 561 1003, malcolm.page@sunderland.gov.uk
- Paul Woods, Director of Finance and Resources, Chief Executive's Office, Newcastle City Council, Civic Centre, Barras Bridge, Newcastle upon Tyne NE99 2BN. Tel: 0191 277 7527, paul.woods@newcastle.gov.uk
- Fiona Rooney, Strategic Director of Finance and Resources, North Tyneside Council, Quadrant East, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY. Tel: 0191 643 5724, fiona.rooney@northtyneside.gov.uk

1.17 The following contacts will be responsible for designing and implementing simplified planning arrangements in the Zone:

- Jon Rippon, Team Manager, Development Management, Strategic Housing, Planning and Transportation, Environment and Regeneration Directorate, Newcastle City Council, Civic Centre, Barras Bridge, Newcastle upon Tyne NE99 2BN. Tel: 0191 211 5639, jon.rippon@newcastle.gov.uk
- Sarah Davitt, Principal Planning Officer, Regeneration, Development and Regulatory Services, Chief Executive's Office, North Tyneside Council, Quadrant East, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY. Tel: 0191 643 6332, sarah.davitt@northtyneside.gov.uk
- Dan Hattle, Interim Deputy Manager, Planning Implementation, Office of the Chief Executive, Sunderland City Council, Civic Centre, Burdon Road, Sunderland SR2 7DN. Tel: 0191 561 1714, dan.hattle@sunderland.gov.uk

2. Sites and Incentives

2.1 On 17 August 2011, the Government agreed to the site locations of the designated NELEP Enterprise Zone. The Enterprise Zone is 117 ha in size, comprising of two main development areas focussing on two specific low carbon economy sectors:

- Offshore Wind and Renewables (River Tyne North Bank).
- A19 Ultra Low Carbon Vehicles Corridor (Nissan Site).

2.2 Each of the development areas that make up the NELEP Enterprise Zone should be viewed locally, and by the market, as being composed of a small number of distinct sites. The details of these sites are set out below and in the maps attached annexes.

2.3 The NELEP EZ sites are seeking to take full advantage of the following incentives that Government is making available:

- A business rate discount worth up to £275,000 per eligible business over a five year period.
- All business rates growth within the zone for a period of at least 25 years will be shared and retained by the local area, to support the Partnership's economic priorities and ensure that Enterprise Zone growth is reinvested locally.
- Government help to develop radically simplified planning approaches for the zone using, for example, existing local powers to grant automatic planning permission.
- Government support to ensure that superfast broadband is rolled out throughout the zone, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.
- Enhanced capital allowances (instead of business rate discounts) for plant and machinery, in a limited number of cases, where there is a strong focus on manufacturing.
- UKTI support for inward investment or trade opportunities in the Zone.

Flexibilities in the application of Enhanced Capital Allowances

2.4 The NELEP is aware that restrictions are being applied to ECAs on the basis of the first three investments in plant and machinery on the relevant sites within the Zone. Having reviewed the sites within the NELEP proposal, and the market conditions for such sites, the NELEP has been keen to explore a mechanism with Government in relation to ECAs, which would not increase the potential liability to Treasury provided by three investments, each offering up to £100m of ECAs on Plant and Machinery, while providing the LEP and the Zone with greater flexibility to attract a higher number of significant investors as powerful generators of economic growth.

2.5 Based on the nature of the sites themselves, the requirements of the target sectors, and current investment requirements for the sites, partners

responsible for preparing the EZ sites have concluded that ECAs are an essential part of the attractiveness of the area in securing new investment in the Low Carbon Economy and Advanced Manufacturing industries. The potential also exists for the Zone to attract smaller, supply chain companies, as the wider supply chain is vital to attracting the major manufacturers. There is a strong possibility that smaller investments may occur first, with the result that the ECAs are used up on the smaller (£20-£30million) projects, and not available to support the larger (c. £100-£200 million) subsequent investment. If NELEP were to refuse ECA applications from these earlier, smaller investors, based upon an arbitrary minimum scale, and found subsequently that larger investments did not materialise, then NELEP would find itself open to legal challenge were it then to revise the minimum requirement downward. NELEP believes that ECAs in the Enterprise Zone should be restricted by value and not number. This would also have the advantage that the potential public liability would be capped at a predetermined level – and would not expose Government to more than the value of £300 million of capital investment benefiting from the allowances, which has been offered to the NELEP. This would reduce uncertainty. The NELEP would like to discuss this matter further with Government as a matter of urgency.

A Coherent Set of Sites

North Bank of the Tyne

Neptune Yard - NE6 3NL

18.4 ha in size. The successful development of the Marine and Sub-sector along this part of the River Tyne makes the site ripe for development through large scale investors. This is why the site is well placed to take full advantage of the Enhanced Capital Allowances incentive. The site is split into three main parts, with two sections ready for and attracting private sector interest, with the third requiring further infrastructure works.

Port of Tyne North Estate - NE29 6DW, NE29 6EE, NE29 6EG

38.8 ha in size. This significant site, situated towards the mouth of the River Tyne, is being marketed as a prime site for an inward investor seeking to take advantage of the opportunities arising in the Offshore Wind and Renewables sector. Specifically, those opportunities arising from the Round 3 offshore wind farm fields with riverside or coastal locations required for component manufacture or final assembly plants. The aim is to utilise the Enhanced Capital Allowances incentive to best effect to attract the requisite investment to this site.

Swan Hunter - NE28 6EQ, NE28 6HF, NE28 6HQ

17.2 ha in size. North Tyneside Council have highlighted that both the planning and marketing strategy for this site position it to strengthen the supply chain for sub-sea and offshore wind sectors. It has therefore been proposed that this site no longer seeks ECA incentives, due to the limited impact it could have, but instead Business Rate Discount Incentive be sought. To this end, North Tyneside Council has produced Business Rate Incentive projections for DCLG to consider.

A19 Ultra Low Carbon Vehicle Corridor
SR5 3NS

42.9 ha in size. Since the original submission to Government on 15 August 2011, while the total size of this part of the Enterprise Zone remains the same, the sites that make up Zone, have changed following discussion locally between the local authority and landowners, and to take advantage of Gateshead College's successful RGF proposal for expansion of the research and development facilities on site. These changes in the main reflect the move towards a more deliverable suite of sites. All sites were originally designated to receive Business Rates Discount incentive. However, Sunderland City Council has noted interest in two of their sites from significant inward investors and are proposing that, should flexibility be granted on the approach to the ECA Incentive (as set out earlier), they would like to these sites granted this incentive. The other sites, more suited strategically to Business Rates Incentive, would remain as they were. Sunderland City Council has produced projections for Business Rate Incentive for consideration by DCLG.

3. Simplified Planning

3.1 The NELEP recognises that one of the key aspects of the new generation of Enterprise Zones is the establishment of a simplified planning regime, and that planning arrangements should work in support of the delivery of the NELEP vision and Growth Plan.

3.2 The three local authorities with sites in the designated Enterprise Zone – North Tyneside, Newcastle and Sunderland – are each considering the detail of what is required in terms of introducing simplified planning arrangements in the EZ. The authorities see the Local Development Order (LDO) as the preferred tool to take forward simplified planning as it provides certainty for developers, it enables quick access to sites, and it also sets out an agreed basis for what sort of development will be permitted in the future.

3.3 As planning authorities, the three local authorities will need to prepare and submit LDOs on an individual basis. However, the local authorities, which meet as a 'NELEP Planning Group', will discuss collectively, and will work with the nominated Government LDO Link Officer, to finalise the level of detail required in the LDOs.

3.4 All three authorities, at this stage, are looking to introduce this type of simplified planning within the designated EZ sites only. A significant amount of detail is being worked through – in terms of preparing to undertake statutory processes – in order to get LDOs in place for the operation of the EZ in 2012. Because of the distinct local issues found in each of the different EZ sites, the timescales for completing the LDOs may vary slightly. For example, there are particular environmental or heritage issues to consider in some of the sites. However, in broad terms, and drawing upon individual local timescales and programmes provided by the authorities, the following timeline is envisaged for putting LDOs in place across the Enterprise Zone:

- October 2011 - December 2011 - Preparation of Draft LDO (including Impact Assessments) and Identification of Consultees for Adoption Processes.
- November 2011 - February 2012 - Informal and Statutory Consultation.
- December 2011 - March 2012 - Local Authority Consideration and Approval Processes.
- April 2012 - July 2012 - Submission to Secretary of State for Approval and LDO in Effect.

3.5 The LDO is seen as a 'lean tool' that will enable the Enterprise Zone to be attractive to investors. The potential exists, using the LDO, to specify that certain types of investment or development should be attracted to the EZ – as part of a wider strategy for countering displacement. The local authorities are looking to identify an innovative (and consistent) approach to specifying particular development that will be permitted rather than using existing Standard Industry Classification (SIC). For example, North Tyneside Council has drafted the following form of words, which it is intended will provide a framework for ensuring that certain types of development on their sites fits with the overall aim and ambition of the NELEP EZ:

“The carrying out of development, appropriate under the Conditions of this LDO, to enable the manufacture and maintenance of plant and machinery and parts thereof pursuant to off-shore wind energy generation, and oil and gas exploration and extraction, and other forms of advanced subsea manufacturing and technology.”

3.6 It is suggested that the first LDOs will run until 2025 to provide the requisite timescale that both allows full development of all sites and also acts as an incentive to those investing.

4. Governance and Management

4.1 The NELEP Board will have overall responsibility for ensuring the successful implementation of the Enterprise Zone. Local authorities, business and other partners will be 'commissioned' by the Board to ensure that local delivery of sites in the Enterprise Zone occurs, and that this is aligned to achieving the overall vision and strategy of the NELEP.

4.2 The Board has established a senior officer level EZ Steering Group, and it has commissioned a number of task and finish groups to support the implementation of the Enterprise Zone.

4.3 In relation to finance, information has been requested by Government on the following:

- How will the LEP manage business rates retained from businesses locating into the zone, including which local authority will hold them for accounting and audit purposes?
- How does the LEP intend to treat any upfront costs to be repaid from retained business rates?

4.4 Local authorities and partners in the NELEP have set out a series of key principles and a proposed process for managing the retained business rate income:

Proposed Key Principles

- Investment and associated financing costs incurred by the three local authorities, where the NELEP Enterprise Zone has been designated (Sunderland, Newcastle and North Tyneside), would have first call on the retained business rates income for the purposes of covering the cost of upfront infrastructure costs of getting the EZ sites ready. Each EZ local authority would be responsible for funding any investment required in respect of the sites in their local administrative area.
- Financing costs could be minimised through repaying investment costs as quickly as possible (i.e. using all of the business rates in early years) and through maximising the availability of external funding. This will assist with maximising any surplus income across the life of the Enterprise Zone.
- Once all investment and associated financing costs are repaid on all EZ sites, the retained business rates income generated by the EZ, for the lifetime of the Zone, will be available to the NELEP in order to invest in supporting agreed strategic priorities across the LEP area.

Proposed Process

- One local authority in the designated Enterprise Zone will carry out the role of overseeing the process for all three local authorities, and provide information periodically to the NELEP and DCLG as required. The aim, at all times, will be to ensure that a transparent process is in place to collect business rate income, and reimburse investment costs, etc for all NELEP partners.
- All three local authorities in the EZ will incur financing costs in line with the agreed EZ investment amounts required to support the delivery of the Zone.
- All three local authorities in the EZ will collect and document business rates from the companies locating into their EZ sites or claim Government grant income for those companies benefitting from the five year business rates incentive period.

- Both investment financing costs and retained business rates from all three EZ local authorities will be notionally pooled on an annual basis (this activity will be carried out by the local authority nominated to carry out the 'overseeing' role outlined above).
- Retained Pooled Business rates income will be allocated to each LA in respect of their financing requirements for the given year in proportion to the overall financing costs across the three EZ local authorities. This may necessitate cash transfers between the EZ local authorities in accordance with this calculation.
- Any surplus Pooled Business Rates remaining after the in-year financing costs of EZ local authorities are repaid will be held for the next year or used to accelerate repayment of debt where this reduces costs.
- Where pooled retained business rate income is insufficient to cover the financing costs for the year, EZ local authorities will be allowed to carry out additional short-term borrowing to meet these costs or alternatively fund themselves from internal resources where this can be achieved at a lower cost of finance. This additional cost will be claimed from the pooled retained business rates income in future years.
- Once all investment costs and associated borrowing costs are repaid to EZ local authorities, retained business rates will continue to be collected by the EZ local authority, but held for the benefit of the NELEP to invest in LEP strategic priorities. Details of how the NELEP holds or expends retained business rates income will be considered in the coming months and agreed by the LEP Board.

