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The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Chancellor,

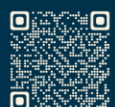
North East Chamber of Commerce – Autumn statement 2023 representation

In July, I had the pleasure of meeting you in Downing Street along with colleagues from the British Chambers of Commerce and other regional Chambers in our network. I was impressed by how attentively you received our representations on improving economic conditions for our members in the face of continued economic headwinds.

On behalf of the membership of the North East Chamber of Commerce, I am delighted to submit our Autumn statement representation to the Treasury. Our Chamber is the largest and most influential multi-sector business membership organisation in the region. We support, connect, and represent more than 2,000 businesses, employing 40% of the region's workforce. We ensure businesses are at the heart of building a thriving economy, continuing to make the North East the best place to live and work. In partnership with our diverse and innovative members, we are committed to building a stronger, fairer North East.

Organisations across our region have a fundamental role to play in contributing to a better, more secure, more prosperous future. This representation, accompanied by our 'strategy for change 2023 – 2025', will outline policies to support sustainable, inclusive growth in these areas and enable organisations to contribute more fully to this more prosperous future.

These policies are shaped around priorities which have been developed through in-depth consultation with members and key stakeholders across the region. Addressing these priorities will ensure that innovative, resilient, and flexible businesses in the North East continue to thrive in emerging industries and on the global stage.



People and work

The North East is full of brilliant people who have the skills needed to drive sustainable growth, but high rates of economic inactivity are holding businesses back. With fewer than half of organisations responding to our most recent quarterly economic survey reporting working at full capacity we know that the lack of available skills is dampening growth potential. Harnessing diverse local talent and promoting inclusivity is a key priority for these organisations, who have the potential to create a high skill/high pay economy for all.

Ill health is the leading cause of inactivity both regionally and nationally, but as the North East faces higher rates of health-based inactivity than the national average, targeted action to improve workforce health would have a disproportionate impact on this region. An expansion of the mid-life MOT programme, greater investment on occupational health with a focus on mental health, and a clear message of support for flexible working would help attract skilled people to the workforce and improve retention and productivity. Businesses know there is parity between mental and physical health. Meaningful change is needed to bring long term ill health related inactivity in the region down from its 15-year high.

Education and participation

High quality education and learning drives regional productivity. It also makes people and communities healthier, happier, and more resilient. Meaningful, sustainable plans to improve regional productivity through educational attainment must be based around the core issues which hold young people back. Child poverty rates are growing. Almost two in five children in the North East live in poverty. Equality of educational access can address this. An expansion of Free School Meals to all children whose families are in receipt of Universal Credit would ensure every young person can do their best.

Based on these foundations, investment in our workforce and local skills is essential to create a strong pipeline for business growth and create more, better jobs. Our local skills improvement plans (LSIPs) for the North of Tyne and Tees Valley engaged more than 3,000 businesses in conversations about their skills needs, and showed a clear need for foundational communication, confidence, and digital skills.

Further education and apprenticeships will be essential in delivering these skills. Every £1 invested in further education returns £20 to local economies but by 2025, student funding for 16-18 education will be 5% less in real terms than in 2010. Investment in training to reduce upfront costs on business, training-related tax breaks, and creating a more flexible Apprenticeship Levy would also boost the powerful link between education, work, and productivity.

Enterprise and growth

Sustainable, resilient, and equitable growth requires stability and security so organisations can address long-term challenges creatively. This growth is underpinned by strong public institutions. Commitment to multi-year funding settlements would provide councils and other public agencies with long-term certainty and feed into wider economic health.



Alongside the stability needed to address challenges creatively, research and development support for businesses is a key driver of enterprise and innovation. Proposed reforms to the existing RDEC scheme would have a material impact on the ability of UK firms to claim for work performed on behalf of clients. Organisations understand the need to ensure SMEs are not negatively impacted by the introduction of the RDEC scheme, but need certainty that any reform will consider the wider business environment.

Other policies which promote enterprise and growth include business rate reform, investment in transport infrastructure, and a commitment to further devolution through the application of 'trailblazer' status to our existing deal on Tees Valley and the proposed new North East deal.

The Business Rates system continues to be one of the biggest brakes on local growth. We support the British Chambers of Commerce call for annual revaluations alongside fundamental reform to make sure it works with the needs of businesses at every stage of their development.

Effective transport infrastructure is another major enabler of growth and crucial to delivering genuine levelling up between the North and South. Government must take action to address the challenges faced across our rail services and ensure our road network is fit for our evolving economy. Businesses also need certainty that rail projects proposed following the scrapping of HS2 in the North will go ahead. In return we will bring the support of the business community to devolution across the North East.

An international North East

Trade in exports and imports are expected to be worth £29bn to the North East in 2023, continuing to prove that international trade is still the backbone of our region's economy. Exports in goods from the region continue to grow on 2022 levels with an increase of 8.93% to £6.68 billion on the period to the end of June, with the EU being our biggest export partner. The region's ports, including the new North East Green Superport and Teesside Freeport will accelerate access and opportunity.

Government's continued backing of these important projects through devolution is central to achieving a truly global North East. Engaging in international trade also comes with challenges for businesses here in the North East such as global competition, trade barriers, and the need for skilled labour, infrastructure development, and effective government policies which provide support for local businesses.

Timely and clear guidance from government on upcoming policies and bills such as the Target Border Operating Model, FTA's and the EU Supply Chain Directive will be crucial to providing frictionless trade for our regions exporters and importers.

Green innovation

North East business is at the heart of the UK's Net Zero revolution. With the right tools and support our businesses can go further and faster to deliver our low carbon transition.



Investment in decarbonisation and sustainable energy generation will generate positive inward investment returns, accelerating the pace at which the UK can achieve energy resilience and boosting business confidence.

The government should commit to the delivery of a cross-sector infrastructure strategy by 2025. This will support the building and adaptation of infrastructure for electricity, hydrogen, other liquid and gaseous fuels and CO2 networks – all supporting the growth of a green economy. National grid capacity and capability underpins these asks. We're backing the British Chambers of Commerce calls to transform the national grid through dramatic upgrades and increases as proposed by the Electricity Networks Commissioner. Green skills will be central to delivering these projects, especially with green jobs predicted to grow by 15% in Tees Valley this decade.

Fair and inclusive growth for the North East and the UK

Investment in the North East is a down payment on future growth and prosperity. With a thriving low carbon economy, a strong talent pool and a fantastic quality of life, the North East is a place where positive, progressive policies come to life. On behalf of the North East business community, this representation is our invitation for you to join us in the growth of a stronger, fairer North East.

Yours sincerely,



John McCabe
Chief Executive
North East Chamber of Commerce

