

More and better jobs

The North East Strategic Economic Plan

January 2017





The Strategic Economic Plan for the North East

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The Strategic Economic Plan for the North East

Introduction

The North East is a fast growing economy offering a diverse and flexible location for business and an attractive place to live and learn.

It is home to almost two million people and its economy generates over £37 billion each year, contributing 2.6% of national output, and jobs for 865,000 people.

When we published the North East Strategic Economic Plan (SEP) in 2014 we set a direction for our economy rooted in our determination to foster improved opportunities for our residents and businesses in a modern, diverse and entrepreneurial economy.

With support from our partners across the region, we outlined a strong ambition – to deliver more and better jobs for the North East.

We established two key targets:

- To support our economy to deliver a 100,000 growth in the number of jobs available in our area by 2024, an uplift of 11% on 2014
- To ensure 60% of the new jobs delivered are 'better' jobs – offering higher skilled, more productive and better quality opportunities to more people in the area.

Underpinning these targets, we set out to ensure that our economy is more competitive, resilient, and inclusive by adopting a further four targets that compare North East progress with national averages in key areas of the economy. We aim to focus regional and national action on closing performance gaps, delivering positive change and helping to rebalance the national economy.

These ambitions continue to command support across the region. Success will deliver more opportunities for local people and businesses, and ensure that the North East makes a growing contribution to improving the UK's economic prospects.

It will improve our economic resilience at a time of uncertainty in national policy and the global economy.

Strong progress since 2014

We can report strong progress since 2014. Through the hard work and commitment of our people, businesses and economic partners, the North East has moved out of recession and economic growth has returned to trend, delivering an average of 3% growth in Gross Value Added (GVA) per annum.

In terms of our targets, progress since 2014 has exceeded our expectations. We can report:

- Employment numbers reached record levels in 2016 with data showing a significant uplift in overall job numbers since 2014 – approximately 53,700 at September 2016. At over 50% of our overall target, this is significant progress
- 897,000 residents of the North East LEP area were in employment in September 2016, and the area itself provides 865,100 jobs
- Job growth has been added at a rate of 6.6% over the last two years compared to 5.4% in England as a whole. This represents a closing of the employment rate gap with national averages
- 63% of employment growth has been in higher skilled jobs. This is ahead of the target for the ten year period of our plan
- The rate of change towards our target to close the gap with national performance in terms of business density and economic activity in the labour force by 2024 is on track.

Key parts of the North East economy have done very well. We have seen business and employment growth in our manufacturing sectors, UK-leading performance in employment in digital and technology businesses, and good performance in business services and education, as well as improvement in other sectors. Internationally, we continue to be a net exporting region, have growing levels of inward investment and strong science and cultural links.

However it is early days in the 10 year delivery of the SEP. A particular challenge relates to the delivery of higher regional productivity where there is a widening gap with national performance.

Economic exclusion in some parts of the region remains persistent and some of the jobs being generated are low paid and insecure.

Looking beyond our targets, we aim to frame our approach in the context of economic change.

Challenges in the national and international economic outlook, the decision to leave the European Union and a new government committed to a strengthened Industrial Strategy all have an impact on our region. Understanding the implications, managing risks and seizing opportunities is crucial.

Our economy needs to continue to be future focused, agile and open to national and international investment. The views of economic partners about the need to retain access to key trade and investment markets, to skilled labour and to research networks need to be communicated

effectively to government as these processes develop. In this environment, there remains a strong commitment amongst our business and policy communities to secure more influence over our future through devolution.

The refresh of our Strategic Economic Plan

These factors have provided a powerful rationale for a refresh of the SEP. We have established a reputation for both creativity and effective delivery with key stakeholders in government and we are keen to build on this.

We spent the summer and autumn of 2016 discussing the SEP with partners across the region, testing our understanding of the North East's current economic position and working to update and reframe our approach.

We know there is no silver bullet to deliver our ambitions, but this work set a clear direction for our future priorities and programmes:

- The need to continue to support business growth, foster innovation and drive productivity. Work to date has helped to strengthen our economy and create better jobs, but there is more to do to build on our strengths and opportunity areas, and support dynamism across our economy
- Our focus on skills is crucial, to meet current demand, future-proof changes to the labour market, support our residents to access opportunities and secure and retain higher skills in our economy
- The need to focus on our economic infrastructure. Improved connectivity must strengthen productivity through enhanced physical and online access to markets, and support access to employment and training for local people. Clear investment propositions are needed for key sites and housing. Our assets should be promoted as a test-bed for innovation and we must engage with international business to build trade and strengthen flows of investment.
- There is more we can do as part of the global community to secure economic advantage and improve our communities by leveraging our assets in key challenge areas like inequality, health improvement and carbon reduction.

We welcome the Prime Minister's commitment to a strengthened, place-based Industrial Strategy and to continuing to work to diversify the economic structure of the UK by focusing on economic development outside the South East. The government will find strong and willing partners in the North East, through our partnership of business, education and local government, and in a North East community that has always been creative, resilient and forward looking.

Strengthening our ambition

In this context we believe that now is the right time to be more ambitious for the North East.

As government prepares its plans to leave the European Union and develops the policies and investments which will populate its Industrial Strategy, it is important that priorities for the North East economy are understood, and the region's potential is supported.

In this refreshed SEP, we set out:

- A group of priority themes that we will promote within the UK's emerging Industrial Strategy. These highlight opportunities for growth in order to strengthen our contribution to the UK economy and the Northern Powerhouse
- Key interventions and investments across our six programmes that will strengthen our business environment and help the region's long term economic growth and competitiveness. We will support and challenge our local and national partners to do more to deliver more and better jobs for our area and for the country.

The progress we have made towards the targets we set in 2014 has exceeded our expectations. With a supportive business environment there is an opportunity to deliver more.

As well as refreshing our delivery plan we have also revisited our key targets. Trends up to the summer of 2016 suggest that there is potential headroom for further employment growth in the North East economy. Our aim will be to reach our 100,000 target early and stretch that further.

However, given the need to address the productivity challenge, it is particularly encouraging that the percentage of better jobs being driven to date has reached 63%, already ahead of our original target.

If investment into the priorities within this plan is forthcoming at an equivalent level to present, we believe we can sustain and increase this percentage as our economy changes and are therefore revising this target. Our aim is that by 2024, **70%** of all new jobs created in the North East LEP area will be 'better' jobs.

We will continue to forge strong partnership with our partners in the region and with central government and its departments and agencies to deliver more and better jobs for our area and the country.

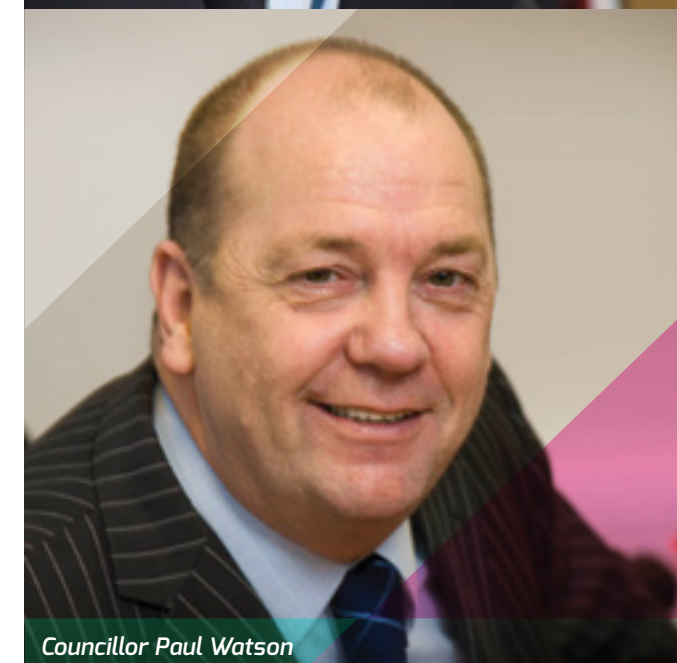
Andrew Hodgson Chair, North East LEP

Cllr Paul Watson
Vice Chair, North East LEP
Chair, North East Combined Authority

Heidi Mottram Vice Chair, North East LEP



Andrew Hodgson



Councillor Paul Watson



Heidi Mottram



Section one

***The North East
economy and the SEP***

Performance against Strategic Economic Plan targets since 2014

In 2014 the SEP set out six targets which aimed to measure progress towards the ambition for a more competitive economy, delivering more jobs and better opportunities for local people and businesses.

We also aimed to measure relative performance compared with the rest of the UK on key indicators selected to provide insight into the region's performance on productivity, employment levels, economic activity and inclusion, and private sector employment growth.

Two of these are absolute targets demonstrating progress towards delivery of 'more and better jobs'.

These are:

- To increase the number of jobs in the North East economy by 100,000 by 2024
- 60% of these additional jobs will be 'better' jobs. A better job is defined as being a job in the top three Standard Occupational Classification (SOC) categories, which are: Managers and directors, senior officials, professionals, and associate professional and technical occupations.

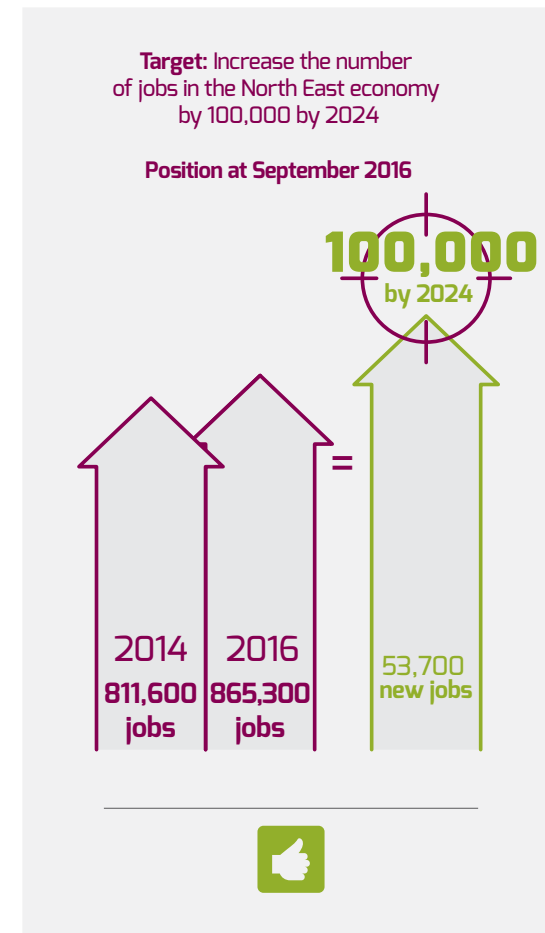
The four targets comparing the North East LEP area performance with English averages, excluding London are:

- Improvement of productivity measured by the Gross Value Added (GVA) per full-time equivalent job
- Improvement in the employment rate of local people
- Improvement in the economic activity rate of local people
- Private sector employment density, reflecting the aim to rebalance the relative contribution of public and private sector employment.

It should be noted that:

- While these targets were set out in 2014, the document was not specific about the indicators being adopted to measure performance. Measures that aim to illustrate progress since 2014 using as up to date and consistent data as possible have therefore been selected as part of the refresh process
- The baseline employment level of 890,000 stated in the 2014 SEP which provided the basis for estimating that an 11% uplift was required to achieve 1 million jobs, was reviewed by ONS as part of a wider national population review in October 2014, and discounted to around 850,000. The 850,000 figure included employment levels of people in the area - including people living here but working out of the area - rather than employment and jobs in the North East LEP area economy alone. As such, the 811,600 indicator has been selected and baselined as it reflects the number of jobs in our area's economy.

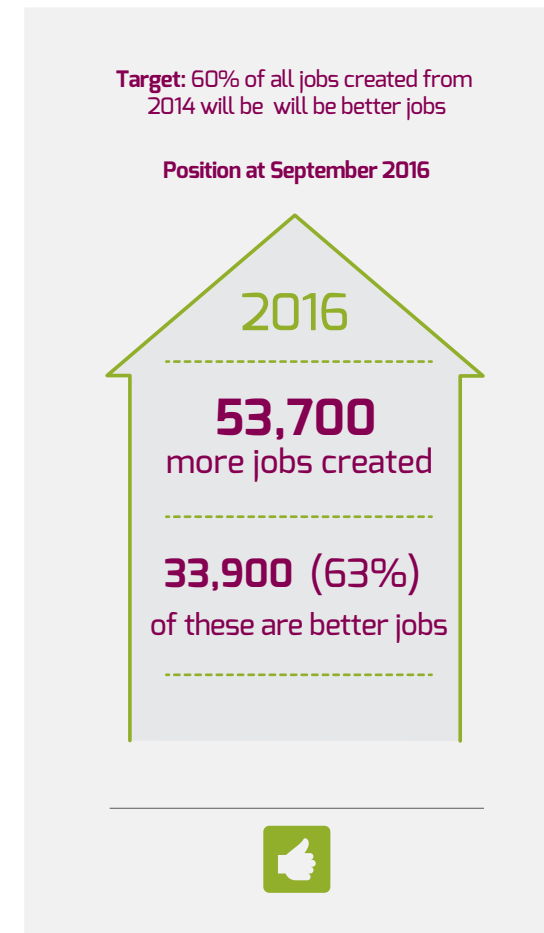
These targets will be the subject of further review as the evaluation project is finalised.



This figure is derived from the Annual Population Survey (APS) which provides a comprehensive measure of people in jobs in the North East LEP area and includes:

- All those who had done at least one hour of work at a workplace within the North East LEP area in the reference week covered by the survey
- Employees, the self-employed and unpaid workers in a family business who draw a form of payment such as a dividend, and participants in government-supported training schemes
- Those who had a job that they were temporarily away from (for example, if they were on holiday).

This data is considered by ONS to be the most comprehensive data because it includes self employment, which other measures discount.



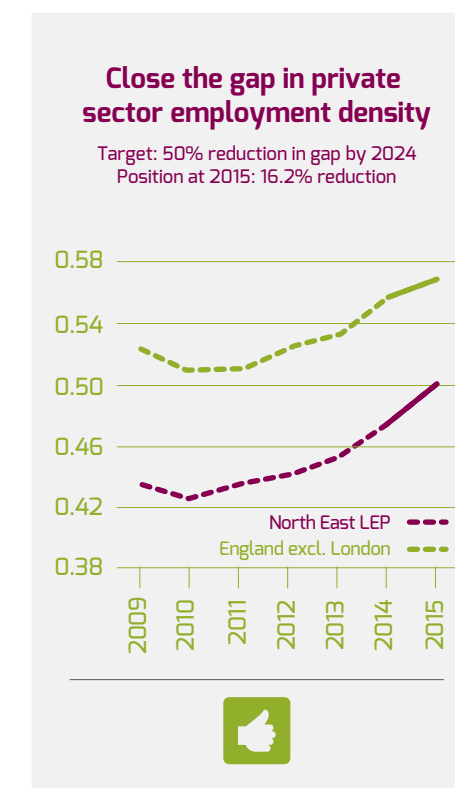
The APS measure provides a breakdown of employment by occupation, which allows us to identify jobs at different skill levels based on occupational groups and can enable us to estimate 'better' jobs from the same baseline.