Monitoring and Evaluation

4.5 Further to the setting up of the EZ Governance and Management structure, and the associated Financial Model, which will operate in the first instance to undertake the infrastructure costs of the EZ, but then also manage the throughput of retained business rates for the Zone, the LEP recognises the necessity and value of having a tailored monitoring and evaluation system in place. By utilising the outcome and output monitoring that will be necessary for the various funding initiatives associated with the EZ and demanded by Government, the LEP will seek to put in place a monitoring system for the whole EZ, which allows progress of the sites to be gauged on a continuous basis. Given the timescales involved to bring the sites and businesses associated with the EZ to fruition, and generating income for investment, it is proposed that a baseline exercise is undertaken in 2012, and that the first interim evaluation of the NELEP Enterprise Zone takes place in 2014. NELEP will also align its internal evaluation to any national EZ evaluation exercise.

5. Sharing Information

5.1 The NELEP will build upon existing relationships with Government Departments, agencies and LEPs across the country to ensure that where the opportunity exist to learn from and share ideas with others, the NELEP does so to the benefit of the development of its Enterprise Zone. This includes continued engagement with the LEP Network being driven forward by the British Chambers of Commerce, and working locally with neighbouring LEPs in Tees Valley, Cumbria, York and North Yorkshire, and across the North of England. In developing the Enterprise Zone, the opportunities and support provided by Government Departments, particularly, DCLG, BIS, HMT and DfT is critical. The NELEP will continue to foster these relationships to ensure every avenue is explored to maximise the impact and success of the Enterprise Zone. For example, the fortnightly meetings that currently take place between the NELEP officers and the BIS Local Team provide a very useful means to share progress on the Enterprise Zone and learn more about forthcoming initiatives from which the EZ can benefit.

6. Marketing and Communications

6.1 The approach taken to Communications and Marketing will be an important factor in the success of the NELEP Enterprise Zone. Ahead of April 2012, a marketing strategy for the Zone will be implemented, which will proactively promote the EZ sites, and will complement a broader approach to capturing inward investment into the NELEP area. It will build on the wealth of knowledge and excellent work done to date in the NELEP area in marketing sectors and industries within the context of the Low Carbon Economy and Advanced Manufacturing, specifically that available around Ultra Low Carbon Vehicles, and Offshore Wind and Renewables. As a result, much of the material will have the necessary sector/industry focus setting out the type of industry and business the NELEP is seeking to attract to the EZ and the wider economic area.

6.2 Essential to this strategy, will be the adoption of a consistent approach in the promotion of the Enterprise Zone, whether this is to investors, businesses and/or developers. This 'seamless offer' will be reflected in the marketing tools to be employed, including websites and other LEP literature. The LEP is exploring at present how best to support inward investment activity in the new arrangements being taken forward by UKTI. As a result, there will be a need to adapt the way that partners within the LEP area have operated in the past so that a first class service can be delivered in future. This may require the addition of new services and the adaptation and improvement of existing service provision.

6.3 There is a general acceptance that a single, initial point of entry for inward investment enquiries to the North Eastern LEP area is needed and that the NELEP should provide this service. The NELEP would provide an initial, introductory service for all enquiries that emerge from UKTI, other

national/Government sources, regional marketing campaigns delivered by NELEP or enquiries that emerge from the efforts of NELEP Board Members and their contacts. To facilitate NELEP providing the initial service, local authorities will develop a database of locality and site specific information covering:

- Key facts about the locality including information on the workforce and other relevant market related intelligence.
- Site and property details.
- Details on local transport networks and other infrastructure matters.
- Financial assistance packages available locally.
- Emerging local developments.

6.4 The expectation is that the NELEP contact point will have a key role in managing investor enquiries and relationships to ensure a seamless service. Local authorities will identify a single point of contact that will take responsibility for providing detailed technical input to meet the specific needs of the investor. Where necessary, the local authority contact point will manage the input of third parties in the form of site / property owners, infrastructure developers, sector experts, etc.

6.5 The process set out above is designed to deal with an enquiry that comes through a formal or established route to a contact point in the North East. A different approach is expected to be required for those enquiries that are received locally, enquiries that might emerge from the specific efforts of a local authority or a local site owner / developer.

6.6 It is proposed that an enquiry made at a local level is dealt with by the recipient local authority until it is evident that the local authority is unable to satisfy the needs of the specific enquiry. At this point, the enquiry will be transferred to the NELEP single point of contact, and the potential investor will be provided with details of other sites in the locality that meet the specifications of the enquiry.

6.7 The resources and capacity of local authorities to promote the development of sites and sectors in supporting investment to the EZ will be used, as will exemplars from the private sector in order to demonstrate to potential investors what can be achieved in the NELEP area. The NELEP will also work with communications resources in DCLG and other Government Departments to maximise the opportunities from the EZ to generate and capture positive exposure in relation to how it is being delivered locally.

7. Displacement Strategy

7.1 Displacement is the extent to which development and economic growth on the Enterprise Zone will displace existing activity within the NELEP area as a result of the EZ incentives and interventions. Displacement could occur if significant numbers of companies based in NELEP relocated to the EZ sites

based simply on the new incentives available, rather than the other locational advantages (e.g. proximity to new customers such as offshore wind turbine assemblers) or to take advantage of an opportunity for expansion or modernisation that could not be achieved on their current site. It is not simply a question of the number of relocations but the motivations behind those moves and the net result for the NELEP economy.

7.2 The scale of incentives available to new style EZs are more focused than the 1980s EZs and therefore are less likely to lead to localised displacement. However, DCLG Guidance makes it clear that displacement is a concern that must be addressed. It is important to note that many of the sectors that will be targeted, as part of the Enterprise Zone, are emerging industries.

7.3 Four factors each play a key role in minimising displacement:

- The nature of the sites themselves.
- Relationships with site owners and developers.
- Local Development Orders and the planning regime.
- Marketing of the EZ and the Sites.

7.4 The NELEP will utilise each of these to achieve its goals.

Nature of the EZ sites

7.5 As far as ultra low carbon vehicle production is concerned, four of the five component sites are within the Nissan compound. This physical proximity means that it is highly likely that these sites will be developed for uses, which specifically relate to automotive/electric vehicles or to the development of battery technologies for other uses. There will be a strong connection with the Nissan supply chain and the development of an ultra low carbon vehicle cluster. It is in Nissan's interests to encourage this and so the promotion of the sites will reflect those specific locational advantages. Indeed, they are likely to command a property premium over more general uses.

7.6 Turbine Business Park, to the south of the test track, is owned by Barmston Developments and will offer a wider range of potential uses. A Masterplan has been approved and planning permissions exist for a mixed use development. Its market readiness would permit early development for low carbon and advanced manufacturing industries during a period when demand from these sectors is likely to grow faster, and be stronger than would general demand for other uses across the region.

7.7 The sites on the River Tyne North Bank offer unique locational advantages too. The Port of Tyne site's proximity to the waterfront and excellent port facilities will be a key driver of its attraction. The fact that it is in the ownership of the Port of Tyne brings the additional business driver that will ensure that marine engineering (including offshore wind) or maritime-related activity will be secured.

7.8 The Neptune site in Newcastle possesses similar qualities in terms of quayside access and also has the scale to be attractive to very large occupiers, particularly but not exclusively wind energy generation. Scale, riverside location and the availability of on-site heavy craneage facilities will play a role in determining the eventual uses, as will agreements between the small number of owners regarding desired uses.

7.9 The Swan Hunter site in North Tyneside is now considered to have potential for a different role – that of strengthening the supply chain for sub-sea and offshore wind sectors. The Swan Hunter site will provide a catalyst for enterprise and economic development that would benefit from its adjacency to the Neptune site, but not be dependent on a narrow range of industries. Together, Neptune and Swan Hunter will provide a variety of business opportunities that will require a diverse range of skills and company sizes, helping move the local economy away from its historical dependency upon a few large employers, while taking full advantage of the new opportunities presented by marine engineering and offshore wind.

7.10 This high degree of ‘tie-in’ across all sites in the EZ will minimise displacement as only certain users will be attracted to many of the sites involved.

Relationships with site owners and developers

7.11 Experience within NELEP from previous EZs confirms that one of the most effective determinants of minimising displacement is the relationship between the host authority and the site owner and developer. By working with the owner/developer to agree a shared vision for the site and its development then embodying that in a Masterplan, marketing plans and reflecting it in LDOs or planning applications, many of the problems of displacement can be avoided. It is the intention of all three EZ local authorities to stay close to their site owners and developers throughout the process of development and occupation in order that the shared vision can be achieved.

LDOs and the planning regimes

7.12 As set out earlier in the Plan, Local Development Orders (LDO) will play an important role in minimising displacement. Each of the three host local authorities will develop an LDO that is tailored to its particular site(s). These will effectively grant advance planning permission for either certain use classes (types of building) or target industries (such as offshore wind energy generation or automotive manufacture).

Parallel LDOs

7.13 The local authorities within NELEP have considered the option of developing LDOs that cover a wider area than the EZ itself in order to offer a consistent planning regime on complementary sites that are also to be targeted towards key industries. The initial conclusions are that, given the procedure required to establish an LDO, to do so could risk the EZ LDOs

being delayed, especially if the LDO were to cross local authority boundaries. Therefore, it will be for each of the seven local authorities in NELEP to determine whether to establish parallel LDOs for complementary sites within their areas and to implement those as determined.

7.14 Consideration has also been given as to whether LDOs are required for other parts of the NELEP area, in order to assist in minimising displacement. For instance, there has been some concern that general office use on EZ sites could displace development in more suitable locations in the NELEP area, such as town and city centres. Therefore, as part of the development of the EZ LDOs, each of the three EZ local authorities will examine whether that LDO should seek to permit certain types of development, but would also set a limit on the size of units developed under different use classes. For example, a smaller scale of office unit would probably suit occupiers in the low carbon industries. LDOs could be produced for the urban cores and other major office locations, which had no restriction on the size of office development, thereby encouraging high density development there. The requirement for these would be for each local authority to determine.

Marketing of the EZ and of the Sites

7.15 As indicated earlier in this Plan, the marketing of the Enterprise Zone will play a central role in attracting the right industries and uses. The EZ will be marketed in a consistent fashion, respecting the key attributes of each component site and the range of occupiers sought. It will also be market-driven and adaptable enough to take advantage of investment decisions and opportunities as they arise. By working with the owners and developers of each site, and at EZ level, the optimum mix of EZ 'positioning' and specific site marketing will be achieved. A protocol for enquiry handling is being developed (an outline of which is described elsewhere in this Plan), which will ensure that wherever possible, the requirements of each potential investor are met fully and swiftly.

8. Next Steps

8.1 This Implementation Plan is an iterative document, and consultation on specific elements of the Plan, including milestones and key actions, will continue with local authorities, business, landowners and Government. The Plan will be firmed up by the end of November 2011. Crucially, the Plan should be seen as aligning with the broader activity taking place to establish the requisite infrastructure and resources needed to enable NELEP to deliver its Economic Growth Plan.

