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The Benefits of Working Together

Inward Investment in the North East

September 2016

Executive Summary

With Britain's impending exit from the EU playing a key role in investment considerations, it is imperative that the UK and its regions are in the strongest possible position to capitalise on future and existing opportunities.

In recent years, inward investment - or Foreign Direct Investment (FDI) as it is commonly known - has been on the rise, and indeed the UK attracted the highest level of FDI in Europe 2015. However, with uncertainty surrounding Brexit, the UK's future performance in attracting FDI is unclear.

Looking across the UK, the North East region has, for many years, enjoyed high levels of trade with EU nations and with uncertainty surrounding European trade in the years ahead, it will be particularly important for the North East to continue to secure FDI into the future.

Whilst the region's FDI performance increased in 2015, in recent years, the relative performance has declined and the share of job creation captured across the North East remains below the pre-recession average. A smaller number of larger projects (in job creation terms) have also been secured over the past decade, leaving the region more vulnerable to closures such as SSI in Redcar, and this underlines the importance of achieving a wider, more balanced FDI portfolio.

Key strengths of the region are demonstrated through repeat investment in the transport equipment, professional services and environmental technology sectors, as well as strong investment from non-EU countries, including Japan and the USA. However, the high number of organisations involved in the FDI process and the significant level of cross-over between the sectors targeted at a local level, could serve to weaken the overall message to external investors.

Drawing upon the example of Nissan in Sunderland, it is clear that inward investment secured in any one location can be of benefit to the region as a whole, with all 12 North East local authorities benefiting to some extent from the resultant employment, supply chain, wages and expenditure impacts.

In the context of the Nissan example, there is scope for FDI partners across the region - including DIT, LEPs and local authorities - to work together more closely to maximise the impact of FDI activity to a wider investor audience and provide a consistent message. The prize - a strengthening of the region's performance as a whole – can only bring benefits to the region, and, in turn, the national economy.

The Review in Figures

Over the past decade, FDI activity in the North East has generated[1]:

£12bn of capital investment

350 investment projects

36,000 new jobs

Analysis of FDI activity by source country highlights the importance of the EU as a driver of inward investment in the North East. Over the past decade, the EU has - if considered as a single economic entity - accounted for:

46% of capital investment

36% of investment projects

29% of new jobs

When considering the data on the basis of single countries, however, the greatest contributions are made by United States and Japan. Taken together, these countries have – over the past decade - accounted for:

36% of capital investment

41% of investment projects

44% of new jobs

Case study analysis of Nissan, a key inward investor, demonstrates that the investment supports:

6,700 direct workers on-site (including almost 4,000 workers resident in other North East authorities) supporting a total estimated annual wage bill of £200m.

10,840 jobs in Tier 1 suppliers, with more than 4,200 located outside of Sunderland but within the North East.

Image Credit: © Cultura Creative (RF) / Alamy Stock Photo

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Introduction

With record levels of Foreign Direct Investment (FDI) projects secured and over 42,000 new jobs created during 2015, the UK was identified as the Number 1 destination in Europe for FDI[2]. In addition, a 20% growth in projects was achieved in a European market that grew by just 14%, further increasing the UK's market share of FDI investment.

Against this positive backdrop, however, concerns have emerged regarding the UK's future performance and investor confidence following the EU referendum. For the North East specifically, the impact of any change in the UK's relationship with the EU - whether positive or negative – will be greater than that of other English regions, due to a higher level of EU trade[3].

Within this context, it is critically important that the North East continues to focus on driving FDI activity to secure future economic growth. Competing more effectively for FDI also represents one of a number of avenues through which the region - as well as the North West and Yorkshire & Humber - can deliver the rebalancing of the national economy that forms the central tenet of the Northern Powerhouse initiative.

However, despite an increase in FDI activity during 2015, the North East has consistently underperformed in recent years in comparison to its pre-recession average. With the highest unemployment levels of any UK region and a high level of employment linked to European based businesses, the need to grasp the opportunities presented by FDI is clear.

Approach

In order to support growth in FDI activity across the region, this report looks at the comparative performance of the North East against the national context, as well as the key challenges facing the region. It draws upon national datasets from a variety of sources, including DIT and fDi Intelligence.

A case study example of the Nissan plant in Washington - perhaps the North East's most high profile inward investment project - seeks to explore the extent to which the economic impacts of inward investment extend beyond the boundaries of the 'host' authority and benefit the wider region as a whole.

