

## Legacy of the Agency: An Overview of One North East's Performance

**The purpose of this document is to give a high level overview of the performance and impact of the Agency's Programmes over the 12 years and to highlight key areas of activity.**

This document should also be read in conjunction with the associated papers that form part of the suite of Legacy documents.

An indication of the impact of programmes is included to illustrate the contribution made however, when considering the findings, it is important to refer back to the evaluation reports to understand the scope and limits of the data, particularly for aggregating findings, as well as for the broader impacts of the programme and the key lessons learnt. Information on impact refers to both net economic impact and Strategic Added Value (SAV)<sup>1</sup>.

### Notes:

- The tasking framework was introduced in 2005 to enable the RDAs to set corporate measures that they would achieve during the 5 year corporate planning period. These targets were key measures of performance, underpinning the RDAs statutory purpose. As they were only introduced in 2005, there is not a full record of these outputs prior to this date.
- ONE had carried out a robust and comprehensive assessment of the impact of our interventions at Programme level for the period 2002-07, which met the requirements of BIS' Impact Evaluation of RDAs in 2008.
- Since the announcement of the decision to abolish RDAs it has not been possible to carry out a fully comprehensive assessment at Programme level for the investment period 2007-10. However, the evaluations undertaken do provide coverage of a good proportion of activity under the Business theme, and give an indication of the range of activity under the People and Place themes, albeit with a smaller proportion of coverage.

The remainder of this document is structured as follows:

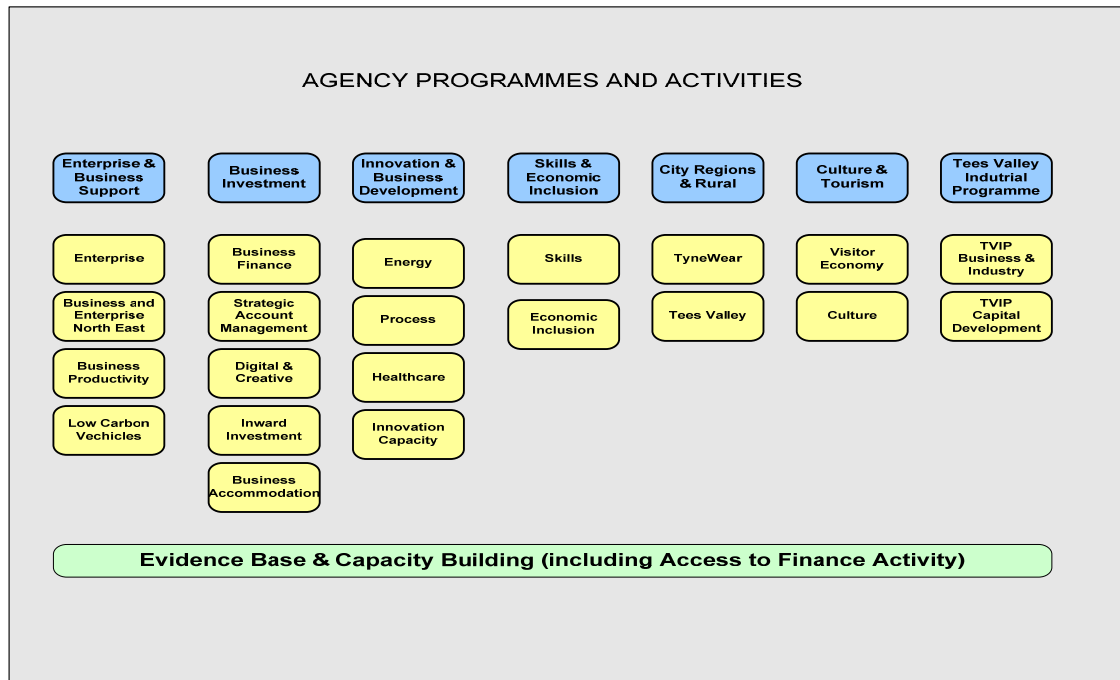
- A) Key Initiatives
- B) Contribution to sustainable development
- C) The eight Programmes under the themes of Business, People and Place

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<sup>1</sup> OFFPAT defined Strategic Added Value (SAV) as examples of Strategic Leadership and Catalytic and Influencing Activity within programmes or projects.

## MANAGING THROUGH PROGRAMMES

To effectively contribute to the region's shared vision and targets, the Agency managed through programmes, for the Agency's Single Programme Investment. From 2008 onwards the Agency had **3 Priority Themes** of Business, People and Place. This was then underpinned by **8 Programmes**, within the programmes there were **24 Activities**.



### A) Key Initiatives

To help deliver our main Programmes under Business, People and Place, One North East also led on major initiatives that promoted economic growth in the North East. These include the following:

#### **Regional Economic Strategy (RES) / SHINE / Integrated Regional Strategy development**

– One North East led the development and production of three Regional Economic Strategies in partnership with our regional and local key stakeholders in the private, voluntary and public sectors. This produced a blueprint for regional economic development with, and on behalf of, many thousands of individuals and organisations across the region. The RES was the result of hundreds of hours of hard work by Agency staff, bringing together a wealth of information and comment from a wide variety of contributors. One North East's aim was clear - to lay out a road map to economic success for a region hampered by decades of underachievement. The RES was clear and understandable - featuring job and business creation targets to narrow the persistent economic gap with the rest of the UK. It set out that the sustainable new growth needed to raise economic prosperity, would be achieved over a ten-year period by investing in existing and new business sectors, upskilling the workforce and developing the places in which people would aspire to live, work, visit and invest. One North East's role in this approach to regional economic development was to provide the clarity of vision, the leadership and the co-ordination needed to stimulate and drive growth. To ensure its success, the strategy needed the buy-in of key regional partners who would align their business activity to its aims - and partners such as local authorities, universities, trade unions and the Northern Business Forum all signed up to the strategy and its goals.

The ten year RES was updated twice to reflect the new challenges and opportunities facing the North East. The development of the third RES – Leading the Way – followed a region-wide futures exercise called SHINE (Shaping Horizons in the North East) to determine the priorities for the RES.

In the period 2008-10, prior to the General Election, ONE also led, jointly with ANEC, the development of an Integrated Regional Strategy by investing resource and analytical capacity in developing a robust evidence base. This will be a valuable resource for partners in developing plans under the new arrangements.

**European Regional Development Fund (ERDF) 2007-2013** – One North East managed the £340m ERDF programme on behalf of regional partners for the period 2007 to June 2011. During that period, the Agency successfully delivered against the £20.3m spending target set by the European Commission for 2009, achieving a final spend total of £48m. Since the launch of the European programme, the Agency has approved more than 60 ERDF projects to directly support innovation, business growth and enterprise across the region. The ERDF 2007-2013 programme's two priorities of enhancing and exploiting innovation, and business growth and enterprise will help create and safeguard 28,000 new jobs, start 3,000 new businesses and increase the region's productivity by £1.1bn per year. Key investment successes for the programme included £44.25m from ERDF into the Finance for Business North East fund, the regions 'JEREMIE' fund. ERDF investment totalling £2m has supported the start up of new businesses and social enterprises through the North East England Investment Centre, aimed at supporting over 700 new enterprises, creating 100 new jobs and protecting 330 more over the next two years. From July 2011 the management of the ERDF 2007-13 Programme transferred to the Department of Communities and Local Government.

**Rural Development Programme for England (RDPE)** – One North East developed and managed the programme for RDPE from 2007 to 2011. Over this period £24m was invested by the Agency resulting in leveraging in a further £36m in investment, and funding 1500 regional and local projects with the objective of improving the competitiveness of the land based sector and contributing to the sustainable development of rural communities.

One North East exceeded its 2009-10 annual spending target - investing £9.3m to bring far-reaching benefits to this important sector. With a target of £8.5m for the financial year, the team ensured extra targeted support to farmers and communities. As a result, 980 jobs are anticipated to be created, more than 800 jobs safeguarded and 520 skills days established.

Businesses that have benefited from investment include three grain co-operatives in the region. Securing nearly £2m between them, as part of a strategic approach to help new and existing farmers access more efficient and effective processing, bringing added value and access to new markets for individual farm businesses. When the company, Dairy Farmers of Britain, closed its Blaydon depot, it had knock-on effects across the region's other dairy farmers as they tried to cope with extra demand. One North East reacted quickly to approve £80,000 of funding through RDPE to enable Durham's Rock Farm Dairy to increase its capacity and recruit 18 people, who were made redundant at Blaydon, so that farmers from across the region left without a market could be matched with a new buyer.

The mid term evaluation reported that in terms of the intervention focus, RDPE activity is seen to have achieved many of the initial targets set and stakeholders attribute this to the availability of both small and large grant support through the programme. The programme was also successful in attracting significant levels of partner funding and the increasing capacity and confidence for businesses to invest and plan for the future. The evaluation includes important lessons for future activity.

