

## North East

Reviving Regions:  
Empowering places to revive and thrive

- North East growth priorities
- Regional scorecard identifying strengths
- 7 sub-regional scorecards



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# Introduction

The UK has a productivity challenge. Productivity growth has stagnated since the financial crisis, with the knock-on impact of low wage growth and growing inequalities, which the CBI explored in **Reviving regions**, and have now expanded upon by publishing regional-specific scorecards and growth priorities.

Disparities between economic performance are large both across and within English regions. London remains the most productive part of the country in absolute terms, and many marginalised places are in the North of England. But the picture is not as clear cut as north vs. south, with most regions having areas that are doing well, and some that are underperforming.

The CBI has set out a series of recommendations to close productivity gaps and level up the country. The recommendations are underpinned by the idea that interventions must reflect local needs, and regions should be further empowered if we are to level up the country. This becomes increasingly important given the impacts of the pandemic could affect regions differently.

## The report recommendations included:

- **Building vibrant local labour markets:** including increasing local capacity to deliver back to work programmes alongside a long-term focus on the devolution of adult skills to meet our growing skills gap.
- **Transforming local physical and digital infrastructure to facilitate new ways of working:** including a focus on the future of towns and cities, and a reform of regional funding to ensure a strategic approach to future investments.
- **Inspiring world-class, innovative businesses to invest in the regions:** including short term interventions to help businesses grow, locally designed and delivered business support with a focus on access to exporting opportunities, and interventions to close the gap in regional R&D funding.

The CBI has now developed a series of scorecards to support policymakers and business to understand the unique strengths of regions, and areas of focus for interventions. These provide a snapshot of the economic and social health of the nine regions of England, alongside a more detailed picture for sub-regions.

Based on this data, the recommendations set out above, as well as insights from local businesses the CBI has also developed growth priorities for each region, setting out what we hope to achieve working collaboratively with local and national stakeholders.

[Click here  
to download  
the report](#)



# North East growth priorities

## Context

The North East ranks seventh out of nine regions for productivity (GVA per hour). There are several opportunities the region can capitalise on to drive productivity growth, including its high exporting intensity and strong digital connectivity both of which rank second across the nine regions. However, efforts must be made to address the challenges, including low employment rates, qualification rates, and lowest spend on R&D per capita across the nine regions.

## Competitive strengths



Advanced  
manufacturing



Life  
sciences



Offshore  
renewables



Health and  
social care



Chemicals and  
process

## Regional assets

- Offshore Renewable Energy Catapult
- Materials Processing Institute
- Centre for Process Innovation
- National Innovation Centres for Data, Ageing and Rural Enterprise

## The CBI has developed the following growth priorities

- **Build vibrant local labour markets**, with Local Enterprise Partnerships (LEPs) and Combined Authorities (CAs) delivering skills mapping in partnership with business to identify existing and future skills gaps, focusing on the region's competitive strengths. This can build on the best practice exhibited by the North East LEP Skills Advisory Panel, which has most recently facilitated a virtual delegation in Germany to understand their regional skills strategy.
- **Transform local infrastructure** by improving the capacity of physical infrastructure. The three CAs and two LEPs should deliver an integrated public transport offer with the objective of reducing reliance on private vehicles and improving access to employment opportunities across the North East. This should include innovative, local approaches, building on examples such as the Tees Valley Tees Flex programme.
- **Inspire world-class innovative businesses to invest** by improving access to targeted business support, delivered by trusted bodies such as the LEP and Growth Hub, and Local and Combined Authorities. Focus should be on decarbonisation, placing more emphasis on businesses as a customer of this service, and tailoring to business size and sector.

## Next steps

The CBI, working alongside local and national leaders, is focused on the implementation of these priorities. To become involved, please contact [Hannah Richmond](#).

# About the scorecards

The scorecards below provide a snapshot of the economic health of regions. Each scorecard includes 20 indicators, focussed on a region's productivity and some of the factors that can influence it. The scorecards are designed to help businesses, central and local government identify priority areas for intervention to improve local economic outcomes.