North Eastern Local Enterprise Partnership

A Proposal to the Secretaries of State
for Business, Innovation and Skills and Communities
and Local Government

DECEMBER 2010

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Annex 1 List of Business and Economic Stakeholders

Annex 2 Economic Evidence Base

I. Executive Summary

- 1.1** Business and local authorities in Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland welcome the opportunity to establish a Local Enterprise Partnership (LEP), and will work with Government to enable private sector enterprises to develop, expand and flourish.
- 1.2** The vision for the North Eastern LEP is to deliver smart, enterprising leadership between the private sector, local government, Higher Education and Further Education to rebalance the economy, and create Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs.
- 1.3** The LEP economy is a natural economic area based on a distinct and complex geography. With a population approaching 2 million, and generating £32 billion of output per annum, the North Eastern area is one of the largest 'economic centres' in the north of England. The LEP economy has a number of important economic assets, including sector strengths in automotive, low carbon technology, marine and offshore, pharmaceuticals, biotechnology, financial, business and professional services, culture, creative and digital, engineering, tourism, construction and land-based industries.
- 1.4** Although recent Gross Value Added (GVA) in parts of the North Eastern LEP economy outstripped growth in similar economies, output per person remains higher in many other places in the UK. The recession has also seen a reduction in overall employment in the LEP economy. One of the major obstacles to generating long-term sustainable economic growth and prosperity is the deprivation that exists in some of our local communities; many of which are not connected to emerging job opportunities. In addition, whilst there has been a gradual shift in sector and employment balance, the public sector remains a major component of the North Eastern economy.
- 1.5** The LEP will build on the existing strengths and assets of the North Eastern area to provide an unambiguous focus on growing the private sector. For example, advanced manufacturing is expected to play a greater role in generating long-term recovery, and will contribute towards the structural rebalancing of the LEP economy.¹ There is genuine potential for the LEP area to secure greater competitive commercial advantage and create new jobs from the transition to a low carbon future. Within the broader economy, sectors, firms, employees and communities will also need to build on current success, demonstrate resilience and be ready to respond and recover from future economic shocks, and collectively help create a more diverse and sustainable economy.
- 1.6** To help generate more private sector businesses and employment, more residents in the LEP area need the skills and practical means to start up and expand businesses. In moving towards a new entrepreneurial economy and society, the LEP area will draw on its

current strengths in social enterprise, and within the voluntary and community sector. The LEP will also support measures that are taken to enable public sector workers made redundant to make the transition into private sector employment and to encourage budding entrepreneurs in the public sector to create new small businesses or social enterprises.

- 1.7** The private sector, public sector, universities, colleges, education and training providers and Government will work in partnership to ensure that the LEP economy has the critical infrastructure and skills needed to provide the conditions for the private sector to generate greater growth and create new jobs.
- 1.8** The LEP will operate on the basis of four core principles. The LEP will: be an advocate and champion for business and community interests; provide strategic economic leadership and local accountability; demonstrate added value and efficiency; and be committed to working across local boundaries.
- 1.9** The strategic economic context of the North Eastern LEP area demonstrates that the fundamental building blocks – such as a unique set of place assets characterised by diverse and contrasting city, urban, coastal and rural locations, as well as a business base and labour market that can demonstrate flexibility, innovation, creativity and competitive success – are in place to drive greater private sector growth and jobs. To achieve its vision, the LEP will focus on delivering actions against four strategic economic priorities:

- **Supporting Enterprise and Private Sector Business Growth**
- **Building on Key Economic Strengths**
- **Improving Skills and Performance**
- **Strengthening Transport, Connectivity and Infrastructure**

- 1.10** The LEP will also look to form a new relationship with Government, and will seek a commitment that Government will adopt appropriate policies and flexibilities to help the LEP deliver its strategic economic priorities.
- 1.11** The LEP will build on a pattern of strategic economic collaboration, but the new arrangements to support the LEP will be: better-integrated; more streamlined; less bureaucratic; more innovative; and will achieve greater value for money than existing mechanisms. The LEP will be led by a Board comprising seven business representatives and six local authority Leaders and one Elected Mayor. The Board will be chaired by a private sector figure from amongst the seven business representatives. There will also be representation on the Board from the HE sector, and the Board will have a strong relationship with FE. A broad range of local businesses, economic stakeholders and partners will work through a new LEP Forum to influence, inform and support the priorities and activities of the LEP.

¹ The term 'Advanced Manufacturing', also defined as 'High Value Manufacturing', covers a number of high technology sectors, and also value chains, which encompass services that surround, and are based upon, manufactured products. See GHK (2009) *Advanced Manufacturing*, report by GHK, CURDS and Technopolis group.

2. Business and Stakeholder Engagement

- 2.1** Business, local authority and economic stakeholder engagement in shaping the proposition to establish the North Eastern LEP has been wide ranging (Annex 1 sets out a list of businesses and economic stakeholders). With the establishment of the North Eastern LEP, a new geography of private sector and public sector partnership is being forged.
- 2.2** Individual businesses, representative business organisations, local authorities, universities, colleges and social enterprises have come together to form a drafting group (see Annex 1) to shape the outline and the content of the LEP proposal. PricewaterhouseCoopers (PWC) also acted as a critical friend to the Partnership by providing comments on an initial draft.
- 2.3** Consultation and engagement with local businesses, business networks and partners has been an important feature in the preparation of the proposal. Collectively, local authorities have facilitated consultation and engagement with hundreds of local businesses and economic stakeholders via breakfast events, seminars, one-to-one meetings, telephone and email communication, and targeted dialogue with strategic account management-supported companies. Businesses, local authorities and economic stakeholders recognise, however, that the development of the LEP proposal represents only the beginning of a new approach that will cement business leadership at the centre of efforts to drive greater private sector economic growth and employment in the North Eastern area.



3. Introduction

- 3.1** This proposal sets out how business, local government, universities and colleges in Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland will deliver a real step change in joint working to create the conditions that will help to generate greater numbers of private sector jobs in the North East.
- 3.2** Business and local authorities welcome the opportunity to establish a Local Enterprise Partnership (LEP), and will work with Government to enable private sector enterprises to develop, expand and flourish. The university and further education sectors are key parts of the business community and our prospects for growth: alongside business they will be at the centre of this new Partnership. As a successful exporter, the LEP economy has a unique set of global economic strengths and assets enabling it to deliver a major contribution towards the productivity and competitiveness of UK plc.
- 3.3** The creation of the LEP takes place against the background of tentative growth and emergence from recession.² The commitment by Government to reduce the UK's budget deficit, coupled with a desire to rebalance the British economy from being public sector-dependent to private sector-driven, presents a distinct set of challenges to places that are still managing the historic structural implications of industrial change.
- 3.4** In taking forward initiatives to transform the economy, the LEP will provide the catalyst for new leadership, collaborative action and innovation within and across the private sector and the public sector. This proposal sets out how the LEP will build on the inherent economic strengths of the LEP area to rebalance the economy and deliver sustainable private sector-led growth. Business will drive economic strategy and delivery in the pursuit of priorities that encourage enterprise, business growth, stronger key economic sectors, and improve skills, transport and infrastructure. The LEP will only deliver actions that generate economic added value, and that make a genuine difference to business performance and individual prosperity and well-being.
- 3.5** We recognise that local economies do not conform to government boundaries. Underpinning the work of the LEP is an approach that will 'take the administrative lines off the map' to operate across local authority areas. In our view, this provides the best framework for delivering long-term sustainable growth within and across the LEP natural economic area.

2. North East Quarterly Economy Update (November 2010).

Maersk Simulator, South Tyneside College



4. Vision

Through smart, enterprising leadership between the private, public and voluntary and community sectors we will rebalance the economy, and create Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs.

4.1 The LEP will build on the strengths and unique assets of the North Eastern LEP economy and provide an unambiguous focus on growing the private sector. The Partnership will implement a new growth model that is environmentally sustainable, delivers real productivity improvements for businesses, and creates more high skilled jobs across a range of competitive sectors. The LEP will seek to address the potential environmental impact of growth in all sectors and how that is balanced with the needs of the economy.

4.2 Our vision is based on encouraging a more rounded approach to growing the economy in terms of sector profile and job creation. In delivering actions against four strategic economic priorities – Supporting Enterprise and Private Sector Business Growth; Building on Key Economic Strengths; Improving Skills and Performance; and Strengthening Transport, Connectivity and Infrastructure – the success of the LEP will be measured against the ability, by 2020, of the LEP economy to:

- *Have grown the output, productivity and employment base of its major sectors.*
- *Have created significant net additional private sector jobs and businesses.*
- *Have increased substantially the overall value of exports in real terms.*
- *Have increased the number of residents in the LEP area with a higher skilled qualification.*
- *Be recognised as the European leader in the low-carbon economy for the manufacture of offshore wind turbines and the European leader in the production of electric vehicles.*

4.3 The ambition for the LEP area is to become Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs. We are making progress in this area. For example, the potential for the LEP economy to secure greater competitive commercial advantage from the transition to a low carbon economy – through new investments in offshore wind, electric vehicles, micro-generation, and drawing upon renowned scientific research and innovation strengths in a range of low carbon technologies – is now being realised.

4.4 We believe that manufacturing can play a greater role in a building a sustained economic recovery, and in contributing towards a fundamental rebalancing of the LEP economy.³ Advanced manufacturing, at the heart of efforts to drive an export-led economy, will provide the catalyst for a new generation of private sector niche business services and jobs.⁴ As part of the effort to rebalance the economy towards the private sector, we will also look to build on the growing economic contributions of the cultural, creative and tourism sectors in the LEP area.

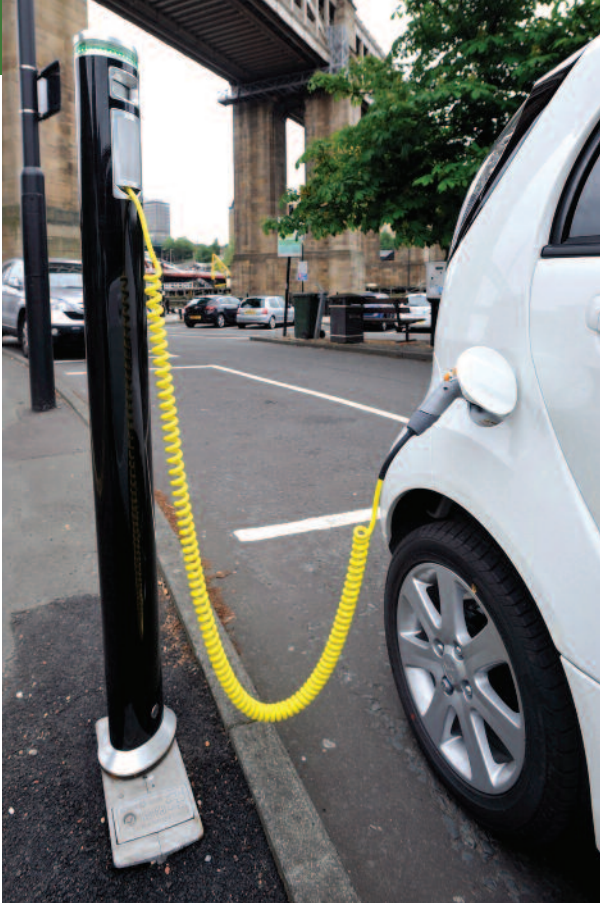
4.5 The LEP will play a leadership role in sourcing the ideas, skills and tools to enable more residents to start up and expand businesses. We believe that people and businesses in the LEP area possess the innate talent for achieving success. However, learning from earlier local enterprise initiatives, we recognise the need to deploy innovative methods that are sensitive to different areas and circumstances. In some of our deprived communities, for example, we may need to develop flexible one to one coaching to stimulate enterprise or in our rural areas develop shared apprenticeship schemes to create critical mass amongst micro-businesses.

3. EEF (2010) *The Shape of British Industry: Growing from Strong Foundations*, EEF.

4. Using provisional data supplied in August 2010 by the Policy Research Group, St Chad's College, Durham University, 1% per annum growth in the value of exports could generate approximately 4,000 jobs in the LEP area above baseline forecasts released by Cambridge Econometrics in April 2010. By 2020, a further 7,000 jobs could potentially be generated above the baseline position. Durham University is currently working on the development of a broader growth scenario for the LEP area, which will include an update on the initial export scenario.



Offshore Wind, Blyth



4.6 In building a more entrepreneurial culture, we will draw on our strengths in social enterprise, and in the voluntary and community sector. The voluntary and community sector is an important part of the LEP economy, as an employer, service provider, often through commissioned services, as a provider of training and volunteering opportunities, and as a community voice and champion. The collective paid and voluntary workforce adds value to the economy, generating wealth through employment in the sector and adding value across sectors by promoting economic and social well-being. These factors provide a platform that will help us achieve a broader array of wider economic, social and environmental goals, and will make a distinctive contribution towards creating the 'Big Society' in the LEP area.

4.7 As we seek to create a more balanced economy, the LEP will harness the expertise, energy and talent within the private sector, the public sector and the voluntary and community sector to champion the effective transfer of former public sector workers into private sector employment. We will also encourage budding entrepreneurs in the public sector to consider starting new small businesses or social enterprises. We understand the challenges presented by the reductions in public expenditure that will take place over the next four years, but we are confident that, with sufficient strategic focus, energy and prioritisation, we can sustain our recovery from recession and begin to build a rebalanced economy.