Image © Philip Hunton

Foreign Direct Investment (FDI)

Distribution of FDI in the UK

FDI plays an important role in supporting growth across all regions of the UK, and led to the creation of more than 260,000 new jobs between 2005 and 2015. The number of projects secured in the UK also increased by 91% over the same period, demonstrating strong investor confidence in the UK economy[4].

As outlined in Figure 1 below, beyond London, the South East, Scotland and West Midlands secured the highest proportion of projects, whilst; Scotland, the West Midlands and Northern Ireland secured the highest proportion of jobs.

This suggests there are significant regional variations in the scale (in employment terms) of FDI projects. The FDI portfolios of London and the South East, for instance, are characterised by large numbers of relatively small projects (in terms of job creation). In contrast, Northern Ireland and the North East have attracted a smaller number of projects that have created a disproportionately large number of jobs.

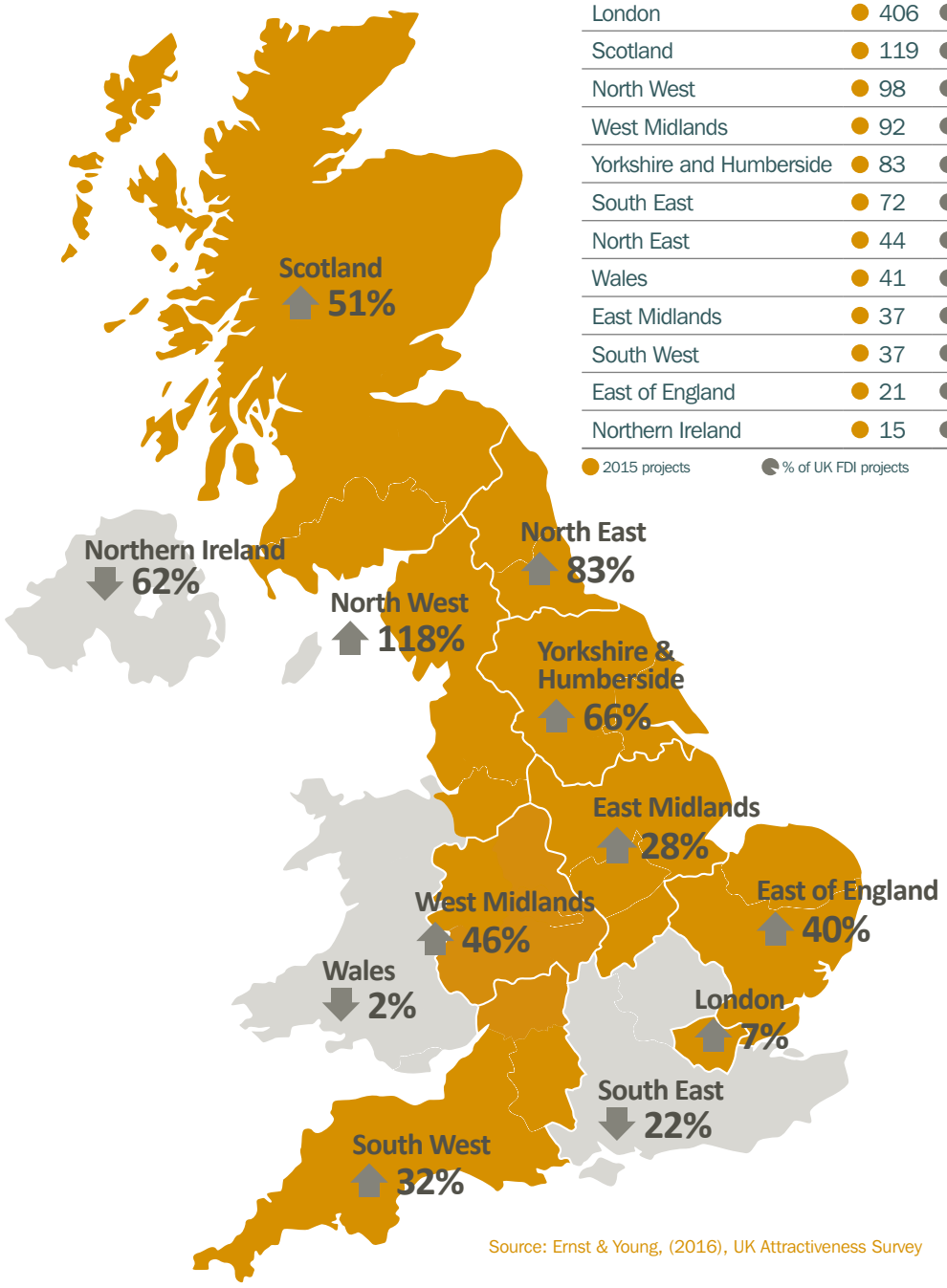
However, as evidenced through recent job losses due to the closure of SSI in Redcar, there is a risk that a reliance upon a smaller number of larger projects could create a greater level of vulnerability. Attraction of a larger number of smaller projects, across a range of sectors, would help to provide a more balanced FDI 'portfolio' and minimise the impact of a shock (e.g. through a sudden reduction in competitiveness in a particular sector).