From July 2011 the management of RDPE transferred to DEFRA

**Tees Valley Industrial Programme** – The £60m Tees Valley Industrial Programme (TVIP) fund was created by One North East and the Department for Business, Innovation and Skills (£30m Single Programme and £30m from BIS) to accelerate industrial transition in the Tees Valley and seize emerging opportunities in low carbon and advanced manufacturing. The Programme was triggered by the announcement of 2,000 jobs at Corus in Redcar and Cleveland and was originally designed to be implemented over two years. One North East played a key role in leading negotiations to set up this Programme for the area. However due to the announcement that the Agency was to be abolished, the Programme was unfortunately only in operation for 12 months. During that time, £42m was committed into a broad range of sectors and locations right across the Tees Valley. The investments are expected to:

- Create almost 1,900 jobs
- Protect nearly 1,400 jobs
- Leverage in £232m worth of private business investment
- Help create almost 700 new businesses
- Redevelop over 50 hectares of land.

These investments and their impact will have a lasting legacy for the area, and help drive forward a new low carbon economy for the Tees Valley. The evaluation of TVIP in 2010 praised highly One North East's leadership, planning and implementation of the programme.

**One North East's Statutory Planning Role** - One North East commenced its statutory planning consultee role in 2005 and since then has responded to around 400 consultations by local planning authorities (LPA) on statutory Local Development Framework (LDF) planning policy documents<sup>2</sup> and circa 800 major planning applications<sup>3</sup> throughout the region. The Agency has always viewed the role as an important opportunity to engage with LPAs and influence the planning system in the context of the RES and the Agency's corporate plans and programmes. Formal responses have taken a holistic approach to sustainable economic growth inevitably concentrating on the core urban areas and on those specific topics/projects which have implications for the region's economic success. Over the past 6 years the operation of the role has been developed to engender the trust of the LPAs whilst ensuring the integrity of the Agency's aims and programmes remains intact. The value placed on the role by LPAs, developers and stakeholders was demonstrated in the response to the independent evaluation which was undertaken by SQW in April 2010 to inform One North East's involvement in the preparation of the proposed Regional Strategy. In view of the Coalition Government's subsequent decision to remove the regional tier of planning legislation, the evaluation offers key lessons in the value of strategic planning and sustainable, economic development at the regional level. The respondents to the evaluation recognised and valued the professional expertise offered by the Agency's responses and welcomed the focus on regional economic significance.

**Design Review and Enabling Service** - This North East review panel was funded by One North East and delivered through IGNITE (the Regional Centre of Excellence for Sustainable Communities). Through the creation of the panel, a mechanism within the region has been established to help achieve a step-change in the quality of developments alongside increasing design awareness. The Panel has been in operation for two years (2009-2011) and has played a role in One North East's wider strategy to raise standards in how place making in the North East Region is planned, shaped and managed. Since it was formed in June 2009, the Panel has reviewed over 60 schemes with a combined value of approximately £1.2bn worth of development covering most of the region and a wide variety of scheme types. The size of schemes reviewed by the Panel range from a single rural dwelling to large city

<sup>2</sup> as a 'specific consultation body' as defined by the Town & Country Planning (Local Development)(England) Regulations 2004 (as amended in 2008).

<sup>3</sup> In accordance with the Town and Country Planning (General Development Procedure) (England) (Amendment) Order 2003 and subsequently amended by Articles 16 & 17 Schedule 5 (zd) of the Town and Country Planning Development Management Procedure) (England) Order 2010.

centre mixed use development proposals. The Panel has also reviewed a number of draft LDF documents.

## **B) DELIVERING SUSTAINABLE DEVELOPMENT**

RDAs were required by statute to contribute towards sustainable development in the United Kingdom.

One North East was committed to ensuring that efforts to boost economic growth went hand in hand with efforts to create a more inclusive region, whilst adapting to and mitigating the adverse impact of growth. Key examples of specific activities are included below.

In addition, as a sign of our commitment to put sustainable development at the heart of everything that we do, ONE developed a sustainable development toolkit which formed an integral part of the business process to develop and approve projects.

Our approach to ERDF also ensured that sustainable development was fully embedded across the key priorities of the Operational Plan.

- Investing in the refreshing of Sustaina as the region's Champion body for Sustainable Development and worked with regional partners on the review of the Integrated Regional Framework (the over-arching regional framework for sustainable development)
- Specialist business support for encouraging resource efficiency with a strong focus on the development of low-carbon technologies and renewable energy
- Delivering our commitments to the Energy White Paper and carbon reductions Activities to improve access to employment from the most disadvantaged communities and promoting equality and diversity across the region
- Incorporating sustainable development principles and best practice in the planning, management and design processes of regeneration schemes, with a focus on demand management and energy usage in transport schemes
- A focus on enhancing and protecting our natural, heritage and cultural assets
- The review of the Regional Economic Strategy was subject to a Sustainability Appraisal, incorporating the requirements of the EU Strategic Environmental Assessment Directive
- Externally One NorthEast to contributed towards national policy on such issues as energy and climate change, along with modelling work regarding environmental impact assessment – through involvement in the SCPnet, and the One Planet Living agenda

## C) ONE NORTH EAST'S PROGRAMMES

### BUSINESS – Enterprise and Business Support

#### Corporate Objective

A long-term commitment to generating a more enterprising and entrepreneurial culture, increasing business starts and encouraging business survival and growth, so that the North East's people and business base can compete with other regions across the UK and globally.

This programme was delivered through the following four activities:

- **Enterprise** – to foster a more enterprising culture by investing in awareness raising campaigns and enterprise education.
- **Business Link** – to provide a first point of contact for individuals ready to start-up or develop their business.
- **Business Productivity** - to support the productivity and competitiveness of manufacturing
- **Low Carbon Vehicles** - to ensure the region is best placed to take advantage of the commercial opportunities afforded by Low Carbon Vehicle manufacture and associated industries

#### Spend and outputs

Enterprise and Business Support	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	35,845	5,215	36,119	85,404	116,463	<b>£195,873,154</b>

#### Examples of key projects under this Programme

**Business Link** – The regional Business Link contract was the Government's multi-channel business support service delivered across England, providing customers with access to the help and support needed to start and develop a business. It consisted of a telephone and face-to-face advice service delivered by regionally-based contractors and a website [www.businesslink.gov](http://www.businesslink.gov), delivered by a national contractor. One North East re-procured the regional service, moving delivery from four sub-regional Business Link providers and putting in place a single contract from April 2007, delivered by Business & Enterprise North East. Before closing the Regional Business Link contracts in November 2011, this was the primary access channel to support for all start ups and businesses. The regional service had two main elements: the Business Link branded information, diagnosis and brokerage (IDB) service and the North East England Investment Centre, a highly efficient vehicle for distributing grant funding to businesses and start ups to subsidise the cost of brokered business support projects. At its peak Business & Enterprise North East employed over 300 professionally accredited advisers, over half of whom had direct personal experience of running a business. Between 2007 and 2011 the regional Business Link contract served over 94,000 customers, resulting in the creation of over 12,700 new business and 17,000 new jobs. Over 90% of businesses that used the service were satisfied or very satisfied. The Investment Centre awarded over 6,000 grants totalling £15m per year on average and its creation ensured far greater value for the public purse than had been achieved previously because the cost of grant administration was reduced from an average 15% to 5% of the total fund value. Turnaround time for grant applications reduced to a maximum of 5 working days and the system was able to process greater volumes than was previously possible. Over £140m was invested in Business Link and the Investment Centre between 2007 and 2011 (including ERDF), producing a net return\* of £6.50 per £1 spent on non-intensively assisted businesses (each business receiving up to 2 hours of support) and £8 per £1 spent on intensively assisted businesses (each business receiving more than 2 hours of support). The unique procurement and operation of the Investment Centre enabled ONE to rapidly re-direct



resources to address specific issues, including the response to the recession and the Tees Valley Programme. Whilst the regional Business Link contract has now been closed, the Business Link website will continue to offer business support to those thinking about starting and growing their business. Business & Enterprise North East is now part of the Business and Enterprise Group and the group in partnership with Careline Services has won the national contract to deliver a telephone helpline service for those businesses who are not accessing the internet. The BE group have also been successful in winning a contract to deliver the New Enterprise Allowance in other regions.