It reports on the proportion of new jobs created that are in the top three occupational groups; Managers and senior officials, professionals, and associate professional and technical occupations.



This measure compares the GVA of the economy divided by the number of full time equivalent jobs in the economy in the North East LEP area compared to the figures for England, excluding London.

The source for this measure is the 'GVA for LEPs, ONS, Feb 16' report which provides the overall GVA performance with the employment figures derived from the Business Register and Employment Survey (BRES).



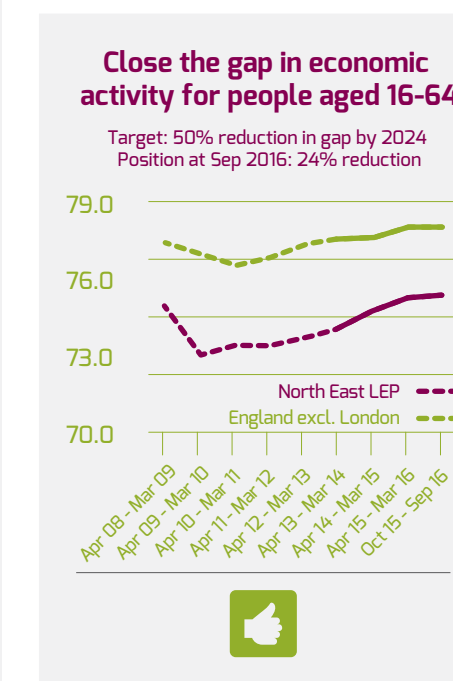
This indicator compares the ratio of private sector jobs to public sector jobs filled by the population aged 16-64 in the North East LEP area to the figures for England, excluding London. The sources are the BRES public / private sector dataset and the ONS population estimates by single year of age.



The 2014 SEP described different potential targets. The target set out most clearly was that, by 2024, the North East LEP area would close the employment rate against the 2014 UK rate (72.1%) by 100%.

However, discussion during the refresh process has indicated that this is not a particularly valuable measure of performance and a rolling measure comparing the gap with the ongoing national position would be most appropriate. At September 2016, the North East had made good progress against the target of a reduction in the gap of 22% compared with the employment rate for England, excluding London. However, we note that achieving a 100% closure of the gap against the rolling national measure is significantly more stretching than the 2016 target.

The source for this data is the APS.



This indicator compares the levels of economic activity of people living in the North East to the figures for England, excluding London.

The economic activity rate measures the proportion of the working age population (16-64) who are active or potentially active members of the labour market.

The source for this data is the APS.

Delivery of the North East Strategic Economic Plan since 2014

In 2014 we established six programmes as the framework for action and investment to deliver the SEP, providing support to a range of projects and partners working in the North East. The headline progress made on each of these programmes by April 2016 is detailed below.

We published a full progress review in May 2016, which provides more detail and is available on our website.

Finance and investment

Enterprise Zone investment

Infrastructure investment agreed to support development on Enterprise Zone sites

Secured second Enterprise Zone - launch April 2017

North East Investment Fund

£55m loans fully committed

Supporting 21 projects

£4.5m allocated to extend the Finance for Business Fund (JEREMIE)

North East Growth Deal

£329.9m secured for the region, of which £220m was allocated to the North East LEP for 2016 - 2021

48 capital projects funded

European Structural and Investment Funds

€559.5m notional allocation for the North East LEP area secured for 2014 - 2020

At November 2016 three quarters of our ERDF allocation is committed - second highest rate in the country.

Programme delivery

Innovation

- 13 innovation projects leveraging over £100m of external funding
- First LEP in the UK to appoint an Innovation Director
- A strengthened ecosystem supporting innovative businesses including Venturefest NE and the Innovation SuperNetwork
- Facilitated Catapult collaboration across four North East based Catapults
- Strong relationships with national innovation agencies, including Innovate UK and the Knowledge Transfer Network.

Business growth and access to finance

- Secured control of £120m Finance for Business funding to remain in the North East (successor to current JEREMIE fund)
- Development and launch of the first fully digital growth hub in England; one single point of access for business support and advice
- Local Growth Fund investment of £6.2m for the Rural Growth Network.

Skills

- Led the development of the Good Career Guidance Benchmarks national pilot scheme, launched into 16 schools and colleges in the region
- Enterprise Adviser programme rolled out to connect school pupils with the world of work
- Higher than national average take-up of apprenticeships, with the North East LEP leading the drive.
- A number of skills capital projects have been completed with the aim of providing world-class technical facilities in educational establishments including further education colleges and the development of University Technical Colleges (UTCs)

Employability and inclusion

- Successful development of £2m Mental Health Trailblazer, which will support 1,500 Employment and Support Allowance claimants
- Generation North East investing £4.5m to help 16-24 year olds into employment; to date 950 young people have found work as a result of the scheme.

Economic assets and infrastructure

- £44m of Local Growth Fund is being invested across 11 major infrastructure capital projects worth over £124m
- Invest North East England established, with resource to champion inward investment at a regional level, working closely with local authorities
- Inward investment has led to the delivery of 9,432 new jobs.

Transport and digital connectivity

- £57m investment secured for 23 transport projects
- Highways England collaboration underway to attract over £900m of investment in the strategic road network
- The Connection Voucher Scheme provided £1.9m of vouchers to over 1,700 businesses to help them get connected to Superfast Broadband.

SEP refresh process 2016-17

The refresh of the SEP was supported by an External Advisory Group, and involved extensive consultation through a range of workshops, partner led meetings and on line and written submissions.

A number of documents underpinned the process including a progress review reporting on SEP delivery between 2014-2016 and an updated economic analysis report. These documents and a report of the consultation are available on the North East LEP website.

2016

January - May

- Formation of North East LEP/NECA task group
- Preparation of analysis and SEP refresh programme

May - June

- Publication of economic analysis and SEP progress update reports
- Discussion with external advisory group and North East LEP/NECA sub-boards to identify key engagement issues
- Discussion with LEP Board

June - July

- Publication of engagement paper and online survey
- Discussions with partners in hosted meetings and seminars
- Consultative workshops - themed around smart specialisation areas and place issues
- Further discussion with external advisory group

September

- Summary of findings and initial proposals
- Discussion with advisory group, sub-boards and LEP Board
- Identification of implications and priority actions

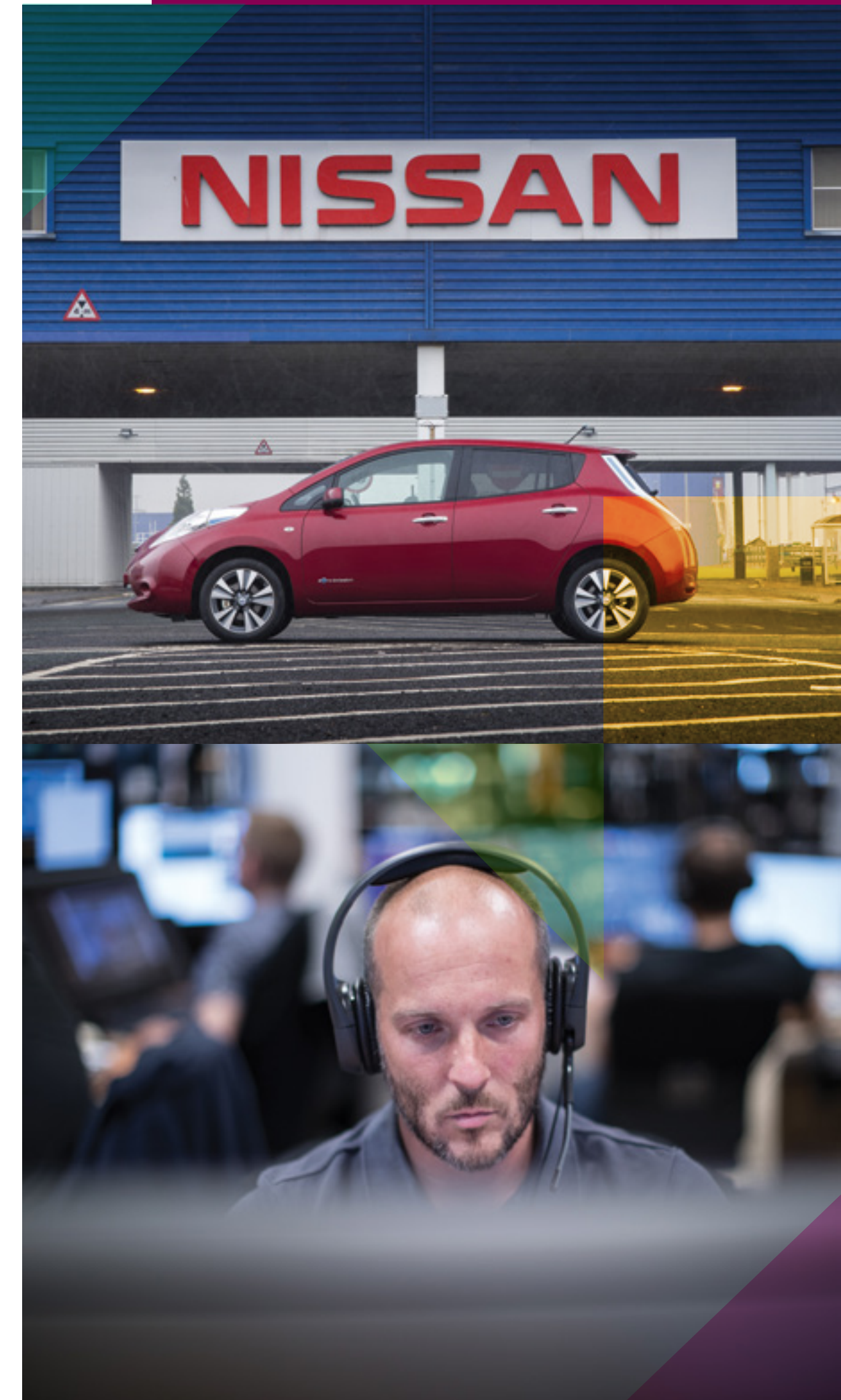
October - December

- Preparation of refreshed SEP

2017

March

- Launch of refreshed SEP



The North East: A place to live, learn and do business

We are strategically located between Scotland and the wider northern economy. The North East is well connected to the rest of the UK, Europe and the rest of the world by rail, sea, road and air.

We are justifiably proud of the North East's industrial history, which helped shape the global economy and continues to influence our future. Our capacity for invention and innovative delivery, from railways - to hydraulics - to stem cells, highlights our creative spirit and pioneering culture.

Today, with two million people and an economy generating £37 billion each year, our contribution to the national economy is driven by great businesses and skilled and resilient people. We look forward to 2018, when the Great Exhibition of the North, recently awarded to Newcastle and Gateshead, will demonstrate our creativity and the opportunities to invest and grow businesses here.

Our three great cities are globally recognised. Newcastle has vibrant science, education, culture, digital and service sectors. Historic Durham has a leading university, science and tourism sites. Sunderland is renowned for its manufacturing capability, being the home of Nissan's world-leading car manufacturing base and the focus of one of the Europe's leading automotive clusters.

Our cities are connected into a strong and diverse urban hinterland. Strategic digital and transport links, available land and labour supply provide a compelling combination to attract investment. There are strong links to national and international markets through key gateways for freight and passengers including mainline rail stations, five sea ports and Newcastle International Airport.

Global leaders in subsea advanced manufacturing and offshore energy sectors are complemented by the world-class offshore test facilities at Blyth. A diverse life science economy combines leading research and a business base in medical and bio-technologies. Leading medicine manufacturers export 95% of their output across the world.

We have one of the fastest growing digital communities in the UK, hosting national brands, such as the headquarters of software leaders Sage. The community boasts strong capabilities in smart data and cloud computing and is home to international brands in games development and virtual reality, as well as new clusters working with satellite data, and cyber security. This is strengthened further through innovative collaborations to digitally transform public service delivery, particularly in the local transport system, NHS and local government.

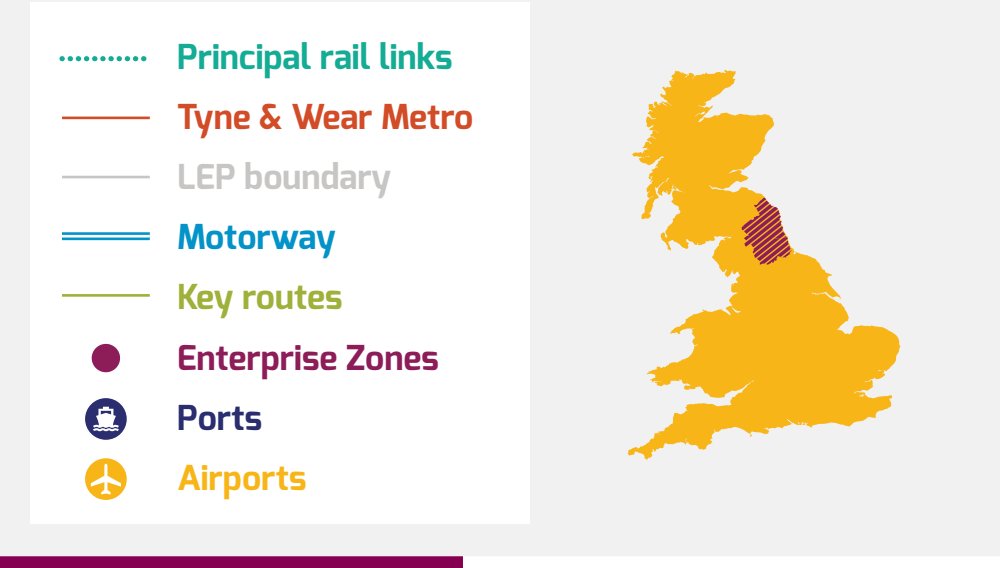
Four excellent universities – Durham, Newcastle, Northumbria and Sunderland play a significant role in the North East's economic development. They offer a breadth of research and teaching capability with top 10 research rankings in a range of disciplines, educating over 82,000 students each year. Each has been the focus for the regeneration of key parts of the region.

