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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1. 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.


Great North Run, Tyne Bridge


Durham Cathedral

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.

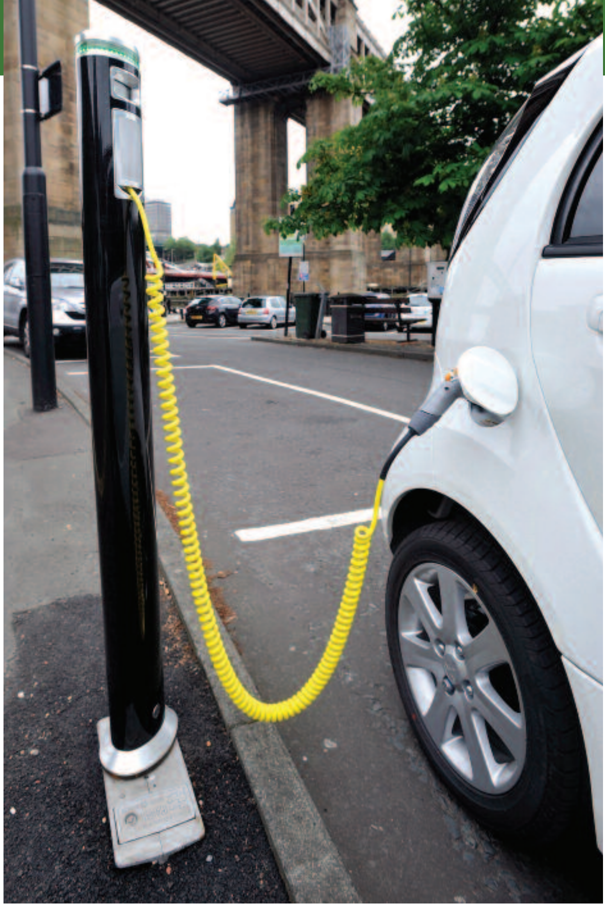
4.4 We believe that manufacturing can play a greater role in a building a sustained economic recovery, and in contributing towards a fundamental rebalancing of the LEP economy.[3] Advanced manufacturing, at the heart of efforts to drive an export-led economy, will provide the catalyst for a new generation 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.

Aesica Pharmaceuticals Ltd

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.


Customs House, South Shields

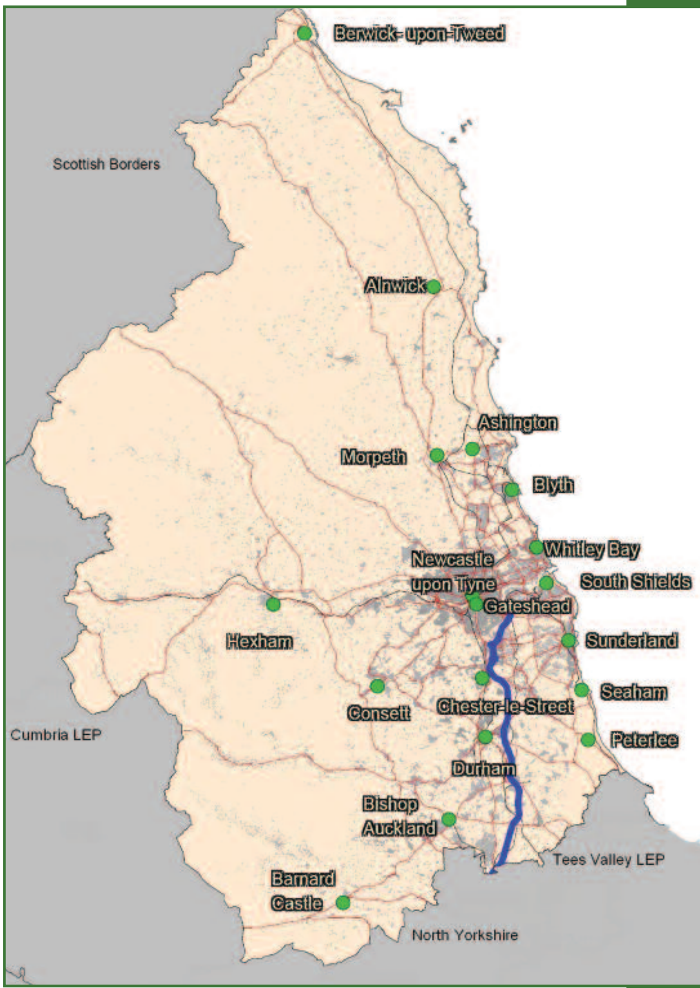

Bamburgh Castle, Northumberland

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; Thyseenkrupp 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.