*\*net return was calculated by independent third party evaluators using the BIS/RDA Impact Evaluation Framework. Net impact calculations take into account deadweight, displacement, leakage, substitution and economic multiplier effects.*

**Manufacturing Advisory Service North East** - Back in 2001, the region had suffered heavy losses of manufacturing companies. As a direct response, the North East Productivity Alliance (NEPA) project was conceived and driven by One NorthEast - to boost competitiveness, skills and productivity in the sector, and to enable North East manufacturers to maintain and improve their position in global markets. Sharing and spreading the learning from Nissan Manufacturing (UK) based in Washington, with other manufacturing companies was one of the key drivers for the establishment of NEPA. Nissan Manufacturing UK Ltd was Europe's most productive manufacturing plant in 2002 and continues to maintain high levels of productivity. The Interim evaluation for NEPA in 2005 highlighted that one of the key factors of NEPA's success the backing of high profile influential industrialists, many of whom were on the NEPA board and who were instrumental in driving the programme forward. NEPA's founding objective was to ensure that the North East is not only the most productive manufacturing region in the UK, but also one from which other regions can learn. The project delivered training to manufacturers, bringing all staff to the idea of training, via the NVQ route or through more specific programmes on senior management, change management, leadership and workshops. In 2008, NEPA services were brought together with the national enhanced Manufacturing Advisory Service (MAS) to be delivered as a single service under the name of 'MAS North East'. Created by the Government and One North East in 2008, the MAS NE service provides practical advice and guidance to boost productivity and generate efficiency savings. The return on investment for the MAS NE project is £30 for every £1 spent. MAS NE's results reveal 939 firms supported across the North East, MAS NE helped companies identify £110m of new or safeguarded GVA, through increased sales and reduced costs and energy usage reduction with a CO2 equivalent of 69,000 tonnes. National government are currently tendering for a national MAS contract which is planned to start in January 2012. Manufacturing companies within the region will continue to access MAS services through this contract.

**Low Carbon Vehicles activity** – The Low Carbon Vehicle (LCV) programme started in 2007, prompted by rising fuel costs and legislation to reduce Co2 emissions. The then Government proposed a programme of low Carbon Vehicle Policies which the Technology Strategy Board (TSB) took forward, along with recommendations from the Sainsbury Review. One of the criterion, was support from RDAs to match fund TSB LCV activities. The Agency took leadership and helped to catalyse the region as a hub for LCV activity including hydrogen and electric vehicles. This has resulted in around half a billion pounds worth of investment in the region from public and private partnerships. It helped bring Nissan's £430m investment of lithium ion battery manufacture to the North East, as well as securing the investment to build the flagship electric vehicle Leaf in the region, securing jobs and further diversifying the supply chain and skills to the North East of England. As a result of this activity, several companies in the North East have grown or diversified their business base, including SEVCON, AVID and Turbo Power Systems, with at least one new company being set up – Future Transport Systems, thus further creating jobs and wealth for the North East. The North East is leading the UK in electric vehicle deployment and the provision of charging infrastructure, through the Plugged in Places project which has so far resulted in projects worth around £20m, funded by private partners, TSB and OLEV. The region is also leading in training and skills in the area of LCV, with a Joint Venture formed by Gateshead College and Nissan, resulting in a £9m training centre and apprenticeship scheme. Future activities

include the analysis of the future supply and value chain around electric vehicles, particularly around the lithium ion battery and how they could be re-used, recycled, re-manufactured or for second life use, which NAREC is looking at through a feasibility study. The College, Nissan and other partners are seeking to continue the work of ONE, through bids to Regional Growth Fund and other sources.

**Enterprise in Education** - The Enterprise in Education activities were supported by two regionally funded projects during the period of 2006 – 9. The first, the Northern Enterprise Education Programme costing £1,458,666 and the second – Enterprise Education in Key Stage 5 at a cost of £570,000. Both were funded by Single Programme resources and matched with contributions from 170 participating schools with sixth forms and colleges on enterprise related activities. ONE directly supported, the participating schools and colleges by assisting in the development of action plans, training teaching staff through enterprise and entrepreneurial Continuous Professional Development, and also provided a fund for schools and colleges to award to young people, to explore setting up small businesses. Over a three year period, 70,000 youngsters and teaching staff were supported to experience enterprise / entrepreneurial activities and the setting up of many sustainable business ventures within the educational establishments. Evaluation reports are available for both projects, which reported extremely positive impacts and have been used as a basis for national enterprise education concepts in more recent years.

**Entrepreneurs Forum** - The Entrepreneurs Forum was set up in 2002/3 by a group of like-minded Entrepreneurs. At that time, an approach was made to ONE to support the organisation to develop an entrepreneurial culture across the North East region. The project has been supported by £3.8m of Single Programme resource; this has funded a series of high profile entrepreneurial conferences and events in the region. Over 700 separate businesses and more than 2000 individuals have benefited from attending events and gained from mentoring from other prominent entrepreneurs. The project has also benefited from almost £2.5m of leverage from the private sector and generated almost £11m of net impact in the region as outlined in a recent evaluation. Independent evaluation identified a significant return on the investment made by One North East, including the input of both financial and in-kind resources by member organisations and the beneficial value of formal and informal mentoring offered by many of the established Entrepreneurs. Funding for the project is due to cease in March 2012, after which time, it is anticipated the organisation will be self sustainable.

**Enterprise Journey Programme** – During the period 2007-2009, One North East worked very closely with its Enterprise Partners to identify and understand in more detail the characteristics and traits of those who were thinking about starting up in business. In April 2009 One North East published the Enterprise Journey and the Enterprise Framework, this outlined an approach to converting those who were thinking of starting a business into actually doing it by segmenting the market on the basis of individual's enterprise characteristics and traits. One North East then proceeded to implement this strategy by designing and developing programmes that targeted specific market segments within the Enterprise market. Through the establishment of a Start up Commissioning Framework, One NorthEast aimed to provide a more co-ordinated and integrated service to those who were thinking about starting up in business and in the early stage of start up. The North East Enterprise Agencies Ltd (NEEAL), a collaboration of enterprise agencies were successful in winning a contract to deliver pre start up and start up support. One North East invested a total of £2,159,219 of Single Programme funds, one of the projects also received £500,000 from ERDF funds. To make a total investment of £2,659,219. The programme was a pilot and was run from December 2008 to March 2010. It was the intention once the evaluation was completed in July 2010 to use the evaluation findings to help in the development of a future enterprise programme. Over 1700 people were supported and the evaluation showed that individuals had really benefited from the programme.



**Future Entrepreneurs** – This project contributed to closing the enterprise gap by working with young people in order to boost the long-term future supply of entrepreneurs. It aimed to encourage young people in the region to be more entrepreneurial, by increasing awareness of enterprise and business start up as a viable career option amongst both young people and influencers of young people, ultimately with the intention that they would be more likely (and able) to start a business at some point in the future. At the time of its launch there was a 'market gap' in terms of enterprise education. The national enterprise education strategy was in the process of being rolled out nationally (though only at Key Stage 4), and evaluations of the preceding national pathfinders had identified funding shortfalls and a lack of awareness of the issue amongst schools. The project had a budget of approximately £3.3 million between 2005/06 and 2007/08. Activities were delivered by a range of independent providers and it achieved over 20,000 skills outputs and learning opportunities. There was a consensus amongst provider organisations that One NorthEast had successfully raised the profile of enterprise education in the region.

### Evidence of Impact

The most recent evaluation of a proportion of investment in Enterprise and Business Support for the period 2007-10, shows that combined investments have achieved a good return on investment at 12 to 1 resulting in a total of £521m GVA benefit to the North East economy. The majority of these benefits for the period relate to the MAS and BENE projects, between them they have contributed over 90% of the GVA benefits.

This evaluation found that ONE has provided leadership in responding to policy changes, and also in addressing the fundamental infrastructure of business support. On the latter, the main Business Link service has been made more efficient, and the coordination across the different types of support provided is part of this. Furthermore, the Entrepreneurs' Forum is recognised as the principal network for entrepreneurs in the North East, and an important catalyst for changing attitudes towards entrepreneurship in the region.

## BUSINESS - Business Investment

### Corporate Objective

To provide effective support and interventions which will allow businesses to invest, diversify and grow in the future within a globally competitive economy

This programme was delivered through the following activities:

- **Inward Investment** - to develop and deliver a more targeted approach to support the North East's existing and anticipated economic strengths
- **Access to Finance** – - to establish investment funds and support services to ensure entrepreneurs and businesses in the North East are able to identify and access appropriate forms of finance
- **Strategic Account Management** – to provide proactive and dedicated support for the key strategic and high-growth companies operating in the region and, by working closely with other partners, to proactively respond to anticipated and actual company closures, particularly in terms of dealing with redundancies and impacts on other companies
- **Business Finance** - to assist in the development of companies by supporting sustainable investment and job creation through a coordinated package of public and private sector grants, loans and equity investment schemes
- **Digital and Creative** - to support digital, software, creative and design sectors and networks.

A number of business productivity projects were also initiated e.g. the development of NEPA. This is covered in the Enterprise and Business Support section.