4.8 The private sector, public sector, universities, colleges and Government will work through the LEP to ensure that the LEP economy has the critical infrastructure to enable the private sector to generate

greater growth and create new jobs. We want to improve the connectivity of the LEP economy to key national and international trading centres by growing Newcastle International Airport, expanding our ports and improving access, via rail (including high speed rail) and road, to external markets. Although parts of the LEP area are at the forefront of digital technology, we will work to secure new investment in next generation broadband to improve accessibility and connectivity for our communities (some of which are remote). New broadband technology will also help stimulate new enterprise and business expansion.

4.9 The LEP will support the ongoing cultural renewal of our cities, towns and rural places, recognising the unique ability of tourism and visitor-led regeneration to create compelling, distinctive places that will attract investment and world class talent. The LEP economy also needs to provide a high quality residential offer to help attract and retain new talent. Housing choice is limited in the LEP area, with often a mismatch between the actual offer and what residents and professionals aspire to. Partners will use a range of measures to improve quality and choice.

4.10 The LEP area possesses a marketable set of assets that has enabled the economy over a period of time to secure new investment and business. However, if we are to achieve our vision then we need to tackle market failures where they exist and release and harness the economic potential of every place, business and person in the LEP area. In this regard, the LEP will be sensitive to the specific opportunities and challenges for places within the natural economic area.

4.11 In delivering its vision, the LEP will work with other partnerships, including building a strong relationship with the Tees Valley LEP and the North East Economic Partnership (NEEP). The LEP economy faces a number of common challenges and opportunities similar to other LEP areas, and our partners are committed to working across the North East and the wider north of England. Most importantly, the work of the LEP will be situated in an international context, as we recognise that successful businesses operate in a truly global environment.



5. Core Principles

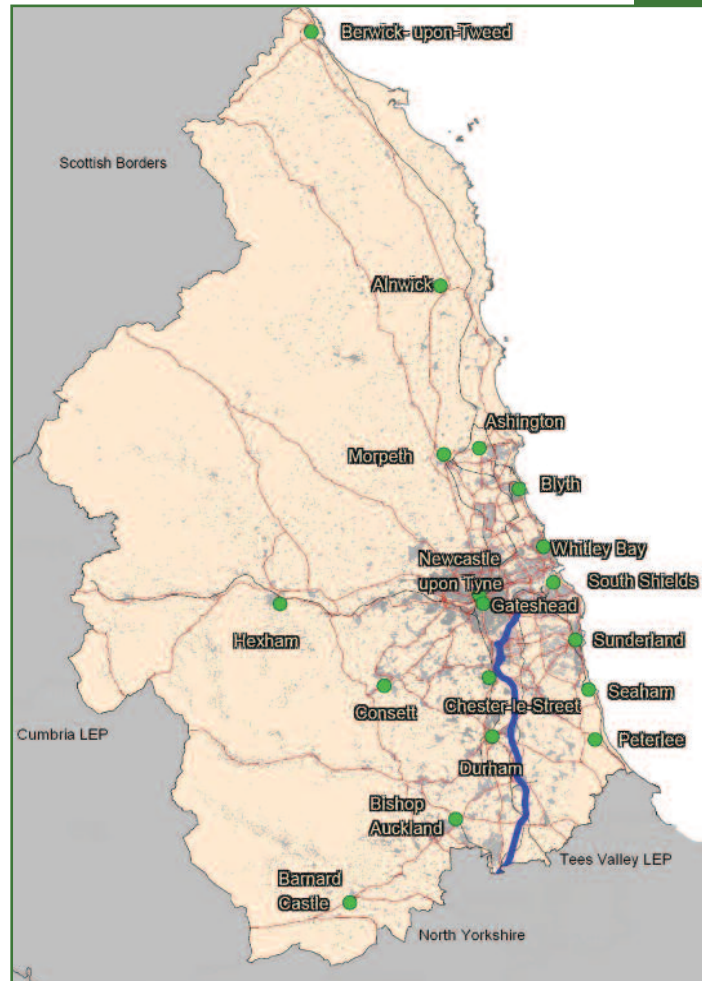
5.1 The foundations underpinning the North Eastern LEP are based on strong business leadership and local democratic accountability. The LEP will operate on the basis of four core principles:

- **Business-driven:** The LEP will be led by a business chair and will be a champion and advocate for business and community interests.
- **Leadership and Local Accountability:** The LEP will deliver dynamic business leadership and provide local, democratic accountability for its actions to the businesses, people and communities in the LEP area.
- **Added Value and Efficiency:** The LEP will add value, be action orientated, be guided by robust evidence, and operate in a non-bureaucratic manner. The LEP will simplify current economic development arrangements by focusing exclusively on the strategic economic priorities agreed by the Partnership. Working with business, local authorities, universities and colleges, the LEP will build on existing economic strengths and co-ordinate activity where it will deliver greatest benefit for the LEP economy as a whole.
- **Commitment to cross-boundary collaboration:** The LEP will work according to a natural economic area, and will, where appropriate, work with other local enterprise partnerships and neighbouring partner organisations.



6. Strategic Economic Context

- 6.1** The North Eastern LEP economy is home to approximately 2 million people, of whom over 1.2 million are of working age. Collectively, the LEP area has 43,000 businesses and 800,000 employees. The value of total output produced in the LEP economy is £32 billion per annum. This makes the area one of the largest 'economic centres' in the north of England.
- 6.2** The LEP economy is a natural economic area based on a distinct and complex geography.⁵ The LEP economy functions at different scales, with a range of economic markets linked to settlement patterns, and it includes areas that demonstrate high degrees of self containment but also strong inter-dependencies. Our city and urban areas, clustered in and around the River Tyne and the River Wear, are key business and employment locations, and are complemented by a strong network of towns providing strategic economic, social and transport functions along strategic transport corridors and rural and coastal locations. Newcastle International Airport, the East Coast Main Line, Tyne and Wear Metro and Durham Coast Line, and a range of port infrastructure, including Port of Tyne, Port of Sunderland, Port of Blyth and Port of Seaham, provide important internal and external connectivity. These assets underpin a strong manufacturing base, and a diversifying, knowledge-based economy.
- 6.3** The LEP natural economic area demonstrates a diverse pattern of settlements, capturing city locations and their hinterlands, and a network of towns and smaller settlements, including remote rural communities. The diversity and contrast of city, urban, coastal and rural locations sustain strong tourism and cultural sectors, and provide high quality life-style choices. Many economic hubs in the LEP area contain economically valuable high quality sustainable and green infrastructure, and are situated in places surrounded by natural environments and historic attractions of global significance. One of the strengths of the LEP area is its ability to flex and address its constituent spatial areas in different ways in recognition of local economic geography and economic/socio-economic conditions. There are important external linkages between the LEP's natural economic area and economies situated north in Scotland, west in Cumbria, and south in Tees Valley and North Yorkshire.



5. See, for example: Ekosgen (2010) Tyne and Wear City Region Economic Review – Executive Report; Economic Geography, Linkages and the Low Carbon Economy, report for Tyne and Wear City Region; GHK (2010) County Durham Functional Economic Market Study, report for Durham County Council; Regeneris Consulting (2010) Tyne and Wear City Region Economic Review – Executive Report; Labour Market Skills and Talent, report for Tyne and Wear City Region; and NERIP (2010) Economic Geography of the North East, North East Research and Information Partnership.



Image Courtesy of Business and Enterprise North East

6.4 Business recognises the LEP's natural economic area as the right geography to drive growth. Two recent business surveys, which interviewed 550 small and medium sized enterprises, revealed the extent to which the current business base in the LEP area attaches importance to sourcing local skilled flexible labour - and to working with public and private sectors to ensure the conditions exist for companies to build on supply chain and market linkages.⁶

6.5 The LEP economy has a number of important economic assets, including:

- *Sector strengths in automotive, low carbon technology, marine and offshore, pharmaceuticals, biotechnology, financial, business and professional services, cultural, creative and digital, engineering, tourism, construction and land-based industries.*
- *Globally competitive firms such as: Nissan Motor Manufacturing UK Ltd; Deutsche Bahn (formerly Arriva plc); Go Ahead Group plc; GlaxoSmithKline; Sage Group plc; Caterpillar; BAE Systems; RioTinto Alcan; P&G; Thyssenkrupp Tallent Ltd; Eaga; Greggs plc; Aesica Pharmaceuticals; Rolls Royce; Komatsu; Smith Electric Vehicles; Bellway; Wellstream Holdings plc; Vertu Motors plc; Egger UK Ltd; SCA Hygiene; Siemens; Barbour; and Northumbrian Water.*
- *National and international centres of expertise in research and innovation (including Newcastle Science City, Sunderland Software City, Codeworks, Centre of Excellence for Life Sciences, NETPark, Centre for Process Industry, Printable Electronics Technology Centre (PETEC), National Renewable Energy Centre (narec), Design Centre for the North) and the forthcoming Low Carbon Vehicle Centre.*
- *Newcastle International Airport, which handles four and a half million passengers per year, and provides connectivity to major UK and international business centres.*
- *5 sea ports (Port of Tyne, Port of Blyth, Port of Sunderland, Port of Berwick and Port of Seaham). Our ports allow the easy import and export of goods, and provide the UK's largest vehicle import and export operations. They also provide a base to manufacture technology products for the oil and gas industry and low carbon energy sector.*

- *A relatively well-connected rail network (including the East Coast Main Line).*

- *4 Universities with internationally renowned, key teaching and research strengths in engineering, energy, design, applied sciences, pharmaceuticals, biotechnology, business and medicine.*

- *10 Further Education Colleges, which together contributed towards the North East achieving in 2009 the best results of any English region for adult skills success rates.*

- *The Tyne and Wear Metro light rail system, which is benefitting from a new £350 million investment programme.*

- *Proximity to offshore wind sites, significant quality water and timber resources in Northumberland, and a natural and cultural environment that, as well as supporting tourism, provides a quality environment for those living and doing business in the LEP area.*

- *Europe's largest retail and leisure destination (Metrocentre), employing 8,000 staff and the UK's largest city centre shopping centre (Eldon Square) with 6,000 employees.*

6.6 We recognise the valuable expertise gathered and assets accrued by the Regional Development Agency (RDA), ONE North East, over the last ten years. Whilst the LEP will be a new partnership, providing strong business leadership and local democratic accountability, it will manage, together with Government and partners, the transition from the RDA's economic stewardship of the region, and will build on the efforts of ONE North East where they have been successful.

6. Two SME business surveys were commissioned in 2010. The first survey was carried out as part of the Tyne and Wear City Region Economic Review, whilst the second was sponsored by Durham County Council. The two surveys were developed and delivered jointly, and identified a range of companies to engage with based on sectors of significance in the LEP economy. The surveys were supported by the North East Chamber of Commerce and the Federation of Small Businesses. See also CRE (2009) Rural Businesses in the North East of England: Final Survey Results, Centre for Rural Economy, Newcastle University.

6.7 The LEP economy has the potential to increase its contribution towards national growth and economic rebalancing. However, we recognise the short to medium term challenges facing the area. Although overall growth in parts of the LEP economy prior to the recession outstripped similar economies, output per person remains lower than in many sub-national economies elsewhere in the country.⁷ In addition, while the last decade saw impressive 'catch-up' in terms of employment, with the gap between the LEP economy and the national average narrowing from 6% to 3%,⁸ we need to do better. The recession has seen a reduction in employment from a peak in 2008, and the total employment rate in the LEP area now stands at 66%. We know that one of the major barriers to achieving long-term sustainable economic growth and prosperity is the deprivation (and the associated potential waste of human resources) in many of our communities, which continue to be blighted by low pay, child poverty, worklessness, poor health and limited connectivity and accessibility (in the form of transport and broadband) to services and new job opportunities.

6.8 Over time, there has been a considerable shift in employment within the main sectors of the LEP economy. Between 2000 and 2008, rapid growth occurred in service sector employment, with an additional 37,000 jobs created in financial and business services. We have also seen the cultural and creative sector grow in economic importance over the last fifteen years, in part stimulated by innovative regeneration schemes and smart destination marketing. In relation to tourism, the visitor economy in the LEP area grew between 2003 and 2009, with visitor expenditure increasing by £87 million over the period to £3.3 billion. This has driven an increase in jobs in the visitor economy to a total of 53,000 (an increase of 6% over the period). The challenge is to maintain this growth and ensure that the visitor economy continues to drive opportunities for new enterprise and private sector employment growth.

6.9 Public sector job creation has also been a major trend. During the last decade, the LEP economy attracted significant public sector employment, resulting in an additional 22,000 jobs, including investment that supported the delivery of national Government functions. Around 230,000 people are employed in the public sector, which forms a large proportion of the higher skilled workforce and total employment in the LEP economy.

