# NORTH EAST COMBINED AUTHORITY PROFILE

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# Contents



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Local Institutions, Productivity, Sustainability and Inclusivity Trade-offs (LIPSIT) is an ESRC (Economic and Social Research Council) funded collaborative project with Demos and the Universities of Birmingham, Cardiff, Surrey and Warwick. The aim of the project is to identify institutional and organisational arrangements at the regional level that tend to lead to the 'good' management of policy trade-offs associated with increasing productivity, and to make recommendations based on this. For further details of our research please visit www.LIPSIT.ac.uk.

## Introduction

This profile of the North East Combined Authority (NECA) provides a detailed account of the region's devolved structure and data relating to key aspects of the economy, including: innovation, business, infrastructure, people, place and the environment.

## North East Combined Authority

The North East Combined Authority was established in April 2014 and brought together the seven councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. By the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 the boundaries of NECA were changed on the 2 November 2018. As a result of these governance changes the boundaries of NECA now cover the Local Authorities of Durham, Gateshead, South Tyneside and Sunderland[1]. The NECA is one of 10 combined authorities (CAs) set up in England as legal entities to enable groups of local councils to collaborate and collectively make decisions across council boundaries. The NECA covers 4 local authorities (County Durham, Gateshead, South Tyneside and Sunderland) and 1 private sector-led Local Enterprise Partnerships (LEPs), the North East LEP (NELEP) that has been in operation since 2011 to facilitate financial planning, regeneration, transport and labour market interventions in the region. NECA has a population of 1,157,200.

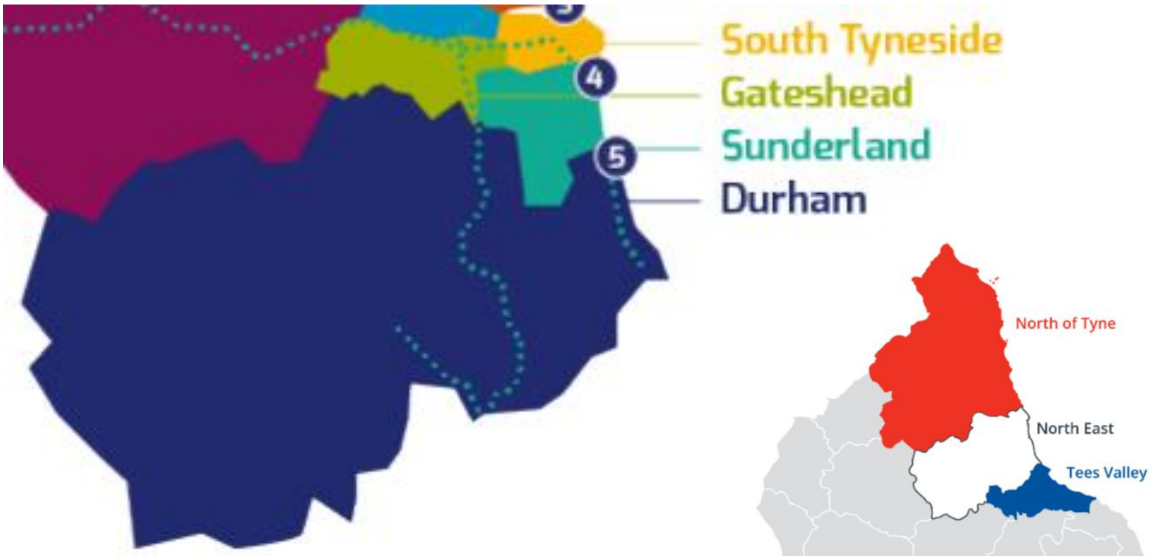



Figure 1: Geography of the North East Combined Authority

The NECA Leadership Board is the strategic decision-making body of the North East Combined Authority, responsible for a number of transport functions and economic development and growth. It is comprised of the four Leaders of the four constituent local authorities, plus the Chair of the North East Local Enterprise Partnership. The Leadership Board exercises statutory functions and general powers relating to economic development and growth, economic conditions and transport.

[1] It should be noted that the data included in this profile is presented at either the NECA (4 Local Council geography) or NELEP level (7 Local Council geography)

| **Board Members** | |
|---|---|
| Councillor Simon Henig | Leader of Durham County Council and Vice-Chair of the North East Leadership Board. |
| Councillor Martin Gannon | Leader of Gateshead Council |
| Andrew Hodgson | Chair of the North East LEP |
| Councillor Iain Malcolm | Leader of South Tyneside Council |
| Councillor Graeme Miller | Leader of Sunderland City Council |

Table 1: NECA Board Members

North East CA operates within an NECA Constitution and Annual Governance Statement, which sets out its governance arrangements, policies and protocols, and the relationship with the accountable local authority including management of funding. See **Appendix A**.

Following the government's commitment in 2013 to negotiate Growth Deals with every Local Enterprise Partnership (LEP), LEPs were tasked with developing multi-year strategic economic plans (SEPs) to demonstrate their commitment to the growth agenda and to set out their priorities in return for freedoms, flexibilities and influence over resources from government and a share of the Local Growth Fund.

The North East CA and the North of Tyne CA continue to work together on a number of areas to support the region, including transport. To oversee strategic transport functions a new North East Joint Transport Committee has been established with members from both Combined Authorities. All seven Local Authorities will remain members of the North East Local Enterprise Partnership to deliver the objectives of the regions Strategic Economic Plan, which is the North East's plan for growing and developing a more productive, inclusive and sustainable regional economy.

Powers and funding agreed for the North East to date can be found in **Appendix B.**

In January 2019, the North East LEP Strategic Economic Plan was published. This document sets out the North East LEP's strategy in relation to 5 key programmes of delivery:

- BUSINESS GROWTH - Our ambition for the North East is to be a growth orientated, dynamic and productive environment where businesses invest, grow and thrive. At a time of change, we want business leaders to be inspired and supported to achieve their goals through strengthened leadership, innovation and trade.
- INNOVATION - Through a focus on strengths and key capabilities, our aim is to secure stronger flows of business investment into research and development in the region, to maximise local business growth and continue to build our reputation through investment in our assets.
- SKILLS, EMPLOYMENT, INCLUSION AND PROGRESSION - Our long-term ambition in the North East is that demand for skills and the quality of jobs continue to improve, leading to higher productivity.
- TRANSPORT CONNECTIVITY - Our ambition is one of improved, greener and more sustainable transport options, including public transport, cycling and walking.
- INVESTMENT AND INFRASTRUCTURE - Through focussed and co-ordinated investment we will address market failures and competitive weaknesses. We will work with partners to quicken the pace and scale of investment across the North East, focusing on our business and infrastructure investment opportunities and needs. Opportunities for job and productivity growth

on strategic employment sites, in town and city centres, along strategic transport corridors, in our culture and tourist hubs and in the rural economy will be prioritised.

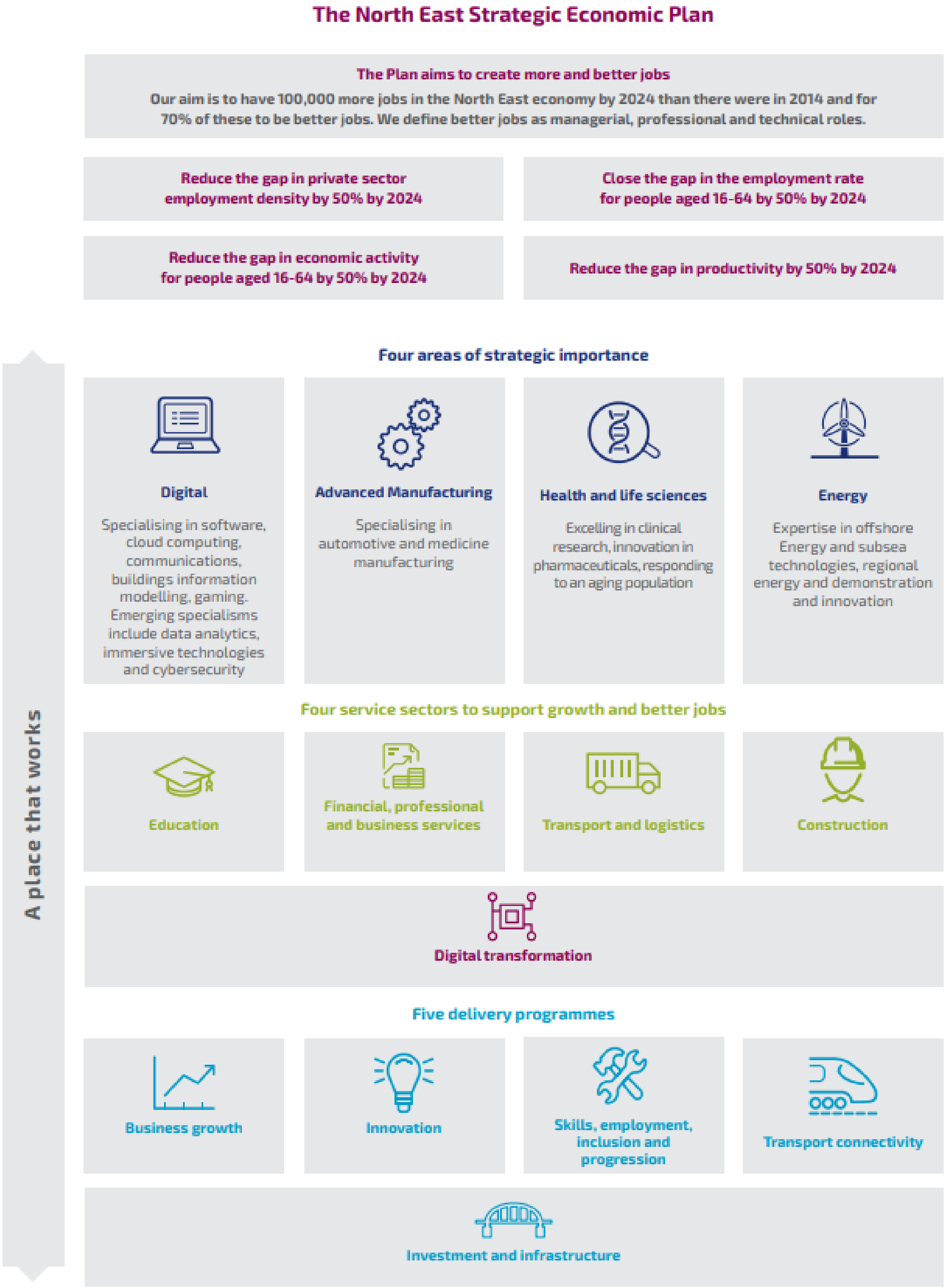


Figure 2: North East LEP Growth Vision by 2024 (Source: [North East LEP Strategic Economic Plan: Creating more and better jobs](), 2019)