### Spend and outputs

Business Investment	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	<b>64,867</b>	<b>2,537</b>	<b>1,208</b>	<b>12,765</b>	<b>19,921</b>	<b>£334,316,165</b>

### Examples of key projects under this Programme

**Strategic Account Management (SAM)** – The SAM programme engaged directly with the top tier of 500 businesses in the North East to understand investment decisions and support current and future priorities. Although led and delivered by One North East, this project involved a range of partners. A number of Strategic Account Managers were employed by the Agency, Tyne & Wear Development Company, Northumberland County Council, County Durham Development Company and the former Tees Valley Regeneration. The SAM programme was focused on the relationships with companies and was not driven by measurable outputs. However records show that, over the period 2006-2011, the programme delivered over 2000 business engagements with SAM companies, over 1700 business support interventions and identified 183 investment projects. In 2009-10, SAM companies accounted for 40% of new jobs created and 60% of safeguarded jobs reported by ONE. The evaluation of the SAM programme showed very high levels of satisfaction from companies. Through the SAM programme a number of response groups were initiated and facilitated, including Corus, Nissan, Northern Rock.

**Inward Investment & Aftercare** - The Agency has strategically targeted key overseas markets, identifying investment opportunities, complementing the strengths of the regional economy. Some of the overseas companies attracted and supported in the region include Firstsource; Seawell; Nissan; and Yanmar. More recently, the subsidiary of Korean giants Lotte Group is creating 132 new jobs and safeguarding a further 43 after taking over the

former Artenius plant at Wilton with the help of a £1.8m Grant for Business Investment (GBI) from One North East. Also, global engineering and construction provider Aker Solutions is recruiting up to 100 new staff in the Tees Valley, to service its rapidly growing customer base – with the support of a £1.4m GBI funding from One North East. Aker Solutions is going from strength to strength in new purpose built offices in Stockton. Despite recent reductions in spend and activity, ONE's Inward Investment programme has continued to demonstrate significant returns on investment and bringing benefits to the region. The Programme transferred to UKTI on 1 May 2011.

**Grants for Business Investment (GBI)** – One North East administered GBI for the North East. ONE worked proactively with the companies, to ensure that support was appropriate and integrated as far as possible. Notable interventions include, TESCO bank, based in Quorum Business Park, won in the face of stiff competition from around the UK, it offers 1000 jobs at a time of economic downturn. Also, our support helped Aker Kvaerner Engineering Services Ltd retain its base in the region. Subsequently the business has outgrown all expectations. A regular award winner and North East Company of the year (Darchem Engineering Services) has received 2 grants that have assisted the company develop and expand its world class engineering services business in Stillington. The Agency has assisted Cleveland Potash and its significant capital investment program linked to the development of new potash seams and the development of polyhalite reserves leading to the long term safeguarding of over 200 jobs. The Agency also played a lead role in securing the site's inclusion within the EU assisted areas map, thus facilitating access government financial support. Further funding totalling £9m was invested into a Transition Loan Fund – helping 74 viable North East firms overcome short term cash flow difficulties associated with the economic downturn, protecting 2,500 jobs at these companies.

**Grant for R&D** – One North East has delivered this grant scheme since 2003, making around 200 awards worth over £16m to regional small firms to enable them to carry out projects worth over £40m. Many of the region's up and coming businesses have benefited and been helped to grow with Grant for R&D support since its creation or under its previous guise as the SMART Awards. Examples include IDS Ltd, Non Linear Dynamics and, more recently, Applied Superconductor Ltd, which received R&D support from One North East, with two Grant for Research and Development Awards of £200k in 2006 and £250k in 2008 to research and develop high temperature superconducting fault-current limiters to assist the upgrade of the UK's electricity transmission networks to cope with the future increase in UK electricity demand and the incorporation of distributed renewable sources to the grid. Early funding from ONE enabled the company to progress its R&D and prove the viability of the technology. This enabled the company to de-risk the technology to attract private investment (raising over £1m additional commercial investment funding, including a £650k co-investment from North Star Equity Investors), take on more staff, and win significant support from industrial partners (including a £2.5m contract with CE Electric and a £4m Award from the Energy Technology Institutes in a project with Rolls Royce to further develop the technology). The Grant for R&D gave the company the finance and support it needed to prove its ideas and this has led to a world leading company developing and growing in the North East. The management of Grant for R&D passed to Technology and Strategy Board on 1 Sept.

**Finance for Business North East Fund** - One North East was the first region in England to establish a JEREMIE venture capital fund to assist hundreds of small and medium-sized businesses access valuable new finance. For 18 months, One North East worked closely with the European Commission and European Investment Bank to create the £125m fund. The Finance for Business North East Fund was launched in January 2010 to strong support from the business community, helping lead the region's recovery from recession. Over a five year period, the fund will underpin the growth of 850 business start-ups, technology-based companies and growing smaller firms, helping to create jobs and prosperity for the region through targeted loans and equity investments. The fund aims to create more than 5,000 jobs. Any returns from investments will be pumped back into the regional economy, potentially

generating extra tens of millions of pounds to pump into even more regional firms. The European Investment Bank has committed £62.5m into the fund, with £44.25m coming from the European Regional Development Fund 2007-2013 and £18.25m from One North East. Finance for Business North East comprises seven separate funds. To the end of June 2011, it concluded 163 deals valued at £22m. Key highlights up to end June 2011 include 159 different firms receiving financial investment, leverage of £26m (£25m private), meaning that North East businesses received a total of £48m. As a result of these funds, 135 new jobs created as a result of these investments and over 600 jobs safeguarded. The management of the North East's Funds passed to Capital for Enterprise on 1 Oct 2011.

**Digital and Creative** - This activity has evolved over the lifetime of the Agency from Ebusiness support and connectivity to tailored and target support aimed at the software, digital and design industries and networks. Through the programme both Digital City in Tees Valley and Sunderland Software City have been extensively supported with infrastructure, R&D, Skills and business support activity. Design Network North, DNN, was developed to support innovative companies, helping them to utilise high quality design skills and processes, by offering specialised product design, industrial design and new product development support. The Northern Design Centre forms a regional focal point for use of design by North East England's businesses and service providers. Codeworks, established under the Strategy for Success, through its trade association Codeworks Connect (for digital businesses) and in the North East of England has supported 400 businesses with a range of services that include first class networking events, business development and PR support and subsidised digital placement schemes. The Agency's support has also leveraged significant ERDF match funds.

### Evidence of Impact

The most recent evaluation looked at a proportion of the Business Investment programme for the period 2007-10, it showed that the investments combined have delivered a return of between £6.5 and £9 to £1 with the total GVA benefits to the region ranging from £530m - £718m. The majority of the benefits of the proportion of evaluated spend relate to Inward Investment and Access to Finance interventions.

The evaluation of Business Investment cites key examples of One North East's leadership. These include the process through which One North East has taken the lead in setting up a system to address the needs of the region's major businesses under the Strategic Account Management programme. Also, for the Response to the Downturn, the wide range of consultations undertaken outside One North East among partner organisations suggested that One North East had acted quickly and effectively when the recession hit the region.

## BUSINESS - Innovation and Business Development

### Corporate Objective

To invest in science, innovation and creativity to achieve a step change in the structure and performance of the North East economy

This programme was delivered by the Innovation and Business Development (IBD) Team through the following activities:

- **Innovation Capacity** – to provide underpinning and cross-cutting support to the focused work of the Three Pillars
- **Healthcare Pillar** – to create a critical mass of interacting high-value businesses, research and clinical activity and build on work of the Centre of Excellence for Life Sciences (CELS), the universities and Newcastle Science City
- **Energy Pillar** – to actively support the development and application of new energy technologies in areas of regional competitive advantage
- **Process Pillar** – to support the restructuring and growth of the industry by supporting existing and new businesses to apply research, innovation and major technological change

### Spend and outputs

Innovation and Business Development	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	11,427	472	415	12,463	15,865	<b>£228,353,824</b>

### Examples of key projects under this Programme

**Strategy for Success (SfS)** – SfS commenced in 2002 and was an ambitious long term investment plan of over £200m. It aimed to drive a step change in the north east economy through building on industrial and research strengths aligned to opportunities in new markets and related technologies for energy, healthcare, process and digital sectors. The evidence base was strong and included international benchmarks and the Arthur D Little report on the research base needs of key industry clusters. SfS was incubated through a dedicated One North East team, with the key strands of activity spinning out through special purpose vehicles.

The Science and Industry Council brought together regional business and academic leaders to support and drive the SfS programme. Five centres of excellence were established as arms length companies to co-ordinate the commercial exploitation of technologies and new products emerging from research activities, NStar was created as an early stage venture finance company, investing ~£33m in the identified emerging markets. The programme also shaped investment in programmes such as access to finance, skills and capital development

Following a review the Three Pillars approach was implemented based on specific technological strengths in Energy, Process and Healthcare, with support from design and product innovation. This approach was refined and followed by the creation of **Innovation Connectors** providing a geographical focus. The Connectors recognised the geographical location of companies, the research base and supply chains and led to a more targeted approach to developing world class facilities; new approaches to integrating business and universities; engaging with the community through education; and access to employment initiatives. Partnerships developed with local authorities and universities playing critical roles.

