

---

# Our North East

**Our vision for the future of the  
North East of England**

---

**2015**

**North Eastern Group of Labour MPs**



## OUR NORTH EAST REGION

The North East Region has suffered unfairly under the current Government and we know we need to act to correct that; to win a fair deal for our people and build the kind of regional economy we need. We are ambitious for our region but very aware of the scale of the challenge we face. Momentum has been lost since 2010, which saw the end of an era in which North East industry diversified, strategic land was identified and purchased, infrastructure improved considerably and an identity reflected through the Passionate Places, Passionate People campaign. We have developed our priorities on that basis.

### **They are:**

- Secure fair funding based on the needs of our people
- A living wage for people throughout the Region
- Development of sector based industrial strategies to help industry clusters work better together and build local supply chains
- The creation of a National Investment Bank
- Significant investment in the road network and regulation of bus services to alleviate congestion and improve access to employment
- Improvement to our rail system with modern trains to better serve our industries and people
- Development of our regional ports and airports to encourage better international connectivity and boost investment
- A regional tourism strategy to bring back more visitors
- Our employers, colleges and universities working closer together to develop the skills we need
- A careers and guidance service that informs our young people of the vast choices available to them as they plan their future
- Greater devolution of decision making and funding to Combined Local Authorities working with Local Enterprise Partnerships and a Regional Minister
- A secure future within the European Union

## 1. Background

We are fiercely proud of our region. The North East offers a great quality of life with vibrant towns and cities and stunning unspoilt coastline and countryside. A third of our region is designated as an Area of Outstanding Natural Beauty or National Park. We have a rich history with two world heritage sites at Hadrian's Wall and Durham Cathedral as well as a wealth of castles and other attractions. There are stunning beaches, forests, lakes and hills.

1.1. The North East is home to some world beating industries and is the only region in the UK outside London with an export surplus now running at £2.5bn pa.

- One in three cars made in the UK comes out of Nissan in Sunderland, making the North East the country's number one car producing region.
- The Tees Valley is home to the UK's largest integrated chemicals complex and second largest in the EU. Over 1,400 companies operate in the sector exporting £12bn of goods a year.
- More than 65,000 people work in the oil and gas sector and more than 70% of the oil and gas platforms operating in the North Sea were built in the North East.

1.2. The rate of growth in the North East went from being the lowest of the regions during the 1990s, to the second highest during the last decade. Between 2003 and 2008 the North East's private sector employment grew by 9.2%, stronger than the public sector at 4.1%. Furthermore a knowledge based economy was developed under Labour - with the number of graduates living in the North East up nearly 50% during the 2000's. Centres of Excellence have brought together public and private sectors at amongst other places, Netpark in Sedgefield, the Offshore Renewable Energy Catapult at Blyth and Sunderland Software City.

1.3. The North East of England has established a reputation for innovation in key industries including low carbon technology, renewable energy, healthcare and life sciences, digital and process industries.

## 2. Our challenge

2.1. North East unemployment at 9.1% is the highest in the UK (Dec 2014). The IFS says the public sector job losses already total 45,000. Oxford Economics projects total job losses at 68,000 while job creation of 46,000 over the next 10 years will still leave us with a 20,000 jobs deficit. Those in work earn a median of £480 per week, compared to a national average of £520 (2014). Private sector economic development is the largest strategic issue facing the North East of England.

2.2. The use of part time employment, zero hour contracts and forced self-employment, disguises the truth around the headline employment figures, which at present do not

distinguish between full time permanent employment, and low wage, transient and often temporary jobs which have formed too many of the new work opportunities. New low wage employment and financial insecurity are having a depressive impact on the average wages in the region, with the Office of National Statistics reporting a fall in average wages of 4.4% for male and 7% for female workers since 2010.

2.3. A vibrant North East economy has a vital role to play in the work to address the health needs of our people who suffer from some of the worst health inequalities in the country, exacerbated by the shift in resources from the North to the South of the country. Poor diet, smoking and excessive drinking have led to both physical and mental problems for many with the level of Healthy Life Expectancy over 10 years lower than in the healthiest areas in the South.

2.4. Good quality jobs and more of them have an important role to play in helping our people live more active, productive and healthier lives. Likewise, the correction to funding for preventative and other health care will serve to close the life expectancy gap. The Office for National Statistics reports that people in wealthy areas aged 65-69 years have levels of disability similar to the levels present in the 40-44 aged group in poorer areas. Those enjoying better health in the wealthier areas will be able to work longer than those in the most deprived areas where there are higher levels of unemployment and chronic illnesses – a hangover from years of heavy industry mean the pattern of social security spend is also different.