A summary of the external funding received by the North East LEP is shown in Table 2 below.

| | Total (£m) | Per Head (£) |
|---|---|---|
| Regional Growth Fund 2011-12 to 2016-17 | 28.5 | 32.83 |
| Growing Places Funding 2011-12 | 25 | 13 |
| Growth Deals 2014-2021 | 126 | 188.8 |
| European Structural and Investment Fund 2014-2020 | 379.6 | 193.9 |

Table 2: External Funding – North East LEP (Source: Smart Specialisation Hub)

## North East CA Key Statistics

In Table 3 below, figures for the NECA are shown for a number of key indicators related to prosperity, inclusivity and sustainability. Figures for the UK are also provided as a baseline to assess regional performance according to latest data and over a 5-year period.

| | NECA | | UK | |
|---|---|---|---|---|
| | 2018 | % change 2013-18 | 2018 | % change 2013-18 |
| GVA per/hour | 87.8 | **0.8** | 100 | **2.0** |
| Median gross weekly pay for full-time workers | 500.6 | **10.8** | 568.3 | **9.8** |
| Employment rate 16-64 | 72.8 | **10.8** | 75.0 | **5.3** |
| % of total employees in low pay sectors[2] | 33.7 | **0.0** | 33.7 | **-1.7** |
| % of workers in high-skilled occupations (SOCs 1, 2, 3) | 12.0 | **8.5** | 14.9 | **5.5** |
| % of working-age population with NVQ Level 2+ quals. | 73.4 | **7.6** | 74.9 | **3.7** |
| % in-work households with and without children receiving child and/or working tax credits | 24.9 | **-31.1** | 22.1 | **-29.1** |
| 20:20 ratio of median weekly pay (gross), ft workers | 2.1 | **-4.0** | 2.27 | **-0.02** |
| Ratio of lq. house price to lq. earnings[3] | 4.7 | **1.9** | 7.3 | **11.1** |
| Life Expectancy (females) | 81.5 | **0.3** | 82.9 | **0.2** |
| % of total connections receiving superfast broadband (>= 30 Mbits) (years = 2016-18) | 54.2 | **37.6** | 55.3 | **36.5** |
| % of workless households | 18.9 | **-20.9** | 14.5 | **-16.2** |
| CO2 per capita emissions (t) (years = 2017, 2013-17) | 4.7 | **-21.1** | 4.5 | **-23.7** |
| Total residual fuel consumption, tonnes of oil equivalent per capita (years = 2017, 2013-17) | 0.13 | **-31.7** | 0.3 | **-9.3** |
| Total transport energy consumption, tonnes of oil equivalent per capita (years = 2017, 2013-17) | 0.51 | **-1.5** | 0.57 | **-0.3** |
| Motor vehicle traffic per capita, vehicle miles[4] | 4564 | **4.9** | 5083 | **4.2** |
| Municipal waste generation, tonnes per capita[5] | 0.5 | **-1.4** | 0.66 | **-4.3** |
| % of household waste sent for recycling/reuse/composting[6] | 35.4 | **-7.1** | 43.0 | **-0.5** |

Table 3: NECA Key Statistics

[2] UK = Data for Great Britain
[3] UK = Data for England and Wales
[4] UK = Data for Great Britain
[5] UK = Data for England, 2014-18
[6] UK = Data for England, 2014-18

This data was used to develop a regional typology to assess the productivity, inclusivity and sustainability of all UK regions in relation to the nature of their economies and their outcomes over time. Table 3 below shows the results of this typology for the NECA, indicating its performance in relation to all other regions in England (LEPs and CAs), Wales and Scotland.

| | LEVELS (2018) | | | CHANGE (2013-2018) | | |
|---|---|---|---|---|---|---|
| | **PROSPERITY** | **INCLUSIVITY** | **SUSTAINABILITY** | **PROSPERITY** | **INCLUSIVITY** | **SUSTAINABILITY** |
| TVCA | LOW | MEDIUM | MEDIUM | HIGH | HIGH | MEDIUM |

Table 4: NECA performance on prosperity, inclusivity and sustainability (levels and change)

LOW = Q1; MEDIUM = Q2 and Q3; HIGH = Q4

The results indicate the following for the NECA:

***Prosperity*** - performance low but improving above average compared to other regions

***Inclusivity*** - performance medium but improving above average compared to other regions

***Sustainability*** - performance medium and improving in line with other regions

| | | | | | | |
|---|---|---|---|---|---|---|
| **PROSPERITY** | **87.8**<br>GVA per/hour (index) (UK=100)<br>⬆ 0.8% 2013-18 | **£500.6**<br>Median gross weekly pay for full-time workers<br>⬆ 10.8% 2013-18 | **72.8%**<br>Employment rate 16-64<br>⬆ 10.8% 2013-18 | **33.7%**<br>of total employees in low pay sectors<br>⬆ 0.0% 2013-18 | **12.0%**<br>of workers in managerial, professional and technical occupations<br>⬆ 8.5% 2013-18 | **73.4%**<br>of working age population with NVQ2+ quals.<br>⬆ 7.6% 2013-18 |
| **INCLUSIVITY** | **24.9%**<br>In-work households receiving child and/or working tax credit<br>⬇ 31.1% 2013-18 | **2.1**<br>20:20 ratio of median weekly pay<br>⬇ 4.0 2013-18 | **4.7**<br>Ratio of lower quartile house price to lower quartile earnings<br>⬆ 1.9% 2013-18 | **81.5**<br>Female life expectancy<br>⬆ 0.3% 2013-18 | **54.2**<br>of premises with access the superfast broadband<br>⬆ 37.6% 2016-18 | **18.9%**<br>of workless households<br>⬇ 20.9% 2013-18 |
| **SUSTAINABILITY** | **4.7**<br>CO2 per capita emissions<br>⬇ 21.1% 2013-17 | **0.13**<br>Total residual fuel consumption (tonnes of oil equivalent per capita)<br>⬇ 31.7% 2013-17 | **0.51**<br>Total transport energy consumption (tonnes of oil equivalent per capita)<br>⬇ 1.5% 2013-17 | **4564**<br>Motor vehicle traffic (vehicle miles per capita)<br>⬆ 4.9% 2013-18 | **0.5**<br>Municipal waste generation (tonnes per capita)<br>⬇ 1.4% 2013-18 | **35.4**<br>of household waste sent for recycling/reuse/composting<br>⬇ 7.1% 2013-18 |

Productivity in North East CA is lower than the national average. Looking at GVA/hour as the best proxy measure of productivity available, Figure 3 shows that GVA/hour worked has been consistently lower than the UK average over a 5 year period (2013-18). In 2018, GVA/hour in the NECA was £30.2 compared to £35.0 for the UK. It should be noted that the data used in Figure 3 should not be used to compare GVA/hour between years but only within years.

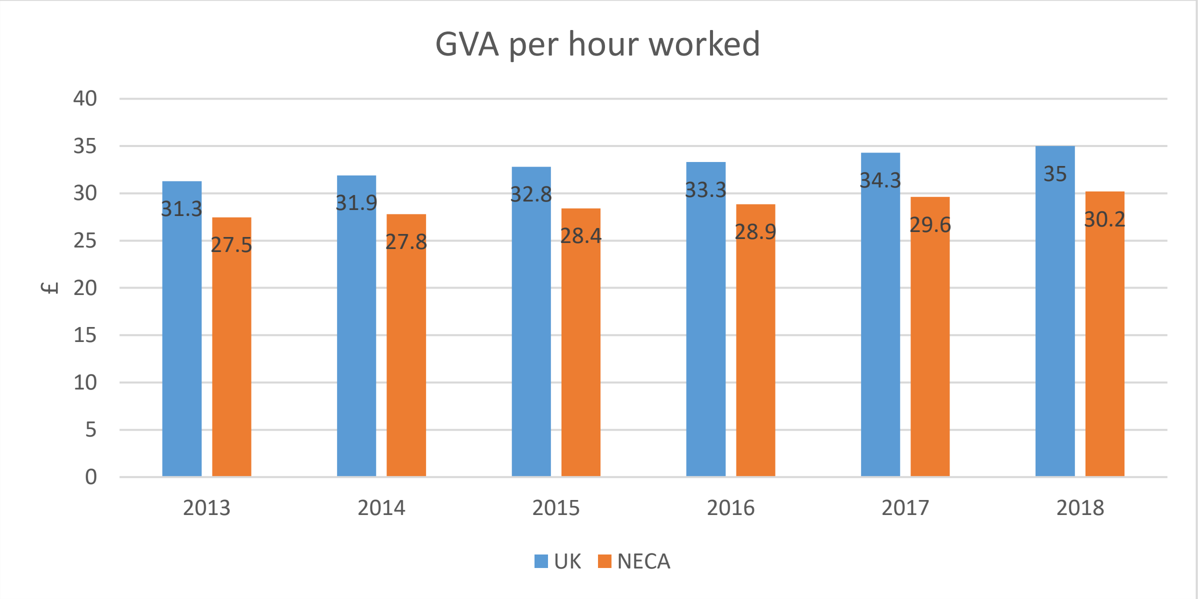



Figure 3: GVA per hour worked (£), nominal (smoothed) (Source: ONS)

Now turning to look at the growth of GVA/hour in NECA over a 5-year period, Figure 4 below provides a positive outlook of recent performance. Growth in GVA/hour in the NECA has been growing at a slower rate than the national average between 2013 and 2018, with the exception of 2016 when growth rose just above the national average.