Significant progress has been made on attracting investment from the public and private sectors and gaining national and international recognition for new technology platforms including offshore renewables, industrial biotechnology and printable electronics.



The role of the Centres of Excellence has also developed over time in line with market and industrial change. Narec (National Renewable Energy Centre) and CPI (Centre for Process Innovation merged with CENAMPS) have focused on developing industrial scale R&D assets and expertise; and Codeworks and Cels have developed business networks and capacity in the digital and life sciences sectors.

**Narec** - there has been significant capital investment in infrastructure at the Blyth site; this includes unique testing facilities for marine renewable technologies, wind turbine blades and offshore wind gearbox and generators. The facilities will help industry de-risk future investment in production of these components. Narec has submitted an expression of interest to the Technology Strategy Board to become the Technology Innovation Centre for Offshore Renewable Energy, the outcome will be known later in 2012. With the attraction of Clipper Wind to the region and the supply chain opportunities this presents there continues to be a significant role for Narec in sorting the North East economy.

**Centre for Process Innovation (CPI)** – is a core partner in the consortia awarded national Technology and Innovation Centre (TIC) status for High Value Manufacturing in March 2011. CPI was created in 2004 as part of the SfS programme to bridge the gap between the research base and industry. It is an independent company focused on technology platforms in sustainable processing and printable electronics; building on regional industrial and research strengths as well as the unique industrial infrastructure provided at the Wilton Centre and across Teesside.

Investment in facilities and expertise at CPI has enabled companies to develop and test new processes and technologies to de-risk future investment in demonstration and commercialisation. CPI works closely with industry and university research groups internationally as well as with partners in the North East. In 2009 CPI worked with One North East to attract significant infrastructure investment from national government to deliver the New Industries New Jobs Strategy, matched with ERDF. This has enabled CPI to expand its industrial R&D capacity for the process industries in the following areas:

- National Industrial Bioprocessing Facility - £15m+
- PETEC (national Printable Electronic Centre) - £30m+
- High Temperature Innovation Centre (collaboration with Tata) - £3.8m
- Anaerobic Digestion Development Centre - £1m

**Business focus of North East Universities** - the IBD team has worked with the region's universities to support their outreach to north east industry and investors. The programme supported collaborative activity between universities and also between universities and Centres of Excellence, especially Narec and CPI.

Energy research investment included supporting the development of Durham Energy Institute and the Sir Joseph Swan Centre for Energy Research to engage with industry and act as coordination points for energy related societal, economic and technological research. The programme funded the Innovation Machine project at Newcastle Science City (£3.6m SP and £3m ERDF) to create the next generation of high-growth innovative businesses by identifying and translating unmet needs into commercial opportunities.

The team has worked with the University of Teesside to support the work with the process industry and Newcastle University to invest in imaging facilities located at the Campus of Ageing and Vitality, including Pre Clinical Magnetic Resonance Imaging and clinical and pre clinical positron emission tomography (PET). This has raised the profile of the region as a centre for imaging research and provided a locus for industrial collaboration.

At Northumbria University, the Nurture programme provides clear and practical route for SMEs to translate state-of-the-art research into commercial products, such as medical devices and technological services. It offers targeted businesses, fast track support and multidisciplinary expertise to include every stage of product development, from research and

concept design through to feasibility, prototyping, design for manufacture and clinical testing. This programme, entering its third cycle, is being expanded to encompass technology areas other than healthcare.

One North East has worked with all Universities including software at Sunderland and design at Northumbria, examples of which are included elsewhere in this report.

**Innovation in Industry** – the IBD team has worked directly to support regional companies develop their investment plans, demonstrate new technologies and work with the knowledge base in the key emerging markets. Examples include:

- INEOS Bio Ltd – support for the development and build of advanced generation biorefinery. This will be the first of type facility in Europe capable of producing bioethanol from municipal waste on a commercial scale.
- Tata Steel – support for the development of Tata's Teesside Technology Centre, leading to the creation of the High Temperature Innovation Centre in partnership with CPI.
- Romag Ltd– support for the development of additional production facilities and shared business space for training in PV installation.
- DRD Power Ltd – support was provided for the SME to demonstrate a novel energy recovery system at a large chemical production facility. The technology will generate electricity from a low grade waste heat source.
- Thorn Lighting – support to the company to expand its operations in the North East in the manufacture of highly efficient lighting equipment, where they are leaders in their field by developing new materials and products.

The team has also supported the private sector to establish and grow business networks in key sectors including: NOF Energy - identifies global opportunities within the oil, gas, nuclear and offshore renewables sectors for its members; NEPIC - represents companies and supply chain of the Process Industry in the region; Energy & Environmental Industries Forum (EEIF) – one of the outcomes of the Renew project funded by ONE continuing to operate as a membership funded network to support the growth of the sector.

### Evidence of Impact

The most recent evaluation of a proportion of investment in the Innovation and Business Development programme for the period 2007-10, shows that the combined investments have delivered a good return on investment of ranging between 5.1 and 10.1 to one, with the total GVA benefits to the region ranging from between £199m and £203m, over this period.

The case studies of projects above provide a demonstration of the outcome of the investment made by the Innovation and Business Development Programme. It is important to note that, as per the original aim of Strategy for Success, this is a long term investment. Much of the activity has been about facilitating strategic economic change, building on base strengths and putting in place the necessary infrastructure and intellectual capacity. It is anticipated that it will be beyond the life of the Agency when the return on investment will significantly ramp up, for example as new supply chains develop; inward investment in the new industries is secured; and the rewards TIC status is exploited enabling regional businesses to capitalise on sustainable emerging markets.

## **PEOPLE – Skills and Higher Education**

### Corporate Objective

To ensure the region develops and retains the skills and talent required to increase the competitiveness and productivity of regional businesses by supporting measures to inform and stimulate demand for, and participation in higher level skills. This will help ensure that in a demand led skills system, individuals and employers are able to make informed choices linked to the needs and opportunities of the regional economy.

This programme was delivered through the following two activities:

- **Productivity and Participation Higher Level Skills** – to work with the region’s universities, colleges and providers to develop the learning market and deliver flexible responsive skills solutions that meet employer demands and move the North East progressively towards the target of 36% NVQ level 4 by 2014.
- **Raising aspirations and attainment** – seek to attract and retain talented and highly skilled individuals to live and work in the North East. Along with working with key stakeholders to support a smooth transition to new arrangements for 14-19 learning particularly the regional 14-19 Commission to improve employer engagement and better link local authority investment to regional priorities.

### Spend and outputs

Skills	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	<b>1,820</b>	<b>5,334</b>	<b>844</b>	<b>7,694</b>	<b>200,510</b>	<b>£45,863,718</b>

### Examples of key projects under this Programme

**Capacity and Capability (C&C) Fund Pilot** – The £8.1m C&C fund, over the period 2007-10, sought to develop the capacity of the skills infrastructure in the region to respond to employer demand for higher level skills, particularly from employers within the RES priority sectors. Interventions included developing the employer offer, marketing building activities, building staff capacity and capability, and accessing funding. Evaluation findings suggest that the pilot stage of the fund has contributed to this aim and encouraged the interventions described above. In some cases the funding enabled the institution to upskill and bid for other funding streams.

**The National Skills Academy for the Process Industries (NSAPI)** - Developing higher level skills is a key challenge facing the process industries in the UK. These industries are at the forefront of technological innovation and are key to economic growth in North East England, but their future development is challenged by a lack of employees with the necessary skills or any industry standards for training, an ageing workforce, and a shortage of qualified new entrants. To help tackle these issues, in 2006 One North East (ONE) led the development of a case to establish the hub of the National Skills Academy for the Process Industries (NSAPI) in North East England. ONE worked with COGENT, the North East Process Industries Cluster (NEPIC) and businesses in the region to develop the business case for the NSAPI hub to be based in North East England. The Agency helped businesses to demonstrate the benefits of the location, and drew leadership from employers through NEPIC. In November 2007 the Government announced that this bid had been successful. NSAPI’s central base, within the Innovation Centre at the University of Teesside - a recognised Higher Education Centre of Excellence for the Process Industries - was considered an exciting opportunity for the Academy in its formative years. ONE’s project ran from 2007-10 and invested £1.35m. The evaluation highlighted NSAPI’s strength and success included helping companies to develop their skills strategies, in developing strong supportive working relationships and leading on substantial skills projects and programmes such as Tees Valley Apprenticeship Programme (TAVP).

**North East STEM Skills Strategy** – The programme of work invested £2.4m over the period 2008-10 and involved two key strands of activity. The first aimed to increase attainment and participation levels for 5-18 year olds, and change perceptions of and attitudes towards Science subjects and Science careers within the North East school system. The second focused on increasing STEM higher education participation levels, and included the HE Outreach project focusing on key stage 2 transition stage students in disadvantaged areas, and the development of an Integrated STEM Education Strategy. The evaluation showed that investment has been successful in stimulating a wide range of STEM activity across the region, with schools from every Local Authority area involved including nine new Science Education Innovation Partnerships (SEIPs) building Science capacity in groups of schools from the same Local Authority area. It supported universities developing new outreach activities, increased employer engagement activity, particularly targeting specific industries within the region. The investment enabled local events and regional activities, including a well attended Young Engineering Show in 2009.