## Regions and sub-regions

Because there are differences within regions, as well as between them, we have developed two different types of scorecards – one for each of the nine large English regions (known as ITL1 regions), and one for each of 133 sub-regions (known as ITL3 regions).

This pack contains a scorecard for the North East ITL1 region, followed by scorecards showing values for each of the seven ITL3 sub-regions within it.

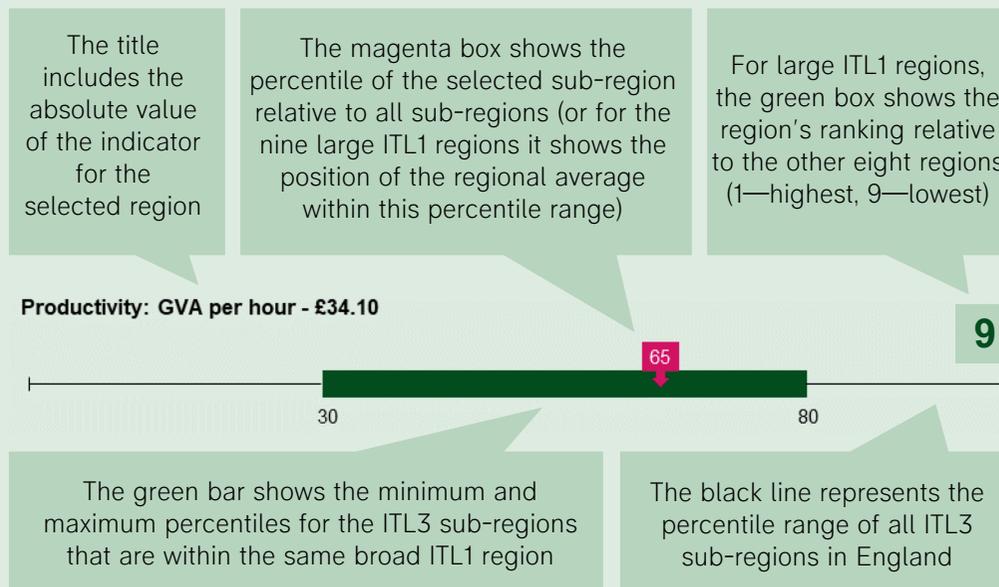
## How to read the charts

All data in the charts are expressed as percentiles, which show how the value of an indicator for the selected area compares with the values of all English sub-regions. Taking productivity as an example, if a sub-region's productivity is at the 65th percentile, this means it is more productive than 65% of sub-regions.

The charts in the first scorecard show the range of outcomes within the North East ITL1 region (the dark green bar), plotting the position of the average for the region within this range (the magenta box).

Rankings are also provided showing how the averages for the North East ITL1 region compare with the averages of other large English regions.

The ITL1 scorecard is followed by scorecards showing values for each ITL3 sub-region within it, with the figure in the magenta box representing the percentile for the selected sub-region.

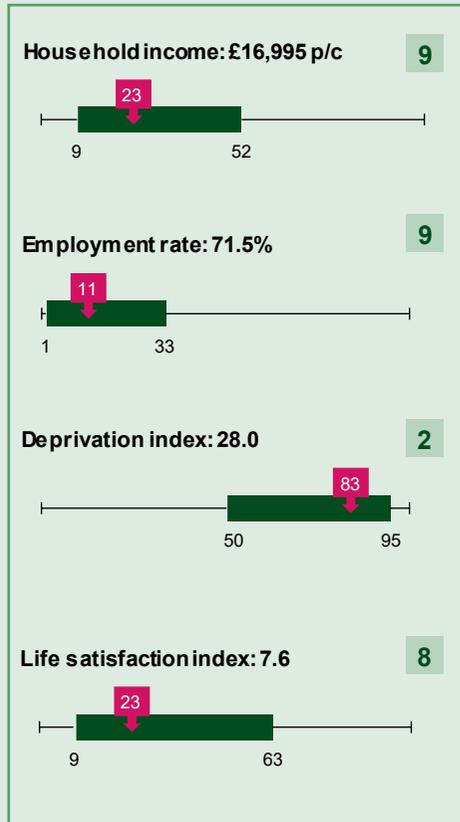


## Is productivity converging or diverging?

To capture how productivity has changed over the decade to 2018 (latest available data), the scorecards assign each region to one of four groups:

-  Above average productivity and above average productivity growth. Regions have pulled further ahead, increasing their advantage.
-  Above average productivity but below average productivity growth. Regions are still doing well but have lost ground relative to the average.
-  Below average productivity but above average productivity growth. Regions have narrowed the gap to the average, but some still lag behind.
-  Below average productivity and below average productivity growth. Regions are falling further behind the average.