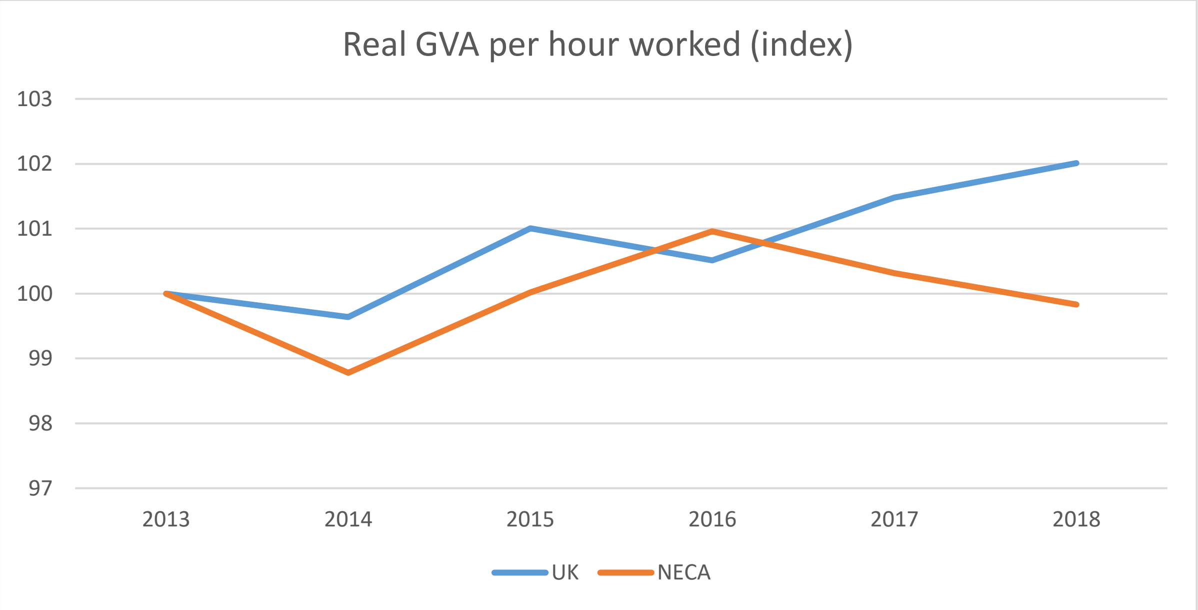



Figure 4: Real GVA per hour worked (index) (Source: ONS)

## 1. Innovation

Figure 5 and Tables 5-6 below provide an initial indication of the strength of the innovation environment in the NECA. Figure 5 gives an approximation of the extent to which firms are engaged in different types of innovation activity in the NELEP area, including the lowest and highest proportions for each metric of all LEP areas as benchmarks. NELEP scores relatively low on all innovation benchmarks. NELEP's highest score is for innovations related to 'business practices'.

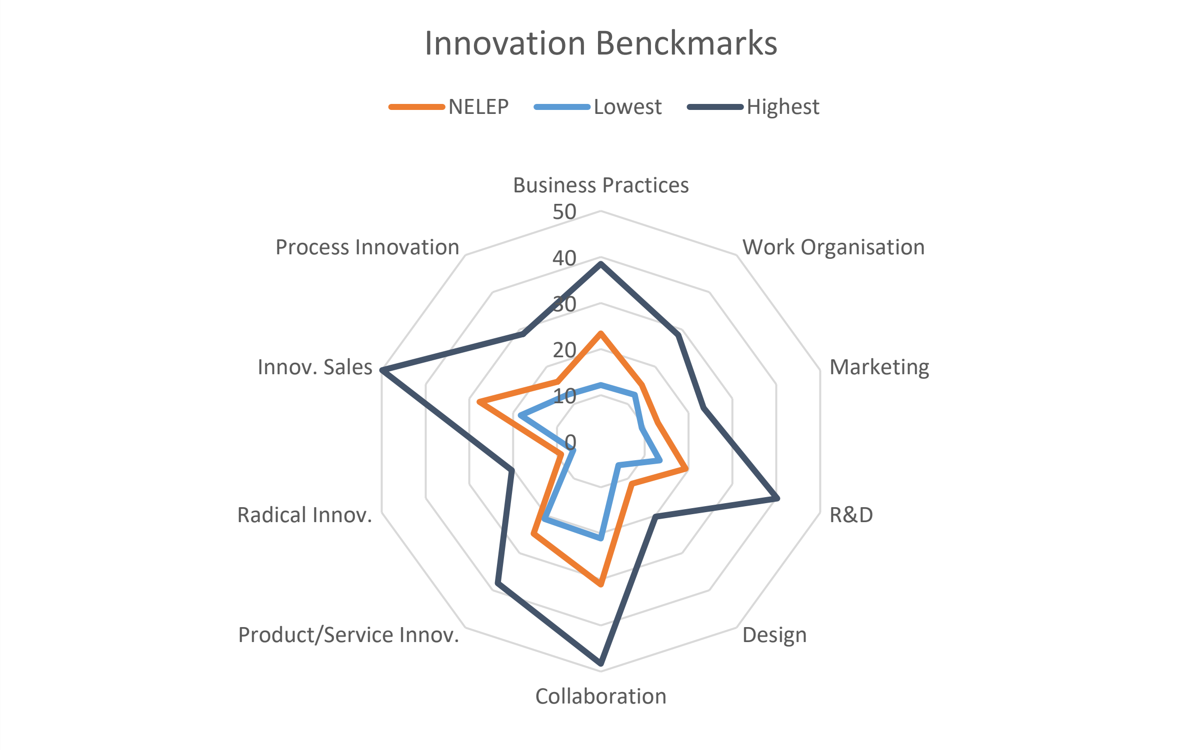



Figure 5: Innovation Benchmarks (Source: Roper and Bonner, 2019)

| | Business Enterprise Spending on R&D | | Higher Education Spending on R&D | |
|---|---|---|---|---|
| | £/FTE | Benchmark relative to average LEP value | £/FTE | Benchmark relative to average LEP value |
| North East LEP | 228 | 0.28 | 221 | 1.06 |

Table 5: Spending on R&D, 2014 (Source: Smart Specialisation Hub)

| | Interactions between HE Institutions and Business | | | |
|---|---|---|---|---|
| | Consultancy | Benchmark relative to average LEP value | Contract Research | Benchmark relative to average LEP value |
| North East LEP | 11902 | 2.44 | 38079 | 4.70 |

Table 6: Interactions between HE Institutions and Business: Income for consultancy and contract research for SME's and large businesses, HEBCI, 2014/15-2015/16 (average over 2 years) (Source: Smart Specialisation Hub)

Table 5 above shows that the NELEP performs below average in terms of business enterprise spending on R&D, with £228 spent for each full-time equivalent job and a benchmark relative to the average LEP value of 0.28. Also shown in Table 5 is higher education spending on R&D where the TV LEP performs just above average with £221 spent for each full-time equivalent job and a benchmark relative to the average LEP value of 1.06. The NELEP performs well above the average for all LEPs on the number of interactions between HEIs and business in terms of consultancy (a total of 11902 interactions between 2014 and 2016 and a benchmark of 2.44) and contract research (a total of 38079 interactions between 2014 and 2016 and a benchmark of 4.7) as shown in Table 6.

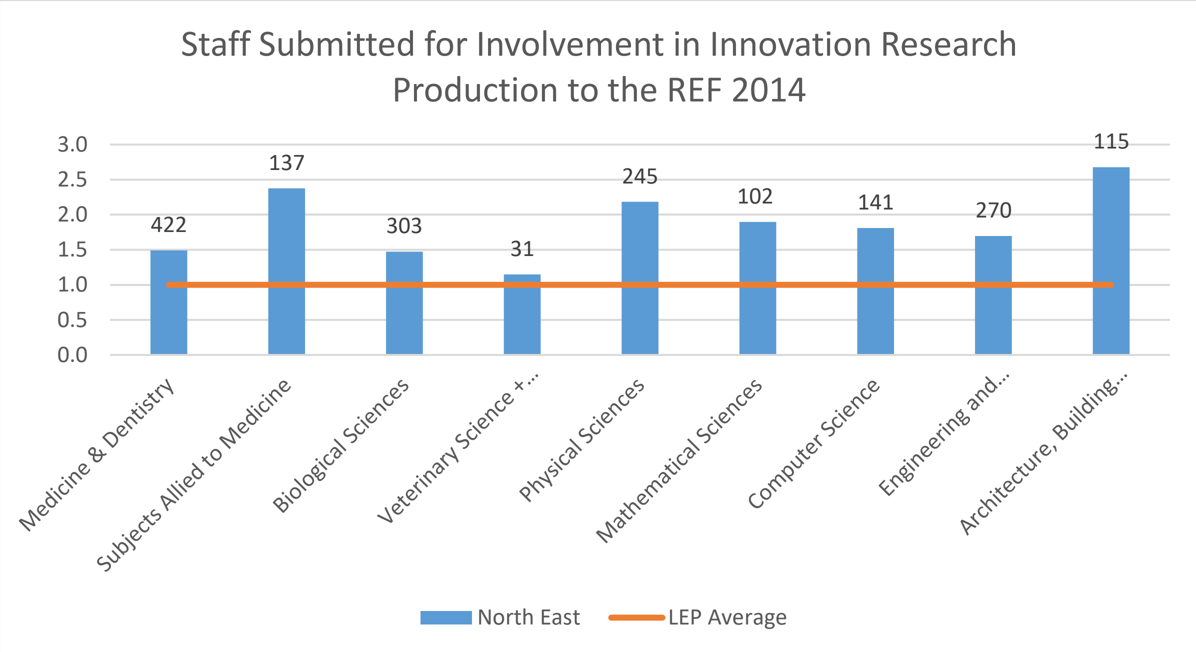



Figure 6: Staff submitted for involvement in innovation research production to the REF 2014 (Source: [Smart Specialisation Hub](Smart Specialisation Hub))