17,000 financial and professional services companies call the North East home, including all of the 'Big Four' (Price Waterhouse Coopers, Ernst & Young, KPMG, Deloitte), Virgin Money and banking innovator Atom Bank are also headquartered here. Many more are located in Cobalt Business Park, the UK's largest, in North Tyneside, and the Team Valley in Gateshead.

Thriving construction businesses, a growing transport and logistics sector and a strong performing education sector are all enablers in our economy.

Our towns, rural and coastal communities provide employment in a number of sectors. Across these territories, creative initiatives embedding new business growth are underway. For example incubators alongside rural tourism hubs like The Sill in Northumberland, growth in iconic cultural locations like Beamish and Auckland Castle and initiatives to foster digital innovation in farming and water delivery, demonstrate opportunities to drive employment across every part of our economy.

Underpinning investment and expansion is a strong sense of regional identity, a skilled and committed workforce, a powerful and engaged business community, and public bodies committed to development and regeneration.



Areas of strength and programme delivery

This SEP provides an industrial strategy for the North East to generate 100,000 more and better jobs by 2024. It sets out the interventions and investments needed to do this.

At a time of national economic uncertainty as the UK begins the process of leaving the European Union, improving regional competitiveness, productivity performance, and employment levels are central to strengthening the UK economy and the Northern Powerhouse.

The SEP sets out a blueprint for intervention and investment to ensure the North East delivers more for the UK economy and for all who live, learn and do business here.

The plan will:

- Encourage a business environment that supports and promotes higher levels of investment, innovation and business growth
- Drive areas of our economy where the North East has specialisms that can deliver more productive employment through innovation, skills and international engagement
- Act to create economic opportunities for people and communities across our region.

How will we do this?

There are four areas of specialism that economic analysis and regional engagement have highlighted as areas of our economy which provide distinctive growth opportunities. These are:

- 1. Tech North East**
Driving a digital surge
- 2. Making the North East's Future**
automotive and medicines advanced manufacturing
- 3. Health Quest North East**
Innovation in health and life sciences
- 4. Energy North East**
Excellence in subsea, offshore and energy technologies

We have identified three enabling service sectors that support the wider economy and offer opportunities for delivery of more and better jobs in the North East. These are:

- Education
- Logistics
- Financial, professional and business services
- Innovation
- Business growth and access to finance
- Skills
- Employability and inclusion
- Economic assets and infrastructure
- Transport and digital connectivity

You can find out more information about these areas in section two of this document.

There are six programmes which provide actions to support improvement of our regional economy. These programmes are:

You can find out more information about these programmes in section three of this document.

Section two

Areas of opportunity



Tech North East

Driving a digital surge

Our digital community is one of the most vibrant, productive and rapidly developing in the UK.

A combination of start up, high growth and established businesses, innovation networks and incubators sit alongside North East universities with leading research capability and nearly 50,000 STEM students across the region.

Headquarters of FTSE 100 listed software leader, Sage, shared service centres for Hewlett Packard Enterprise, Accenture, BT and IBM and innovation centres for Ubisoft ENGIE and Red Hat are all located here.

Both the Digital Catapult and Satellite Applications Catapult have expert centres based in the region.



Government service centres employ a significant number of people in digital and technical roles. Employers include the Department for Work and Pensions, HMRC and NHS Prescriptions Pricing Authority.

Digital specialisms include software development, cloud computing, shared services, systems design and communications, buildings information modelling, games design and delivery.

Emerging specialisms include data analytics, virtual reality, smart data, and cybersecurity.

Leading innovators based in the North East include:

- **Performance Horizon Group**, which provides products and services in over 170 countries
- **SITS Group**, cloud services provider to the Premier League
- **Leighton Group**, leading digital agency that operates SalesCycle and WorkCast
- **Scott Logic**, UK-leading bespoke software development company
- **Viewpoint**, global leader in collaboration and Building Information Modelling compliance software
- **Palringo**, gaming community builders with 27 million users across 350,000 user groups.

A SOFTWARE & TECHNOLOGY INDUSTRY valued at **£2 billion** part of a northern ICT economy worth **£12 billion**

29,000 IT & DIGITAL EMPLOYEES

15,250 CREATIVE INDUSTRIES EMPLOYEES

Emerging specialisms include:



Data analytics
Virtual reality
Smart data
Cybersecurity



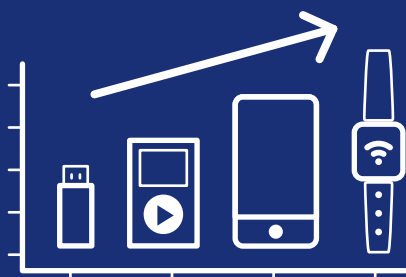
Digital specialisms include:

SOFTWARE DEVELOPMENT
CLOUD COMPUTING · SHARED SERVICES
SYSTEMS DESIGN & COMMUNICATIONS
BUILDING INFORMATION MODELLING
GAMES DESIGN AND DELIVERY

GVA contribution is currently double the national average.

The contribution of the North East information and communications sector grew by **14.9%**.

FASTEST GROWING TECH ECONOMY IN THE UK



The North East is pioneering work on smart data across industry and public services and has an asset base helping shape digital delivery across the economy

Government's 2016 decision to base the new National Innovation Centre for Data (NICD) on Newcastle Science Central, shows our capabilities, with the opportunity to take a growing share of this future market with an estimated value of £216 billion and 58,000 new jobs.

Our digital challenges and opportunities

A key challenge is to raise national and global awareness of our niche strengths and potential for growth, ensuring the North East builds its reputation as a hotbed of digital activity.

There is also a priority to grow our skills base and respond to the demand for new space and better connectivity.

The key initiatives that will help us do that are:

- **Digital Alliance**
Digital Alliance brings together key networks, national agencies, universities and public sector to support business and enterprise to grow the North East's software, digital and computing sector.

Areas of focus include support for the digitisation of key regional clusters including building information modelling, the automotive supply chain, gaming, tax/accounting and shared service centres and championing collaboration between research and business.

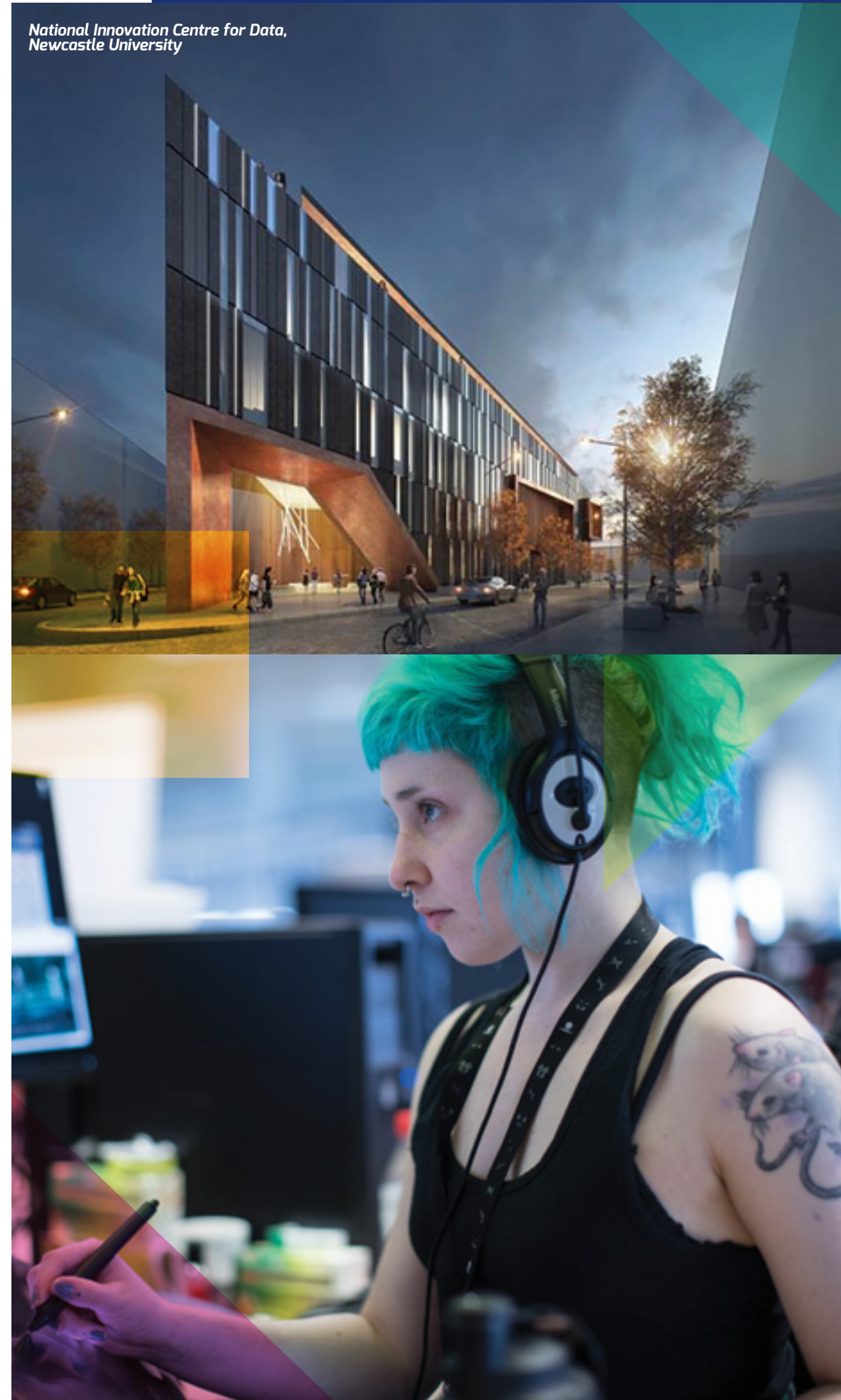
- **Data for Growth**
Data for Growth will be a multi-faceted programme aiming to build on the North East's advantages in smart data delivery.

By encouraging collaboration between organisations working across North East specialisms, and supporting challenge-based competitions and skills exchanges, Data for Growth will drive innovation and digital transformation across the economy.

- **Enhanced incubator network and strengthened infrastructure**
Adding to the network of established incubators at Campus North, Sunderland Software City, One Trinity Green and the Evolve Centre, new incubators and investment in digital infrastructure will be developed at locations across the North East.

Example locations will include Science Central, Newcastle's East Pilgrim Street, Cobalt in North Tyneside, Holborn in South Tyneside, Gateshead Quays and Aykley Heads in Durham, as well as university developments including the Future Engineering and Technology Hub at Northumbria University.

National Innovation Centre for Data, Newcastle University





Making the North East's future

Automotive and medicines advanced manufacturing



Across the North East, advanced manufacturing and engineering is globally focused with strong clusters in automotive and medicines manufacturing.

Significant growth potential lies in international investment and local supply chains and the availability of high level engineering and capability from design to manufacturing.

We have development sites available and strong transport and logistics assets.

Automotive manufacturing

In the second half of 2015, Nissan, Hitachi and Reece Group announced cumulative investment of over £200m in the North East and advanced manufacturing exports have doubled since 2000 from £8.84 billion to £16.73 billion.

Nissan's October 2016 decision to build the Qashqai and the X-Trail in Sunderland cemented its position as a major employer in the region and will significantly boost the supply chain, despite uncertainties following Brexit.

The automotive cluster now employs over 30,000 people, higher than any other UK region. The North East cluster impacts on a further 141,000 jobs across the UK.

The North East Automotive Alliance brings together world renowned companies that include Nissan, Komatsu, Caterpillar and Cummins, and supply chain companies including Calsonic Kansei, Gestamp-Tallent, Unipres, Vantec Europe, ZF-TRW, R-Tek and Sevcon.

Among the 510,000 vehicles and 325,000 engines produced in 2015, the North East accounted for 26% of all electric vehicle production across Europe.

There is growing investment into research and development and new and emerging technologies such as advanced propulsion and connected and autonomous vehicles.

The labour market has potential for an additional 10,000 jobs during the period of this plan, building on its manufacturing base and strengthening research and innovation capability. Hitachi's investment into rail offers potential to broaden vehicle manufacturing in the region.

62,500
ADVANCED
MANUFACTURING
EMPLOYEES
(UK top five)

120,000
EMPLOYEES
IN WIDER
MANUFACTURING

50,000 STEM STUDENTS
coming through our universities every year



Key strengths:



Automotive



Medicines

Medicines manufacturing

The North East boasts over 5,600 employees working in 145 companies in the medicines manufacturing industry. Including the supply chain, there are around 7,750 employees in 200 companies.

95% of North East pharmaceutical production is exported. In 2014, £1.3billion was exported, with record numbers to the European Union.

Medicines manufacturing in the region has built a strong reputation for regulatory expertise, high quality and a safe manufacturing record.

Supply chain linkages and ownership are highly internationalised and a number of our pharmaceutical sites are world leading in quality and unit cost of production.

Major players located here include Glaxo SmithKline, Merck Sharp & Dohme Limited, Aesica, Sterling and Piramal Pharma.

There is a successful SME base working closely with these industrial partners and an increasingly strong group of innovation assets in or close to the region in areas including formulation and biologics.

There are strong links to emerging assets through the Medicines Manufacturing Industry Partnership.



Our manufacturing challenges and opportunities

The proximity of supply chains and innovation in both products and manufacturing processes offers major opportunities for the region.

For the North East automotive industry, relationships with key manufacturers and sector networks offer opportunities for supply chain investment.

The science base and existing innovation capability in low carbon vehicles, fuels and energy, technologies and design, create opportunities in the automotive and vehicle industry to develop smart and more sustainable manufacturing processes, addressing cost and carbon challenges.

Medicines manufacturing innovation and nationally leading research in health technologies, coupled with process innovation using sensor technology and emerging electronics, strengthen the opportunities for the North East to respond to healthcare challenges such as medicines for our ageing population. These assets include national centres in emerging electronics and formulation hosted by the Centre for Process Innovation based at NETPark in Sedgefield.

Projects crucial to growing advanced manufacturing include:

- **Automotive and Vehicles North East Enterprise Zone:** Across the North East, the Enterprise Zone offers a range of sites for investment into advanced manufacturing. The Low Carbon Vehicle Corridor sites are arranged close to Nissan and offer good connectivity to key transport routes
- **International Advanced Manufacturing Park (IAMP):** IAMP has been designated by the Secretary of State as a 'Nationally Significant Infrastructure Project' (NSIP) and is part of the North East Enterprise Zone. The project will generate around 10,000 new jobs
- **Advanced Manufacture Science Park (AMSP):** Sponsored by the North East Automotive Alliance, Nissan, local authorities and education bodies, the Science Park will underpin the innovation and skills base providing a platform for testing and development of new technologies and delivery of training and education at all levels
- **Centre for Sustainable Advanced Manufacturing:** Located on the AMSP, this will be a centre of excellence in advanced manufacturing sustainability and will incentivise companies to integrate developments in science, technology and management techniques into manufacturing practice
- **Centre for Smart Packaging and Delivery of Medicines.** Through partnership working with North East based pharmaceutical manufacturers, Medicines Manufacturing Industry Partnership (MMIP) and the wider sector, this will focus on smart and intelligent packaging, sensing and drug delivery.