### Economic & social outcomes<sup>1,2</sup>



#### Scorecard key

- x** Rank out of 9 regions, 1=highest value
- ↓** Percentile of average for ITL1 region<sup>3</sup>
- ▬** Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- ▬** Range of English ITL3 sub-regions<sup>3</sup>

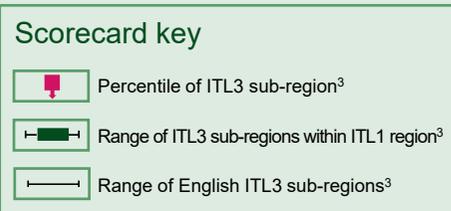
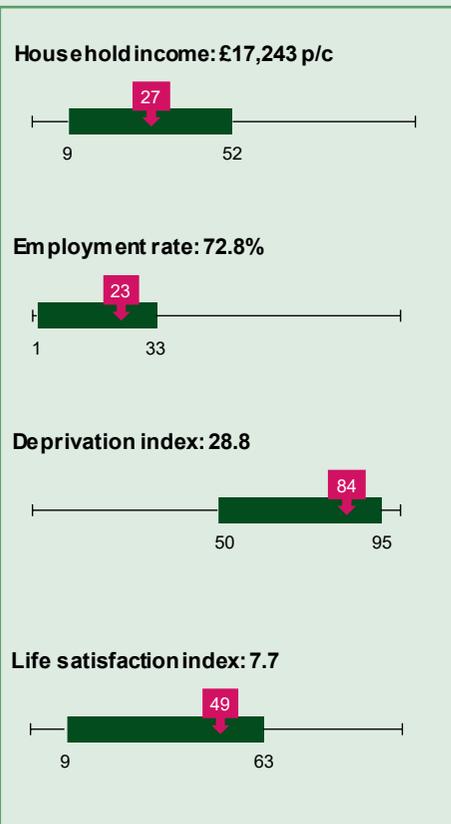
### Productivity drivers & barriers<sup>1,2</sup>