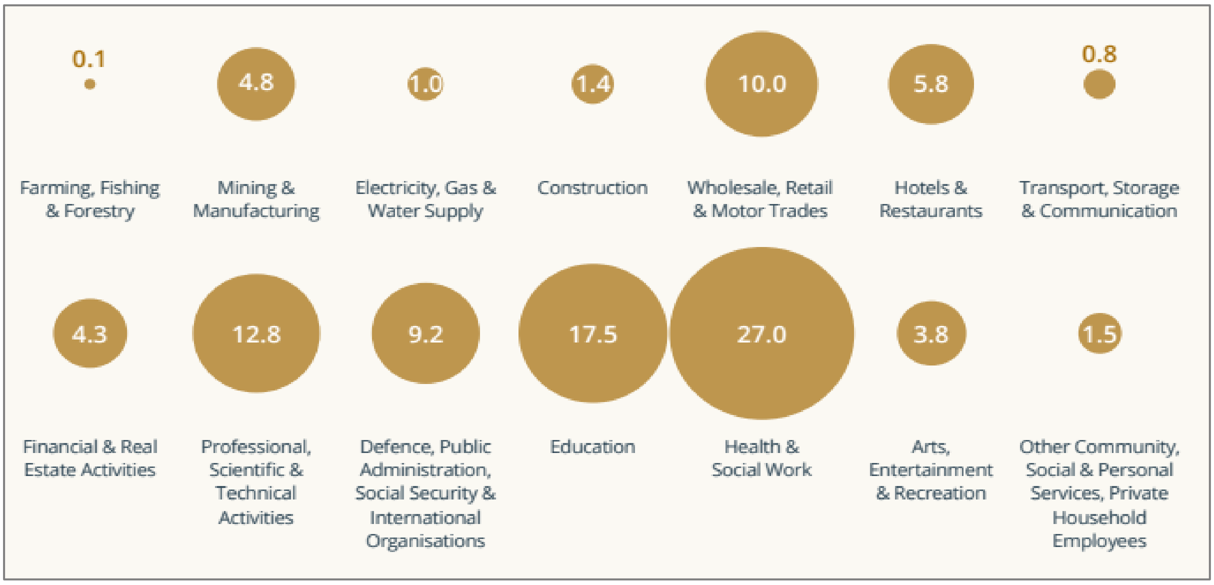



Figure 7: Employment of first degree graduates across industry sectors in the NECA (%) (Source: Smart Specialisation Hub)

Figure 7 provides a breakdown of employment of First Degree Graduates across industry sectors. The largest sector is Health and Social Work (27.0%) followed by Education (17.5%).

Relative to the LEP average, the NELEP has a relatively high proportion of jobs in science and technology as shown in Figure 8, especially in 'other scientific/technological manufacture'.

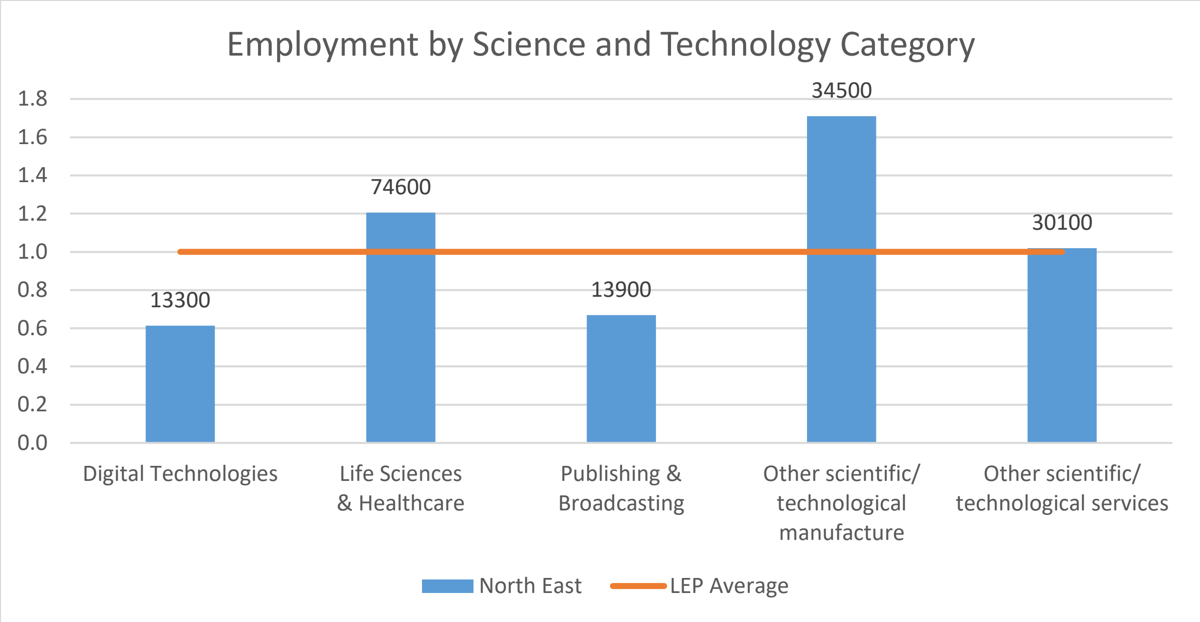


Figure 8: Employment by science and technology category (Source: [Smart Specialisation Hub])

North East CA has 2 universities, Durham University and the University of Sunderland. Durham University is a research intensive university.

North East CA key innovation assets include:

- PROTO: The Emerging Technology Centre, located in Baltic Quarter Gateshead, is Europe's first dedicated centre for emerging technology. Specialising in XR, 3D character capture and motion capture, it is home to some of the region's most trailblazing businesses and offers contemporary office and co-working space.
- Both the Digital Catapult, led by Sunderland Software City, and the Satellite Applications Catapult, hosted by Business Durham, have expert centres based in the region.
- We have strategic sites that include the nationally significant International Advanced Manufacturing Park, (IAMP), which straddles the Sunderland and South Tyneside border. Our Enterprise Zone sites sit along the A19 corridor and in South East Northumberland and provide opportunities to strengthen our key sectors and clusters. Team Valley in Gateshead offers a strong cluster of advanced manufacturing businesses in the Chemicals, Electronics and Precision Engineering sectors.
- The Integrated Transport Electricity and Gas Research Laboratory in Gateshead, is the UK's first full scale integrated energy systems R&D facility, providing a space for industry, academia, SMEs and government to explore and test new energy technologies and processes.

## 2. Business

The NECA's business base currently stands at 30045 (260 per 10,000 population compared to 442 for the UK in 2018). This is well below the national average. Business births per 10,000 population for the NECA is also much lower than the national average at 31 compared to 57 in 2018 (see Table 7). Figure 9 shows that business births are exceeding business deaths in the NECA area in County Durham, Gateshead and marginally in Sunderland but not in South Tyneside. Figure 10 shows the proportion of start-ups scaling <£500k to £1m+ in 3 years (2015-18) and survivors scaling £1-2m to £3m+ in 3 years (2015-18). On the growth of start-ups, the data shows that the NELEP falls just below the English average at 1.9% compared to 2.0%. On the growth of existing businesses, NELEP falls again below the average for England at 7.0% compared to 7.6%. Between 2010-13 and 2014-17, NELEP has achieved similar level of growth firm incidence rate as the UK average (see Figure 11).

| | Business stock (2018) | Business stock per 10,000 population | Start-ups per 10,000 population |
|---|---|---|---|
| UK | 2939520 | 442 | 57 |
| North East CA | 30045 | 260 | 31 |

Table 7: Business Stock and Start-ups (Source: ONS Business Demography, 2018)

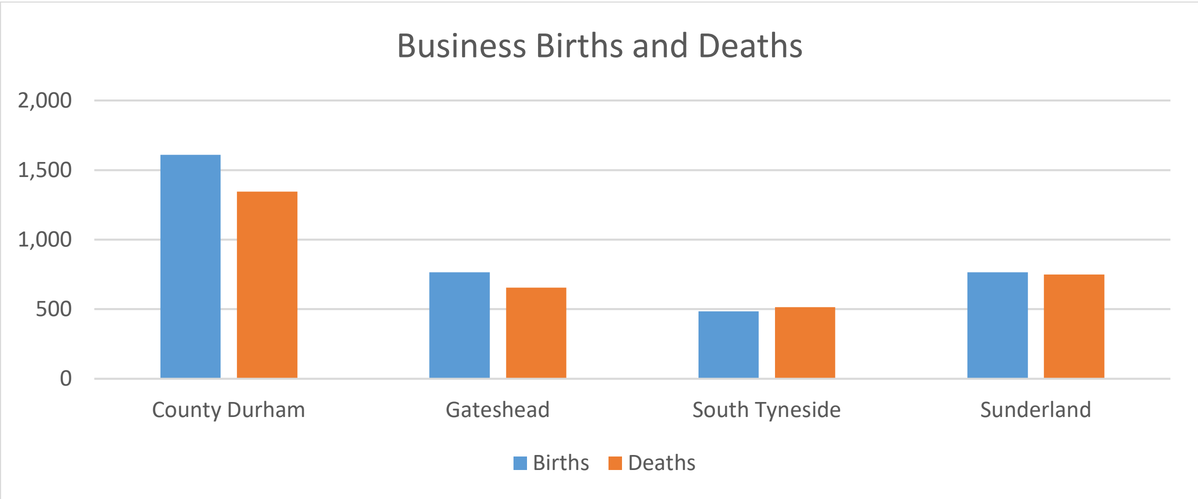



Figure 9: Business Births and Deaths (Source: ONS Business Demography, 2018)

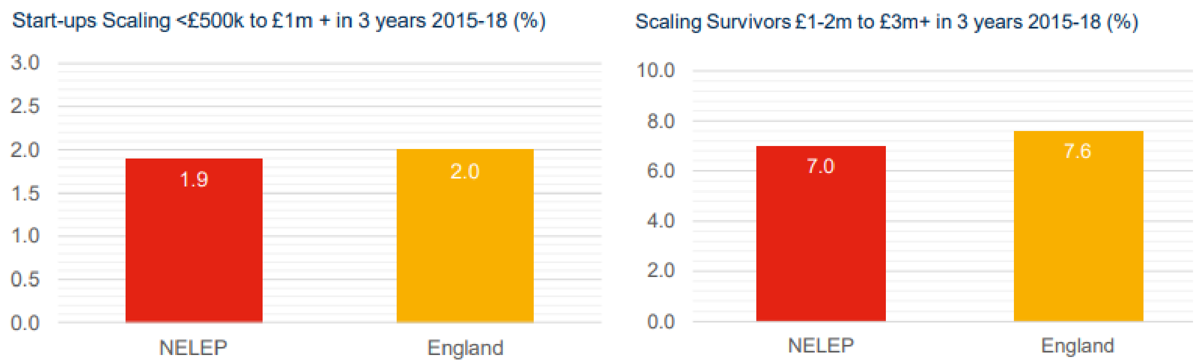



Figure 10: Growth of start-ups scaling <£500k to £1m+ in 3 years 2015-18 (Source: Enterprise Research Centre, 2018)