**Talent Challenge** – The project ran from 2009-2011 with spend of £4.6m. It was developed to provide support to talented individuals in the region who had either been made redundant or who have been put at risk of redundancy. In the last financial year the project has helped more than 1,110 people across 214 organisations with support towards getting a job, and 1,400 people with their skills development. The service, delivered on behalf of the Agency by NRG, is a central element of the region's redundancy response activity and feedback from partners, employers and individuals has been consistently good. One NorthEast is the only RDA to have invested in this type of support, providing help to the region's talent pool, assisting professionals to further develop their skills and experience to allow individuals to move more quickly into employment / self-employment. The Talent Solutions Fund, which provides funding for those being made redundant to undertake higher level skills, is helping people move from public to private sector employment. Alongside this the project also funded a wide range of activities with the region's universities as part of the Economic Challenge Investment Fund with HEFCE, aimed at supporting businesses and individuals from the talent pool who were feeling the effects of the economic downturn. Activities included graduate placements, internships, fellowships, enhanced careers guidance etc. Independent evaluation has confirmed that the project added significant impact to both businesses and individuals involved.

### Evidence of Impact

The evaluation of a proportion of the Skills and Higher Education programme investment over 2002-07 showed that the net added value of this investment programme was 4.0 to one of One NorthEast investment with GVA benefits to the regional economy to the tune of £331m.

The evaluation reports that the Programme had been successful in setting longer term regional priorities for Skills and Higher Education, as well as helping to identify and articulate responses to identified challenges and needs. Adding value to activity across the partnership and avoiding duplication of effort and allocation of resource was also seen as a key strength. There was acknowledgement from stakeholders that ONE had taken a lead role in bringing together and securing the engagement of partners. For example, the Agency achieved particular success through co-ordinating and maximising the value of the five universities to the regional economy and also the STEM programme.

## PEOPLE - Economic Inclusion

### Corporate Objective

To align regional investment, through the Regional Employability Framework and the Regional Skills Partnership, to support more people into and staying in work, to effectively integrate employment and skills across the region and to develop and embed equality and diversity, best practice.

This programme was delivered through the following two activities:

- **Promoting employability** – to increase the supply of suitably skilled and motivated potential employees to meet the needs of the regional economy by promoting employability and vocational skills to overcome other barriers to employment,
- **Reducing barriers to participation** – by focussing on individuals currently excluded as a result of their age, gender, disability, ethnicity or other characteristics, or because they live in an area of concentrated deprivation

### Examples of key projects under this Programme

Economic Inclusion	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	<b>1,408</b>	<b>17,986</b>	<b>14</b>	<b>4,261</b>	<b>31,350</b>	<b>£24,772,753</b>

### Examples of key projects under this Programme

**The Regional Employability Framework** – In 2006, One NorthEast identified that the collective annual spend on employability by regional partners was in the order of £165m including the substantial expenditure of JobCentre Plus and the LSC, alongside other partners such as Local Authorities and the private and voluntary sectors. One North East led the development of the ‘Employability Action North East’, the Regional Employability Framework (REF) for North East England which sought to significantly improve the focus and impact of current resources for employability (people and money), and produce a more coordinated and coherent service for employers and individuals. The Agency has taken a strategic role – prioritising a key intervention arena for achievement of the RES – and brought forward catalytic action to co-ordinate the full range of regional partners (including employers) around a set of guiding principles and a commitment to shared objectives. From 2008-11 ONE invested £100,000. One North East has provided clear leadership and policy direction, adding value to the core activity (and substantially greater spend) of partners. The Framework is recognised to be deploying resources in more effective ways, by influencing the priorities, spend and activities of partners, promoting a consistent and joined up approach and reducing duplication. As an example of good practice the Framework has generated substantial interest amongst partners in other English regions. The REF has also been referenced as a Case Study of Partnership Working in the recent NAO (2007) report, *Helping People from Workless Households into Work*.

**Single Programme Investment in Employability** – The Regional Employability Framework action plan proposed that employability activities funded through ONE’s Single Programme should focus on job placement and aftercare activities fill the gaps in mainstream provision and/or those not met through other funding sources and allow for a level of flexibility to respond to identified needs at the local level. This programme was delivered in four sub regions: Tyne & Wear City Region; Northumberland; Tees Valley; Rural Durham. The programme achieved over 9000 employment support outputs and 2142 skills outputs and led to significant changes in the economic status of clients. The overall success rate of moving people into jobs was 50%. The net total for the programme is 1656 individuals into work, which is equivalent to an overall level of additionality of 58%. It also enabled a net total of



408 individuals to enhance their skills. The programme generated £3.1m of GVA, compared with an investment of £3.7m investment made. GVA generated by the programme was estimated at £14m. The programme generated economic benefits significantly greater than the Agency's investment, equating to a benefit cost ratio of 3:7:1. This means for every £1 spent on the programme, net benefits worth £3.70 have been generated in the North East economy.

**Aim High Route Back (AHRB)** - The Easington AimHigh RouteBack pilot provided health advice, condition management, employment advice and a range of employability support to people claiming incapacity benefit and living in Easington. For the people who participated in the scheme the majority, 95%, stated that AHRB was either responsible for getting them a job or helped them become more employable. AHRB achieved 87 jobs for people with mental health problems over a 24 month period. This has been a significant achievement given people with mental health problems are a particularly difficult group to engage in the labour market. It is likely, given Pathway's lack of success with this group that the majority of these jobs would not have been secured without AHRB. Whilst some of its successes might have otherwise been achieved through other support, AHRB's success with clients with mental health problems bucks the trend of other employment support programmes and suggests that the approach works for this client group.

**Third Sector Capacity Fund** - One North East funded a Voluntary and Community Sector Capacity Fund in 2006, to support organisations from the third sector in the North East in addressing regional priorities around economic inclusion and regeneration. Over two years, 21 different projects from 15 different organisations were supported. This fund was subsequently extended and renamed Third Sector Capacity Fund in 2008. The TSCF has offered a much needed and sustainable solution to the current challenges facing VCS organisations in the region. From the outset the focus has been about building capacity, skills and expertise in the sector, essential to survival in what is a dramatically shifting funding landscape. With diminishing public funds available there is no doubt that the TSCF has supported projects that mainstream funding have overlooked. Projects supported include Keyfund Social Licensing, Collaborative Directions to Work and the Green Communities project. The TSCF has provided an important regional focus for the sector that other national funding programmes would not have been able to deliver.

### Evidence of Impact

The evaluation of a proportion of the Economic Inclusion programme investment over 2002-07 showed that the net added value of this investment programme was 2.55 to one, with GVA benefits to the regional economy to the tune of £22.1m.

The level of additionality for the projects reviewed ranges from 9% to 58% however projects tend to perform at the higher end of additionality. This is taken from a relatively small proportion of Economic Inclusion activity so provides some insight into the kinds of additionality of individual projects; however additionality cannot be defined for the overall programme.

The 2007-10 evaluation reports that as a relatively 'young' intervention arena for ONE, and in an area where there is substantial sub regional activity and funding, the role of the Agency has been widely regarded by stakeholders as vital in defining and moving the economic inclusion agenda forward for the region. In particular, strengthening the evidence base for intervention and supporting development of appropriate interventions including, most markedly, the creation of the Regional Employability Framework. The Agency has been vital in supporting partnership activity and capacity building across a number of dimensions. Activity has levered in, or influenced, investment, funding and resources across sub regional activity and with major partners such as DWP/JobCentre Plus and LSC. At a national level, stakeholders also identified the influence that the programme has had as a pioneer of economic inclusion activity at the regional scale.

## PLACE - City Regions and Rural

### Corporate Objective

To maximise private sector investment and market opportunities for growth through strategic infrastructure investment in our city regions and rural areas.

This programme was delivered through the following five activities:

- **City Region Development Programme Tees Valley & Tyne and Wear** – to work with partners to develop and implement prioritised and evidence-based regeneration and physical investment proposals in both Tees Valley and Tyne Wear, supported by activities in Northumberland and Durham.
- **Rural** – to focus on the development and growth of a hierarchy of Market Towns with a range of appropriate interventions developed and agreed with local partners.
- **Business Accommodation** - to provide high quality premises for private sector investment in areas of significant market opportunities and growth.
- **Connectivity** – to work with internal and external partners to take forward activity including building the evidence base and capacity to deliver, the renewable energy agenda and the innovation connector programme and contributing to development of digital infrastructure for next generation Broadband roll out .
- **Coal** – deliver the HCA’s coalfield programme including, remediating, site servicing and supporting the private sector in regeneration and developing commercial and residential accommodation on the former North East’s coalfields sites.
- **Quality of Design** – working with private sector and Local Authorities and LA’s raise the standard of project design and sustainable buildings and to learn and disseminate best practice.