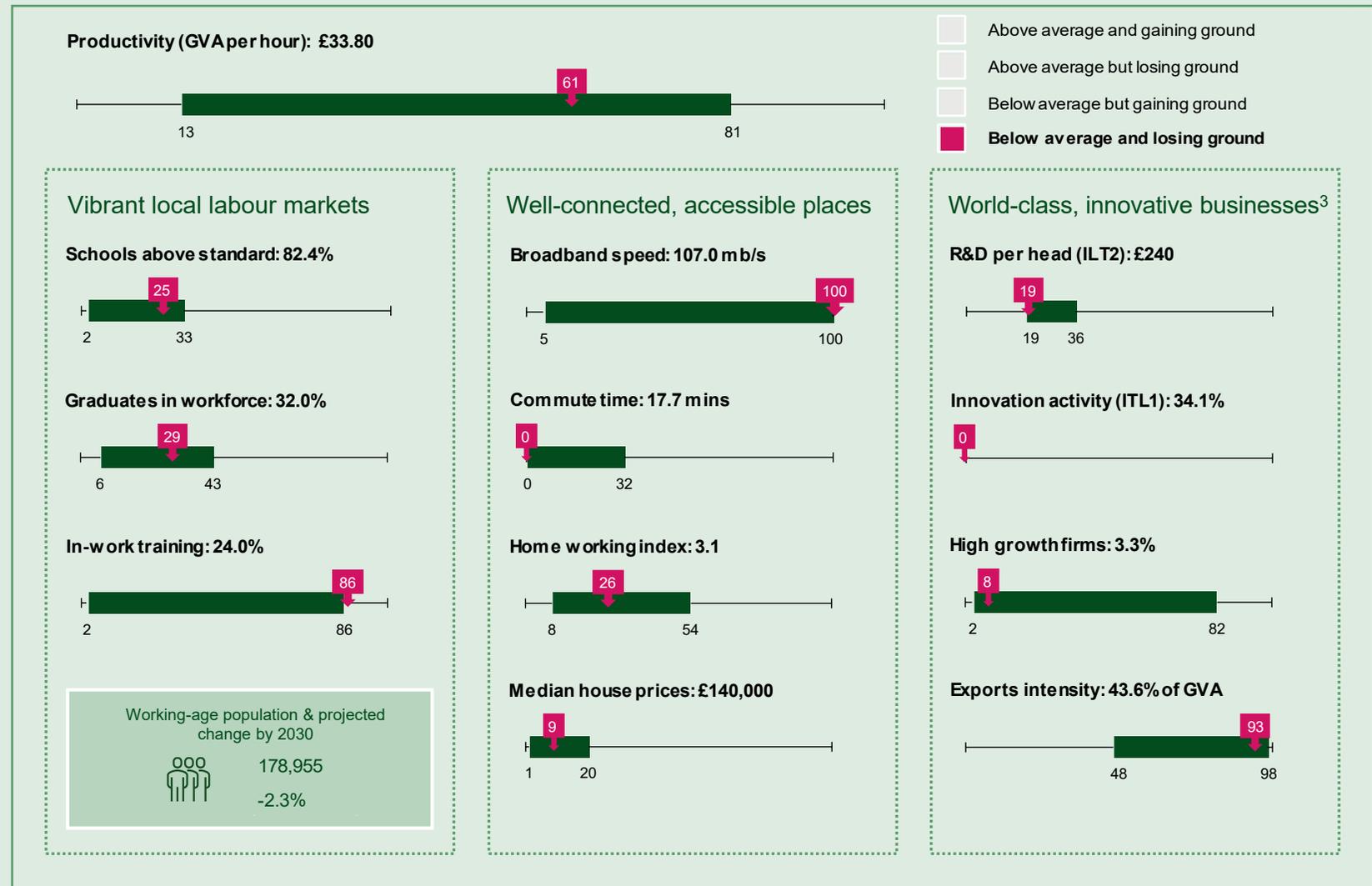
- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

1) Indicators are plotted on a percentile scale of all ITL3 areas in England.  
 2) For indices, higher scores imply higher levels of deprivation/life satisfaction/home working potential, as appropriate.  
 3) For R&D sub-regional data is for ITL2 level regions. For innovation activity all data is for ITL1 regions only.

### Economic & social outcomes<sup>1,2</sup>



### Productivity drivers & barriers<sup>1,2</sup>



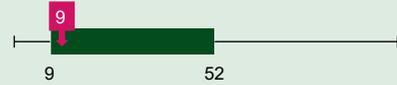
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### Economic & social outcomes<sup>1,2</sup>

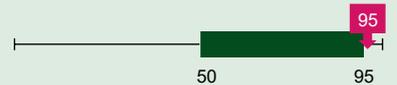
**Household income: £15,764 p/c**



**Employment rate: 66.0%**



**Deprivation index: 35.2**



**Life satisfaction index: 7.5**



#### Scorecard key

- Percentile of ITL3 sub-region<sup>3</sup>
- Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- Range of English ITL3 sub-regions<sup>3</sup>