7. GVA figures released by ONE North East on the 8 December 2010 also reveal the discrepancies in economic performance within the LEP area. For example, figures show that Northumberland GVA per head continues to fall and now stands at 61.5 (2008), equal lowest of all the constituent parts of the LEP area (equal to County Durham), where the UK = 100.

8. Source: Regeneris Consulting Ltd 2010.

9. CE (2010) The Impact of Climate Change Mitigation Action on the North East's Economy, Cambridge Econometrics forecasts that, by 2020, new market opportunities arising from action taken to mitigate the impact of climate change could lead to the creation of an additional net 3,200 manufacturing jobs in the LEP economy.

6.10 Whilst service sector employment rose substantially prior to the recession, the LEP economy managed to retain a significant share of its manufacturing employment base. The relative resilience of manufacturing in the LEP area has been led by growth in a number of high value sub-sectors, and demonstrates that the LEP economy is well placed to outperform its competitors, and contribute towards a stronger private sector-led economy. The LEP economy is an important trading market, with the value of exports per total job the second highest in the UK after the South East of England. Automotive and specialist maritime/offshore industries have been particularly successful, and these high value sub-sectors will play a crucial role in driving future growth in the low carbon economy.⁹ The LEP will deliver its priorities for manufacturing against the Government's Growth Strategy and the forthcoming Manufacturing Framework.



6.11 The low carbon economy also presents significant growth and employment opportunities for the LEP area. There is genuine potential for the LEP economy to build on its existing strengths in manufacturing, engineering, energy and science to stimulate additional private sector growth and jobs in renewable energy and low carbon technology. For example, the commitment to producing electric vehicles and electric vehicle batteries at the Nissan plant in Washington, and the associated automotive supply chain; alongside the existing capacity at NETPark and narec; together with the commitment to make land and premises available to support the offshore wind industry along the banks of the River Tyne, the River Wear, and in the Blyth Estuary Renewable Energy Zone, which surrounds narec and the Port of Blyth, are making the LEP area a competitive location for the low carbon economy.



6.12 In parallel with other advanced economies, we have seen a move towards new forms of knowledge-based activity, which resulted in a 27% rise in employment in the LEP area between 2000 and 2010.¹⁰ The expansion in knowledge-intensive employment has relied heavily upon the immediate availability of flexible labour. The greater emphasis on innovation as a means of driving economic competitiveness has also seen businesses and industry draw increasingly upon the world-class scientific research assets located in the LEP area.

6.13 The LEP area contains few FTSE 100 companies, and we face the challenge of attracting existing significant businesses to set up Headquarter facilities in the area. Consequently, one of the priorities for the LEP will be to grow indigenous businesses of significant strength – and create the appropriate infrastructure and environment to foster growth. For existing businesses in the LEP economy, demonstrating resilience and the ability to respond and recover from economic shocks will also help to create a more diverse and balanced economy.

6.14 One of the routes towards creating more productive and high performing indigenous businesses lies in the investment and application of new technology, and in strengthening human capital. The overall skills profile of the LEP economy has improved since 2000, and only a relatively low proportion of residents still have no recognised qualifications. However, at the highest skill levels (i.e. those above NVQ level 4) the LEP labour market remains too thin, with greater depth existing in intermediate skills levels (i.e. NVQ level 3). Increasing the number of residents with higher skilled qualifications will unlock investment and create new jobs.

10. ONS Population Survey data for those individuals employed in Social Occupation Categories (SOC) 1-3 to measure high skilled employment.

7. Priorities

7.1 Our vision of rebalancing the economy and creating Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs will be achieved by the LEP delivering a series of actions against four strategic economic priorities.

- *Supporting Enterprise and Private Sector Business Growth*
- *Building on Key Economic Strengths*
- *Improving Skills and Performance*
- *Strengthening Transport, Connectivity and Infrastructure*

7.2 The priorities are designed to maximise the contribution of the private sector to driving growth. The LEP will adopt a strategic economic leadership role, and will use all available expertise and experience at its disposal to identify and implement bespoke solutions. Mindful of the dynamic nature of the economy and policy landscape, and the need to deliver quick results, the LEP will be agile and flexible in support of different measures designed to strengthen economic growth within and across the LEP natural economic area.

7.3 In taking forward its priorities, the LEP will also benefit from collaboration at a wider geography. In particular, business and local government in the LEP area are committed to delivering the following functions working with the NEEP, and in conjunction with the Tees Valley LEP:

- Developing innovation and exploiting research and development capabilities.
- Developing strategic sectors.
- Supporting inquiries for new investment.
- Bidding for and programme managing European Regional Development Fund (and successor funds), and RDPE.
- Developing a new approach to financing and supporting business growth.
- Providing strategic input into key areas associated with economic growth.



Sub-sea industry

A New Relationship with Government

7.4 To help deliver the four strategic economic priorities of the North Eastern LEP, partners are seeking to build a new dynamic relationship with Government. The LEP will look to obtain commitments from Government in ten areas:

- *In response to advice from the LEP, align the investment of Government Departments and agencies to help deliver the strategic economic priorities of the LEP.*
- *Enable the LEP to shape all publicly-funded skills and employability provision in the LEP area so that it meets the distinct labour market requirements and ambitions of our economy.*
- *In line with the proposal made by the Secretary of State for Transport, enable the LEP to work with DfT to agree the optimum arrangements for ensuring that localism and devolution takes place, where appropriate, in transport-related expenditure.*
- *Ensure that the LEP is able to influence the development of high speed rail (HS2), securing a network connection to North East England and, in the meantime, ensuring further improvements are made to the East Coast Main Line and other inter-city services.*
- *Ensure that Growth Hubs and Technology and Innovation Centres located in the LEP area, and neighbouring areas, work in support of the strategic economic priorities of the LEP.*

- *Introduce Tax Increment Financing, and ensure the Regional Growth Fund and other Government investment funds prioritise strong proposals seeking to grow the private sector in the LEP area.*
- *Maintain UKTI access points, working alongside the LEP, to help secure greater private sector inward investment and re-investment into the LEP economy.*
- *Avoid a situation where the hub of Central Government capacity in a sub-national context shifts from the North Eastern LEP area to Leeds.*
- *Ensure that Government-supported business finance programmes are delivered through fund management capacity based in the LEP area, and are linked into local business networks.¹¹*
- *Ensure that European funding and partnership programmes are able to support the strategic economic priorities of the LEP.*

11. Fund management capacity based in the LEP area is important for two reasons. First, it demonstrates that there is a demand for such capacity and expertise to exist and flourish in the UK outside the global financial hub of London, and the cities of Leeds and Manchester. Second, capacity based in the LEP area may be more knowledgeable about the unique strengths, opportunities and prospects of the LEP economy, and thus in a position to make quicker decisions over making available local sources of investment capital to local private



PETEC

Image Courtesy of CPI

Priority I: Supporting Enterprise and Private Sector Business Growth



7.5 The LEP economy has made genuine progress in creating additional enterprise and business growth over the last decade, but significant further improvements are needed if there is to be a fundamental rebalancing of growth and employment towards the private sector. In supporting greater levels of private sector and social enterprise, we also recognise that policy will begin to focus on re-shaping public service delivery.

7.6 In helping to create new enterprise and private business growth in the LEP economy, the LEP will:

- *Promote the LEP area as a prime location for business development and ensure that it is an attractive place to live, work, visit and run a business.*
- *Provide strategic support for widening and deepening collaboration between businesses, universities and colleges across the LEP area.*

- *Encourage focused and intensive engagement with the largest and most strategically important companies in the LEP economy – as measured by employment, growth, supply chains and innovation. The LEP will focus on understanding the current issues and addressing the barriers to growth, with a view to increasing business retention and encouraging reinvestment and expansion.*

- *Promote entrepreneurship as a career choice and support people and businesses that have commercially-viable ideas, and growth potential.*

- *Ensure that the new national framework for business support – including the national internet and phone-based services, support for high growth sectors and the role of UKTI (with a presence in the LEP area) – meets the needs of companies in the LEP area.*

- *Work with business representative organisations to introduce an effective network of business-to-business mentoring and support.*

- *Work with partners in North East England to support public and private sectors in identifying and deploying new innovative financial instruments to achieve greater enterprise and business growth.*

- *Provide a mechanism for the public sector to engage and debate with the private sector and social enterprises on how best to support the public sector in managing the implications of change in public service delivery.*

- *Encourage local authorities, business and developers as they deliver local regeneration strategies and master-plans.*

- *Work with the Homes and Communities Agency to integrate business and local government needs, and ensure that economic and community infrastructure priorities are consistent with economic growth objectives.*





Priority 2: Building on Key Economic Strengths

7.7 The LEP will work with business and Government to grow the existing sector strengths of the North Eastern LEP economy (as set out in paragraph 6.5), and help the LEP area to take advantage of the recovering global economy and the competitiveness of sterling to generate greater export-led growth.

7.8 Whilst the LEP area faces a shortfall in investment in scientific research and development, part of what the Organisation for Economic Co-operation and Development has defined as an 'innovation gap'¹², there are nevertheless some important innovation strengths, not least within our innovation hubs and universities. In particular, there are significant national and international research capabilities at Durham University (in the natural sciences, engineering and mathematics, and in energy, health and biophysical sciences) and at Newcastle University (applied science, engineering, medicine, pharmaceutical, biotechnology and sustainability). We have also established expertise in other universities, including computer science at Sunderland University, and art and design, information services and emerging industries at Northumbria University. In looking to build on the key strengths of the economy, the LEP

will support greater transfer of knowledge between our universities, businesses and industry in order to increase the commercial value of scientific and technological research.

7.9 Businesses in the LEP economy are well placed to take full advantage of the move towards a low carbon economy.¹³ There is potential to build on the LEP economy's industrial base, existing engineering skills and scientific excellence to create additional growth and value added jobs in offshore wind, ultra low carbon vehicles, and carbon capture and storage. The development of a low carbon future also has economic relevance across a broad diverse range of sectors, industries and localities within the North Eastern LEP area.

¹² Northern Way (2008) OECD Review of Innovation in the North of England.

¹³ Ekosgen (2010) Tyne and Wear City Region Economic Review – Executive Report; Economic Geography, Linkages and the Low Carbon Economy, report for Tyne and Wear City Region.



7.10 In building on the key strengths of the LEP economy, and thus providing an unambiguous focus on growing the private sector, the LEP will:

- *Play a strategic role, with business, universities, colleges and Government, in ensuring the continued growth and expansion of the LEP economy's key sectors, including: Automotive; Professional, Financial and Business Services; Pharmaceuticals; Biotechnology; Engineering; Tourism; Culture, Creative and Digital, as well as other sectors, such as Land-based Industries (agriculture, farming and forestry), which are of economic importance in certain parts of the LEP area.*
- *Work with partners to redouble efforts to move faster towards a low carbon economy;*
- *Lobby Government, where appropriate, in support of local planning authorities and developers seeking to identify and prepare potential 'low carbon industrial sites'.*
- *Support partners seeking Government support for the use of innovative funding mechanisms to release new 'green' investment resources to build a sustainable low carbon future.*
- *Work with employers and business representative organisations to ensure that the needs of industries in advanced manufacturing are met – such as site availability, infrastructure and skills.*
- *Work with partners to draw on the skills and expertise of the LEP area's science, industry and technology base, in order to work with the Technology Strategy Board and the Green Investment Bank to further develop the LEP area's strong local innovation ecosystem.*
- *Provide strategic support, alongside business and universities, to the development of Growth Hubs and Technology and Innovation Centres in the LEP area.*
- *Support inward investment activity as appropriate, and in partnership with UKTI, NEEP and other LEPs.*
- *Support partners to strengthen the contribution of tourism to the LEP economy by creating distinctive, culturally attractive places that will unlock private sector investment, and through joint working ensure the continued growth of the visitor economy.*



Priority 3: Improving Skills and Performance

7.11 In positioning the North Eastern LEP area to make a contribution towards a rebalanced national economy, forecasts indicate that, for the next three years, the overall supply of labour in the LEP economy will exceed net demand at most occupational levels.¹⁴ However, in laying the foundations for the next growth period, the LEP will need to identify and implement actions in the short to medium-term that drive demand and improve the skills and performance of current and future businesses and workforces.