### **3. Fair funding**

3.1. Central to the future of the North East will be a fair funding system.

3.2. The Region has suffered a disproportionate level of cuts – and as a result seen its economy shrink by 10% in recent years. The scale is huge with £2.8bn (7% gross output) and NE councils have been forced to cope with cuts three times greater than those in the South East. Analysis by Oxford Economics for the North East Labour Group shows the knock on effect meant a further £1billion loss of private sector investment. In simple terms - the Chancellor of the Exchequer has taken over £1,000 from every man, woman and child in the region.

3.3. Only a fair redistribution based on need and potential will allow the North East to make up lost ground and build for the future. For local government, health and housing we will reform funding allocations to better reflect need. For capital infrastructure, like transport, business support, culture and lottery funds; there should be a fairer approach which recognises population share. In addition we will examine the impact of historic funding decisions.

3.4. The North East's 151,000 businesses are the providers of much of the region's employment and economic growth. Access to finance however is one of the biggest barriers that businesses - particularly small and medium-sized firms - face. Net lending to businesses has consistently fallen over this parliament, choking off the potential for new opportunities, new jobs and rising living standards for our Region.

3.5. Labour will tackle the lack of finance for business by setting up a proper British Investment Bank, building on the existing Business Bank but providing greater clarity and increased resources of up to £1 billion. To ensure that businesses across the North East can access support, Labour will also use the British Investment Bank to support a regional banking network, with centres in the North East, working to understand and build strong relationships with local firms and getting funding to North East enterprises.

## **4. Jobs, Skills and Wages**

4.1. Having watched the Regional Growth Fund fail to meet the aspirations we all share for the North East, it's clear we need to make up for this lost time. A regional dimension to sector based industrial strategies is needed so that clusters of industries are better able to work together to make the most of opportunities, build local supply chains and articulate their future skills needs. The comparative advantages we have in automotive engineering; offshore wind and renewables; process industries and chemicals; and video gaming should all be built on. Every ounce of benefit for the regional economy must be gained when great opportunities, such as Hitachi, are won.

4.2. It is absolutely vital for our future prosperity that the region uses the expertise of all its universities to strengthen our economic base and expand the number of knowledge intensive industries operating in the area. This means translating the best ideas from all five universities into thriving companies. Undoubtedly this would help to extend our advanced manufacturing and process sectors, but it could also contribute to new job opportunities across a wide range of employment types, including the cultural and creative industries that are so vital to our region.

4.3. We need to learn from the best in the world about how to support our graduates to become entrepreneurs and stay in the North East and set up companies locally. This would not only help us improve graduate retention, but would enable us to be at the leading edge of technology and knowledge transfer and industrial development.

4.4. It would also make it possible for us to tap into higher level skills to create higher value jobs and a more sustainable economy for future generations.

4.5. There are few large employers with the capacity to offer the same level of job security and training provided to previous generations. We want the North East to have the freedom

to prioritise funding for training and education that meets the needs of current and future employers. We have worrying shortages of skilled workers in the industries which we should be helping to grow.

4.6. Those young people who do not choose to go to university deserve the very best vocational training possible. Apprenticeships should be longer, of better quality, and with clearer outcomes. Particular focus needs to be placed on sectors identified as likely to face future shortages in skilled workers. There should be a re-calibrating of funding for courses so that young people – and women in particular - are not enticed onto courses with poor prospects and a much closer alignment between the future needs of industry and the courses offered by our Further Education Colleges.

4.7. The Government has turned its back on careers advice and guidance for young people. We want to see an effective careers service available to all young people in the North East.

4.8. The shake out and restructuring currently underway means that experienced workers also need training to make the most of new opportunities and maintain their income. Employers, Colleges and universities too must work more closely together to create opportunities for continued skills development among all adults.

4.9. The issues of skills and pay are closely linked. The result is a low pay economy.

4.10. We will campaign hard for the Living Wage in the North East.

## **5. Digital Connectivity**

5.1 Digital connectivity is also poor in rural areas and NECC report that it does not meet business standards in the cities. Investment by both public and private sectors is essential to tackle this. Rural broadband rollout needs speeding up as it will bring down SME costs and in the cities it is essential for the new technical clusters.

## **6. Transport**

6.1 A lack of investment in the North East's transport infrastructure is a key factor in holding back our economy. For every £1 spent per head in the North East £520 is spent on transport in London.

6.2 Many of our road routes linking the North East to other regions including the A1, A66 and A69 are mainly single carriageway, severely limiting the flow of traffic to and around the region. We need significant investment in the road network to alleviate some of the congestion issues and increase access to employment for our constituents.