Health Quest North East

Innovation in health and life sciences



The health innovation agenda is influenced by trends in global markets towards more personalised medicines and treatments, and the need to respond to the health opportunities and challenges of an ageing population.

Innovation has the potential to improve treatment quality, promote cost effectiveness, and create new markets in global health care delivery.

In addition to the advanced manufacturing cluster, our thriving life science community includes capability across the drug delivery supply chain, world leading health research, excellent NHS healthcare and a vibrant SME base in medical devices, medical technologies and testing and clinical trials.

We have centres of excellence in stem cell technology, ageing and age-related diseases, personalised medicine, digital healthcare and biopharma manufacturing.

The North East is part of the Connected Health Cities network, through the Academic Health Science Network (AHSN). This seeks to integrate data across primary, secondary, and social care, and to develop new ways to use this integrated data to strengthen healthcare delivery to benefit patients and create new opportunities for wealth creating applications.

The AHSN North East and Cumbria has pioneered the Innovation Pathway to support the development and commercialisation of innovative ideas, providing a unique opportunity for SMEs to access and benefit from the healthcare system.

The recent North East Combined Authority report 'Health and wealth: closing the gap in the North East' highlighted the importance of innovation across our health and social care system.

Our assets and opportunities

Partners are developing a strategic approach to growth, built on three propositions:

- Knowledge and research capabilities in ageing and health. The North East was recently recognised by

government through its investment into the new National Innovation Centre on Ageing, providing the basis for the development of an industrial cluster

- Through strengthened co-ordination, the North East has the capability to develop a leading translation environment from drug discovery to drug delivery
- Our strong life sciences research can be a focus for the future with the potential to accelerate application of leading knowledge themes including diagnostics, genomics, photonics and social innovation.

We have highly respected pharmacy schools at Sunderland and Durham Universities (the Durham school will transfer to Newcastle in 2017).

Newcastle, Sunderland and Durham universities have considerable research strengths in continuous pharmaceutical manufacturing.

Opportunities lie with the Medicines Manufacturing Industry Partnership (MMIP), which could potentially benefit from the region's science and national translation facilities.

Recent investments through the Local Growth Fund and other sources include:

- **National Formulation Centre:** Located at NETPark in Sedgefield, the Centre for Process Innovation's (CPI) £28m centre will provide facilities and expertise to help companies to develop, prove, prototype and scale up the next generation of formulated products and processes

- **National Centre for Health Care Photonics:** Also to be based at NETPark, this will open in 2017 and support technologies which use light to diagnose and treat medical conditions and illnesses

- **Newcastle Life Science Incubator:** Based at Science Central this will accommodate new growth businesses linked to science strengths, delivering over 250 new jobs.

Crucial initiatives include:

• North East life sciences networking:

This network platform will strengthen North East co-ordination and communication and focus on interventions to enhance the business and innovation environment

• Health Quest North East:

This challenge based project led by the ASHN and North East LEP is focused on accelerating innovation delivery, solving long standing North East health challenges and developing new approaches, products and technologies specialisms

• National Dementia Institute:

This will build on Newcastle University's status as a European centre of excellence in dementia and healthy ageing.

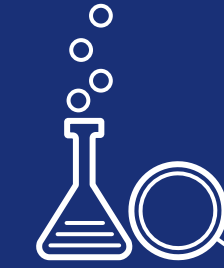


Highest ranked NHS TRUST



in clinical research studies in UK

National centres of excellence:



Ageing and age related diseases
Personalised medicine
Formulation

Emerging national centres in healthcare photonics and dementia

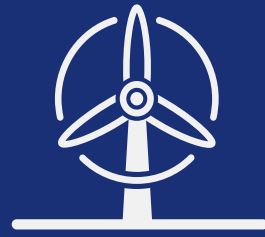
The International Centre for Life



600 employees from **35** countries

World leader in stem cell technology





Energy North East

Excellence in subsea, offshore and energy technologies



The development of secure and sustainable supplies of energy is one of the most pressing challenges facing the UK. The Northern Powerhouse Independent Economic Review has identified a distinctive role for the North of England in the UK's energy future.

Our region is home to a critical mass of successful, world-leading firms in subsea, offshore and energy technologies and a range of research and science strengths in Durham, Newcastle and Northumbria Universities.

One of six nationally designated Centres for Offshore Renewable Engineering, our area has a range of access to UK continental shelf oil, gas and offshore wind areas and proximity to the largest development zone, Dogger Bank.

Our infrastructure includes excellent facilities at three deep water ports; Port of Blyth, Port of Tyne and Port of Sunderland and a number of Enterprise Zone sites, each

with good transport links to regional and national markets.

Firms, including GE Oil and Gas and Technip Umbilical Systems, have established dedicated innovation/research and development centres locally. There is a strong research and innovation focus among firms including Soil Machine Dynamics (SMD), Bel Valves, IHC Engineering Business and Subsea Innovation. The Offshore Renewable Energy Catapult test centre at Blyth provides the most comprehensive open-access research and test facilities globally for offshore renewable energy and marine industries.

NOF Energy and Subsea UK, based in the region, provide networking opportunities. Subsea North East was created in 2006 as a leading cluster organisation.

With challenging economic conditions for oil and gas businesses, there are opportunities for development

of more hazardous environments, for asset extension and recycling and for new business opportunities in decommissioning.

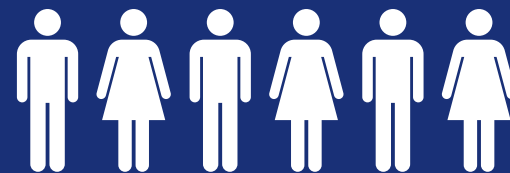
For offshore wind, there are specific areas of the supply chain where we have strong assets including fabrication, process and product development including bigger turbines and floating wind/platforms and in the operations and maintenance through vessels, sensors and digital applications. Given pressures for cost reduction in the offshore industry, our strengths in smart data and satellite applications provide particular opportunities for innovation.

As the North of England strengthens its focus on energy generation and energy systems, businesses operating in offshore engineering will have opportunities to diversify into wider energy activities, for example in the nuclear supply chain.



World leading in
**OFFSHORE AND
SUBSEA TECHNOLOGY**

OVER 50 COMPANIES
with a combined
turnover of **£1.5bn**
employ more than
15,000 people



Research and development in energy technologies

The UK faces challenges from high levels of energy use in business to ageing and inefficient housing and levels of fuel poverty.

North East bodies have pioneered integrated district heating systems and there is a developing national profile in emerging heat technology, drawing from distinctive natural assets including deep geothermal energy, minewater heat, biomass and Hydrogen.

Network capacity in power supply is a significant challenge hampering new business growth in many parts of the region, but the development of smart grid technology is emerging as a particular opportunity.

Newcastle and Durham universities are both leading significant research and industry facing activities including through the Institute for Sustainability and the Durham Energy Institute respectively. Working with other partners, plans to create a North East Energy Alliance will be brought forward.

Important initiatives include:

• North East Enterprise Zone

Offering a range of sites for investment into advanced manufacturing, around the Blyth Estuary, sites build on the presence of the Offshore Renewable Energy Catapult with a focus on supporting businesses linked to offshore energy and marine engineering.

Along the north bank of the Tyne three sites support the region's wider CORE (Centre for Offshore Wind and Renewable Engineering) status as a focus for business growth.

• Tyne Offshore Centre

The Tyne Offshore Centre, a collaboration between Newcastle University and British Engines, is a major research and hyperbaric testing facility located on the north bank of the Tyne sitting in close proximity to offshore manufacturing and production businesses located on Tyneside.

The building will enable the testing of offshore components to understand their operational capacity under high pressures. It includes a major investment into a 4.5 metre long, 2.5 metre diameter hyperbaric chamber simulating the pressure of 4,500m of water – the largest commercially available chamber of its kind in the world.

• Business support

The oil and gas sector is fluctuating as a result of changes in oil price, but our businesses have significant opportunities for diversification, in particular into other energy sectors. New manufacturing support services will help diversification and growth.

• National Centre for Energy Systems Integration

The creation of the £20m National Centre for Energy Systems Integration (CESI) at Newcastle Science Central will bring together energy expertise from across the world to work collaboratively on future networks for the supply and demand for energy.

Led by Newcastle University and including experts from Durham, Heriot-Watt, Edinburgh and Sussex universities, the centre will be a national demonstrator project funded by the Engineering and Physical Sciences Research Council (EPSRC) and Siemens with additional resources from industry and academic partners.



Enabling services

A growing and productive service economy



Three areas of the service economy were identified by the Northern Powerhouse economic review as key enablers for growth.

Each offers opportunities for new and higher productivity jobs in the North East.

The North East hosts key segments of the UK's **£180 billion**

financial technology, banking, insurance, securities dealing, fund management, management consultancy, legal services, and accounting services

sectors



There are **17,645**

FPBS companies in the region.

Financial, Professional and Business Services (FPBS)

A strong flow of graduates from our universities sustains a high quality workforce and many companies have successfully diversified from one discipline and work across law, finance and consultancy.

Leading specialists provide advice and consultancy to key industries such as offshore energy and construction. Our region has a particular niche in hosting shared services and call centre activities, which sustain significant jobs.

There are opportunities for growth in financial technology, where current businesses include the head office of Fintech innovation leaders Atom Bank and fast growing True Potential.

Disruption from digital technologies is already creating opportunities for new growth and an increase in demand for higher level technical and IT skills.

Continued delivery of quality office space with excellent digital connectivity will target new and fast growing financial technology companies and support digital adaptation in existing businesses.

Key activities

- Skills retention will be an important focus and can enhance the strength of FPBS businesses
- Invest North East England will drive inward investment activity from professional services companies
- Business engagement will identify opportunities based on industrial specialisms, promote innovation and support fast growth services in financial technology
- Local development will focus on excellent facilities and infrastructure to encourage specialist clusters
- Business support services will encourage digitisation across the economy to improve competitiveness.

Transport and logistics

Transport and logistics businesses are crucial enablers of the wider North East economy, supporting both freight and passenger movement.

Around 4,000 additional jobs have been created in the transport and logistics sector since 2014.

This comprises about 4% of the business base, plus a range of public providers.

There has been increased international connectivity through Newcastle International Airport, growth in activity through the sea ports, rail access from stations in Newcastle, Sunderland and Durham and a range of local businesses in the public transport system, freight and private hire.

However improvements to the region's infrastructure are still needed as the economy changes, particularly for those in logistics.

Continued business growth will come from the development of key locations such as Newcastle International Airport and Port of Tyne.

Logistics businesses report significant skills challenges as a result of competition for labour and an ageing workforce.

Supporting skills acquisition and adoption of new business models will help maintain levels of growth.

Key activities

- Key sites will continue to be developed, ensuring that key transport hubs and development sites facilitate business growth
- The logistics sector will be a focus for the skills programme.

Education

Based on its share of employment, the education sector is estimated to account for nearly 7% of total North East LEP GVA and has seen growth over the last 10 years of around £700 million.

Our highly diverse education system includes four universities, who are anchor institutions to our local economy and communities, providing a significant research base and educating 82,000 students each year.

The further education (FE) system includes ten colleges and a range of other providers including sixth forms and private bodies. There are 1,300 schools in the region.

Education is experiencing rapid change and new policies within higher education (HE) and FE aim to strengthen the contribution of research and teaching outputs to UK productivity.

For schools there has been substantial change in the national policy context, and we are now likely to see a more stable period after a number of years of structural change.

The key future focus is on standards, with the removal of plans to compel schools to change their governance models. There is also a clear objective to better align the education system with the local skills agenda and labour market needs.

Changing funding arrangements continue to create competitive challenges.

These developments will affect how schools engage with students and within society.

A number of demographic and labour market challenges require a co-ordinated response from the education system.

Six capital projects have been supported through the Local Growth Fund to support enhanced skills supply, and a range of university investments have aimed to build higher level skills linked to economic change in the region.

These changes also provide opportunities for strengthened collaboration in terms of delivery. The Area Based Review established by government aims to understand opportunities and challenges currently facing FE.

The SEP refresh has highlighted the importance of these issues being considered collaboratively across the whole education and skills system from early years to HE.

Key activities

- Strengthened dialogue across the education system, through the skills board, including networks and businesses, will promote collaborative responses to labour market challenges and support innovation in education organisations
- New skills capital projects in schools, colleges and higher education, including University Technology College (UTC) models, will be identified and delivered to increase the range of facilities available in the region to support key specialisms.



A place that works

A focus for investment, innovation and inclusion



The North East is constantly changing. Across the region there is support for development to deliver employment, industry and opportunities for the future, while also guarding our culture, environment and communities.

Our people are resilient to cycles of change. Historic towns and cities now provide centres for international culture, education, services and housing. Former industrial sites have been regenerated to provide offices and country parks. Our riverside staithes now host new communities. The rural hinterland boasts scores of historic sites which are now part of a vibrant tourism economy.

The objectives set out in this plan will require ongoing change to accommodate new and growing businesses and a growing population, in particular:

- Industrial clusters and the service economy will need sites and property to enable growth around urban centres and key locations
- Regeneration projects in cities and town centres will improve the environment for business investment. In rural areas and small towns local business centres and hubs will support business growth
- Ensuring access to new jobs will require new patterns of urban development and improved transport links
- Continuing investment into the digital infrastructure will be needed to facilitate access to markets and to facilitate new forms of digital delivery
- Housing development will be needed to respond to the growing number and more diverse households.

To support this, planning barriers will need to be addressed to ensure that our places work and are well connected.

Quality environments for business

Strong industrial clusters increasingly demand proximity of supply chains and effective logistics. Digital and business services seek quality offices and a well-networked environment. Start up and scale up business communities need a range of incubators, laboratories and managed workspace.

A range of established sites such as Team Valley Industrial Estate and Cobalt Business Park offer a host of facilities. Through our Enterprise Zone, further regional sites such as Holborn in South Tyneside, will offer opportunities for clustering to deliver strengthened economic outcomes for different parts of the economy. Targeted programmes will support more facilities for incubation and business growth.