7.12 The LEP will work within the framework of the Government's new Skills Strategy, and will take forward objectives agreed by the Tyne and Wear private sector-led Employment and Skills Board and Tyne and Wear City Region DWP Pathfinder programme. Alongside businesses, local government, Higher Education, Further Education and education and training providers, the LEP will drive strategic investment in skills based on the distinct demands of the LEP economy. We are also proposing that the LEP becomes a recognised consultee in respect of national Government employment and skills strategy and policy.

7.13 In order to help businesses and education and training providers improve the skills and performance of enterprises and workers, the LEP will:

- *Enable universities, colleges and training providers to come together to enter into meaningful dialogue with employers and local authorities to help providers overcome the barriers that exist in addressing the strategic skills needs of the LEP economy.*
- *Use its business leadership role to advocate and encourage greater collaboration between private sector companies to drive demand and address skills development priorities in the LEP economy.*
- *Use robust labour market information and intelligence to articulate existing and emerging demand from key growth sectors and businesses.*
- *Strengthen links between early years, 14-to-19 provision and local employment opportunities emerging in sectors and businesses. In particular, the LEP will promote the importance of Science, Technology, Engineering and Maths (STEM) pathways as being crucial to driving economic growth, particularly relating to the low carbon economy.*
- *Work with Jobcentre Plus and partners to support initiatives that help disadvantaged people in vulnerable labour markets access jobs.*
- *Boost specialist skill provision in the LEP economy's niche sub-sectors by drawing on the practical training experience of knowledge-intensive companies and universities in the LEP area.*
- *Develop new approaches to training, funding and delivery (including building quality apprenticeships) for multi-skilled technicians linked to high value growth sectors and sub-sectors in the LEP economy.*
- *Support programmes that deliver the effective transition of people, skills and expertise from the public sector to the private sector, and which include initiatives that offer self-employment and enterprise skills.*
- *Promote pathways of learning through schools to FE/HE, and education and training providers, which prepare people for the world of work by developing enterprise skills, qualities and attributes, and that deliver real commercial sales, marketing and business leadership assistance.*
- *Work with businesses and education and training providers to strengthen strategic leadership and management skills in the LEP area.*



Automotive Centre of Excellence, Gateshead College

¹⁴ Forecasts produced by Regeneris Consulting for the Tyne and Wear City Region Economic Review using Cambridge Econometrics baseline projections.

Priority 4: Strengthening Transport, Connectivity and Infrastructure

7.14 If the LEP area is to achieve a greater share of exported economic growth then more businesses need to trade goods and services effectively and efficiently, and more people need the mobility to access and penetrate local, national and international markets.

7.15 The LEP's natural economic area covers an extensive and diverse geography, and is characterised by a complex pattern of commuter flows. Given the travel to work linkages within the LEP economy, transport and infrastructure need to operate in a co-ordinated fashion to enable the economy to operate at its full potential, and for the challenges of labour market connectivity and accessibility to be better-addressed.

7.16 The LEP will support further joint working between the Local Transport Plans in Tyne and Wear, Durham and Northumberland as such collaboration provides the basis for building a strong strategic approach to transport across the LEP's natural economic area.

7.17 In terms of infrastructure and communications, the connectivity and performance of the LEP economy will be improved by new investment in hi-tech information technology, including next generation broadband.





7.18 The LEP will deliver the following actions – in strengthening transport, connectivity and infrastructure – to help business generate increased private sector growth and create jobs:

- *Support the development of a high-level transport strategy across the LEP's natural economic area. The strategy will demonstrate how transport networks can support private sector economic growth by contributing towards the development and regeneration of major sites and assets, and improve connectivity to key (including potential) markets for existing enterprises and future industries, particularly those operating in the low carbon economy. The strategy will also set out the interventions needed to improve transport accessibility to new jobs, particularly for residents located in deprived and remote communities in the LEP area.*
- *Use smart evidence and intelligence to identify and agree strategic transport and infrastructure priorities based on the distinct contribution of the LEP economy to UK plc.*
- *Harness resources to lever in private sector investment in critical infrastructure, including next generation broadband and transport.*
- *Continue to make the economic case to Government for improved rail and road transport links between the LEP area and the rest of the UK.*
- *Support businesses by growing the range of air services from Newcastle International Airport, to include a greater range of key European centres, together with a direct long haul transatlantic service.*

7.19 In delivering four strategic economic priorities, the LEP will have access to robust (including business-generated) economic intelligence and analysis. This will ensure that the LEP and its partners draw on the best available knowledge and understanding to inform strategy, delivery and the economic value of investment.

7.20 In taking forward its analytical needs, the LEP will:

- Draw on a substantial economic evidence base to support the delivery of the LEP's strategic priorities.
- Use high quality research to generate new knowledge and understanding of how economic, housing and social/population changes are impacting on economic growth and prosperity in the LEP area.
- Improve access to, and the use of, business intelligence in order to understand the commercial needs and opportunities and challenges facing businesses in the LEP economy.
- Explore, through rigorous analysis, how local sustainable economic development is being delivered within the LEP area.
- Collaborate, where appropriate, with other LEPs on undertaking strategic economic analysis in order to maximise efficiency and to generate greater added value for the Partnership.



8. Governance

- 8.1** The North Eastern LEP will build on and strengthen existing collaborative arrangements in the LEP area. The seven local authorities have worked together successfully, and with business and the voluntary and community sector, in the development and delivery of one of the country's first Multi Area Agreements (MAA).¹⁵ The seven authorities are also developing a new approach to strategic transport across Tyne and Wear, Durham and Northumberland, and have managed joint employment and skills programmes across the Tyne and Wear City Region. The five authorities in Tyne and Wear have worked with business to establish a private sector-led Employment and Skills Board, whilst in Durham a business Employment and Skills Group has championed training and skills development within the County, and in Northumberland an Economic Prosperity Thematic Partnership has helped to deliver a coordinated approach to tackling unemployment. With the support of individual businesses and business representative organisations, the seven local authorities have undertaken in-depth research and analysis into the functionality, performance and future prospects of the LEP economy. The seven authorities are also majority shareholders in Newcastle International Airport, and local government has a long history of collaborating with business on strategic economic development.
- 8.2** The LEP will be led by a Board, which will comprise of seven business representatives, and six local authority Leaders and one Elected Mayor. One of the business members will Chair the Board. There will also be representation on the Board from the HE sector, and the Board will have a strong relationship with FE. All business Board members will be expected to have a connection into the wider business community in the LEP area. The recruitment of the Chair and business Board members will be undertaken through an open and transparent process. The seven business members will be appointed on the basis of their ability to bring new leadership and expertise to the Partnership. The seven business Board members will also need to demonstrate that together they reflect the diverse and distinctive components of the North Eastern LEP economy.
- 8.3** As part of the operation of the LEP, and to help ensure a strong local dimension to the work of the Partnership, a LEP Forum will be established. The Forum will invite networks of local businesses, communities and economic stakeholders to shape and inform the priorities and activities of the LEP. An annual open meeting of the Forum could provide a basis for reviewing activity, and developing potential new initiatives or actions in support of delivering the strategic economic priorities of the LEP.

- 8.4** The LEP will function as a new model of private sector economic leadership and local authority democracy, and operate according to the values of openness and transparency. Agendas, reports and minutes prepared for the LEP Board will be made available for public scrutiny via a Partnership website, and through local authority democratic services. The LEP will also publish an annual report setting out its progress, achievements and future plans.
- 8.5** Business influence and leadership in the development and operation of the LEP is crucial. Consultation and engagement with business, local authorities, universities and colleges will continue as partners start to implement the priorities and actions set out in this proposal.

9. Resourcing the LEP

- 9.1** In creating the North Eastern LEP, business and local government are committed to establishing a new economic development capacity. Reflecting one of the core principles on which the LEP will operate – 'Added Value and Efficiency' – reviews are being undertaken into existing joint technical support in local authorities and the wider public sector. The outcome of the reviews will produce new economies of scale and efficiency, and will help to identify the new capacity made available to support the LEP.
- 9.2** Although the North Eastern LEP will build on a successful track record of partnership, the new support arrangements put in place for the LEP will be better-integrated, more streamlined, remove bureaucracy, release innovation and maximise greater value for money than existing mechanisms.

¹⁵ TWCR (2008) Tyne and Wear City Region Multi Area Agreement.

Annex I List of Business and Economic Stakeholders

The following businesses, business organisations, local authorities and economic stakeholders were engaged in the development of the North Eastern LEP proposal.

- *ING*
- *AAF McQuary*
- *A-Belco*
- *Adessi Ltd*
- *Advanced Electronics*
- *Advanced Engineering Solutions*
- *Aesica Pharmaceuticals Ltd*
- *A&J Scott*
- *Alcatel-Lucent UK and Ireland*
- *Allan Brothers*
- *Allendale Creative Artists*
- *Alkor-Venilia Gmb H*
- *Alnmaritec*
- *Alnwick Town Business Forum*
- *Amble Business Club*
- *Ancor Flexible*
- *Ammarm Ltd*
- *Aon Risk Solutions Ltd*
- *Arco Ltd*
- *ARUP*
- *Assembly and Packaging Services*
- *Association of Colleges (North)*
- *Astec*
- *Astute Solutions KO Ltd*
- *Avanta (Incorporating InBiz & TNG)*
- *Avery Dennison*
- *Balfour Beatty Engineering Services*
- *Bamburgh Castle*
- *Banks Development*
- *Barratt Homes*
- *Bedlington Chamber of Trade*
- *Bellway Homes*
- *Bernhard Schulte Ship Management (UK) Ltd*
- *Berwick & Berwickshire Business Forum*
- *Berwick Borough Housing*
- *Berwick Community Trust*
- *Blyth Valley Business Forum*
- *Boarder Laird*
- *Bradley O'Mahoney Public Relations*
- *Bridge Club Ltd*
- *Bridging Newcastle Gateshead*
- *Broad Chare Chambers - The Chambers of Benjamin Nolan*
- *BT Innovate & Design*
- *BT Regions – North East*
- *BT South Tyneside*
- *Burberry*
- *Burgham Horse Trials Ltd*
- *Business & Enterprise North East*
- *Business Link*
- *Business Network International (BNI)*
- *Calsonic Kansei Ltd*
- *CBI North East*
- *Centre for Process Innovation Ltd*
- *CK21 Consultants LLP*
- *Clipper Windpower Europe Ltd*
- *CMP Products Ltd*
- *Coca Cola Enterprises*
- *Codeworks*
- *Comysys*
- *ConFor*
- *Connexions Northumberland Ltd*
- *Contitech Beattie*
- *Corporate & Institutional Banking*
- *Country Land & Business Association*
- *County Durham Enterprise Agencies*
- *Covance Laboratories Ltd*
- *Culpitt*
- *Customer Focus UK*
- *Daisy Communications*
- *Davy Roll*
- *DAWN Advice*
- *Deloitte LLP*
- *Derwentside Engineering Forum*
- *Diamond Business Systems Ltd*
- *Dickinson Dees*
- *Dipsticks Research Ltd*
- *Draeger Safety (UK) Ltd*
- *Durham Business Club*
- *Durham County Council*
- *Durham University*
- *Eaga plc*
- *Egger (UK)*
- *E.J. Badekabiner (UK) Ltd*
- *Energy Service Fossil UK*
- *Engineering Employers' Federation*
- *Entek International*
- *Entrust*
- *Esh Group*