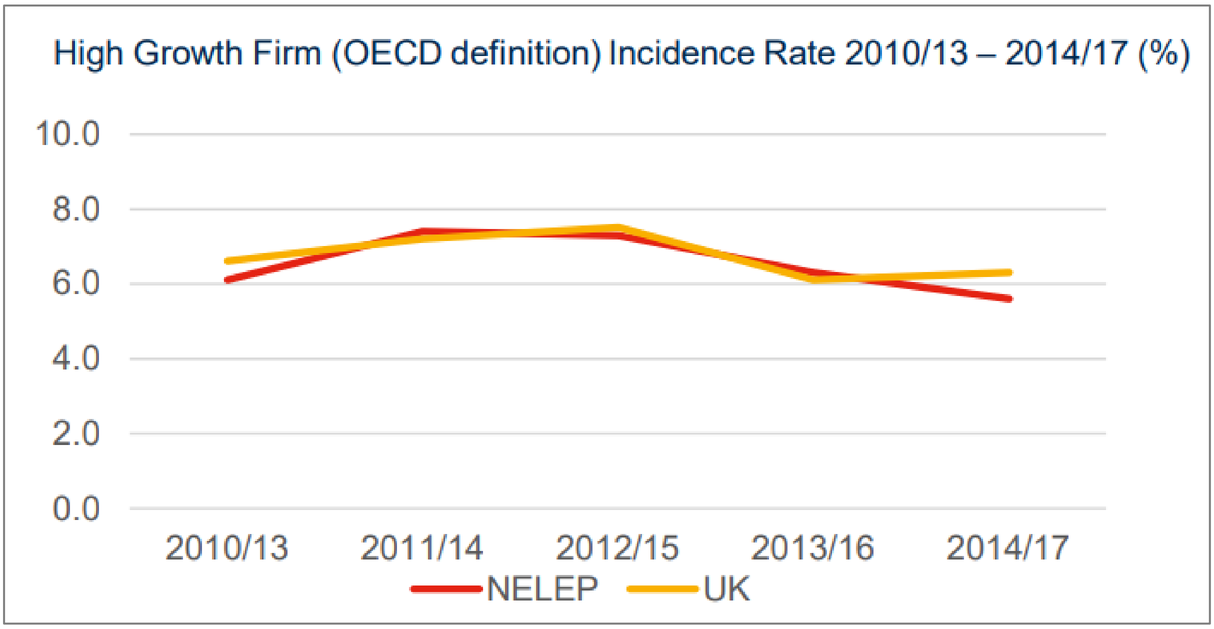



Figure 11: High growth firm incidence rate 2010/13 – 2014/17 (%) (Source: Enterprise Research Centre, 2018)

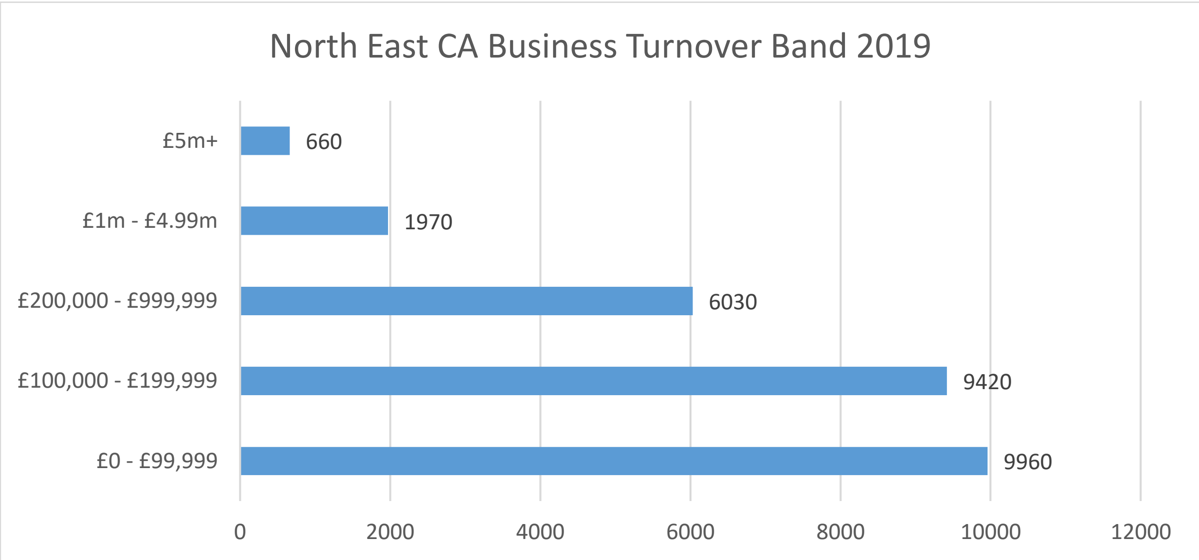



Figure 12: Businesses by Turnover Band 2019 (Source: ONS UK Business Counts 2019)

| | North East (number) | North East (%) |
|---|---|---|
| Micro (0 to 9) | 24420 | 87.1 |
| Small (10 to 49) | 2940 | 10.5 |
| Medium (50 to 249) | 550 | 2.0 |
| Large (250+) | 130 | 0.5 |
| **Total** | **28035** | **-** |

Table 8: Employment size band of businesses 2019 (Source: ONS)

Table 8 shows that the vast majority of NECA enterprises (87.1%) are small firms with 0 to 9 employees. Only 0.5% of enterprise firms in the NECA employ more than 250 people.

Figure 13 shows jobs by broad sector for the NECA and Great Britain. The NECA has a strong business base focused on 'manufacturing' (14.8% of total employment) and 'health' (13.4% of total employment). Other sectors the NECA scores higher than the national average include: 'retail' (10.1%), 'education' (9.4%), 'public administration and defence' (6.8%), 'construction' (5.9%), 'transport and storage' (5.4%), 'motor trades' (1.9%) and 'mining, quarrying and utilities' (1.9%).

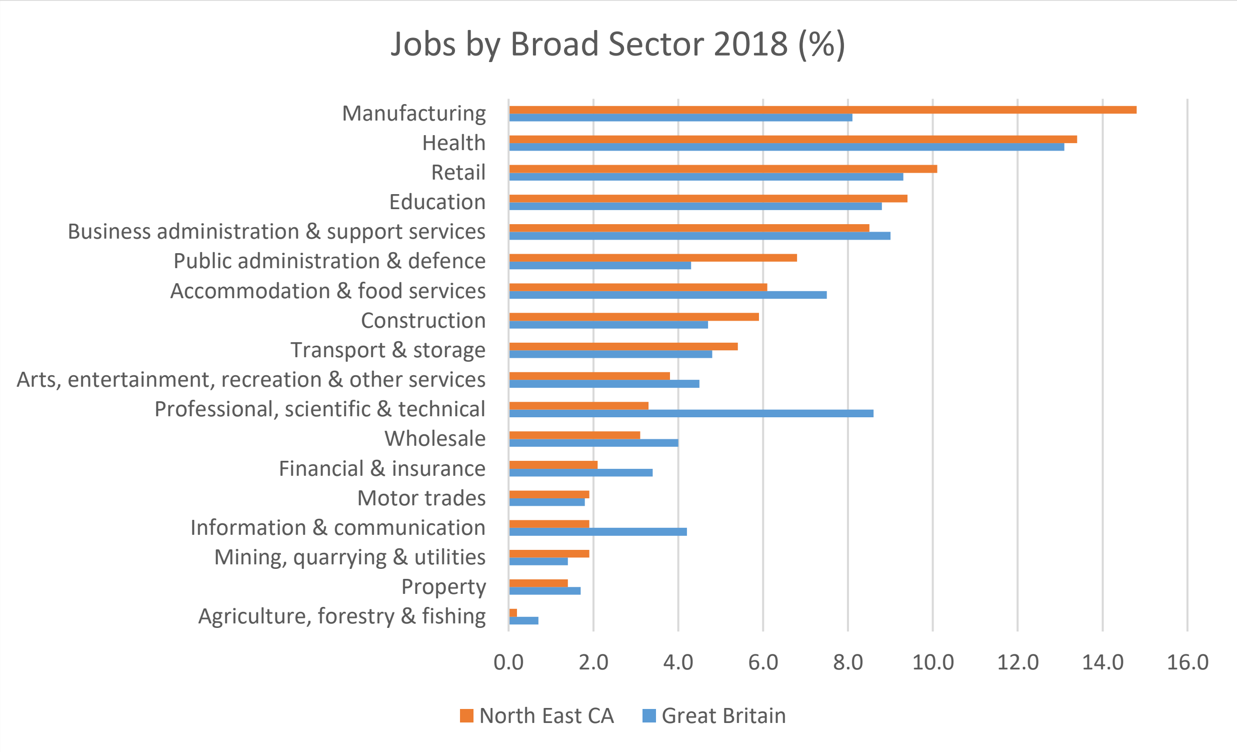


Figure 13: Jobs by broad sector (Source: BRES, 2018)

Global exporting statistics for the NELEP:

- 4,300 businesses in the North East region exported £12.9 billion of goods in 2017
- 6,000 businesses imported goods valued at £13.2 billion in 2017
- Businesses in the North East region exported £4.2 billion of services in 2016
- Foreign owned businesses play a key role in the North East economy, accounting for 5% of businesses in the North East region and 27% of Gross Value Added (GVA)
- Over a fifth of the 530,000 visits by overseas residents to the North East in 2017 were from Ireland and Germany with other key markets being Netherlands, Spain and the USA
- Whilst migration rates are low compared to the national picture, it has played a key role in maintaining population growth over the last decade
- A large proportion of the migrants who live here are students – with over 17,000 international students studying at our four universities
- Many of our global connections rely on the North East's seaports and airport – with both of these having gone through a period of recent growth. Newcastle Airport generates more than 20,000 jobs across the region, and 5.3 million passengers pass through it every year, to 80 destinations in 28 countries.

Source: [The North East Strategic Economic Plan 2019]

## 3. Infrastructure


Figure 14: North East Infrastructure Map (Source: North East LEP Strategic Economic Plan)

The strategic projects set out below are examples of projects which have informed the proposed North East investment project pipeline and have been considered alongside other strategic projects to attract future investment. Further details of the NECA's transport priorities can be found in the North East Combined Authority Transport Manifesto 2016.