### Productivity drivers & barriers<sup>1,2</sup>

**Productivity (GVA per hour): £28.15**

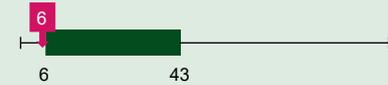


**Vibrant local labour markets**

**Schools above standard: 68.8%**



**Graduates in workforce: 26.4%**



**In-work training: 19.1%**



Working-age population & projected change by 2030

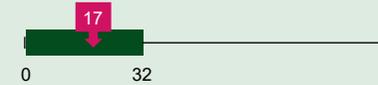
169,497  
-3.4%

**Well-connected, accessible places**

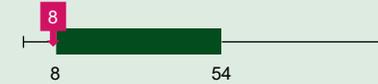
**Broadband speed: 93.7 m b/s**



**Commuter time: 23.7 mins**



**Home working index: 3.0**



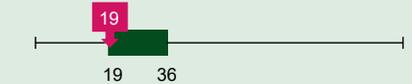
**Median house prices: £133,000**



- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

**World-class, innovative businesses<sup>3</sup>**

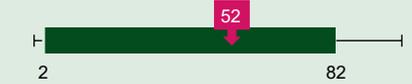
**R&D per head (ILT2): £240**



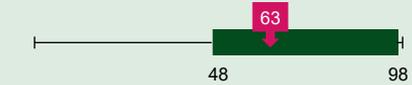
**Innovation activity (ITL1): 34.1%**



**High growth firms: 4.2%**



**Exports intensity: 23.9% of GVA**



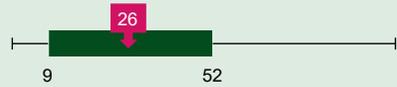
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### Economic & social outcomes<sup>1,2</sup>

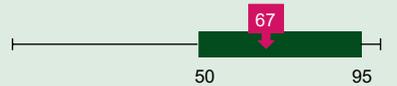
**Household income: £17,140 p/c**



**Employment rate: 74.4%**



**Deprivation index: 25.7**



**Life satisfaction index: 7.7**



#### Scorecard key

- Percentile of ITL3 sub-region<sup>3</sup>
- Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- Range of English ITL3 sub-regions<sup>3</sup>

### Productivity drivers & barriers<sup>1,2</sup>

**Productivity (GVA per hour): £34.76**

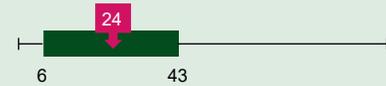


**Vibrant local labour markets**

**Schools above standard: 57.1%**



**Graduates in workforce: 31.4%**



**In-work training: 22.6%**



Working-age population & projected change by 2030



64,691  
-3.9%

**Well-connected, accessible places**

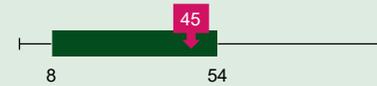
**Broadband speed: 78.1 m b/s**



**Commuter time: 24.8 mins**



**Home working index: 3.2**



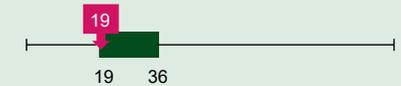
**Median house prices: £144,950**



- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

**World-class, innovative businesses<sup>3</sup>**

**R&D per head (ILT2): £240**



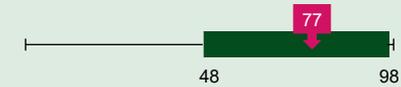
**Innovation activity (ITL1): 34.1%**



**High growth firms: 2.6%**



**Exports intensity: 30.6% of GVA**



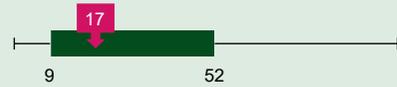
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### Economic & social outcomes<sup>1, 2</sup>

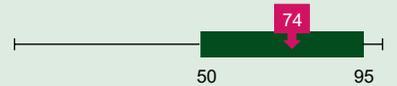
**Household income: £16,542 p/c**



**Employment rate: 71.9%**



**Deprivation index: 26.8**



**Life satisfaction index: 7.6**



#### Scorecard key

- Percentile of ITL3 sub-region<sup>3</sup>
- Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- Range of English ITL3 sub-regions<sup>3</sup>