6.3 Our rail infrastructure is archaic. Sir David Higgins, Chair of HS2 told the Transport Select Committee that South East commuters 'would probably riot' if their services were as poor as those in North East England. Antiquated 'pacer' trains serve many routes across the region. They are cold, noisy and slow and must be replaced with modern rolling stock as a matter of urgency.

6.4 Within the region, the dire state, or in some cases absence, of rail services on routes limits 'travel to work' areas disadvantaging employees and businesses seeking to grow. There are no services connecting many communities within large parts of the region. It is unacceptable that neither Network Rail nor Northern Rail had any investment proposals for the next 5 year period north of York.

6.5 There is a danger that the North East will continue to fall further behind the remainder of the country in terms of connectivity and capacity to attract investment. The current HS2 project is not likely to reach the borders of our region for 30 years.

6.6 Access to work is also hampered by poor bus travel. Key employment centres such as Teesport are inaccessible to many communities. We are dismayed at the failure of bus companies to meet the need in many, particularly but not exclusively, rural communities. We support Quality Bus Contracts which put more control back in the hands of Local Authorities who need to take a region wide perspective.

6.7 Our international airports and ports are the North East's gateway to world markets and already create thousands of jobs. Further development to help improve connectivity and maximise the opportunities they have to create well paid productive jobs are needed as well as early resolution of national policy issues on London capacity and APD flexibility.

## **7. Promoting the North East**

7.1. North East Labour MPs want to share their passion for the region as widely as possible. We believe the tourism strategy Passionate People, Passionate Places and the cultural development in Gateshead and Newcastle improved perceptions of the North East within our own communities and beyond. We will support a regional tourism strategy that picks up this baton.

7.2. We also support the development of creative industries that generate a buzz about the North East as a fun and innovative place to be.

7.3. Strong links with Cumbria and the other Northern cities should be promoted. We are part of a wider North of England and should seek to make the most of those connections for tourism, transport and employment.



## **8. Working together to deliver for the North East**

8.1 The North East Region is the only English Region to have held a ballot as to whether or not the Region wanted to create a new tier of Government in a Regional Assembly. The result was clear. It places even more responsibility on the shoulders of the region's existing public representatives to deliver for the people we are elected to serve. Currently the local authorities are working on establishing Combined Authorities.

8.2 Our region includes two conurbations, Tyne and Wear and the Tees Valley, and large rural areas. There is a need for working arrangements across the region to reflect this. Many of the big developments such as at Nissan, heavy industry on Teesside, the energy sector on the north banks of the Tyne, have been helped by substantial financial support from Central Government. National Government has to take English Regional Policy seriously. The Region needs a regional advocate within Government to ensure that our drive to broaden, strengthen and deepen the private sector economy of the North East of England is fully supported.

8.3 There should be a Regional Minister for the North East to oversee inter-agency working within the region and to represent the Region's significant interests within Government and a Regional Select Committee to scrutinise and support the work of the LEP's and other regional bodies.

8.4 People from the North East should be given more of a voice and say at the heart of Government. Locally elected representatives of Combined Authorities should be given a place at an English Regional Cabinet Sub-Committee, chaired by the Prime Minister, with consideration given to replacing the House of Lords with a Senate of the Regions.

8.5 The LEPs should be restructured and focussed on specific outcomes. Any restructuring involving public appointments should conform rigorously to the Nolan Principles and be merit based. The views of those organisations representing the business community collectively and the views of the regional TUC should be taken fully into account.

## **9. European Union**

9.1. The UK's continued membership of the European Union is vital to the North East region which:

- Benefits significantly from European funding.
- Is a gateway to the European market and
- Has attracted, amongst others, crucial inward investment such as Nissan in Sunderland and Hitachi in Newton Aycliffe providing major employment opportunities not only at those plants but throughout their respective supply chains.

9.2. We will campaign to keep the United Kingdom in a reformed EU and drive more investment in our Region as a result.

## **10. Conclusion**

We have seen how investment and the right decisions can drive change in the North East. We've also seen what happens when resources and the power to make real choices are stripped away. Our ambition for the next five years will be to set the North East on a new path.

## **The North East's Labour MPs:**

Dave Anderson  
Roberta Blackman-Woods  
Tom Blenkinsop  
Nick Brown  
Alan Campbell  
Ronald Campbell  
Jenny Chapman  
Alex Cunningham  
Julie Elliott  
Pat Glass  
Mary Glendon  
Helen Goodman  
Stephen Hepburn  
Sharon Hodgson  
Kevan Jones  
Ian Lavery  
Emma Lewell-Buck  
Andy McDonald  
Catherine McKinnell  
Ian Mearns  
Grahame Morris  
Chi Onwurah  
Bridget Phillipson  
Phil Wilson  
Iain Wright