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

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

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

**North East Convention Centre at Gateshead Quays:** enabling the region to better compete for large-scale national and international events and benefit from hotel developments, this will include a new purpose-built conference and exhibition centre.

**Durham Infrastructure Programme:** opening up Aykley Heads Northern Zone and North Road as a key gateway into the city.

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

**North East Technology Park (NETPark):** hosting two national catapult centres and a number of National Innovation Centres, NETPark provides science, technology and engineering companies with a wide choice of world-class laboratory, clean room, office and manufacturing facilities.

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

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

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

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

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

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

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

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

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

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

**Sunderland Station:** redevelopment of Sunderland Station to support regeneration, providing a welcoming gateway and vital transport hub for businesses, residents and the University of Sunderland.

**Continuing development of the Sunderland Strategic Transport Corridor (SSTC):** Strengthening access to Enterprise Zone sites via the A19 and to the Port of Sunderland.

**Newcastle Helix:** a 24 acre hybrid city quarter, built for international tech and science businesses, the local community and residents.

**Centre for Sustainable Advanced Manufacturing (CESAM):** partners will work to secure funding for a facility that will accelerate process innovation and enable a shift towards industrial digitisation for advanced manufacturers.

**Driving the Electrical Revolution:** a North East-led consortium is focused on securing funding to deliver the Driving the Electrical Revolution Programme that will position the North East as a global leader in the development of power electronics, machines and drives.

### Multiple locations:

**North East Enterprise Zones:** 21 strategically located sites near sector clusters to attract investment.

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

**Collaborative tourism marketing:** collaboration by partners across the region including Newcastle International Airport and the North East Tourism Alliance will deliver development and promotion of the cultural and tourism offer opening up the region to new visitors and extended stays.

**Tourism Sector Deal and Tourism Action Zone:** the Tourism Sector Deal is exploring opportunities to grow the UK tourism sector with the creation of tourism action zones to support investment and sector growth being proposed. The North East Tourism Alliance and North East LEP have expressed interest to government in becoming the first wave of these zones.

Figure 15: Investment Priorities (Source: North East LEP Strategic Economic Plan)

Figure 16 shows that housing stock in the NECA has been rising in recent years, although this has been at a slower pace that the average for England between 2013 and 2018. Between 2017 and 2018, the number of dwellings in the NECA rose by 0.5% compared to 0.9% for England.

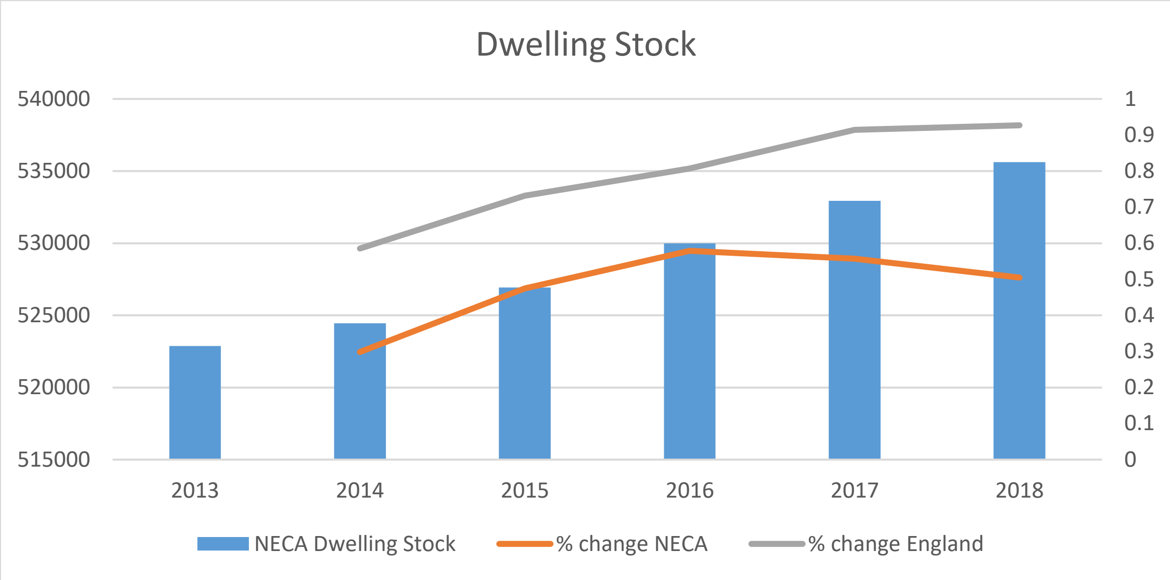



Figure 16: Dwelling Stock (Source: Ministry of Housing, Communities and Local Government, 2018)

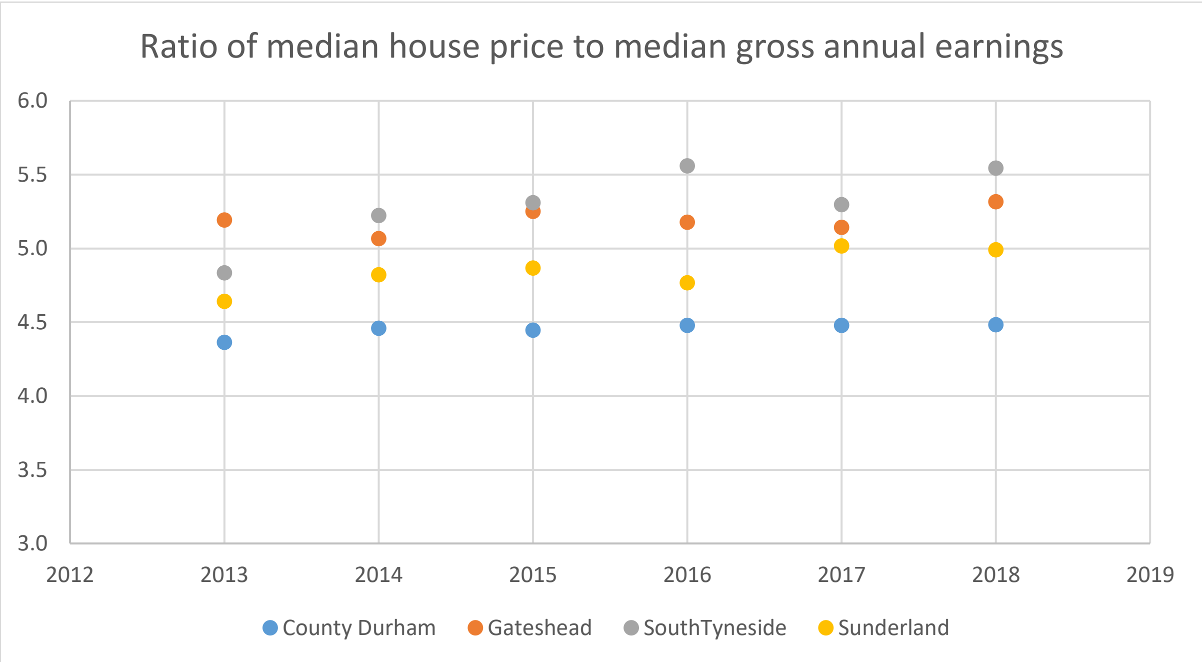



Figure 17: Ratio of median house price to median gross annual earnings

Superfast broadband connectivity in the NECA is lower than the average for the UK at 54.2% compared to 55.3% respectively (Figure 18).

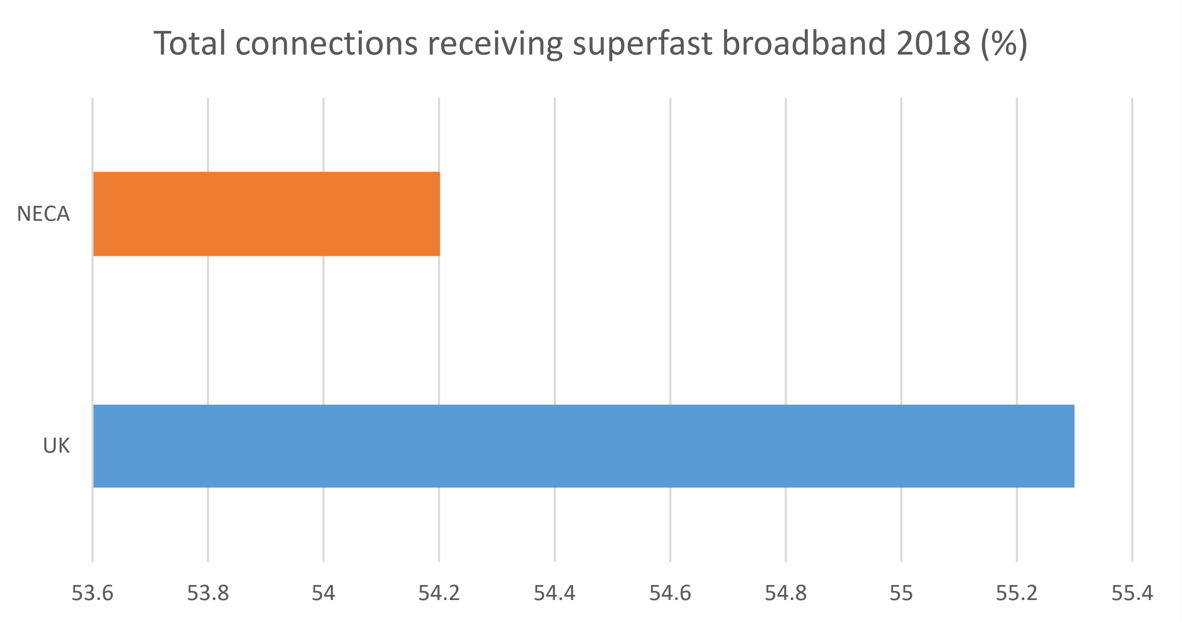



Figure 18: Total connections receiving superfast broadband (Source: OFCOM, Connected Nations 2018)

## 4. People

| | NECA | NECA (%) | Great Britain (%) |
|---|---|---|---|
| All people aged 16-64 | 723400 | 62.5 | 62.7 |
| Economically Active | 558100 | 75.4 | 78.9 |
| In Employment | 523600 | 70.7 | 75.7 |
| Employees | 458300 | 62.6 | 64.7 |
| Self Employed | 63400 | 8.0 | 10.8 |
| Unemployed | 34500 | 6.2 | 3.9 |