Nissan Leaf

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.

Sub-sea industry

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.

A New Relationship with Government

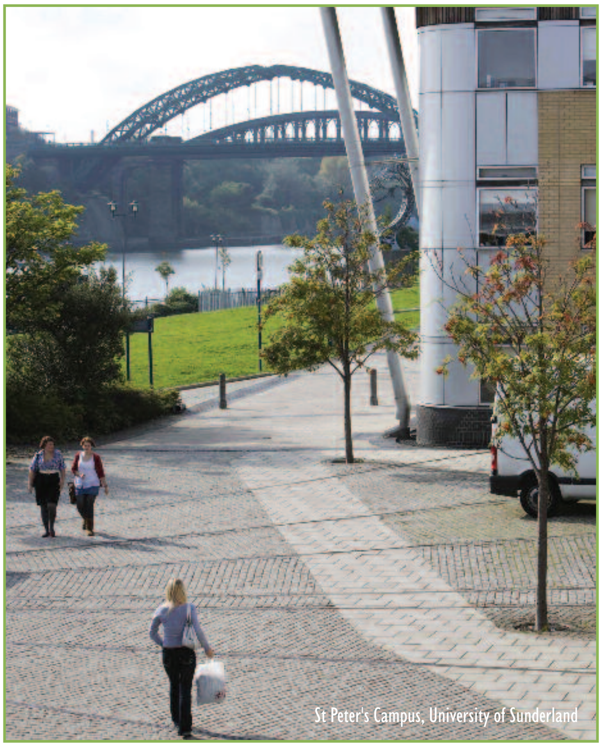
7.4 To help deliver the four strategic economic priorities of the North Eastern LEP, partners are seeking to build a new dynamic relationship with Government. The LEP will look to obtain commitments from Government in ten areas:

- *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

Image Courtesy of CPI

Priority 1: Supporting Enterprise and Private Sector Business Growth


St Peter's Campus, University of Sunderland

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.*


St Mary's Lighthouse, Whitley Bay

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.*

Simpsons Malt Ltd

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:

Automotive Centre of Excellence, Gateshead College

- *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.*

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 export-led 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.


Tyne and Wear Metro

Newcastle International Airport

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.

Angel of the North, Gateshead

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 1 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.

- *1NG*
- *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*
- *Amcor 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 BenjaminNolan*
- *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*
- *Connextions 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 NE1 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
Dan Brophy	Entrust
Graeme Mason	Newcastle International Airport
John Cuthbert	Northern Business Forum
Neil Warwick	Service Network
Sarah Green	CBI North East
Simon Robertson	BT
Stan Higgins	NEPIC
Tony Sarginson	EEF
Martin McTague	FSB
Gary Hutchinson	Sunderland AFC
Martin Lawlor	Port of Blyth
Tom Johnstone	Glendale Gateway Trust
Alan Dixon	Association of Colleges
Lucy Winskell	Northumbria University
Prof Lynn Dobbs	Northumbria University
Martin Finlayson	University of Sunderland
Prof Ray Hudson	University of Durham
Richard Dale	Newcastle University
Richard Thorold	Gateshead College
Barry Rowland	Newcastle City Council
Andrew Lewis	Newcastle City Council
Andy Dean	Northumberland County Council
David Crammond	South Tyneside Council
Ian Thompson	Durham County Council
Jane Robinson	Gateshead Council
Janet Johnson	Sunderland City Council
Peter O'Brien	Tyne and Wear City Region
David Curtis	Homes and Communities Agency
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.

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.

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Hunt, A. (2010) Tyne and Wear City Region Sector Baseline and Recent Trajectories: Technical Annex 1: Detailed Sector Data, St. Chad's College, Durham University.

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.

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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 Sever e 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