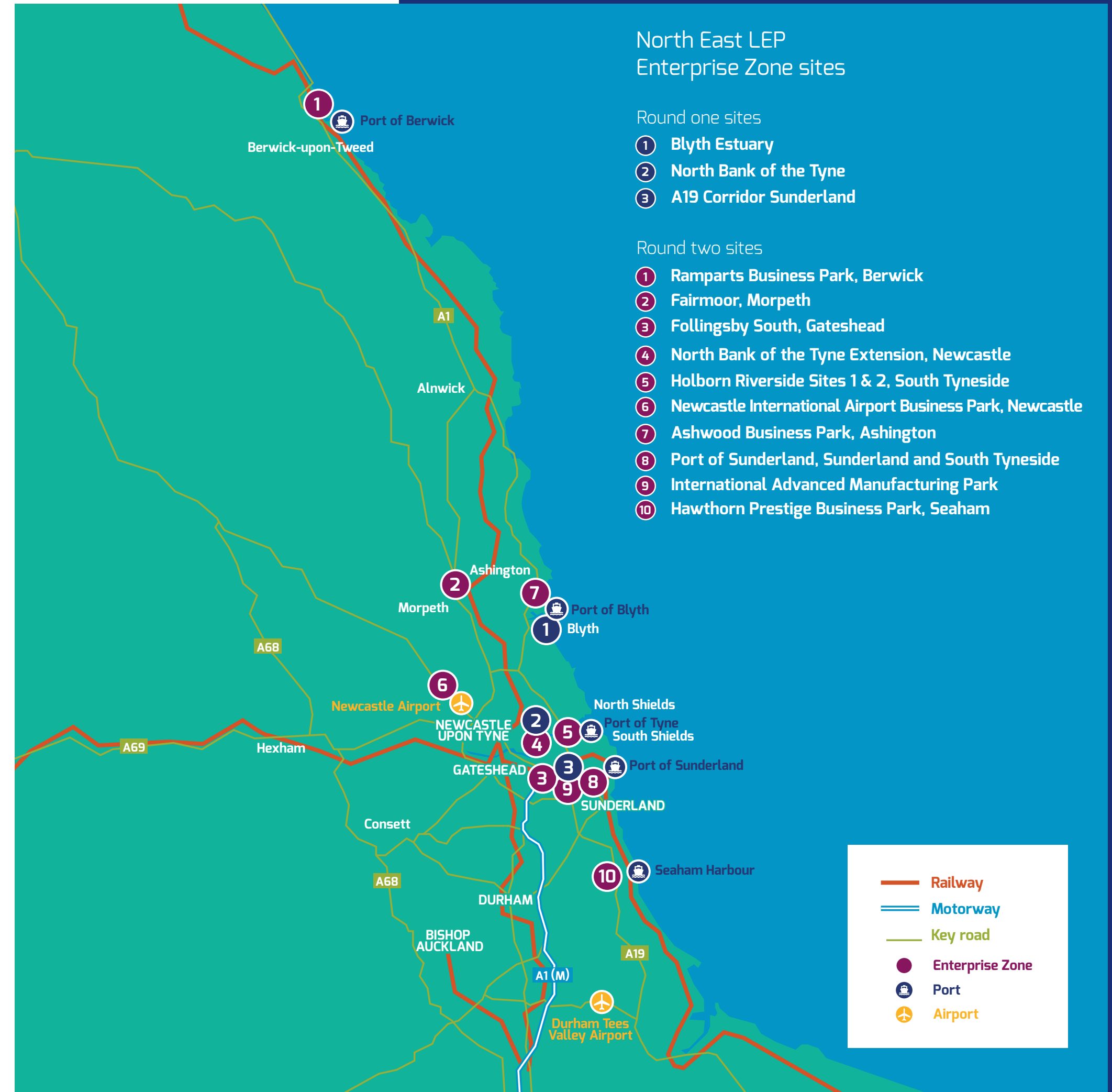
Key activities

North East Enterprise Zones: Since April 2012, Enterprise Zone sites have focused on manufacturing clusters on sites in ten locations close to skills and transport with accelerated planning processes and additional benefits. From April 2017, new locations for energy development and rural business growth will be marketed.

NewcastleGateshead Accelerated Development Zone (ADZ): Regenerating five sites in the urban core, the ADZ aims to accelerate growth of Science Central, close to Newcastle University; the Stephenson Quarter and Central Station, a key office district; East Pilgrim Street in the central business district; and Gateshead Quays and Baltic Business Quarter - mixed-use sites to include an international convention centre

Sunderland and South Tyneside City Deal: In addition to supporting investment in the automotive industry, the City Deal highlights plans to develop a Central Business District on the former Vaux Brewery site in the centre of Sunderland

Strategic local regeneration schemes: These are being brought forward by local partners to renew local town centres across the region, creating a focus for investment and new jobs for local residents. Examples include South Shields 365 in South Tyneside, the development of Ashington town centre and the Durham riverside renewal.



National and international connectivity

Ensuring national and international connectivity by rail, road, air and sea is crucial to growth in trade and exports, to make sure we contribute to national and northern growth.

Local transport authorities, Local Enterprise Partnerships and combined authorities across the North of England are acting collectively as Transport for the North (TfN) to speak to government with a single voice.

TfN is working alongside the Department for Transport, Highways England, HS2 Ltd and Network Rail to provide the infrastructure needed to connect the north nationally and enable people and goods to be moved easily and efficiently, driving the region's economy and facilitating the Northern Powerhouse.

Key road and rail projects will improve links between the North East, the wider North, London and Scotland. We will work with Highways England and Network Rail to promote investment on the strategic road network and national rail network.

Newcastle International Airport delivers multiple benefits to the North East economy, including national and international connectivity for business growth and tourism and support for 12,000 jobs and generation of £581m in GVA annually. Recent connectivity enhancements and diversification into training have demonstrated opportunities for growth.

Continuing route development, supported by associated local delivery of business growth around the Airport and improved access are essential to ensuring that the region's economic objectives are achieved.

Local connectivity to foster growth and inclusion

Local projects aim to complement these plans, ensuring links to our clusters and residential locations, reducing carbon emissions and leveraging private investment. Priorities include the North East's three primary rail lines; the Tyne Valley line, connecting to Cumbria and the West of Scotland, the Durham Coast Line linking with Tees Valley, and the East Coast Main Line to Scotland, London and other areas of the north.

Rail patronage is continuing to grow, with over 14m people using our rail stations in 2015-16. On the Tyne and Wear Metro, the successful Asset Renewal Programme and improved ticketing have helped to increase passenger journey numbers to 40m in 2015/16, 5.8% up on the previous year. Future priorities include redevelopment of key interchanges, new station development and unlocking the land around stations.

A group of local transport projects funded in 2014 are already moving through delivery with continuing development until 2020 and beyond. These include projects to continue to encourage modal shift and reduce transport related carbon emissions.

Key activities

Introduction of passenger services to the Ashington Blyth and Tyne Line: Connecting urban South East Northumberland with North Tyneside and Newcastle via an interchange with the Metro system. By 2021, this will halve the time of bus travel from Ashington

to Tyneside, and support improved access to Blyth Enterprise Zone and investment potential at the former Lynemouth Alcan smelter site.

Sunderland Station: Redevelopment of Sunderland Station to support regeneration, providing a welcoming gateway and vital transport hub for businesses, residents and Sunderland University. It will support key events such as the Sunderland Airshow

Strategic Rail Freight Infrastructure (SFRI) at Forrest Park: Enhancing the site as an investment location and improving access to the adjacent Aycliffe Business Park, connecting the Hitachi Rail Europe site to Port of Tyne and improving access to the neighbouring Engineering University Technical College.

Significant highways projects: Strengthened access Enterprise Zone sites via the A19, strengthened A69 links to Cumbria and the continuing development of the Sunderland Strategic Transport Corridor (SSTC) linking to the Port of Sunderland Enterprise Zone. The Durham Infrastructure Programme will open up Aykley Heads Northern Zone and North Road as a key gateway into the city.

Delivery of committed schemes in road investment strategy one such as dualling the A66 and the A19 Testos/Downhill Lane junction improvement scheme will provide a resilient and high quality strategic road network with improved links and more reliable journey times.

Supporting the planned connection from High Speed 2 (HS2) to the North East and further north to Edinburgh: HS2 will link London, Birmingham, the East Midlands, Leeds, Sheffield and Manchester. It is planned to join the East Coast Main Line (ECML) north of Leeds so the North East can benefit from it. For the North East to gain the most from HS2, we must work to ensure the delivery of all sections of the route. We must secure additional capacity on the ECML, to ensure it is both 'HS2 ready' and can accommodate the new services needed to support forecasted economic growth.

Central Gateway, High Speed Ready: Improving Newcastle Central Station as a gateway location in preparation for the arrival of High Speed Rail in 2033. In partnership with Network Rail, Virgin Trains East Coast (VTEC), Historic England and the North East England Chamber of Commerce.

Strengthening housing delivery, ensuring the right quality to meet demand

National population projections to 2036 expect regional household growth of 114,000 households. The ambition to create 100,000 more jobs will mean that stronger growth over and above this number.

In order to maximise this growth and make the most of our cities, towns and rural areas we need to facilitate a stronger housing offer, increasing supply of the right type and mix of homes in the right locations, and recognising market demands for growth in locations of choice. We need to deliver responses to challenges associated with affordability and rurality, and an ageing population.

A step change in housing is required. Our ambitions are to return to pre-recession housing rates and deliver over 6,000 housing units a year.

This growth will create opportunities for new employment in real estate and construction. Recognition of the different housing markets within the North East will enable a boost to housing delivery and remove barriers to private investment. Through the identification of key sites for development, and intervention to support development of lower value brownfield land with higher remediation costs, limited high land values and site assembly, we will overcome barriers currently impeding delivery.

It is not simply about new homes. The North East is characterised by older housing stock that requires demolition, regeneration, site infrastructure and other solutions.

Appropriate investment will be supported to accelerate housing development and to maintain a mix of tenures. There is regional interest in new models for housing delivery and for new, innovation-rich developments that can help facilitate new energy generation and digital applications.

The North East LEP, housing and development partners will make the most of available resources and continue to work closely with the Homes and Communities Agency to accelerate investment.

Co-operation by Local Planning Authorities on development will aim to ensure that growth supports delivery of the economic plan to ensure that planning is not seen as a barrier to housing growth within the North East.

Physical assets to foster innovation and digital delivery

Our infrastructure assets can do more to enable innovation and investment. Collaboration has helped the development of a UK leading low carbon vehicle infrastructure, supporting the delivery of battery powered vehicles. A range of local energy generation and smart data projects demonstrate the potential for public infrastructure to provide a test bed for innovation delivery.

In 2014, the identification of satellite applications and energy systems as knowledge strengths led to new investment and support through the Innovation Board.

Similar initiatives, for example by Northumbrian Water Group, using satellite and sensor technologies to manage flood risk, and the data sharing work in the NHS, demonstrate the potential the North East has to use its physical infrastructure to bolster our goal of becoming a recognised innovation hotspot.

Strengthening the flow of such projects remains an ongoing priority for this SEP, with areas of focus including satellite and smart data delivery, energy generation and storage, social and technological innovation in health and innovation and around natural assets including water and land industries. These will be explored by the innovation board.

Key initiatives

Digital Infrastructure, Broadband and 5G: Continued work to map areas for broadband

improvement and to ensure delivery of superfast connectivity across the region

In collaboration with the national 5G Innovation Centre at the University of Surrey, and the Digital Catapult, North East partners will develop a strategic 'test-bed' programme to position the area as a hub region for the development of 5G technologies and applications in the UK. We will promote strengthened fibre-optic connectivity to Northern Europe.

Cultural and historical assets to strengthen growth

The North East's historic legacy and cultural distinctiveness provides a focus for communication and expression of the region's identity through tourism, cultural industries and events. The Great Exhibition of the North in 2018 will be the latest of many activities that have contributed to the region's reputation for culture-led regeneration, and will provide a platform for strengthening tourism and the visitor economy.

In 2014, we set out an objective to secure investment for a North East Convention Centre to provide a new focus for encouraging business tourism and providing a facility for key events in the region.

Work is also underway to assess the national and international linkages of North East culture businesses and to identify opportunities for strengthening the role of cultural organisations in delivering North East economic ambitions.

The LEP will work with the North East Culture Partnership and national arts and heritage bodies to identify opportunities to secure further investment into regional assets and to exploit the skills and connections of cultural leaders to support wider growth

Key initiatives

North East Convention Centre: At the heart of the Gateshead Quays development will be a new purpose-built conference and exhibition centre that will address a gap in the regional infrastructure for business visits and events, enabling the region to better compete for large-scale national and international events.

The venue also aims to respond to the gap in the UK market for congress-style facilities where accommodation is integrated with the conference space.

Forward looking planning, working with change

The changing economic context requires strategic and flexible planning, with a strong evidence-based approach and the contribution of different parts of the region responding to these changing demands.

Local authorities have committed to collaborate under the duty to co-operate to facilitate regional growth ambitions within the SEP through local plans and agreed spatial framework planning.



Section three

Six programmes of delivery



Supporting innovation



Innovation is central to the SEP's long term ambition SEP to build a more productive North East with a competitive and embedded business base and creative and inclusive communities.

It is tool for shaping and internationalising our economy and improving long term economic performance. Stronger innovation delivery will improve our productivity performance, and catalyse growth in 'better' jobs.

Innovation means making the most of new ideas, products, processes and applications to develop new businesses and make existing businesses more effective, efficient and profitable.

Matching what is needed with what is possible can lead to better social outcomes as well as a stronger economy by developing and delivering new approaches to the problems faced by individuals and communities.

- Being at the forefront of testing, demonstration and translation for medicines delivery, diagnostics and ageing science.

- Opportunities in offshore industries around fabrication, decommissioning, operations and management and the development of new subsea machinery.

In addition, areas of strengths in science, research and knowledge provide opportunities for future commercial development or social innovation including:

- Low carbon energy science in a range of areas

- Materials integration, product formulation and surface sciences, including through businesses such as Procter and Gamble and AkzoNobel, science assets in universities and translation centres such as the new National Centre for Formulation

- Design-led innovation through strengths in research and business networks, including one of Europe's top design schools at Northumbria University, the Northern Design Centre in Gateshead and Design Network North.

- Natural assets, where the diversity of the region provides opportunities to deliver innovation in water science and land industries.

Our vision for 2024

Our vision is for the North East to take its place as an innovation hot spot in Europe – an exemplar in 'smart specialisation' and open innovation systems and practice.