Table 9: Working age population, employment and unemployment 2019 (Source: ONS Annual Population Survey)

| | NECA (%) | Great Britain (%) |
|---|---|---|
| NVQ4+ | 30.1 | 39.3 |
| NVQ3+ | 50.5 | 57.8 |
| NVQ2+ | 74.1 | 74.9 |
| NVQ1+ | 85.3 | 85.4 |
| Other Qualifications | 5.6 | 6.8 |
| No Qualifications | 9.2 | 7.8 |

Table 10: Qualifications 2019 (Source: ONS Annual Population Survey)

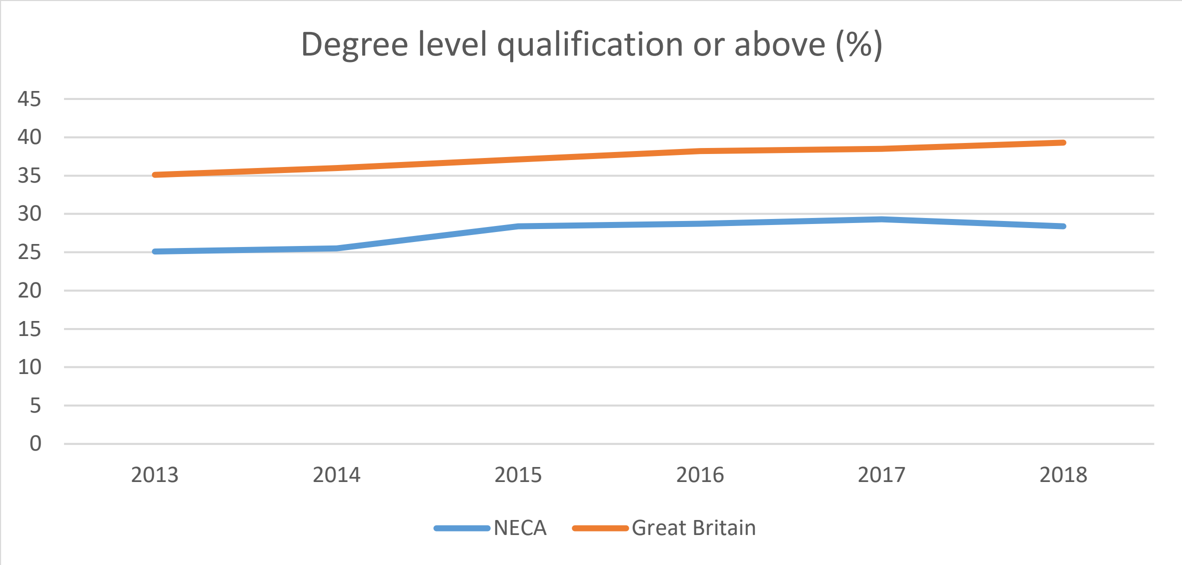


Figure 19: Population aged 16-64 with NVQ4+ qualifications (Source: ONS)

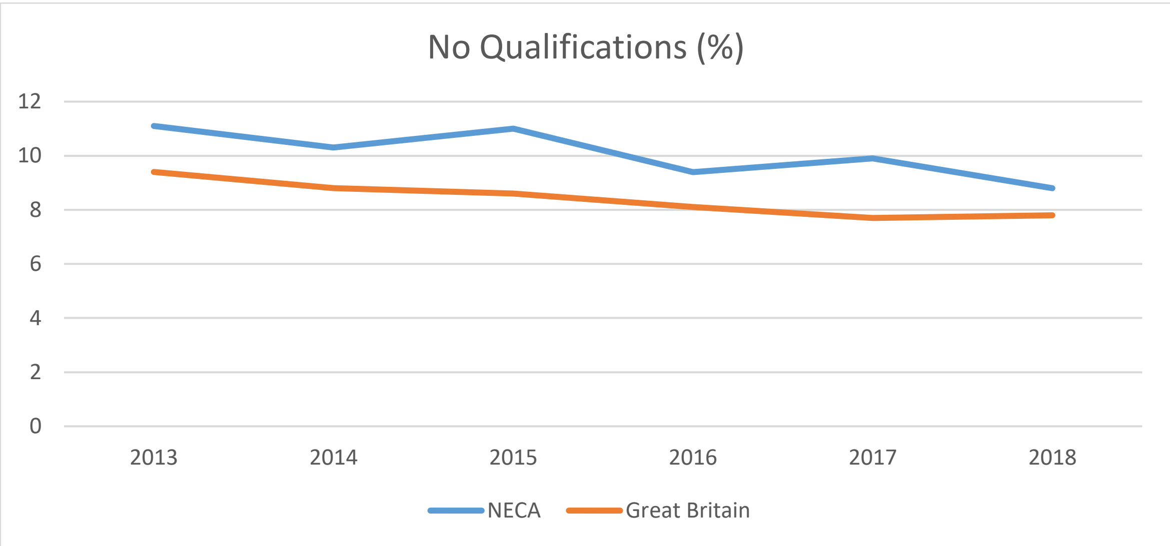


Figure 20: Population aged 16-64 with no qualifications (Source: ONS)

## 5. Place

In June 2019, a consortium of North East partners set out the region's intention to bid to become Tourism Zone. The North East has a number of cultural, heritage and natural environment assets, including two world heritage sites.

The NECA is an area with relatively high levels of deprivation. According to the 2019 Index of Multiple Deprivation (IMD) for England, 36.5% of the NECA falls within the 20% more deprived areas nationally. In contrast, only 9.0% of the NECA falls within the 20% least deprived areas (see Table 11). The distribution of deprivation in the NECA is shown in Figure 21.

| 2019 IMD | No. | % |
|---|---|---|
| 10% most deprived | 127 (out of 737 LSOAs) | 17.2% |
| 20% most deprived | 269 (out of 737 LSOAs) | 36.5% |
| 10% least deprived | 19 (out of 737 LSOAs) | 2.6% |
| 20% least deprived | 66 (out of 737 LSOAs) | 9.0% |

Table 11: 10% and 20% most and least deprived areas in the NECA (Source: IMD 2019)

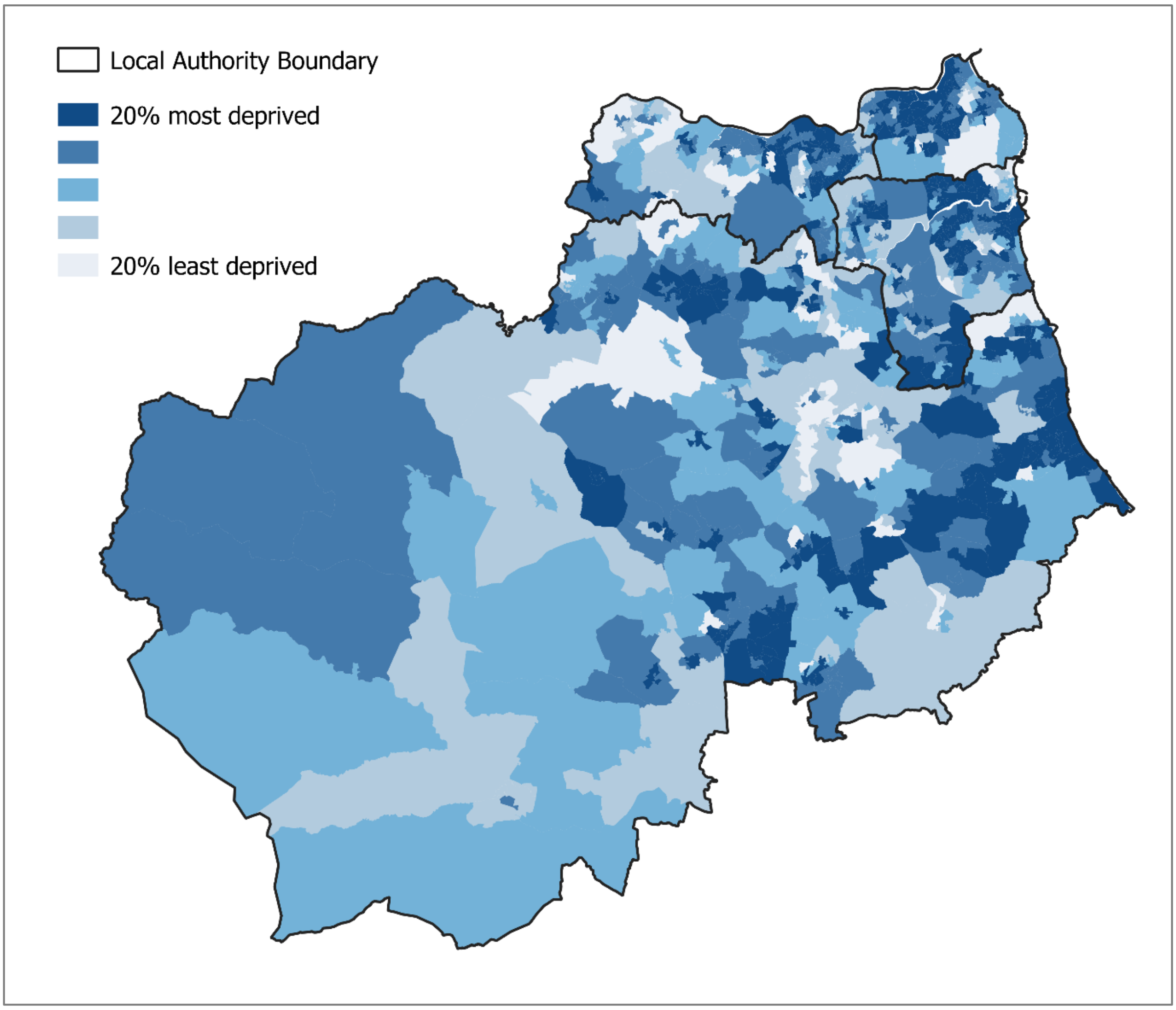



Figure 21: Deprivation in the NECA (Source: IMD 2019)

## 6. Environment

| | 2016 per capita emissions | 2017 per capita emissions | 2016-17 per capita emissions change (%) |
|---|---|---|---|
| England | 5.4 | 5.1 | -5.6% |
| **North East CA** | **4.8** | **4.7** | **-2.1%** |

Table 12: 2016-17 CO2 Emissions (Source: Department for Business, Energy & Industrial Strategy)