- Eversheds
- Farne Business Gateway
- Federation of Small Businesses North East
- Fergusons (Blyth) Ltd
- Flying Fox
- FoNDT
- Forestry Commission
- Formica Ltd
- Four Housing Group
- Four Rivers BioFuels
- Freudenberg Technical Products
- G4S Utilities
- Gateshead College
- Gateshead Council
- Gavin Black and Partners
- General Mills Ltd
- Gentoo Group
- G.E. Oil and Gas – Pipeline Integrity International
- George F White Estate Agents
- George Smith
- Glendale Gateway Trust
- Greggs plc
- Grey Sky Consulting
- GVA Grimley Ltd
- Hammerite
- Hammerson
- Hardy & Greys Ltd
- Haven Holidays
- Hays Public Services
- Hexham and Northern Marts
- Hexham Business Forum / Hexham Courant
- Hilton Newcastle Gateshead Hotel
- Holland PR & Marketing Ltd
- Home Builders Federation
- Homes and Communities Agency
- Homes for Northumberland
- H.O. Short
- Hoults Yard
- HSBC Bank plc
- Hydratight
- ID Partnership – Northern
- IHC The Engineering Business
- IMMI
- Inspiredspaces
- Institute of Directors North East Region
- IT Professional Services
- Jackel International
- JFS
- JK Property Consultants
- Jobcentre Plus
- John N Dunn Group Ltd
- Kaffeccinos Coffee House
- Keepmoat Homes
- Kielder Partnership
- Kilfrost
- Kings School Tynemouth
- Landfactor
- LDR Squared
- Liebherr Sunderland Works Ltd
- Lindisfarne Ltd
- LiveWIRE International & PNE Group
- Longbenton Foods Ltd
- Mackellar Architecture Limited
- Marsh
- Mary Ann Rogers
- McDonalds
- MDA-MPR
- Merck Sharp and Dohme
- Metro Centre Group
- Metro Radio
- Miller Homes
- Miller UK
- Morpeth & District Chamber of Trade
- Morpeth Net
- Muckle LLP Solicitors
- Myson Radiators Ltd
- Nano-porous Solutions Limited
- Narec
- National Farmers' Union
- Natural Ability
- Natural England
- NBSL
- NCJ Media
- NDI
- NECC
- NEDL
- Newcastle City Council
- Newcastle Futures
- Newcastle International Airport
- Newcastle NEI Limited
- Newcastle Partnerships
- Newcastle PCT
- Newcastle University
- Newcastle upon Tyne Hospitals NHS Foundation Trust
- New College Durham
- Nexus
- NGI

- *Nigel Mills Consultancy*
- *Nissan Manufacturing (UK) Limited*
- *NOF Energy*
- *North East Finance (Holdco) Ltd*
- *North East Press Ltd*
- *North East Process Industry Cluster*
- *North Energy Associates*
- *North Shields Chamber of Trade*
- *North Tyneside Council*
- *North Tyneside General Hospital*
- *Northern Business Forum*
- *Northern Pinetree Trust*
- *Northern Secrets Ltd*
- *Northern Stage*
- *Northern TUC*
- *Northstar Ventures*
- *Northumberland Care Trust*
- *Northumberland College*
- *Northumberland County Council*
- *Northumberland Estates*
- *Northumberland Foods Ltd*
- *Northumberland Graduate Enterprise Programme*
- *Northumberland National Park Authority*
- *Northumberland Strategic Partnership*
- *Northumberland Tourism Ltd*
- *Northumbria Health Care NHS Trust*
- *Northumbria Police*
- *Northumbria University*
- *Northumbrian Leisure Ltd*
- *Northumbrian Water*
- *NRG*
- *Paragon Labels*
- *Park Road Medical Practice*
- *Parsons Brinckerhoff*
- *Persimmons Homes North East and Persimmons Homes Teesside*
- *PD Ports*
- *PHC UK*
- *Pical*
- *Piramal Healthcare*
- *PNE Group & PNE Development*
- *Port of Blyth*
- *Port of Tyne*
- *Port of Sunderland*
- *Potts Printers Ltd*
- *PricewaterhouseCoopers*
- *Priory Medical Practice*
- *Proctor & Gamble*
- *Quorum Business Park*
- *Ramage Transport Ltd*
- *Reed Finance*
- *Renolit Cramlington*
- *Renown Engineering*
- *Responsive Engineering Group*
- *Revive Enterprise*
- *RHK Business Advisers LLP*
- *Ribble Consultants*
- *RICS North*
- *Rio Tinto Alcan Smelting and Power*
- *Rook Matthew Sayer Estate Agents*
- *Rothbury & Coquetdale Business Forum*
- *RPC Containers*
- *RTC North Ltd*
- *Rural Development Initiatives Ltd*
- *Ryder Architecture*
- *Sale and Partners*
- *Santander*
- *Sarah Hall Consulting*
- *SCA Hygiene*
- *SCM Pharma*
- *Seawell*
- *Sector Skills Council for Construction*
- *Shepherd Offshore*
- *Shoreline Polychaetes Farms LLP*
- *Siemens*
- *Simpson Malt*
- *SMC Training*
- *Specials Laboratory*
- *Soil Machine Dynamics*
- *South Tyneside Business Forum*
- *South Tyneside College*
- *South Tyneside Council*
- *South Tyneside Enterprise Partnership*
- *South Tyneside Manufacturing Forum*
- *Sovereign Strategy*
- *Spartan UK Ltd*
- *St Benet Biscop Roman Catholic High School*
- *Steve Reed Tourism*
- *St Nicholas Hospital*
- *Strutt & Parker*
- *Studio Architects*
- *Sunderland AFC*
- *Sunderland City Council*
- *Sunderland Software City*
- *Sunderland University*
- *Swan Hunter Ltd*
- *TDR Training Ltd*
- *Tyneside Economic Development Company*

- Teesside University
- Terrace Hill Group plc
- Tesco Bank
- Tharsus Vision
- The Alchemists
- The Alnwick Garden
- The National Trust
- The PNE Group
- Thermacore Europe
- Thermo Fisher Scientific
- The Sage Gateshead
- The Social Enterprise Loan Fund
- The Vindolanda Trust
- ThyssenKrupp UK PLC
- Tony Turner Accountants
- TT2 Ltd
- T.T. Electronics
- TVS Cramlington Precision Forge
- Tyne & Wear Fire & Rescue Services
- Tyne and Wear Enterprise Trust Ltd
- Tyne and Wear LTP Team
- Tyne Metropolitan College
- Tynedale Business Network
- Tyneside Cyrenians
- UK Coal
- UNISON (Northumberland Branch)
- Vattenfall Wind Energy
- Venture Coaching & Consulting Ltd
- Ward Hadaway
- Waterfalls Estate
- Watson Burton LLP
- Woodhorn Museum & Northumberland Archives
- Working Links
- Yorkshire Bank

North Eastern LEP Drafting Group

Andrew Sugden	NECC	Prof Lynn Dobbs	Northumbria University
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John Cuthbert	Northern Business Forum	Richard Dale	Newcastle University
Neil Warwick	Service Network	Richard Thorold	Gateshead College
Sarah Green	CBI North East	Barry Rowland	Newcastle City Council
Simon Robertson	BT	Andrew Lewis	Newcastle City Council
Stan Higgins	NEPIC	Andy Dean	Northumberland County Council
Tony Sarginson	EEF	David Crammond	South Tyneside Council
Martin McTague	FSB	Ian Thompson	Durham County Council
Gary Hutchinson	Sunderland AFC	Jane Robinson	Gateshead Council
Martin Lawlor	Port of Blyth	Janet Johnson	Sunderland City Council
Tom Johnstone	Glendale Gateway Trust	Peter O'Brien	Tyne and Wear City Region
Alan Dixon	Association of Colleges	David Curtis	Homes and Communities Agency
Lucy Winskell	Northumbria University	Julia Veall	North Tyneside Council

Annex 2 Economic Evidence Base

The evidence base on the performance and components of the LEP economy is extensive. The following literature provides a summary of the material used in the preparation of this proposal.

AECOM (2010) Delivering a Sustainable Transport System; Access to Tyne and Wear City Region, report for the Department for Transport and Tyne and Wear City Region.

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Hunt, A. (2010) Tyne and Wear City Region Sector Baseline and Recent Trajectories: Technical Annex 2: Detailed Local Authority Data, St Chad’s College, Durham University.

Skills and the North East Economy: North East Aspirations for Education, Employment and Skills 2010-2016.

Rocket Science UK (2010) Tyne and Wear City Region Employment and Skills Strategic Action Plan, report for Tyne and Wear Employment and Skills Board.

POPULATION

Population (mid-year population estimates)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Population	1,899,100	1,891,400	1,887,900	1,888,400	1,887,700	1,888,100	1,893,500	1,897,300	1,903,800	1,911,900	1,923,900
Working-Age Population	1,159,100	1,155,600	1,156,800	1,161,900	1,164,300	1,167,900	1,175,000	1,180,400	1,184,600	1,189,300	1,197,200

EMPLOYMENT

	2000	2010	Change
Key Employment Statistics			
Employment Rate (APS March 2010)	69%	66%	-3
Claimant Count (Sept 2010)	47,401	54,371	6,970
Unemployment Rate (APS March 2010)	7.5%	9.7%	2.2
Economic Activity Rate (APS March 2010)	74.6%	73.1%	-1.5
FTE (NEEM 2009 (latest figure 2007))	772,624	792,776	20152
FT/PT (percentage of workers working part-time /full-time- APS March 2010)	24.2/75.8	25.3/74.7	1.1/-1.1
Incapacity Benefit and Severe Disability Allowance Claimant Count (DWP February 2000 and 2010)	140,330	92,290	-48,040
Disability Living Allowance Claimant Count (DWP February 2003 and 2010)	116,700	132,250	15,550

	2002	2010	Change
Occupation Proportions (APS March 2010)			
SOC 1 - Managers and Senior Officials	11.2	13.5	2.3
SOC 2 - Professional and Technical Occupations	9.7	12.7	3
SOC 3 - Associate Professional and Technical Occupations	12.2	13.1	0.9
SOC 4 - Administrative and Secretarial Occupations	14.2	11.9	-2.3
SOC 5 - Skilled Trade Occupations	10.9	9.8	-1.1
SOC 6 - Personal Service Occupations	7.1	8.7	1.6
SOC 7 - Sales and Customer Service Occupations	9.7	9	-0.7
SOC 8 - Process, Plant and Machine Operatives	11	8.3	-2.7
SOC 9 - Elementary Occupations	13.7	12.5	-1.2

	2000	2007	Change
Employment by Sector (NEEM 2009)			
Agriculture, Energy and Mining	26,576	20,600	-5,975
Manufacturing	135,283	104,766	-30,517
Printing and Publishing	6,650	6,052	-598
Construction	61,145	68,311	7,166
Wholesale and retail trade	112,040	104,436	-7,604
Hotel, restaurant and recreation	59,588	55,809	-3,779
Transport & communications	41,780	49,148	7,368
Financial services	15,404	21,957	6,553
Business services	87,598	117,687	30,089
Public administration, defence and social security	57,849	69,506	11,657
Education	58,987	63,861	4,874
Health	89,114	94,286	5,172
Other services	20,611	12,980	-7,631

BUSINESS AND OUTPUT

	2000	2009	Change
Active Businesses (IDBR Enterprise Count March 2009)	37,420	43,780	6,300
GVA (NEEM 2009)	£20.7bn	£32bn	£11.3bn

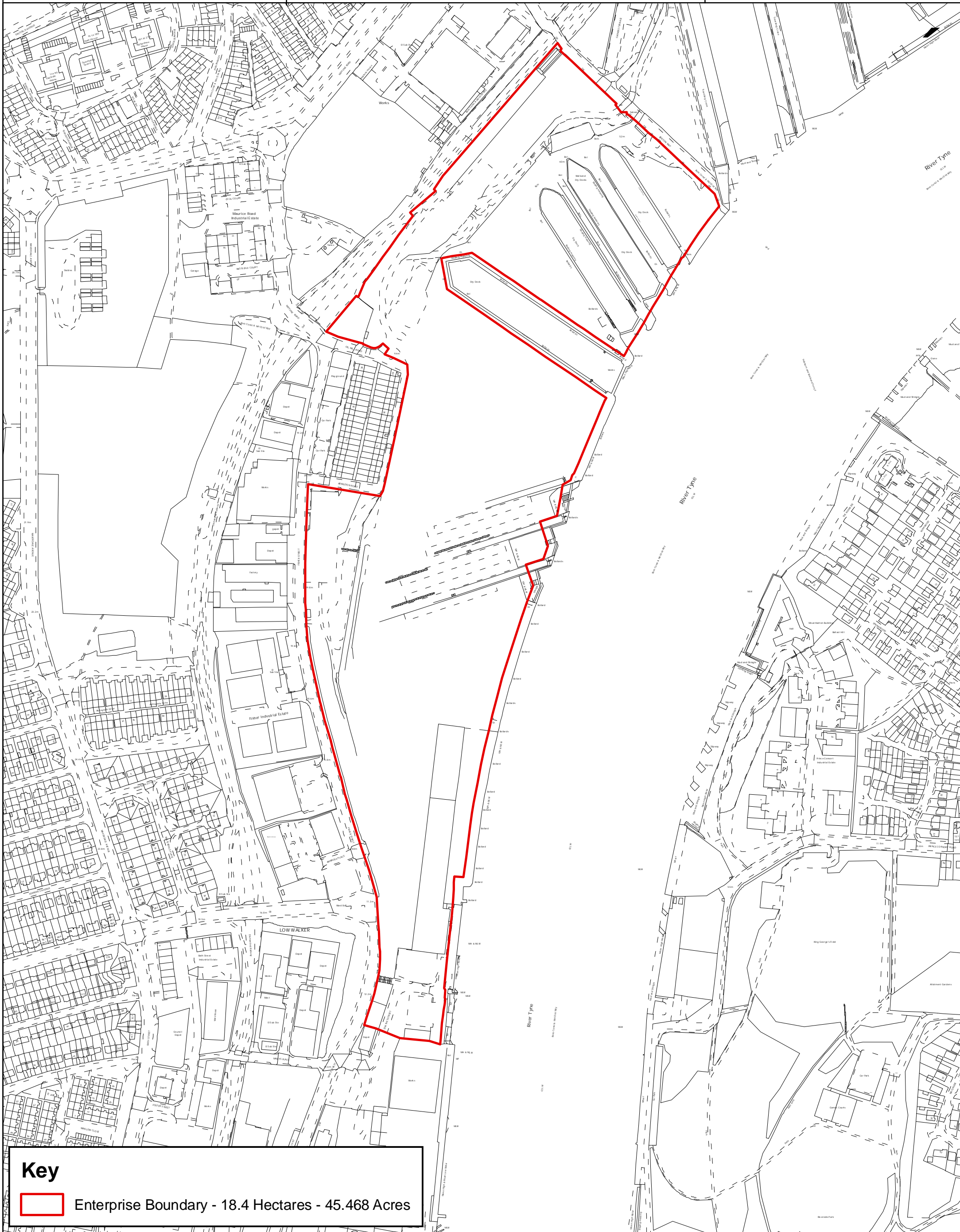
Employment in firms by size	2000	2008
1-10 Employees	134,857 (19%)	140,138 (18%)
11-49 Employees	185,612 (26%)	185,974 (24%)
50-199 Employees	168,362 (24%)	176,298 (23%)
200+ Employees	220,766 (31%)	264,209 (34%)