This programme included SRB legacy until 31 March 2012.

### Spend and outputs

City Regions and Rural	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	<b>8,607</b>	<b>4,143</b>	<b>1,610</b>	<b>853</b>	<b>41,533</b>	<b>£461,282,489</b>

### Examples of key projects under this Programme

**Property Public Private Sector Partnership** - One North East took the bold decision to enter into two groundbreaking partnerships with the private sector to maximise the return on investments in its land and property portfolios across the region. **The Buildings for Business** partnership - with UK Land Estates and **Onsite North East** in partnership with property investor and developer Langtree – These Partnerships manage dozens of sites across the North East from Berwick in the North to Redcar in the South with a combined current market value of about £130m. Onsite North East was formed in 2009 to innovatively manage, develop and invest in sites previously held in the Agency portfolio and to respond to other investment and development opportunities across the region. A dedicated North East office has been established to manage the portfolio of prime development land, comprising 23 sites totalling in excess of 1,000 acres. Buildings for Business, another Public Private Partnership (PPP) formed in 2004 with UK Land Estates. This pioneering project was one of the largest property transactions in the region and ensured that the Agency had access to private sector expertise and finance to manage and develop its 1,700 properties on 54 business estates. Buildings for Business has been hugely beneficial for the North East. Each year income from the partnership has been reinvested into improving the range and availability of business premises and other One North East priority projects.

**Land and Property acquisitions** – The Agency has had a key role in land and property acquisitions to support economic development goals. A review of the activity over the period 2008-11 showed that the strategic acquisitions programme was aligned with the strategic economic objectives of the region described in the RES and RES Action plan; that Single public ownership of regionally important assets has been key to enabling regeneration and redevelopment; and that Partnership working with public and private bodies was important for success. Acquisitions can require a long term commitment to often significant investment with no, or minimal, Impact Evaluation Framework compliant direct benefits. However, whilst the upfront costs can be high so are the cumulative and potential benefits in the long term.

**Middlehaven** - Greater Middlehaven sits between Middlesbrough town centre, the A66 and the River Tees. The decline in the town's heavy industry left large areas of Greater Middlehaven vacant. It is now being regenerated in a £500m scheme involving One North East, Middlesbrough Council, Tees Valley Unlimited, the Homes and Communities Agency and private sector partners. A masterplan vision was prepared for Greater Middlehaven that would 'inspire, excite and establish the area as a waterfront destination' The vision prescribed in the Framework Plan proposed a bold and innovative scheme that would take place in three phases. One of the UK's largest developers, BioRegional Quintain, was appointed to deliver phase one of the redevelopment around the Dock. Phase one will deliver the construction of approximately 760 residential dwellings, a hotel, offices and leisure facilities. The residential units will be completed early 2012 along with the completion of quality public realm. In addition, developers Terrace Hill have constructed offices known as Manhattan Gate beside the Dock, and Middlesbrough College of Further Education has relocated all its activities to one campus within phase one at a cost of £70m. Located at the north-eastern corner of Middlesbrough Dock is the art installation Temenos, by Anish Kapoor, the first of a planned five giant sculptures across the Tees Valley. Work is also underway to revitalise the Historical Quarter conservation area adjoining Middlehaven, containing some of the town's historic buildings. It is envisaged that the area will house a 'creative industries quarter' for Middlesbrough and the Tees Valley. The contemporary designed BoHo Digital Enterprise Centre and BoHouse, provides workspace and accommodation for digital media and creative companies. The Agency has invested £32m in the Middlehaven programme to date.

**Sunniside** - Sunniside is the historic eastern portion of Sunderland city centre, dominated by traditional Victorian streets with a vibrant mix of uses and significant creative and cultural small businesses. With Sunderland City Council and the arc's subsidiary, the Sunniside Partnership, the aim of investment has been to focus on strategic site assembly around High Street West and Villiers Street areas. This work builds on the success of the River Quarter residential/cinema development, environmental improvements such as the Sunniside Gardens, property projects such as The Place and the successful Commercial Property Grant Scheme which has seen a variety of properties brought back into use and improved. ONE has invested £19.2m in these projects, as well as establishing a masterplanning framework for the area to support appropriately mixed and scaled development. Into this, ONE is also investing £3m in Sunderland Software Centre, a managed workspace facility aimed at multi-media small enterprises. This project is being delivered by SCC and is due for completion early 2012. Moving forward, the Agency has now entered into a development agreement to deliver a new hotel on High Street West, and the intention for the remaining sites is to take these forward for residential led development in line with the masterplan and the aspirations for this area.

**The Ouseburn** - Ouseburn, located on the edge of the city centre is a well established knowledge hub and preferred location for creative and cultural small businesses. With 1NG and Newcastle City Council, the aim of investment has been to focus upon the lower Ouseburn, building on the success of the Lime Street urban quarter and the new tidal barrage environmental improvements. In order to meet identified demand for a dedicated centre for move-on accommodation for creative businesses, construction is well advanced on site with the refurbishment of the Toffee Factory, with completion programmed for December 2011 following One investment of £2.65m. Also, to create a true modern, vibrant urban village in the lower Ouseburn, work is advancing to appoint a residential led developer, to take vacant sites that the Agency and NCC own and transform the area. It is expected that the developer should be appointed by the end of the year, with an anticipated start on site for the first units next summer. These projects are also complemented by local environmental improvements to lift the quality of place around the mouth of the Ouseburn. One has expended an additional £4m on land assembly and environmental improvements.

### Evidence of Impact

Activity undertaken in this area of the Agency's business supports the delivery of other major programmes and objectives promoted by the Agency, such as Innovation Connectors, Inward Investment and tourism initiatives.

Due to the broad scope and shift in activities under this programme, it is necessary to refer to individual activity level evaluations to understand the impact of different areas of investment. However, core to this Programme have been the activities taken forward as Quality of Place. The evaluation of a proportion of spend within this area for 2002-07 showed that the net added value of this investment programme was 0.4–2.0 to one, and that it would generate between £58.5 - £360.2m in GVA benefits.

It's important to note here that much of the spend in this area of activity is not easily translatable into jobs and consequently into GVA particularly given the onset of the credit crunch and the recession, and the impact this has had on private sector and public sector appetite for investment in physical regeneration.

The evaluations showed that ONE demonstrated a key role in relation to engaging with stakeholders and communities. At least in the period prior to recession, multi-stakeholder projects, such as the Urban Regeneration Companies (URC's), had created confidence in the prospects for growth and in the capacity of partners, and raised aspirations for what could be achieved in the North East.

## PLACE - Promoting the Region

### Corporate Objective

Supporting the region's economic growth by promoting a clear and positive image of North East England which attracts people and businesses from outside of the region to live, work, invest or visit

This programme was delivered through the following two activities:

- **Tourism Marketing** - to promote the region's visitor offer in order to increase the number of national and international visitors to the region, increase average visitor spend and length of stay, and to encourage repeat visits
- **Business and Innovation Campaign** - to increase the impact of the Business Programmes by improving the perception of North East England as a good place to invest, live and do business and so create more businesses, job opportunities and increased productivity.

### Examples of key projects under this Programme

Promoting the Region	Jobs Created/Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	<b>1,685</b>	<b>12</b>	<b>1,026</b>	<b>78</b>	<b>12,956</b>	<b>£46,918,582</b>

### Key projects

**Tourism Marketing** - The Tourism Marketing team at One North East developed and delivered a number of successful campaigns, a highlight was the award winning 'Passionate People, Passionate Places' campaign which targeted key visitor groups in both domestic and international markets. The high profile campaign included iconic regional imagery and demonstrated the rich and varied tourism offer available to visitors. It was delivered across various forms of media including television advertising, emarketing and print the 'Passionate People, Passionate Places' brand Working in partnership with regional, national and international partners from the public and private sector the campaigns contributed to increased visitors to the region from 8.3 million in 2003 to 8.5 million in 2009, with overnight visitor numbers increasing by 9% during this period. The value of the sector to the regional economy also increased during this time from £3.5 billion in 2003 to £3.9 billion in 2009. [www.visitnortheastengland.com](http://www.visitnortheastengland.com)

**Business and Innovation Campaign** - Throughout 2009-10 the Image Campaign promoted North East England's strengths in key sectors that will provide the engines of growth as the economy recovers. Activity focussed on the theme of business and innovation positioning the region as a location of choice to work, build a career, establish a business, relocate and invest. The campaign focussed on key business sectors highlighted as priorities for the region including Renewable Energy – Offshore Wind and Electric Vehicles, Process and Chemicals, Digital, Healthcare and Life Sciences. The campaign featured regions international firms such as Nissan, Proctor & Gamble, Clipper and Sage, and appeared in national titles including The Telegraph and the Economist in the first half of 2010.