### Productivity drivers & barriers<sup>1, 2</sup>

**Productivity (GVA per hour): £29.77**

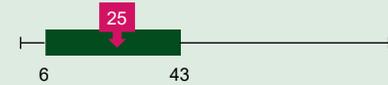


**Vibrant local labour markets**

**Schools above standard: 82.1%**



**Graduates in workforce: 31.6%**



**In-work training: 19.5%**



Working-age population & projected change by 2030



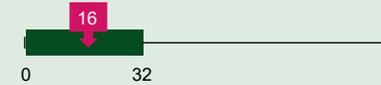
328,496  
0.0%

**Well-connected, accessible places**

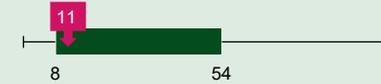
**Broadband speed: 39.9 m b/s**



**Commute time: 23.5 mins**



**Home working index: 3.1**



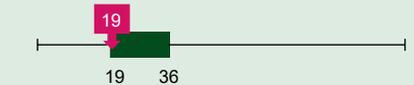
**Median house prices: £117,000**



- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

**World-class, innovative businesses<sup>3</sup>**

**R&D per head (ILT2): £240**



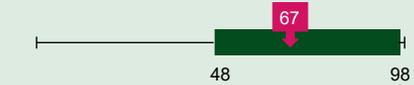
**Innovation activity (ITL1): 34.1%**



**High growth firms: 3.7%**



**Exports intensity: 25.6% of GVA**



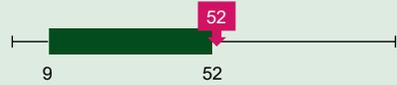
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### Economic & social outcomes<sup>1,2</sup>

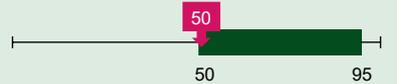
**Household income: £20,437 p/c**



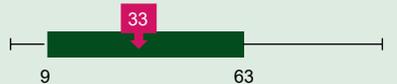
**Employment rate: 72.2%**



**Deprivation index: 22.1**



**Life satisfaction index: 7.6**



#### Scorecard key

- Percentile of ITL3 sub-region<sup>3</sup>
- Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- Range of English ITL3 sub-regions<sup>3</sup>

### Productivity drivers & barriers<sup>1,2</sup>

**Productivity (GVA per hour): £27.64**

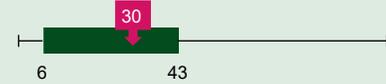


**Vibrant local labour markets**

**Schools above standard: 78.6%**



**Graduates in workforce: 32.2%**



**In-work training: 14.3%**



Working-age population & projected change by 2030



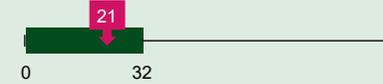
190,208  
-3.9%

**Well-connected, accessible places**

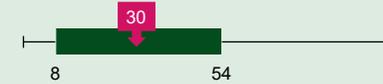
**Broadband speed: 39.8 m b/s**



**Commuter time: 24.0 mins**



**Home working index: 3.1**



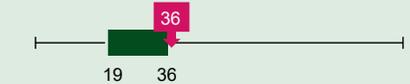
**Median house prices: £164,000**



- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

**World-class, innovative businesses<sup>3</sup>**

**R&D per head (ILT2): £339**



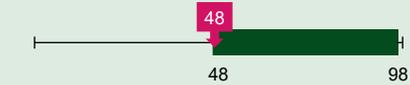
**Innovation activity (ITL1): 34.1%**



**High growth firms: 3.9%**



**Exports intensity: 19.5% of GVA**



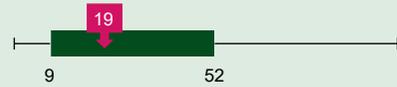
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## Economic & social outcomes<sup>1,2</sup>

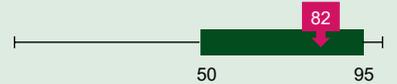
**Household income: £16,605 p/c**



**Employment rate: 71.8%**



**Deprivation index: 27.9**



**Life satisfaction index: 7.5**



### Scorecard key

- Percentile of ITL3 sub-region<sup>3</sup>
- Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- Range of English ITL3 sub-regions<sup>3</sup>

