



## **Annual North East Economic Forum Update**

### **Notes on 2007 Priorities**

#### **1) RES Backing**

Government formally endorsed the Regional Economic Strategy in October 2006. As part of this endorsement, the Minister of State for Industry and the Regions observed:

The recent economic performance of the North East has been impressive, and clearly gives you a strong platform to build on. The Strategy targets an even higher level of sustained growth over the years ahead. I welcome the level of ambition that underpins this approach and the recognition that strong leadership is essential for delivering it. Partners across the North East, in the City Regions and rural areas, will need to question old ways of working, and rise to the challenge to work closely towards joint outcomes.

Subsequent to this formal endorsement, considerable work has been undertaken to take forward the RES within the region and with wider partners, including with Government. An Action Plan has been produced which has identified those specific measures that will be implemented by One NorthEast and partners to achieve the Regional Economic Strategy.

The publication in 2007 by the Government of the Review of Sub-National Economic Development and Regeneration (SNR) provides an important new direction for regional development and partnership working, and the region is actively engaged in shaping the implementation of the outcomes of this Review.

Ongoing work will be required to ensure that the region's specific priorities are understood by Government and that national policy takes account of the particular development trajectories of North East England.

#### **2) Public Spending**

The outcome of the Government's Spending Review was announced in October 2007. This Review identified the priorities for Government Expenditure over the forthcoming period, against a background of overall tightening of public spending.

Significant expenditure will continue in areas where the region faces particular challenges, such as education and health. However, there is little doubt that the overall tightening of expenditure will present the region with challenges, and an increased need for prioritisation and efficiencies.

The overall improvement in the region's economy presents a number of opportunities, not least the development of innovative partnership approaches to investment, including with the Private Sector. The region must pursue these opportunities over future years, and continue to make its voice heard in relation to certain areas, such as transport and housing, where the challenges facing the region may be different from those facing other areas of the country.

### **3) Government Research Centres**

The region has secured a number of major Government initiatives to support research and development. These have been particularly linked to regional economic priorities, in areas such as photo-voltaic technology, ageing, and public health. The region has also attracted new private sector research and development, including in offshore wind technology and biomass.

It is clear that Government is unlikely to develop many major new standalone research and development centres. Rather, it will seek to allocate major expenditure to existing centres. In this respect, the establishment by the region of a new network of technology centres has created strong potential to secure competitive funding. For example, the Centre for Process Innovation (CPI) has attracted a number of national programmes in the area of nanotechnology.

One major new centre that is currently being established by Government with private sector partners is the Energy Technology Institute. The failure of the region to secure the hub of this Institute, despite making the final shortlist of 3 and presenting an internationally acclaimed case, demonstrates that the region has much work still to do to communicate our new strengths in science and technology. Attention over the forthcoming period will now turn to securing major research programmes arising from the Institute.

The further development of infrastructure for science, technology, wider innovation and creativity, as the essential foundation of the region's international competitiveness, will continue to be a high priority for One NorthEast and partners. Particular areas of investment in the forthcoming period will be in bioprocessing, marine subsea technology and distributed energy production and consumption.

#### **4) Talent Attraction**

The region's universities are successfully attracting internationally leading academics and students from across the world.

Detailed plans have been developed by the universities and key partnerships, such as Newcastle Science City, to attract leading researchers to areas of regional priority, such as Stem Cells. Individuals with the expertise and experience to bring together universities and businesses in particular areas, such as the development of pharmaceutical therapies, have also been recruited. The universities have worked closely with other partners to attract such academics to the region, and assist them to successfully locate in North East England. Considerable success has been experienced, with international figures being attracted by the quality of life and the attractions of the regional environment, as well as specific career positions and world leading research facilities.

Similarly, the region's universities are being very successful in attracting international students to both undergraduate and post-graduate programmes. These students are making significant contributions to both the economies and the cultural diversity of the region and sub regions, particularly the major urban areas. Increasing numbers of these students, as well as students from the UK, are choosing to stay in the region after the completion of their studies, contributing in major ways to regional enterprise and overall development.

The region will continue to develop activities to attract expert people in key priorities and to attract and retain students. There are opportunities to expand these activities, and there is also the need to withstand challenges to current success that may develop, particularly to the attraction of students. New programmes are being developed with contributions from the universities, the public sector and employers. Activities will include the development of better linkage between the universities, colleges and work places; raising awareness among employers as to the need to attract and retain talent; and evolving the highly successful Regional Image Strategy to address specific business and career building opportunities.

#### **5) Worklessness**

The potential for greater flexibility in the allocation of welfare benefits to align with wider regional and local objectives has developed over recent months. The new Employment and Support Allowance is planned to replace the current Incapacity Benefits and Jobseeker Allowance. These changes establish a new focus on work, a requirement to undertake Skills

Health Checks, and to work with the new adult advancement and careers service.

A Government White Paper – Opportunity, Employment and Progression, recently released, outlines plans to target support to those that need it most and to deliver a seamless approach to employment and skills.