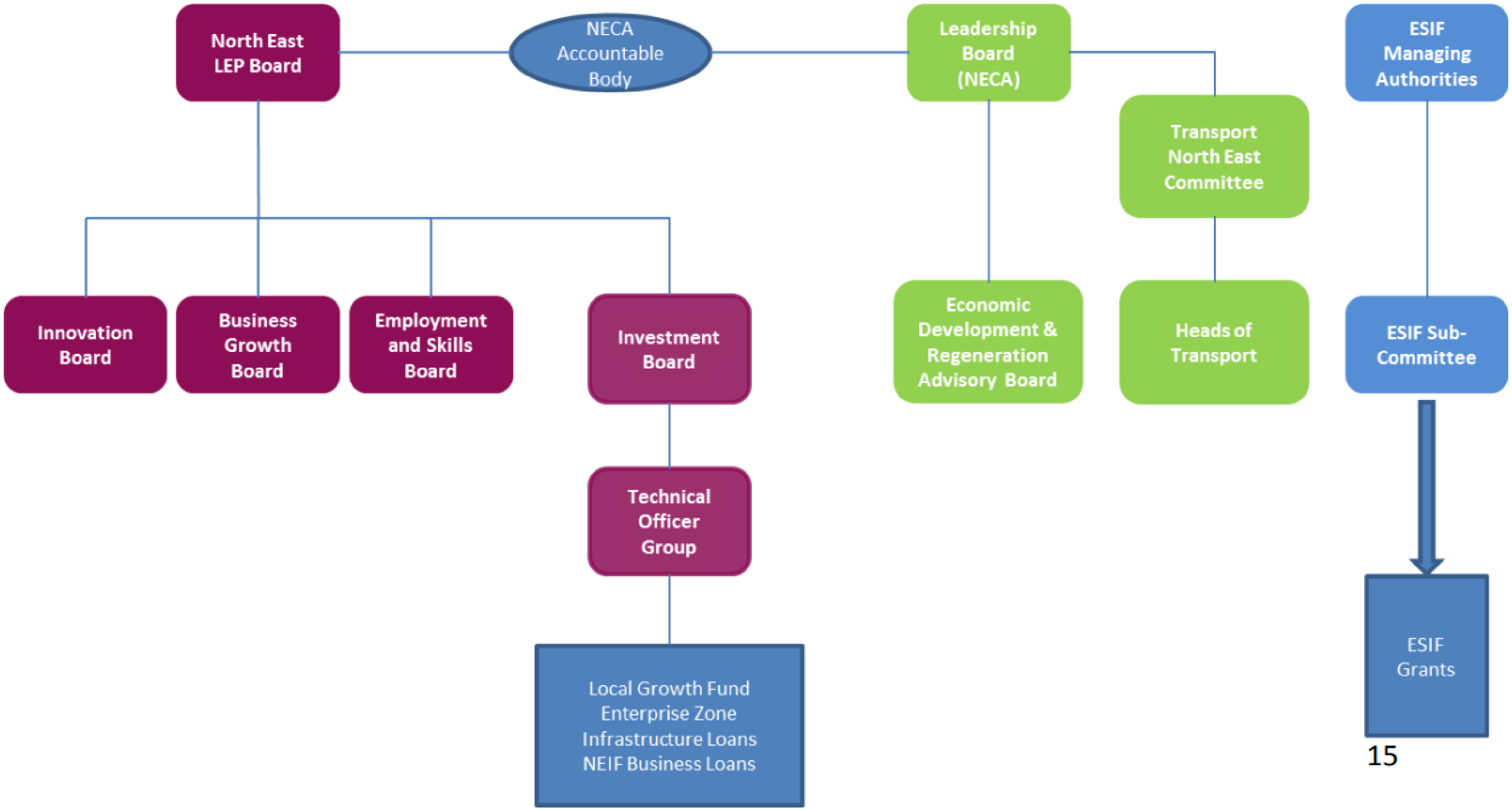
The North East Combined Authority (NECA) has formally declared a climate emergency.

The NECA is bidding for a share of £35 million worth of government funding after making the shortlist to become one of the UK's first Go Ultra Low Cities. The NELEP's priority strategic energy schemes can be found in Figure 22 below.

| | |
|---|---|
| ***Offshore energy and subsea technology*** | The North East's offshore energy and subsea technology cluster is nationally and globally important. The region stands to benefit from both new and existing global market opportunities in offshore wind and oil and gas. Supporting employment, competitiveness and productivity in this sector is a strategic energy opportunity for the North East. |
| ***Infrastructure intelligence*** | Energy infrastructure is critical in enabling economic growth, and supporting communities through the transition to clean growth. As new demands are placed on this infrastructure, a clear and coordinated sharing of intelligence between both end-users and network operators is essential. This will create an evidence base for informed decision making and mutual benefit. |
| ***Fuel poverty*** | Fuel poverty is a prominent energy concern for the North East, which is a critical region in achieving national objectives. Addressing fuel poverty has wider social, environmental and economic benefits for the region. The North East is also well-placed to explore and deliver new policy, investment, technology or partnership approaches to addressing fuel poverty. |
| ***Domestic Energy*** | Due to its notable domestic energy trends, and high proportion of energy use in the domestic sector, the North East is an important region in meeting national domestic energy goals. This is both in terms of delivering domestic energy improvements at scale, and in terms of exploring new domestic fuels, particularly for decarbonising heat. |
| ***Off-grid domestic energy*** | The North East has a likely concentration of communities both off the gas network and a significant distance from a network connection. This can lead to use of carbon intensive and expensive energy sources, and exacerbate fuel poverty. Exploring business models, technologies and policy approaches for off-grid domestic energy is an important regional energy theme. |
| ***Industrial, commercial and public estate*** | Industrial and commercial energy is an important factor underlying productivity and competitiveness for the region. The North East's considerable energy consumption in the public estate also presents an opportunity to explore collaborative deployment of interventions at scale, perhaps through new business models or with new technologies. |
| ***District energy*** | There is a nationally significant potential pipeline of district energy schemes within the North East. De-risking and commercialising these schemes could increase the likely scale and pace of delivery, and the realisation of wider social, environmental and economic benefits. This is a significant strategic opportunity for the region, and in the national decarbonisation of heat. |
| ***Mine energy and geothermal heat*** | The North East has significant potential for deployment of mine energy and deep geothermal heating schemes. The region can play a national role in commercialising this technology for decarbonisation of heat. Implementing such schemes could also deliver wider social and economic benefits, potentially in deprived, fuel poor and off grid communities. |
| ***Community energy*** | The North East has a relative lack of community energy projects, which could deliver substantial social, economic and environmental benefits. Sharing of best practice or exploration of how schemes could be aggregated, address skills gaps and access finance, could unlock further implementation. |
| ***Large-scale renewables*** | The North East is an important region for the continuing deployment of large scale renewable energy, for example onshore wind and solar PV. This is both in terms of single large scale developments, and large scale rollout of domestic micro generation. The region also has an important role in continuing innovation to reduce costs of such technologies. |
| ***Energy flexibility*** | The North East could leverage existing experience and expertise to maximise deployment of energy flexibility schemes. The region can also play a central role in the development of the UK energy flexibility industry. Collaborative exploration of business models, or aggregation of schemes for favourable terms, could help de-risk and deploy an emerging pipeline of schemes. |
| ***Low emission transport and advanced propulsion*** | The North East can combine its energy and automotive capabilities, and play a national role in developing technologies at the intersection of advanced propulsion and energy systems. Deployment of low emission transport infrastructure is vital to serve regional communities, and transitioning commercial fleets presents opportunities for collaborative strategy. |
| ***Demonstration and innovation*** | The North East's energy demonstration and innovation assets play a crucial national role in accelerating the transition to clean growth, generating exportable intellectual property, and creating new growth and investment opportunities in the region. Fully mapping and coordinating capabilities could help maximise these opportunities. |

Figure 22: Strategic Energy Schemes (Source: North East LEP Energy for Growth)

**Appendix A – Governance/Decision-making Structure of the North East CA/LEP**



## Appendix B – North East Powers and Funding

Government will offer NECA advice and support to put forward a proposal for a science and innovation audit, allowing the CA to work with its universities and businesses to map the strengths of the area.

Responsibility for a devolved approach to business support, including further responsibility for the UKTI export advice services, to be developed in partnership with Government.

Joint responsibility with Government for the rollout of broadband across the north east.

Commitment from Government to support the North East Rural Growth Network and approved LEADER programme, as well as to work towards devolution of rural growth programmes to the North East. Government has also committed to exploring options to give Northumberland National Park Authority greater commercial freedoms.

Mayoral powers to place a supplement on business rates to fund infrastructure, with the agreement of local business community through the LEP, up to a cap.

Power to create the North East Investment Fund; a fully devolved funding programme, covering all budgets for devolved functions. This will be used to deliver a 15 year programme of transformational long-term investment.

Control of £30million a year funding allocation over 30 years, to be included in the North East Investment Fund and invested to boost growth, subject to 5-yearly gateway assessments.

NECA awarded Intermediate Body status, with delegated selection powers for the European Regional Development Fund and the European Social Fund.

NECA and the NHS to jointly establish a Commission for Health and Social Care Integration. This will establish the scope and basis for integration and greater collaboration, reporting by Summer 2016.

Establishment of a North East Land Board to review publicly held land and property and suitable brownfield land, to identify opportunities for housing or economic development.

Creation of a North East Planning Development Framework, led by the Mayor, to assist constituent authorities deliver housing growth.

Devolved statutory planning powers, including Compulsory Purchase Order powers and those available to the HCA. This is alongside commitment to further review which regulatory and planning powers should be devolved.

Joint responsibility with Government for an Employment and Skills Board that has the power to review and redesign post-16 education, skills and employment support. The Board will also facilitate the full devolution of the 19+ adult skills budget by 2018, subject to readiness, and the co-design with Government of employment support for harder to help claimants.

Responsibility for a devolved and consolidated transport budget, with a multi-year settlement. Includes all relevant local highways and sustainable travel funding.

Responsibility for a devolved and consolidated transport budget, with a multi-year settlement. Includes all relevant local highways and sustainable travel funding.

Responsibility for franchised bus services, and, through Rail North, franchised rail services, contributing to the delivery of smart and integrated ticketing across the North East.

Source: LGA Devolution Register, 2020