Our aim will be to encourage business growth and social development by creating an environment in which new products and processes can improve performance or solve challenges, embed new technologies and promote cross-sector learning and development for the economy.

At the heart of this approach will be:

- An open, collaborative and networked environment with a focus on supporting delivery

- Strategic focus on recognised areas of industrial specialism and of scientific leadership in the North East economy.

Since 2014, new business networks and cluster organisations have added considerably to the collaborative environment including the North East Automotive Alliance and Dynamo.

New innovation hubs have been identified for national and regional investment including new National Centres for Innovation in Formulation and Health Care Photonics at NetPark, and for Ageing, for Smart Data Innovation and Energy Systems Integration at Science Central.

Private sector incubators and the work of the four catapults with bases in the region have added capacity.

The North East Innovation Supernetwork, sponsored by the North East LEP, the knowledge transfer network and the collaborative Innovation Observatory sponsored by the four universities all aim to strengthen cross-sector collaboration and innovation intelligence.

To understand the impact that innovation is having on delivering the aims set out in the SEP for better jobs and higher levels of productivity we will monitor:

- Increased levels of private sector research, development and innovation spend

- Growth in the number of new products and ventures created.

- Growth in the intensity of regional networking, with relevant centres of excellence and inward engagement

- Strengthened cross-sector engagement, in particular evidence of data delivery into manufacturing and services.

Our opportunities and challenges

We have identified four areas of smart specialisation that represent particular opportunities for innovation, and the use of knowledge strength.

- Cross-cutting application of digital technologies, in particular delivery of a smart data revolution in industry and services. New growth in satellite applications, virtual reality and gaming

- In the development of low emission vehicles and fuels and sustainable and flexible advanced manufacturing responding to new materials, resource scarcity and unit cost pressures, and personalisation

Next steps

Ecosystem development

Our ecosystem needs to provide access to finance, business support, expertise and knowledge and foster access to regional, national and international partnerships.

By 2018:

- The Innovation Observatory will be fully established with sustainable funding models, becoming increasingly internationalised
- There will be a programme in place supporting the development of a stronger network of incubators and hubs in the region
- Proof of concept funding will be available and understood
- The North East's growing reputation for innovation leadership will be established
- We will have secured support for Science and Innovation Audits that project the North East's strengths nationally, providing a basis for strengthened public investment
- We will have strong and collaborative relationships with Innovate UK, UK Research and Innovation and across the Catapult network.

Innovation infrastructure

Developing, demonstrating and delivering new ideas requires a physical infrastructure including research, test and demonstration facilities.

Existing facilities across the region need to be added to, on established sites such as NetPark in Sedgefield and Newcastle Science Central, and in new locations, linked to universities and colleges and through private sector initiatives. There is an opportunity to co-ordinate different North East assets to provide test bed sites which can interest international engagement and investment.

By 2018:

The six Local Growth Fund projects approved in 2014 will be fully operational:

- Sunderland University Enterprise and Innovation Hub
- National Centre for Healthcare Photonics, Centre for Process Innovation, NetPark
- Life Sciences Incubator, Science Central
- National Centre for Innovation in Formulation, Centre for Process Innovation (CPI), NetPark
- Low Carbon Energy Centre, Science Central

- Infrastructure works to support extension of NetPark.

A number of projects resourced through European Regional Development Funds will be in active development including:

- SME Innovation Programme – North East BIC
- Emerging Electronics Manufacturing Centre – CPI
- North East Innovation Supernetwork
- The Innovation Pathway – RTC North
- Creativity Works – Newcastle University
- Innovate2Succeed – RTC North.

- The role of the region as a test bed environment will be established and at least one new test bed facility and translation asset will be established

- Additional infrastructure needs will be clearly understood to support long-term growth in all areas of innovation.

Smart specialisation

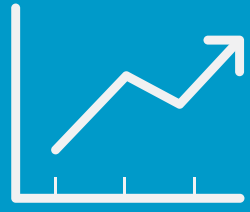
As well as supporting innovation across the economy, we are focused on our four areas of smart specialisation and areas of knowledge strength.

By 2018:

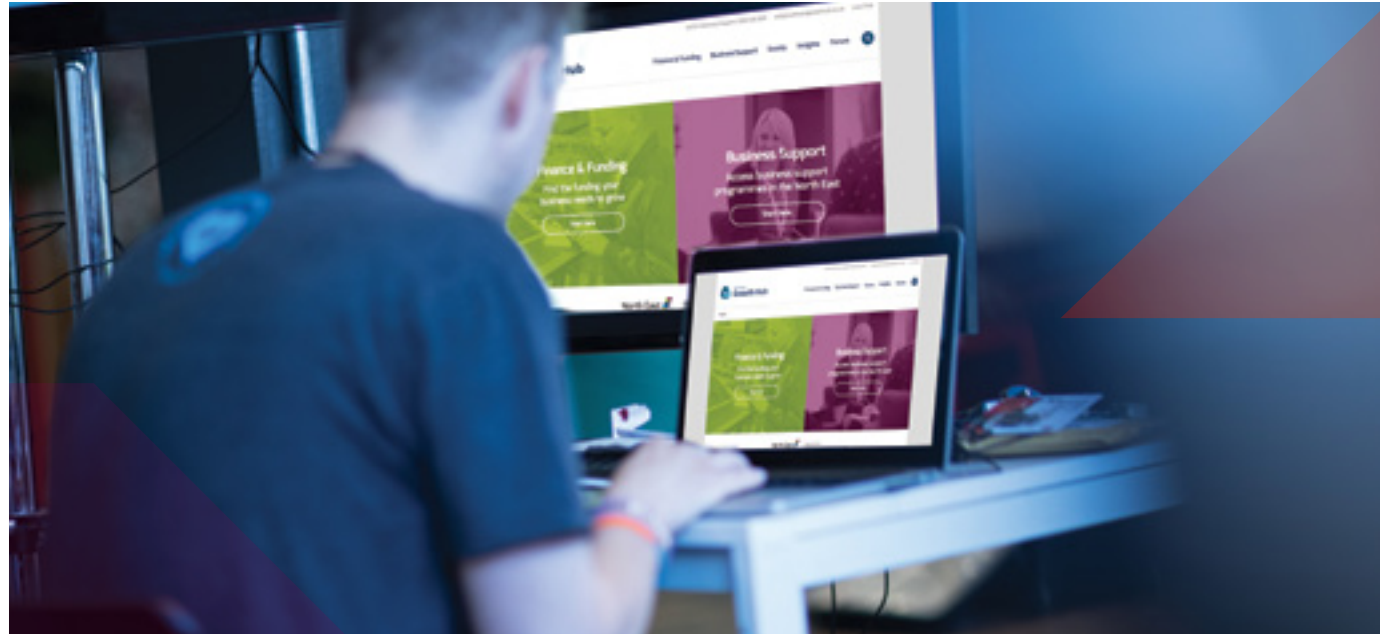
- Partnership based strategies will be in place for each of the North East's areas of smart

specialisation, with implementation plans agreed and leads identified and recognised

- The Data for Growth and Health Quest North East projects will be established resulting in new solutions, products and businesses and social enterprises established or growing.



Business growth and access to finance



Supporting business growth and access to finance

More high growth businesses in the North East LEP area will help us secure economic resilience, improve the rate of private sector employment density and deliver of more and better jobs.

Based on High Growth Small Business Report 2015 data (highgrowthsmallbusiness.co.uk), in the North East LEP area 420 high growth small businesses (HGSBs) employing 15,500 people with a combined turnover of £1.8billion, generated approximately 33% of GVA growth during 2014. The last two years have seen significant business growth in indigenous businesses, including increased exporting from the region to national and international markets. The North East needs to maximise the potential of fast-growing businesses that deliver higher levels of growth and employment and secure stronger trade and investment flows. It's estimated that if the North East had 25% more high growth small businesses in 2014, we would have created 2,786 additional jobs and £130 million in additional GVA.

The UK is one of the strongest traders among advanced economies. Companies that export and trade internationally grow three times faster than those that don't and exporting companies create more new products and services than non-exporters. The most innovative SMEs are 7% more likely to export. Between 2013 and 2015, the value of North East exports grew from £11.6bn to £12.1bn, with widened net export value from £3.3bn to £3.4bn. Around one third of SMEs (31% of the regional business base) are currently selling goods or services abroad, generating 39% of their sales turnover.

Between 2014 and 2016, 204 inward investments led to the delivery of 9,432 new jobs. 131 of these Foreign Direct Investments (FDI) and 73 UK-owned outside region.

While we are on track with our aim of closing the gap in business density with the UK position over the last two years, we need to keep up the momentum to achieve our aim of a 50% reduction by 2024.

Key opportunities and challenges

There are opportunities to drive business growth through start up, scale up and inward investment.

We need to keep up the momentum on trade and export and ensure that North East businesses continue to benefit from opportunities in global markets, especially as the UK prepares to withdraw from the European Union.

The agreement of new resources for the £120million Finance for Business funding (formally the JEREMIE fund) programme ensures that access to finance, one of the key barriers facing North East businesses, is addressed.

The North East is strong in gaining from re-investment and about 75% of the FDI growth was from existing companies. The originating locations of these investments were from across the globe: USA 38, Japan 16, France 9, Germany 9, Switzerland 8 Sweden 6, plus 19 other countries. They were strongly focused in our key opportunity areas with new and expanded projects in digital, business services, automotive and other manufacturing sectors.

The North East is consistently reported as having lower levels of aspiration among business owners than other parts of the UK. In simple terms, ensuring that there is strong confidence and ambition is a fundamental factor in delivery of our economic ambitions.

Our vision for 2024

By 2024, our business growth programme will have made a significant impact on our employment and business density targets. We will do this by:

- Increasing the number of HGSBs in the North East LEP area by 50%, creating an 6,000 additional jobs
- Securing growth in inward investment averaging 4,000 new jobs each year.



Next steps

'Scale Up North East' Supporting more businesses to achieve and sustain high growth

We will focus on businesses in our areas of areas of opportunity and those who demonstrate high growth potential with the direct support they need to scale up.

By 2018, we will have developed a programme focused on:

- **Inspiring leaders**
Responding to requests from business leaders for support and advice from their peers, we will encourage and facilitate peer mentoring and introduction
- **Access to the finance required to grow and scale up**
We will develop new and existing partnerships that provide impartial and objective access to debt finance and mobilise these funds. We will work to attract more investment funds from outside of the region
- **Encouraging the adoption of digital technology**
We will work with partners to deliver a programme of support aimed at encouraging the adoption of digital technology in businesses, drawing expertise from the North East's vibrant digital community
- **Support business growth within our areas of opportunity**
We will work with areas of opportunity development groups to identify and target business growth support at areas of need and opportunity.

North East Growth Hub

We will continue to improve and enhance the Growth Hub as the single point of access for information, advice and finance to support the growth of their business.

By 2018 we will:

- Work with the business support provider community to encourage partnership, collaboration and a seamless and customer-focused support.
- Make sure that our support is accessible and caters for all, including the specific needs of social enterprises and rural businesses.

Strengthening flows of inward investment

Continuing to deliver flows of inward investment will drive new sources of growth and employment, with the strongest opportunities being in those areas of the economy that can take advantage of the skills, innovation and supply chain opportunities already in place, or can use the North East as a base for wider growth into the UK and Europe.

In the period to 2018 and beyond:

- The Invest North East England team will continue to build the strength, coherence and profile of the North East's offer, and strengthen working relationships with national inward investment teams in the Department for International Trade
- Ongoing work will develop strategic approaches to opportunities, working with key areas of specialism to strengthen supply chains. We will identify opportunities for the region alongside other northern or national developments in areas such as low carbon, advanced manufacturing in automotive and pharmaceuticals and digital and professional services.

Building our trade flows

There are diverse perceived and actual barriers to export faced by existing exporters and those companies new to export. These include information on how to get started, time commitment, management expertise, financial risk, market selection and finding new customers, sourcing reliable agents, overseas (in-country) and business development activities.

By 2018 we will:

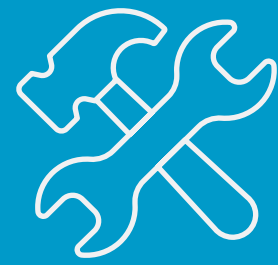
- Respond to these challenges with an intelligent business support offer working with partners including the Department for International Trade and local agencies.

Early response and managing change

At a time of increased economic uncertainty, which is likely to have an impact on industries and individual businesses who may need to change their approach to survive.

By 2018, we will:

- Have developed a collaborative approach with partners in central government and the region to manage change in key parts of the economy including early warning through stronger relationships with strategic businesses and the co-ordination of services to support business diversification and employee support.



Skills



Improving skills in the North East workforce is fundamental to our economic future, underpinning our aim of driving an uplift of 100,000 jobs by 2024, and ensuring that the majority are 'better' jobs.

The changing structure of the economy requires an effective response from early years to Higher Education (HE). Challenges include:

- Strengthening the response to current demand for skills in key areas of the labour market, including engineering, computing, transport and health
- Future of the labour market as the population and the structure of the economy changes by delivering and renewing transferable skills for young people and people in employment
- Supporting our residents to access opportunities in the changing economy and securing skills we need from outside the region.

- Short 'careers escalators'

- Raising aspirations and social mobility.

In this environment, key opportunities are to:

- Facilitate and coordinate strengthened interaction between employers, education and the wider skills system
- Strengthen dialogue and co-ordination across the education system from early years into employment
- Be responsive to opportunities emerging from new skills funding and structures
- Develop and articulate a strategy for those aged 50+ both to address labour market change and to create new markets for education providers
- To develop a strategy to ensure that people with higher level skills can be recruited into the North East through effective place marketing and a spousal support system.

Our vision for 2024:

- Providers and education establishments provide a mix of world class academic, technical and professional education, apprenticeships and higher level apprenticeships in all of the growing areas of our economy, ensuring that those entering the labour market have the right skills to thrive
- That skills supply underpins business growth and talent is retained in the region
- Every young person can identify routes into work, supported through experience and exposure to the world of work and inspiration. We want them to understand that life and work experiences, alongside career and formal qualifications, are incredibly valuable
- A reduction in inactivity levels in our 50+ workforce, as skills investment enables older workers to remain in work.



What are our challenges and opportunities

There remains a gap between market signals and reactions in the provision of training and consequently the supply of labour.

Alongside record levels of employment and improving qualifications, a tightening labour market demands focus on the following challenges:

- Mismatches between supply of skills and demand
- Future challenge of replacement demand
- The large number of younger and older people who are out of work

Next steps

North East Ambition

A programme of activity centred around the Good Career Guidance Benchmarks, currently being piloted, will ensure that all schools in the region are achieving the Benchmarks by 2024 and making use of the full range of information, advice and guidance (IAG) services and activities available.