The Department for Work and Pensions (DWP) has allocated Disadvantaged Area Funding (DAF) to the Tyne and Wear and Tees Valley City Regions. This allocation has allowed for a far greater local influence over how funds are targeted and delivered, responding to local needs. The introduction of the Working Neighbourhood Fund from April 08 will continue to provide for such a local delivery approach to services. The focus on engaging and assisting workless individuals from benefits and into work will be greatly assisted by this shift.

Regional partners are working effectively with the DWP's Work Welfare and Equality Group to explore how new national procurement arrangements can support the regional alignment of funding and targets in the North East.

Employers are recognised as a critical part of this work and with the formation of Employer Skills Boards at sub regional level, and the active involvement of the North East Employer Coalition, the region is working hard to ensure a clear employer focus is achieved.

## **6) Skills and qualifications**

The need for additional skills in relation to a wide range of activities, particularly those technical and engineering sectors which are growing through innovation based investment, is a major and growing challenge for the region. It is imperative that new skills, with suitable qualifications and related training and education provision, are developed for the region.

It is recognised in the region that flexible and responsive approaches to training and qualifications are required to meet specific emerging local needs. New approaches for employers to identify and communicate specific training and recruitment needs are being developed. It is clear that innovation will be required in training and qualifications to meet employer and individual needs. New partnerships are emerging to develop this innovation, and the implementation of the outcomes of this activity will be central to the forthcoming period.

Vocational qualifications in the UK is proceeding through significant transition as a result of the UK Vocational Qualification Reform Programme (UKVQRP). Through this programme of reform, the Sector Skills Councils (SSCs) have been tasked with updating and improving all vocational

qualifications to be more appropriate to the needs of employers. In future, it is intended that only those vocational qualifications that are required by employers, and therefore endorsed by SSCs, will be available and fundable through the public purse.

## **7) Transport Infrastructure**

Transport within the region and with other parts of the UK and further afield is a high priority for action. There have been a number of major developments in the region in the recent period, including new airport routes, port expansion and the commencement of the second Tyne Tunnel. However, it is clear that considerable further development is required if the economic potential of the region is to be achieved in full.

The region does face particular challenges in making the case for substantially increased investment in transport because of the perception that other parts of the UK face greater needs. The region must be clear therefore as to its specific priorities and be willing to pursue innovative solutions developed from within the region, as well as to make effective arguments at the national level.

The Review of Sub-National Economic Development and Regeneration outlines potential mechanisms for greater devolution and the regional influencing of transport planning and expenditure. There is also more opportunity for local partners to join together to develop transport solutions across administrative boundaries. One NorthEast is currently undertaking a full review of the strengths and weaknesses of the region's transport infrastructure and how this relates to our economic performance. Perhaps of greatest need in the immediate period ahead is for the region to acquire greater capacity in relation to transport analysis, planning and project development, to identify needs and shape innovative solutions.

## **8) Localism in Public Spending**

A step change in the development and management of public funding at the regional, sub-regional and local levels was signalled in the Review of Sub-National Economic Development and Regeneration published in 2007. This review outlines a wide ranging set of reforms

“to improve the effectiveness and efficiency of sub-national structures in England, to strengthen economic growth and deliver neighbourhood renewal”.

An Integrated Regional Strategy will be developed for each region, led by the Regional development Agency. This Strategy will bring together economic, social and environmental objectives and concerns. It will provide a framework for aligning a wide range of public policies to meet regional, sub regional and local needs.

Delivery of economic development activity will be delegated to the most appropriate level, which in many cases will be the sub-region or locality. Democratic accountability will be enhanced through a greater oversight role for elected local authority representatives and the establishment of a Regional Minister. Planning will be more effectively integrated into regional development.

The specific manner in which many of these objectives will be achieved is currently the focus of considerable development with Government, and some areas will require legislative change. A key challenge will be to ensure that effective arrangements are achieved which enable greater decentralisation and targeting, without unnecessary bureaucratic burden.

## **9) EU Programmes**

The new Programme of European Structural Funds for the period 2007/2013 has been agreed with the UK Government and the European Union. It is closely aligned with the Regional Economic Strategy and is particularly focussed on the region's priorities of Innovation and Enterprise. Aiding this integration is the transfer of management responsibilities for the Programme to One NorthEast. The Programme will be formally launched in mid-February 2008.

The region has made progress in its ability to access other EU funding and programmes, including the Framework Programmes that support technology development. However, it is clear that there is scope for further improvement and this will be a target of the forthcoming period.

## **10) Regional Image**

The Regional Image Campaign, based on the Passionate People Passionate Places concept, has been very successful both externally and also within the region, in altering perceptions and improving confidence. It has won a number of Awards and has led to changed views of the North East from potential visitors, investors and those considering moving to the region.

A new phase of the campaign is now being developed, building on this success. Between 2008/11, the campaign will focus on promoting the North East as an excellent place to do business, build a career and invest. Underpinning the RES objectives a programme of high impact marketing

will promote the key sectoral business strengths and priorities of the Region. Activities will raise awareness, change attitudes and directly support the Agency's work in talent attraction and investment.