Enterprises by Size (ONS 2010)	0-4	5-9	10-19	20-49	50-99	100-249	250+	Total
No of Firms (VAT/PAYE Registered Enterprises)	30,255	6,445	3,145	1,755	550	280	220	42,650
Percentage of Firms (%)	71	15	7.4	4.1	1.3	0.7	0.5	


GVA by Sector (NEEM 2009) £,000s	2000	2007	Change
Agriculture, Energy and Mining	854	1,504	650
Manufacturing	4,250	4,564	314
Printing and Publishing	176	263	87
Construction	1,129	2,413	1,284
Wholesale and retail trade	2,797	3,489	692
Hotel, restaurant and recreation	1,019	1,707	688
Transport & communications	1,308	2,064	756
Financial services	631	1,534	903
Business services	3,523	7,020	3,497
Public administration, defence and social security	1,330	2,236	906
Education	1,594	2,111	517
Health	1,737	2,892	1,155
Other services	329	385	56

SKILLS					
	2000	2009		2000	2009
Qualifications (APS December 2009)					
% with NVQ4+	19	24.2	No. NVQ 4+	217,000	302,300
% with NVQ3 only	11.7	15.9	No. NVQ 3 only	134,000	198,500
% with Trade Apprenticeships	10.2	5.4	No. Trade Apprenticeships	116,000	67,500
% with NVQ2 only	15.5	17.8	No. NVQ 2 only	176,000	221,600
% with NVQ1 only	16	14.6	No. NVQ 1 only	182,000	182,400
% with other qualifications	6.3	7.6	No. other qualifications	72,000	95,100
% with no qualifications	20.6	14.4	No with no qualifications	235,000	179,900





Key

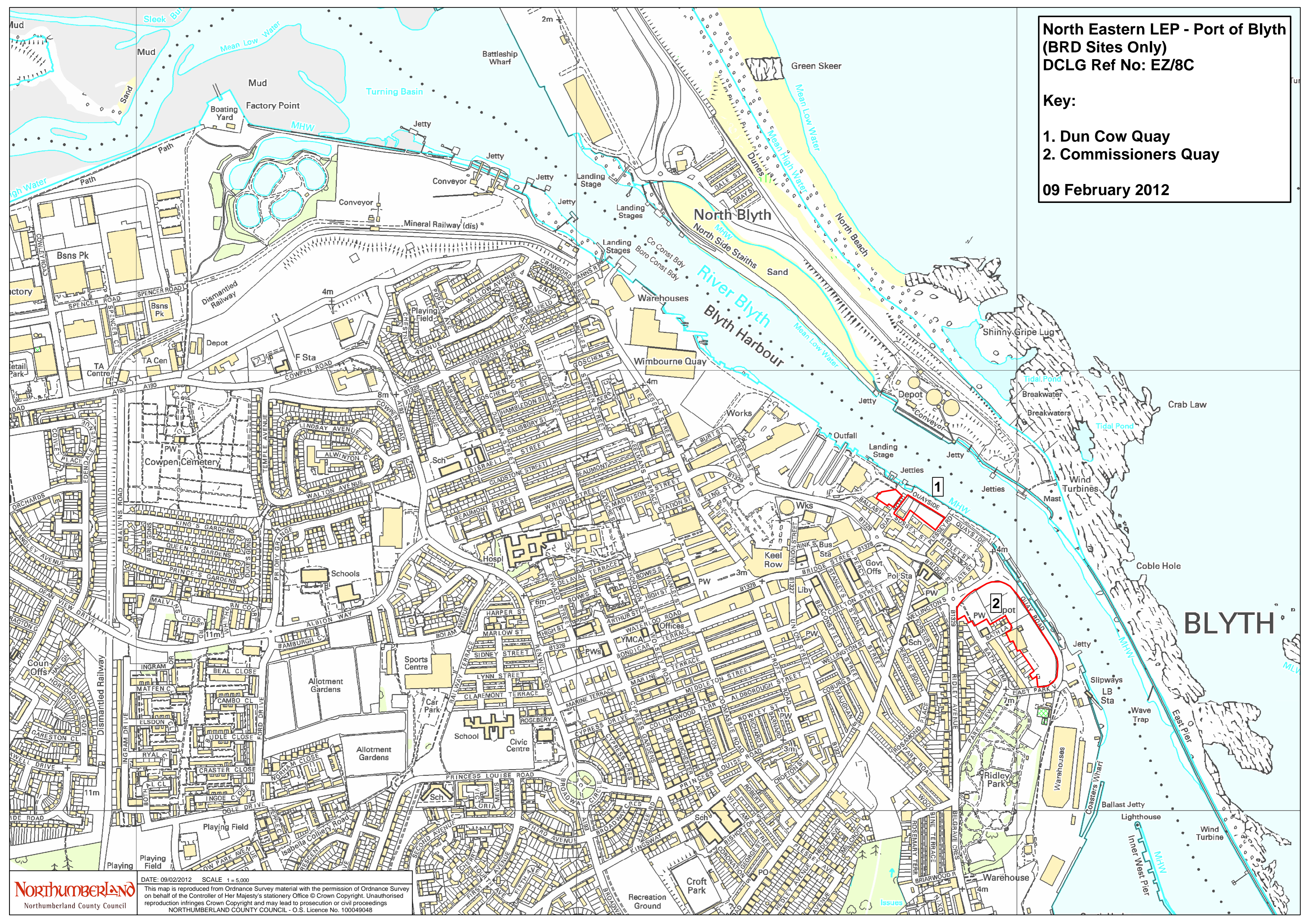
 Enterprise Boundary - 18.4 Hectares - 45.468 Acres

**North Eastern LEP - Port of Blyth
(BRD Sites Only)**
DCLG Ref No: EZ/8C

Key:

- 1. Dun Cow Quay**
- 2. Commissioners Quay**

09 February 2012



BLYTH

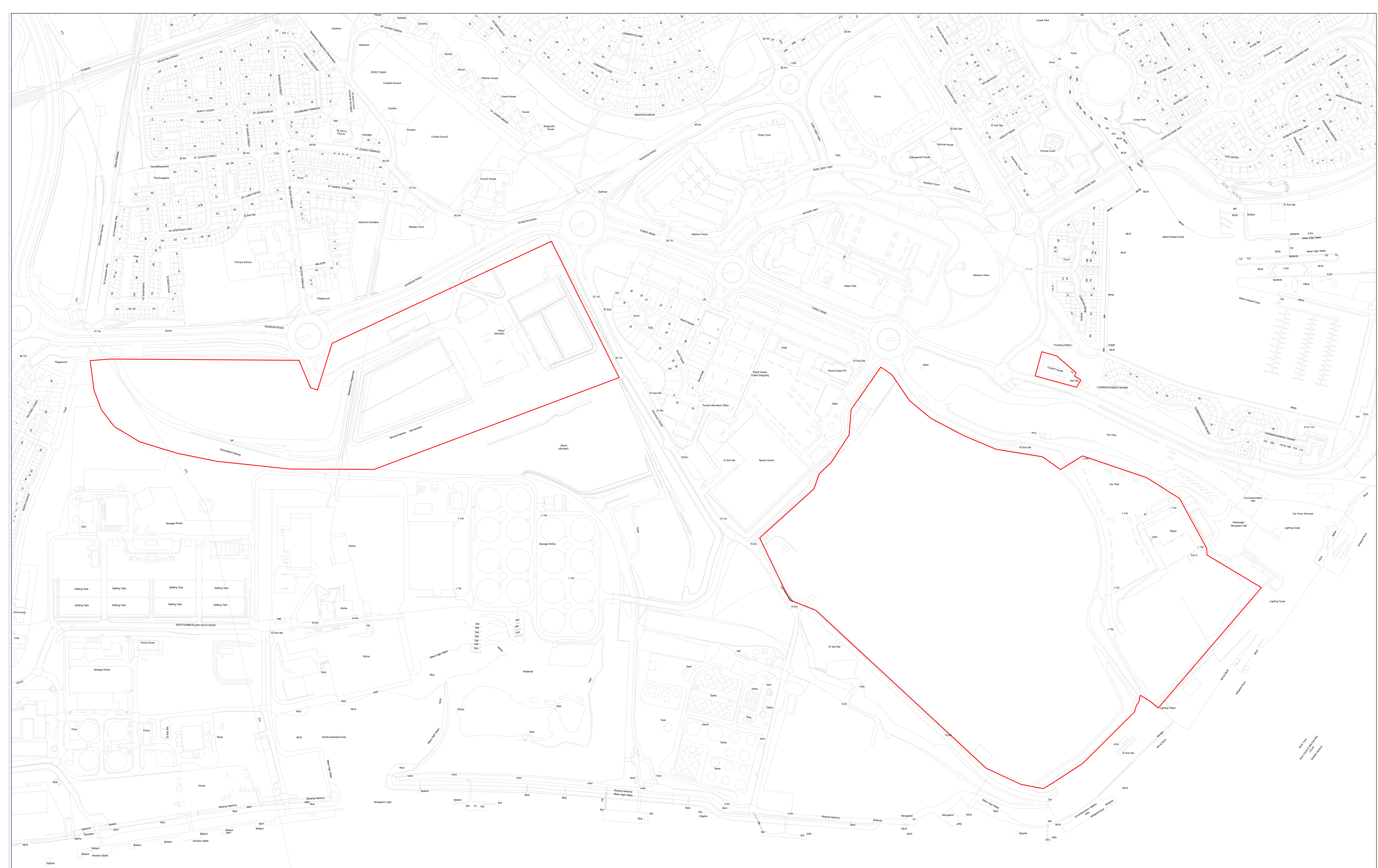


Strategic Property
 Quadrant
 The Silverlink North
 Cobalt Business Park
 North Tyneside
 NE27 0BY
 Tel: 0191 643 2142
 Fax: 0191 643 2429

North Tyneside Council

Swan Hunter Enterprise Zone

Scale: 1:1,000 @A0
 OS Ref: Various
 Date: 08/11/2011
 SB



North Tyneside Council

Strategic Property
 Quadrant
 The Silverlink North
 Cobalt Business Park
 North Tyneside
 NE27 0BY
 Tel: 0191 643 2142
 Fax: 0191 643 2429

Royal Quays Enterprise Zone

Scale: 1:1,750 @A0
 OS Ref: Various
 Date: 31/10/2011
 SB

- Key:**
1. East Sleekburn
 2. Bates
 3. Dun Cow Quay
 4. Commissioners Quay