By 2018 we will:

- Support every secondary school in our area that wishes to adopt the Benchmarks
- Ensure that every secondary school in the area has at least one strategic Enterprise Adviser and is accessing our wider pool of Advisers for sector-specific or focussed activities
- Mentoring programmes – to ensure that 'all and every' student has access to the right type of guidance and support
- Develop and roll out a pilot Benchmark programme for primary schools in the North East LEP area.

Excelling in technical and professional education

We will work with providers and education establishments to develop the capacity and facilities to provide world class academic, technical and professional education, apprenticeships and higher level apprenticeships in all growing areas of our economy. This will not only help ensure those entering the labour market have the right skills to thrive but also help ensure we retain talent in the region.

By 2018, we will:

- Encourage more and higher level apprenticeship delivery and demand with a key sector focus
- Promote higher skills and right skills through dialogue and development of opportunities with sector and business organisations based on accurate data and forecasts for the labour market
- Develop an approach to spousal support to facilitate the recruitment of people with high level skills into key roles.

Higher education

We will work in partnership with the area's four universities, colleges and businesses to support economic growth and to ensure we have job ready graduates with the skills needed, and high quality employment opportunities for them.

By 2018 we will:

- Support universities as 'anchor institutions' to increase their role in the development of our economy and collaboratively work together in the following areas:
 - **Enterprise:** Supporting spin outs and graduate start-ups, and the local business community more widely
 - **Skills:** Retaining graduate talent locally, and working with employers to address skills gaps and develop work experience opportunities
 - **Knowledge economies:** Latest thinking on knowledge transfer partnerships and smart specialisation.

Education challenge

To reduce the gap between our best and lowest performing schools and to target that all schools in the North East achieve 'good' or 'outstanding' OFSTED rating.

By 2018, we will:

- Define and deliver an education challenge programme that supports teachers, schools, governors and leaders to ensure those entering the workforce in the future have the skill level to support our diverse economy.

50+ Workforce – retrain, regain, retain

We will reduce inactivity levels in our 50+ workforce by helping older workers to develop their skills and make in-work transitions as the labour market changes, aiming to support them to stay active in the labour force or in other productive roles.

By 2018, we will:

- Develop and implement a 50+ workforce strategy in partnership with key stakeholders. This part of the strategy will focus on regaining and retraining this cohort within the workforce
- Focus on workforce skills for older workers to maintain their position in the labour market as skills needs change.



Employability and inclusion



For regions like the North East, strengthening the employment rate is a key indicator of the sustainability of economic growth.

For individuals, good quality employment is a key route to combating poverty and exclusion.

The report, 'Health and wealth: closing the gap in the North East', published by the North East Combined Authority clearly demonstrates the link between employment, productivity and physical and mental health.

Our objective is to ensure that economic growth benefits the whole of the region by delivering an increase in the economic participation rate and closing the gap in performance with the national average.

Our opportunities and challenges

The employment rate in our area currently stands at 70.1%, with the gap closing with national averages by 22% in September 2016. This demonstrates progress towards the target in the SEP.

However, just under a quarter of the working age population in the North East remains economically inactive, almost 3% higher than in England as a whole – and there are higher than average levels of inactivity among younger and older people.

In addition, with the area's population expected to continue to age over the next 20 years, the number of people aged 16-64 is predicted to fall by nearly 60,000, and there are likely to be more older people who want to work.

Maintaining our employment base while the working age population is falling suggests the need for a comprehensive strategy to encourage economic activity, with people working for longer, the reduction of unemployment and the identification of new sources of labour in order to support employment growth.

The current support system is insufficiently flexible

at a local level with little opportunity for tailored and targeted approaches.

National commissioning is fragmented, leading to a lack of alignment of provision at a local level and this is compounded by a lack of data and no consistent approach to measure impact and effectiveness.

Our priorities are:

- To provide support to those most distant from the labour market, where necessary assisting people to overcome disadvantage, poverty, and poor health
- To provide tailored support to meet the specific needs and circumstances of those individuals who are under-represented in the workplace by gender, race, age, or culture.

Our vision for 2024:

Our vision is to create a fully integrated employment, skills and health system tailored to the specific needs of the area, with the primary aims of improving the number of residents moving from benefit dependency into work and supporting health at work.

By 2024, our headline ambition is to deliver on the target of closing the employment rate gap.



Next steps

Fit and well for work

Following through on the recommendations of 'Health and Wealth: Closing the Gap in the North East' by the North East Combined Authority and the NHS, partners will develop a range of approaches that can help support people with health conditions to secure and maintain employment.

By 2018 we will:

- Support primary care professionals in helping people access the best support to get them back to work as quickly as possible
- Use initiatives such as the Mental Health Trailblazer to demonstrate the benefits of providing more joined-up support to individuals with moderate mental health problems to return to work. Thereby influence the commissioning of Improving Access to Psychological Therapies services as well as seeking to improve the service offer for those with more complex mental health problems
- Work with employers to maximise their take-up of the Better at Health Work Award scheme thereby creating healthier workplaces
- Continue to address the importance of in-work progression and job quality, including consideration of the characteristics of 'good work'.

Youth employment

Complementing our ambitious skills programme, coherent pathways for the most vulnerable and disadvantaged young people are required to help them to move into education, training and employment and realise their full potential.

Our investments of the €35m European Social Fund include support to 15-24 year olds who are not in employment, education or training (NEET) into education. This will support the development of the skills required to enter and progress in work and is additional and complimentary to local programmes such as Generation NE, Durham Works, Talent Match NE, and to national funding for apprenticeships, traineeships and mainstream further education.

By 2018 we will:

- Create and scale up initiatives that adopt innovative and agile approaches to meeting local needs. This will build on the Generation NE model which has validated our belief that locally designed approaches to our key employment challenges are critical to our success. We will support at least a further 2,000 young people and open up new digital support offer to a wider range of young people including those unemployed but not claiming benefits
- Deliver Durham Works, a youth employment initiative sponsored by European Funding, which aims to address gaps in provision for young people in that area where the level of NEET or risk of becoming NEET is more acute
- Ensure that young people have access to the support and skills required to progress in employment.

50+ workforce retrain, regain, retain

We aim to reduce inactivity levels in our 50+ workforce. A particular focus for the employability and inclusion programme is to support those older workers who wish to re-enter the labour force to gain the skills and confidence to do so.

By 2018 we will:

- Develop and implement a 50+ workforce strategy in partnership with key stakeholders. This part of the strategy will focus on regaining this cohort into the labour force.

Active inclusion

Increasing levels of economic activity in our economy requires interventions targeted at those individuals with multiple barriers to employment, who are furthest from the labour market.

By 2018 we will:

- Build the capacity of the voluntary and community sector and social enterprises to support those individuals and communities who are excluded from work
- Provide targeted support to those with protected characteristics
- Seek to address long-term imbalance within the workplace and key sectors that relate to gender, discrimination and disadvantage
- Adopt a Community-Led Local Development approach within our communities suffering from significant and entrenched deprivation.



Economic assets and infrastructure



Creating 100,000 jobs will require significant development in the North East to enable the supply of land and critical infrastructure needed. This will support the development of our key industrial strengths and clusters, accommodate the changing structure of the economy, foster innovation and deliver the housing required for our changing population.

Our aim is to deliver these aims while investing in attractive, inclusive and sustainable living and progressively moving to a low carbon environment.

The North East Enterprise Zone, City Deal programmes and a range of other vehicles aim to encourage investment in key parts of our economy.

Housing

Delivery of the SEP requires increasing housing supply to support the economy, a changing supply as the economy changes and more affordable housing. More widely, there is a need to consistently upgrade the quality of the North East environment. However, in common with other parts of the UK, too few homes have been built over the past 20 years. Stronger housing delivery is critical to sustainable economic growth, and there is a targeted mix required in different locations to support economic growth and connect individuals to labour market opportunities.

Across adopted or developing local plans, there is a combined target of at least 5,700 new homes per year. Delivery will require the identification of a range of locations that offer viable investment opportunities for developers. There are a range of viability issues specific to strategic housing sites, including:

- Lower value brownfield land requiring public subsidy to tackle remediation and access issues
- Marginally viable sites that could be accelerated through loan funds for infrastructure
- Areas of older low demand houses where estate/older housing regeneration programmes are required to improve areas
- The need for affordable housing programmes, including starter homes, Rent to Buy and specialist housing.

North East local authorities and the Homes and Communities Agency (HCA) have together identified a pipeline of strategic and other housing sites that have the potential to deliver a further 57,000 homes, the majority of which could be delivered over the next five years.

Analysis has provided a sound understanding of where investment is required to overcome barriers and accelerate delivery. Making progress will require tackling these barriers through a mix of private and public sector investment in the form of loans, possible equity shares, patient capital and grants.

Critical transport and digital infrastructure

Connectivity and accessibility, and the underpinning critical infrastructure including the 'ecosystem services' provided by the natural assets of the region are key to supporting economic growth.

There are a range of infrastructure improvements to energy, water, waste and resilience that need to be made to ensure that the North East economy grows, and remains resilient and attractive for investment and as a living environment.

The public estate

Across the region, the public sector including local authorities, health organisations, national agencies and emergency services hold a range of assets, including property not in use. There are also public sector assets which could be modernised, improving service provision and releasing further assets, creating opportunities for growth and investment and delivery of more integrated public services, including offering opportunities for local innovation.



Where are we now?

Employment sites and business premises

Between 1998 and 2008, the supply of land and premises made available for development in the North East accommodated over 70,000 additional jobs. This level of development will need to accelerate to deliver the employment ambitions set out in the SEP.

Market challenges in many parts of the region include:

- A limited supply of quality industrial accommodation with a particular challenge in satisfying demand for units in excess of 10,000sqft
- The differential between construction costs and end values being insufficient to allow viable speculative development
- Despite the current shortage of Grade A office floorspace, a constraint on the ability to bring forward speculative office development with banks unwilling to provide finance unless a pre-let is in place.

Next steps

Local Plans which support North East economic ambitions

As our SEP is delivered and the economy continues to change, the combination of economic, environmental and quality of life factors framing development planning will also change.

Through the North East Combined Authority, all seven local authorities have agreed to develop Local Plans that make an appropriate contribution to the delivery of more, high quality homes and provide the modern, high quality office and industrial space to support economic and population growth.

These Local Plans set out requirements that:

- Routes to investment be identified to satisfy the increasing demand for reliable high capacity, quality infrastructure and facilities to overcome barriers to growth in our smart specialisation areas
- Secure best-in-class digital connectivity
- The development of cities, towns, villages and transport infrastructure should provide a focus for economic growth and improved productivity.
- Opportunities for innovation in delivery and inward investment in areas like energy generation, telecommunications and digital delivery will be identified and exploited
- Increasing the attractiveness of the region is essential to support quality of life for residents and our inward investment, tourism and cultural infrastructure
- Developments are located, designed and constructed in a way that encourages health, and control of carbon emissions through walking, cycling and public transport.

By 2018:

- Each of our local authorities will have adopted Local Plans that are complementary and that dovetail with the aspirations and objective of the SEP. A number of these are already in place and others are well advanced.

Securing investment

By 2018 we will:

- Develop a robust pipeline of sites for business development and housing that will be maintained between local authorities and the HCA to provide opportunities for private investment or to secure public resources. Schemes will be developed to ensure that resources can be brought to bear to accelerate development
- Continue to deliver our phase one Enterprise Zone programme, bringing phase two sites into development from April 2017, and progress a range of other key sites around the region.

Collaborative development of a spatial planning framework for the North East, supporting the SEP

Synergy between the strategic economic and spatial planning policies for the area will ensure that investment happens when and where it is needed.

Creating and sustaining great places to live, work and visit will require a balance to be struck between protecting our environment and accelerating development.

This will be an important challenge going forward as we aim to deliver our economic ambitions and promote the presumption in favour of sustainable development as set out in the National Planning Policy Statement.

The quality of the natural environment is a significant part of the region's offer to outside investors, but it is also essential to enable key projects to move to implementation efficiently.

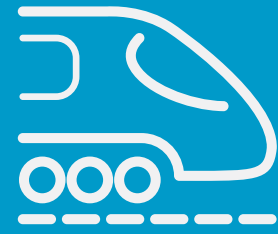
Taking a collaborative approach to these issues has the potential to deliver more integrated approaches that can speed development and protect our most important natural assets.

By 2018:

- Our local planning authorities will publish a North East Planning Development Framework that will

set out the inter-relationship between key strategic developments across the North East. This will not only illustrate our collaborative approach to spatial planning but it will also ensure that our individual Local Plans are fully reflective and supportive of the broader regional context set out in this Strategic Economic Plan. By establishing this framework for enabling the planning and delivery of both commercial and housing development, we will ensure that a truly place based approach is adopted. This will re-inforce the principles of investing in the necessary infrastructure and assets to promote economic growth alongside the enhancement of the natural environment

- Working with partners from business and environmental organisations we will explore a collaborative approach to strategic mitigation. This can deliver the mitigation hierarchy set out in the National Planning Policy Framework to support development planning and accelerate delivery of both commercial and housing development, while protecting and supporting improvement of our environment.



Transport and digital connectivity



Connectivity plays a crucial role in enabling economic growth and sustaining jobs and communities. Transport and our digital infrastructure connects the region to national and international markets and facilitates trade and inward investment. Within the region it ensures that flows of goods and people are efficient and support business growth.

Since the publication of the SEP in 2014 we have continued to develop our collaborative working arrangements across the region and provide a single approach to transport.

This has included the Combined Authority publishing a Transport Manifesto setting out our shared vision and objectives for transport. This will feed into the Transport Plan.

23 transport projects were identified in 2014, and we are working to ensure delivery of the whole programme. A number of additional projects have been identified in our Local Growth Fund proposals.

Our opportunities and challenges

During the refresh process, transport users said they wanted seamless, multimodal travel that reliably gets them where they want to be. In the region there remain significant constraints placed on us by our infrastructure.

This is particularly true for north-south rail, peak time congestion mainly at A1, A19 river crossing points and their approaches.

Resolving these challenges will be key to our success. Since 2014, we have been grasping development opportunities through joint working on aspects such as smart ticketing (the very successful POP card) and managing our assets (through the North East Rail Management Unit). Innovation and technology present some of the biggest challenges, and opportunities, in transport in the region.

As our economy changes, our transport system will have to become more digitally connected, integrated and reliable. It will also require well maintained infrastructure supportive of low emission vehicles, building upon our nation-leading expertise in this region.