## Productivity drivers & barriers<sup>1,2</sup>

**Productivity (GVA per hour): £29.07**

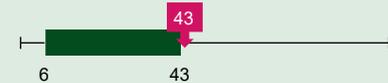


### Vibrant local labour markets

**Schools above standard: 84.6%**



**Graduates in workforce: 35.3%**



**In-work training: 22.3%**



Working-age population & projected change by 2030



555,171  
-0.2%

### Well-connected, accessible places

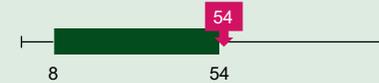
**Broadband speed: 58.3 mb/s**



**Commute time: 25.5 mins**



**Home working index: 3.2**



**Median house prices: £155,000**



- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

### World-class, innovative businesses<sup>3</sup>

**R&D per head (ILT2): £339**



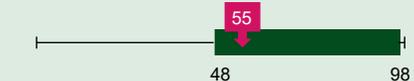
**Innovation activity (ITL1): 34.1%**



**High growth firms: 5.0%**



**Exports intensity: 21.5% of GVA**



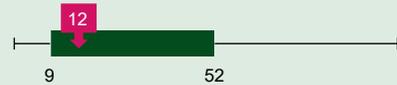
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### Economic & social outcomes<sup>1,2</sup>

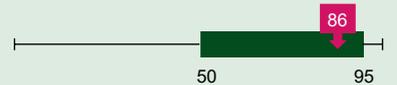
**Household income: £16,000 p/c**



**Employment rate: 71.9%**



**Deprivation index: 30.6**



**Life satisfaction index: 7.5**



#### Scorecard key

- Percentile of ITL3 sub-region<sup>3</sup>
- Range of ITL3 sub-regions within ITL1 region<sup>3</sup>
- Range of English ITL3 sub-regions<sup>3</sup>

### Productivity drivers & barriers<sup>1,2</sup>

**Productivity (GVA per hour): £37.13**

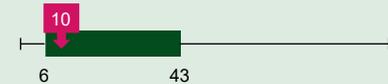


#### Vibrant local labour markets

**Schools above standard: 58.8%**



**Graduates in workforce: 27.4%**



**In-work training: 22.1%**



Working-age population & projected change by 2030

173,628

-4.8%

#### Well-connected, accessible places

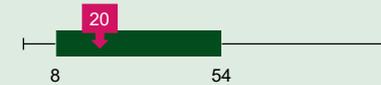
**Broadband speed: 50.6 m b/s**



**Commute time: 25.1 mins**



**Home working index: 3.1**



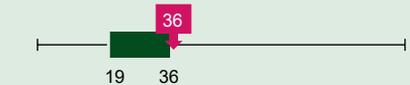
**Median house prices: £124,950**



- Above average and gaining ground
- Above average but losing ground
- Below average but gaining ground
- Below average and losing ground

#### World-class, innovative businesses<sup>3</sup>

**R&D per head (ILT2): £339**



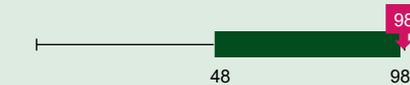
**Innovation activity (ITL1): 34.1%**



**High growth firms: 3.8%**



**Exports intensity: 71.9% of GVA**



1) Indicators are plotted on a percentile scale of all ITL3 areas in England.

2) For indices, higher scores imply higher levels of deprivation/life satisfaction/home working potential, as appropriate.

3) For R&D sub-regional data and percentiles are for ITL2 level regions. For innovation activity data and percentiles are for ITL1 regions only.

# Notes and sources

## Regions & classifications

### Units of analysis

The geographic areas for much of our analysis are defined by the International Territorial Levels (ITLs), which were introduced in 2021 as a successor to the EU's Nomenclature of Units for Territorial Statistics (NUTS) classifications. There are two different types of scorecards:

- ITL1 regions: Nine major English regions, with an average population of 6.3m, ranging from a minimum of 2.7m (North East) to 9.2m (South East).
- ITL3 regions: 133 smaller regions with an average population of 423k, ranging from a minimum of 106k (Darlington) to a maximum of 1.2m (Hertfordshire).

In all but two cases the ITL3 and the old NUTS3 boundaries are aligned. The exceptions are "Bournemouth and Poole" and "Dorset CC", which under ITLs are classified as "Bournemouth, Christchurch and Poole", and "Dorset". Where possible we have created ITL data for these two sub-regions using Local Authority District (LAD) data.