**Business and Innovation Campaign – Ambassadors** - The regional image campaign has always been about empowering people to act as advocates for the region. The business ambassador programme aimed to harness the collective pride and passion of these campaign supporters and help them spread positive messages about the region to help us reach more people through the campaign and with a more credible message. Over 2,000 North East businesses signed up to become ambassadors and used the North East England logo and 'Passionate' branding in their marketing. The supporting website to the Ambassadors programme provided businesses with access to business tools such as recruitment



brochures, maps and images of the region as well as PowerPoint templates featuring key facts about North East England.

### Evidence of impact

The most recent impact evaluation of this Programme for the period 2005-2008 shows that the investments combined delivered a return of 2 to one, with total GVA benefits to the regional economy of £26.2m. Over this period, the Tourism Marketing element of the Programme generated the vast majority of the monetary benefits. The evaluation recognised that, whilst the reach had been vast, it was too early for the Regional Image Strategy to be realising some of the longer term benefits around image and perception change however it is important to give due consideration to the social benefits that have been generated.

Strategic Added Value is one of the main outcomes of this programme. The evaluation suggests that it has provided strategic leadership at a local level, acted as a catalyst for cohesion of the region's businesses and people, given a common identity and something to be proud of to the people of the region.

The Programme evaluation reports that without ONE's insight to commission research in the area and to develop a coherent strategy /programme to address it, there was evidence to suggest that this would not have occurred. Also, evidence suggested that without the 'regional' approach taken by ONE and the balanced representation of the region, the coordination of marketing activity at a regional level would not have been achieved. This regional approach to marketing has been cited by major investors in the region as having an affect.

## PLACE - Culture and Tourism

### Corporate Objective

To create and promote a culturally vibrant region through investments in cultural and leisure facilities and activities that support business confidence and encourage growth within the culture and tourism sectors

This programme was delivered through the following two activities:

- **Visitor Economy** - to develop and support the growth of the region's visitor economy to increase the number of domestic and international visitors and their spending levels as a result of improving the quality of the whole visitor experience
- **Culture** - to support the creation and development of attractive, vibrant City Regions and rural service centres

### Examples of key projects under this Programme

Culture and Tourism	Jobs Created/ Safeguarded	Employment Support	Business Creation	Business Support	Skills	Spend £
<b>Grand Total</b>	<b>1,439</b>	<b>0</b>	<b>13</b>	<b>3,642</b>	<b>166,654</b>	<b>£48,624,909</b>

### Key projects

**Investment in visitor economy attractors, infrastructure and services** - Significant funding has been invested into the development and improvement of some of the regions key attractions and events, including £2m to the Bowes Museum, £2.3m to the Saltholme Wildlife Reserve, £5m to the Great North Museum, £1.7m to Gateshead International Stadium, £1m to Seaton Delaval Hall, £357,000 to Kielder Observatory, £815,000 to Durham County Cricket Club, £700,000 to the Sage Gateshead and £775,000 to the Tall Ships Race that came to Hartlepool in 2010. One North East invested £2.4m into Saltholme which combines a visitor centre, cafe, shop, classrooms, community meeting space and offices. Bowes Museum was awarded a £2m investment by One North East through the County Durham Economic Partnership. The investment helped transform visitor amenities, carry out restoration work and create new galleries. The magnificent Bowes Museum stands in the historic market town of Barnard Castle housing internationally significant collections of fine and decorative arts. The museum houses the internationally famous Silver Swan, recently restored to its full glory. Seaton Delaval Hall secured £1m Agency investment, which enabled the National Trusts acquisition of the site and the ongoing development of a full time visitor attraction and heritage hub. Hadrian's Wall, a key regional destination, has had significant agency investment including; Hadrian's Wall Heritage Ltd £3.9m and Vindolanda and the Roman Army museum £1m.

**Culture10** - The Culture10 programme was launched in October 200. Funding in partnership by One North East, The Millennium Commission, Newcastle City Council, Gateshead Council, The Arts Council England, Tyne and Wear Partnership and The Northern Rock Foundation, One North East contributed approx. £13.5m to the £57m programme. The development of a detailed programme of events and activities provided a catalyst for a new partnership model within and between public, private and voluntary bodies. An evaluation found that the Capital of Culture bid experience, despite failing to secure the award, had achieved many positive outcomes in Tyne & Wear, including a more integrated approach to cultural development; increased pride and subsequent uplift in the use of cultural facilities by local residents; uplift in sponsorship, PR and other forms of private sector support associated with the enhanced profile of the region; and development of a range of new, innovative and embedded projects and programmes that were considered unlikely to be taken forward without the bid. To maintain this initiative the NewcastleGateshead Initiative (NGI) worked with One North East

and partners to develop an alternative programme that would harness the aspirations and energy generated by the bid. During 2009/10 One North East supported Culture10 with £3.75m from the Place theme. The aims were to support a programme of world class festivals and events to: promote the region as a vibrant, exciting cultural hub; encourage positive images of the region; increase visitor numbers; increase levels of economic participation; attract entrepreneurs to set up business or move to the region; support the growth of existing businesses; attract and retain people who live, work, and study in the region. Culture10 was seen as very successful in bringing together players from across The cultural sector, raising aspirations and co-ordinating activities. The evaluation of the 2009/10 programme found that the project generated additional GVA within the tourism sector of £2.9m in that year alone.

**Desti.ne** - On behalf of partners in Tourism Network North East, One North East developed, managed and funded the provision of a regional tourism e-business platform (Desti.ne) and centralised support resources from April 2006. The platform provides users with online tools to create revenue raising opportunities, deliver tourism product information collection and maintenance, business CRM, enquiry management, website building and maintenance, online booking, visitor CRM and wider distribution through interoperability with the EnglandNet platform. Desti.ne was the first deployment of a regional tourism e-business system anywhere in England. The first contract (2006-2009) cost £1.5m; the second contract (2009-12), let as a Services Concession, cost £1m. Over the years, the platform's introduction has been credited with directly helping the region become more competitive within the tourism online space and helping many businesses embrace the benefits of the Internet. Indeed, since going live in July 2006 more than £12m worth of online booking have gone through the system. The Desti.ne Benchmarking Report in 2010 noted, *'Whilst not totally perfect, the single instance, shared, regional DMS solution (Desti.ne) with its single eCMS publishing model and unique single regional procurement and contract management...is in my view the best managed and most cost effective of all English Regional solutions'*.

**Tourism Network North East (TNNE)** - One North East's strategic responsibility for tourism had a remit to make significant improvements in a number of key areas, including to recognise tourism as a mainstream economic development activity with enormous wealth and job creation potential; to work towards greater collaboration and reduced duplication between regional and local tourism activities; to involve the private sector much more effectively in decision-making and prioritisation of tourism support activities; and to bring about a step-change in activities to attract and provide for the needs of international visitors. During 2004, following considerable region wide consultation on a number of options, a network approach was introduced both to address the weaknesses of the previous structure and to deliver against these aims. The resulting Network was made up of five organisations: the One North East Tourism Team, and four Area Tourism Partnerships or ATPs (Northumberland Tourism, Tourism Tyne and Wear, County Durham Tourism Partnership and visitTeesvalley). The Network had a number of key aims, including positioning the ATPs as the main point of contact for business services and as the main route for local authorities to engage with the Network. The Network was better integrated than in any other region because it would be using a single e-business platform, Desti.ne, and all marketing was linked to the regional "Passionate People, Passionate Places" campaign. Each ATP was managed by a public-private sector Board with a private sector Chair, with all Board appointments being made under Nolan principles. Network Associate organisations acknowledged that they needed to work closely with the ATPs, especially in relation to giving relevant information to tourism businesses.

### Evidence of impact

No programme level evaluation has been carried for the Culture and Tourism Programme so it is necessary to look at the individual evaluations for the projects above to understand impact in this area.

In terms of the Strategic Added Value of projects; Culture10 was a multi-area programme that appears to have had a positive impact for the region, with the evaluation reporting that it had raised levels of ambition and confidence in the region, with a key element of its unique strength being in that it did not solely focus on one urban centre or one event. Culture10 levered in significant public sector funds and the evaluation found that the experience of Culture10 had created a better structure for coordinating and networking between key partners than in the past. There was an overall consensus that the programme had been successful in aligning regional funding streams.

The evaluation of Tourism Network North East shows that it appears to have successfully joined up and co-ordinated efforts in the tourism sector. In the tourism sphere, TNNE and the North East tourism team were seen as improving communication and joint working between ONE and other tourism stakeholders.

For both Culture10 and the Tourism Network North East evaluations, they report evidence of synergies achieved which brought together large numbers of stakeholder organisations to share knowledge and co-ordinate delivery.