Transport for the North is working to improve connectivity across all modes of transport in the north with the aim of rebalancing the national economy and creating a Northern Powerhouse.

Enhanced international connectivity is a continuing priority for the region. We aim to ensure that there is continuing development of air connectivity directly and through key hubs to our key markets including Europe, the United States and Asia.

Our sea ports continue to provide key links for trade and supporting our industrial specialisms, in particular our automotive and energy industries.

Further development of international connectivity will be linked to the successful development of air and sea port locations as business hubs and our wider logistics capacity.

The Tyne and Wear Metro carries around 40 million passengers each year, two thirds of whom are travelling for work or education. The Metro's rolling stock is now life expired and needs to be replaced urgently, and the system needs to be expanded to give greater coverage in the area.

Our vision for 2024

Our vision for North East transport is to provide affordable, attractive, reliable, safe, healthy transport choices for businesses, residents and visitors. These will help our economy grow and make the North East an excellent place to live, learn and work, while protecting our environment.

We also aim to deliver first class first class digital infrastructure that is forward focused. We want to ensure improved connectivity across the North of England and the rest of the UK and with key European and international markets.

Transport:

We want our transport system to:

- Support the creation of more and better jobs
- Help people access education, training, employment, leisure and other services
- Assist in the safe, rapid and cost-effective movement of goods in the region and to national and international markets
- Underpin our tourist economy by encouraging people to visit our area
- Be one integrated transport system for the area, which enables people to use innovations in integrated ticketing and digital technologies to catch, pay for and use transport.

Digital:

Continued work is underway to map areas for broadband improvement and to ensure delivery of superfast broadband connectivity.

We aim to ensure that we achieve our target of 99% connectivity, and that businesses, public bodies and people have the skills and knowledge to take advantage of digital delivery.

We also aim to ensure that the North East is at the forefront of digital and mobile connectivity and have been exploring ways in which we can take advantage of developments in fifth generation connectivity.



Regional transport planning

By 2018 we will:

- Have an agreed Regional Transport Plan, setting our strategic direction for the next 20 years
- Strengthen the alignment between transport and the planning process to ensure we are always working together
- Explore the opportunities presented to us in new legislation such as the Bus Services Bill and increasing flexibility around innovative technologies
- Have identified programmes of transport investment, both large and small, which will help enhance our economy and society
- Identify opportunities for improved freight infrastructure in the region, including potential interchanges.

By 2020 we will:

- Develop transport proposals that give better sustainable access to employment sites and improve the reliability and predictability of journey times on key local routes for business, commuting and freight
- Have in place an enhanced public transport offer including faster, more reliable and more integrated Metro, rail and bus services.

Transport innovation

By 2018 we will:

- Commission our 'Go Ultra Low Cities' programme, building two rapid charging stations for electric vehicles in Newcastle Science Central and at Sunderland and developing on our world leading low emission vehicle expertise.

Next steps

North East transport delivery

By 2018 we will:

- Deliver schemes through the Local Growth Fund to enhance our network and improve reliability
- Continue rolling out flexible ticketing across modes, ensuring our public transport system is better integrated
- Continue to work on joint management of our transport system, including our local rail network
- Develop and expand our successful Urban Traffic Management and Control Centre to reduce congestion and enhance growth.

By 2020 we will:

- Begin delivery of strategic schemes that will enhance connectivity within our region, such as reintroduction of passenger rail services on the Ashington, Blyth and Tyne railway line
- Begin delivery of infrastructure solutions that will resolve future capacity issues around pinch-points
- Have begun to replace the Tyne and Wear Metro rolling stock and to scope expansion of the system
- Identify and begin delivery of a long term pipeline of schemes for our region, to ensure our priorities are being met for the long term and that our infrastructure is 'future-proofed'.

National and international connectivity

By 2020 we will:

- Initiatives to develop air, sea and rail transport hubs as successful and growing locations for business growth will be supported. This will support efforts to ensure the continued growth of international connectivity to key markets directly, and through hubs in Europe and beyond
- Make our region 'HS2-ready', including at our key gateways, so we are able to make the most of this transformational investment. Alongside we will aim to see further investment in north-south connectivity to ensure that the North East is better connected to the Midlands, South East and Scotland
- Enhance east-west, road and rail connectivity to improve our connections both within the region and to the North West.

Digital connectivity

By 2018 we will:

- Continue to map and influence delivery of superfast broadband coverage in the region with the target to see 99% connectivity
- Have developed and begun delivery of a strategic 5G Test Bed programme with the national 5G Innovation Centre at the University of Surrey, and the Digital Catapult
- Explored the potential to strengthen fibre-optic connectivity to northern Europe.



Section four

Accountability

Accountability, roles and communications

The North East LEP is the lead body for the development and delivery of the SEP working collaboratively through its board with partners from the seven local authorities, businesses and business networks, education and research bodies including the four universities and ten colleges and a wide range of other organisations from public, private and third sectors.

The role of the North East LEP is to provide leadership and facilitate the delivery of the SEP through its partners and businesses.

It has a strong relationship with central government and works directly with a number of departments and agencies across its programmes.

Programme delivery is taken forward through a number of boards and committees with reporting through to the LEP Board. The North East Combined Authority is the accountable body for the LEP.

Communications for the plan is delivered by the North East LEP executive team, working in partnership with others.

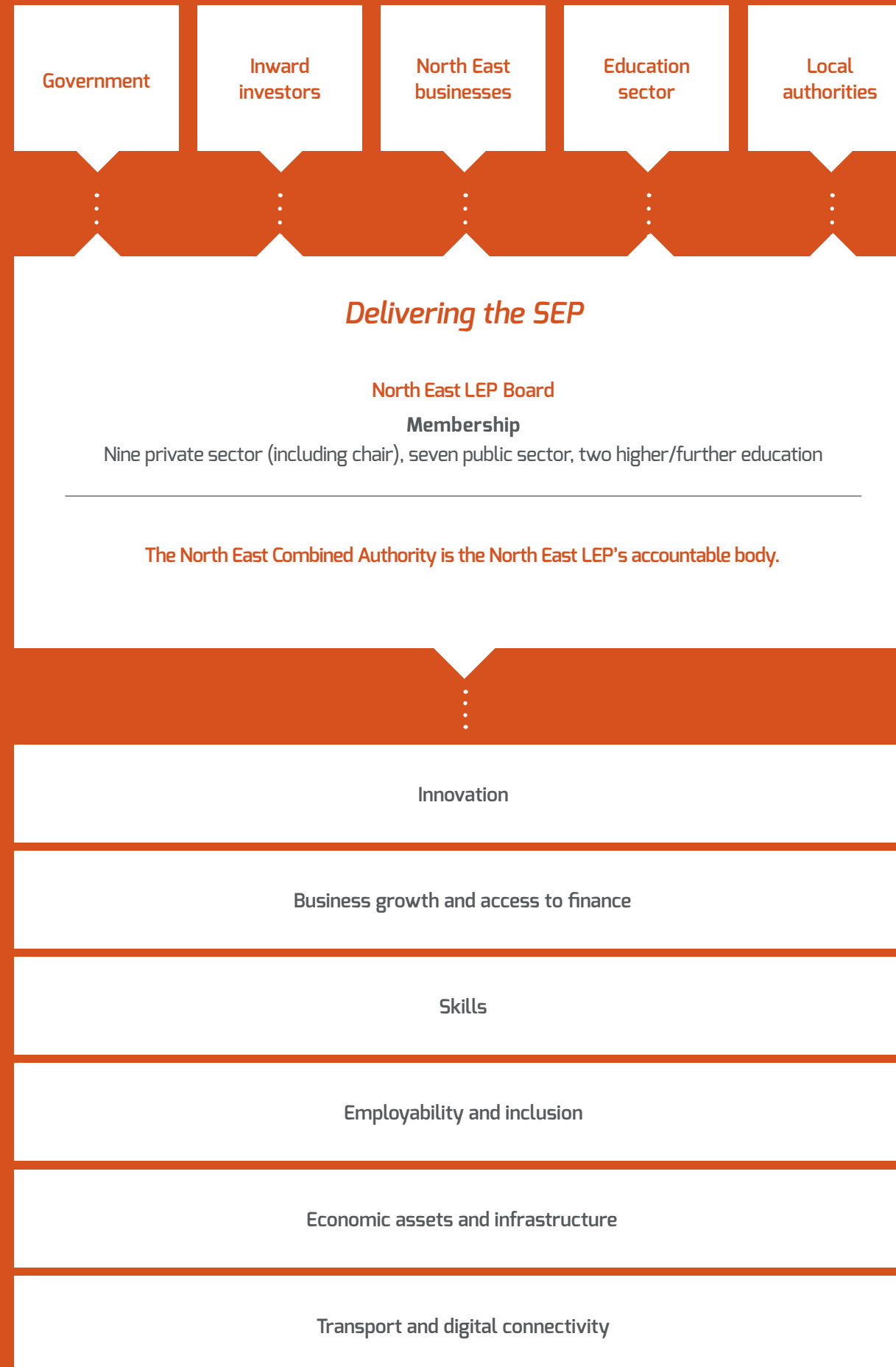
The SEP is recognised by government and other partners as the key strategic document for the North East, which sets out a forward direction for regional economic development, providing a key point of reference for investment and decision making.

Our partners are committed to securing more control and influence over public resources to support economic growth in line with the priorities set out in this plan.

We will continue to seek agreement for devolution to the area to enable strengthened leadership, investment and collaborative action.

The LEP and our partners will aim to secure further investment from public and private sources from a range of sources to support delivery of this plan, and will work closely with other partners who are seeking to secure support and investment which can help deliver agreed economic ambitions.

Stakeholders



Further development of the SEP, evaluation plan and economic evidence base development

Our intention is to continue to develop and evolve the SEP in response to changing economic conditions, changing directions of public policy and evaluation evidence.

Progress reporting and evaluation

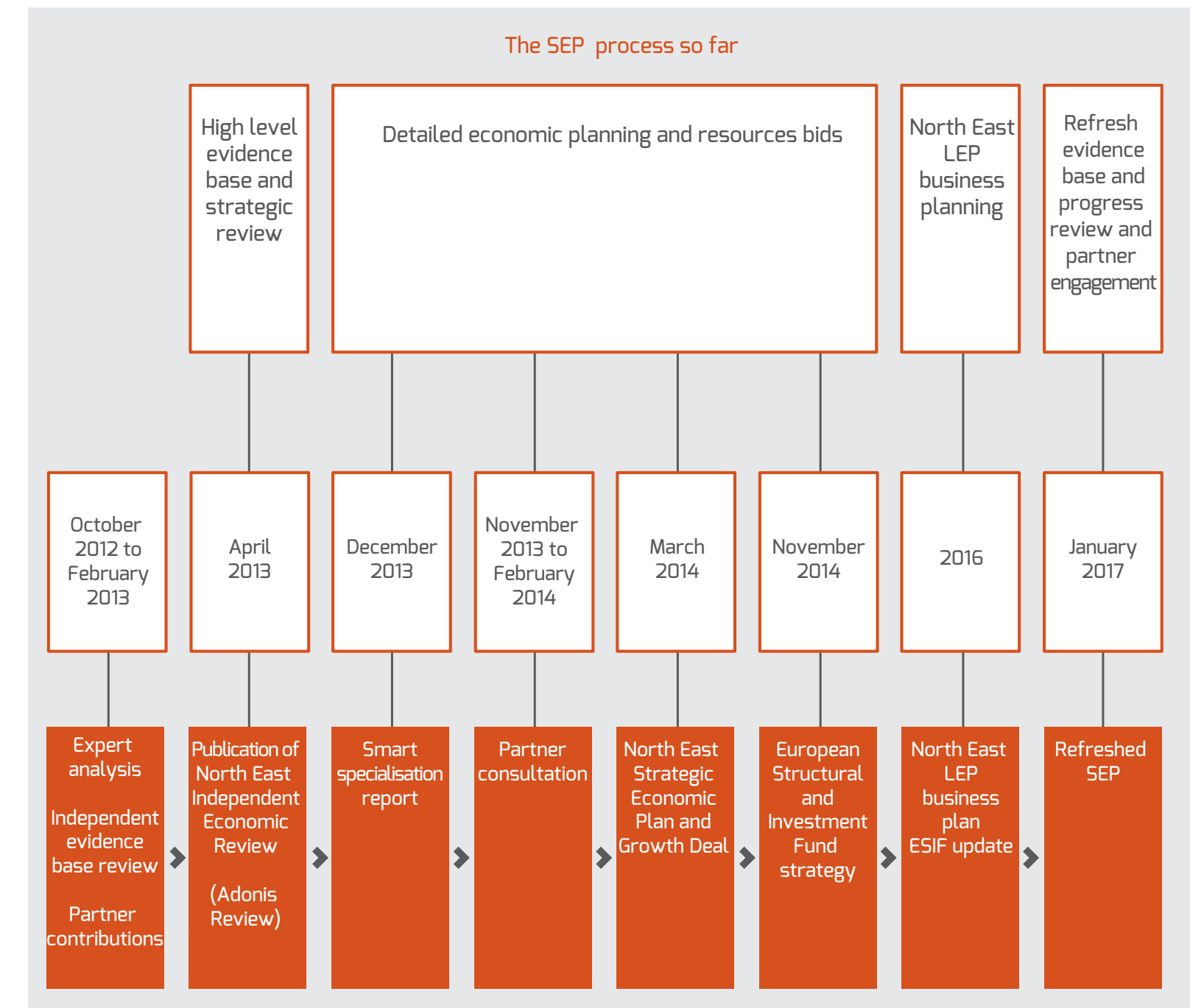
The structure of the SEP and the funding programmes that support it create a challenging evaluation environment overall. Each funding stream has its own evaluation requirements in terms of outputs, outcomes and will be developed.

An overarching evaluation matrix will be delivered to provide an assessment of impact of both the investments and the wider added value derived from the activities envisaged in the SEP covering the period to 2024. This will cover capital investment programmes, other funding and other activities directly linked to SEP delivery.

Economic evidence

One of the key findings of the refresh process is the opportunity to strengthen economic intelligence and the economic evidence base in the North East to support economic policy making and improve the focus of the strategic plan as the economy changes.

The North East LEP will recruit a small economics and research unit to deliver this information to the LEP team and to provide a focus for evidence sharing and development. A future research and evaluation plan will be developed in collaboration with partners from regional and research communities.



North East

Local Enterprise Partnership



North East LEP
nelep.co.uk

North East Growth Hub
northeastgrowthhub.co.uk

North East Combined Authority
northeastca.gov.uk

Invest North East England
investnortheastengland.co.uk