### Rural-urban classification

Region is defined as: Predominantly Rural if the rural population share is greater than or equal to 50%; Urban With Significant Rural if the rural population share is 26%-49%; Predominantly Urban if the rural population share is less than or equal to 25%. ONS 2011 Census data. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

## Economic & social outcomes

### Household income – £ per person

Gross disposable household income per capita. Current basic prices. ONS 2018 data. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

### Employment rate – %

Employment rate for 16-64 year-old residents. ONS data for October 2019 to September 2020. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

### Deprivation index

Index of Multiple Deprivation Average Score, where the larger the score, the more deprived the area. Ministry of Housing, Communities & Local Government data for 2019. Scores derived from LAD values, weighted by population. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

### Life satisfaction index

Average rating, ranging from 0 to 10, where 10 implies complete satisfaction. ONS data for 2019/20. Data derived from LAD values, weighted by population. Percentiles based on NUTS regions, mapped from LAD data.

## Productivity

### Productivity – GVA per hour worked, £

Gross value added per hour worked in £, nominal (smoothed). ONS 2018 data. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

### Productivity – convergence/divergence taxonomy

The level of productivity is defined by gross value added per hour in £, nominal (smoothed). ONS 2018 data. Productivity growth is annual average % change in real value added per hour over 2009-18. NUTS regions. The methodology is based on an approach used in "UK Regional Productivity Differences: An Evidence Review", Industry Strategy Council.

# Notes and sources

## Vibrant Local Labour Markets

### **Schools above standard – %**

Percentage of schools categorised as above floor standard. Department for Education 2017/18 data. Values derived from Local Education Authority (LEA) data. Where the LEA encompasses more than one ITL3 region, the value for the LEA is used for all relevant sub-regions.

### **Graduates in workforce – %**

Percentage of 16-64 year-old population with NVQ4+. ONS data for 2019. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

### **In-work training – %**

Percentage of firms offering management training. Data from Department for Education, Employers Skills Survey 2019. Values derived from LEA data. Where the LEA corresponds to more than one ITL3 region, the value for the LEA is used for all relevant sub-regions.

### **Working-age population**

Number of people aged 16-64. ONS data for 2019. Projected % change, 2019-2030. Percentiles are based on ITL regions, mapped from NUTS3 and LAD data.

## Well-Connected Places

### **Broadband Speed – mb/s**

Median download speed in megabits per second. Ofcom data for 2020. Values are derived from LAD data, weighted by population. Percentiles are based on ITL regions, mapped from LAD data.

### **Commute times – minutes**

Usual home to work travel time in minutes. Figures provided by ONS. 2019 data. Percentiles based on NUTS regions.

### **Home working index**

CBI index of ability to home work, with scores ranging from 0 to 5, where 5 implies the ability for all tasks to be carried out remotely. Calculated from ONS “Which jobs can be done from home?” (derived from US Labor Department) and ONS Annual Population Survey on occupational employment by NUTS3, 2018 data. Percentiles based on NUTS regions.

### **Median house prices – £**

Median price paid (all house types). ONS data for year ending September 2020. Percentiles based on NUTS regions.

## World-class, innovative businesses

### **R&D per head – £**

Gross domestic R&D expenditure (GERD), £ per inhabitant. Eurostat data for 2018. Data are only available at NUTS1 and NUTS2 levels, therefore each NUTS3 sub-region takes the value of the larger NUTS2 region of which it is a part. Percentiles are based on NUTS2 regions.

### **Innovation activity – %**

Percentage of businesses that are classified as innovation active. Data from BEIS, UK Innovation Survey for 2016-18. Data are only available at NUTS1 level, therefore each NUTS3 sub-region takes the value of the larger NUTS1 region of which it is a part. Percentiles also based on NUTS1 regions.

### **High Growth Firms – %**

Percentage of businesses that are classified as “high growth”. ONS data for 2019. Percentiles are based on ITL regions, mapped from LAD data.

### **Exporting intensity – % of GVA**

Exports of goods and services as a % of gross value added. Data derived from HMRC and ONS. Percentiles based on NUTS regions.