Figure 1: Proportion of FDI projects and jobs created by region

Source: Ernst & Young, (2015), European Investment Monitor

The recent growth in projects secured across the UK between 2014 and 2015, has been driven in absolute terms by London (406 projects), Scotland (119) and the North West (98). In percentage terms, the North East also experienced a strong increase in projects (+83%) - albeit from a relatively low base.

Figure 2: FDI projects recorded by region in 2015 and percentage change on 2014



Projects recorded by regions of the UK in 2015, and percentage change on 2014

	2015 projects	% of UK FDI projects	% change on 2014
London	406	38.1%	6.6%
Scotland	119	11.2%	50.6%
North West	98	9.2%	117.8%
West Midlands	92	8.6%	46.0%
Yorkshire and Humberside	83	7.8%	66.0%
South East	72	6.8%	21.7%
North East	44	4.1%	83.3%
Wales	41	3.8%	2.4%
East Midlands	37	3.5%	27.6%
South West	37	3.5%	32.1%
East of England	21	2.0%	40.0%
Northern Ireland	15	1.4%	61.5%

Source: Ernst & Young, (2016), UK Attractiveness Survey

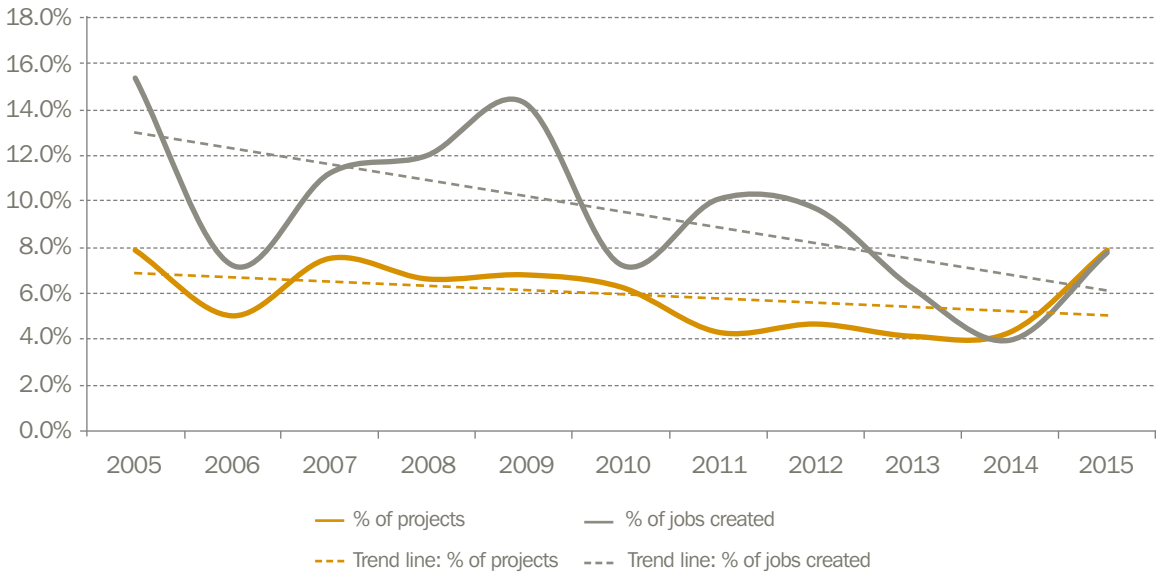
North East performance

For the North East specifically, FDI has made a significant contribution to the economy over the past decade, supporting[5]:

- £12 billion of capital investment;
- 350 investment projects; and
- 36,000 new jobs.

However, notwithstanding the growth recorded in 2015, an analysis of the comparative performance of the North East over time indicates that the proportion of FDI outputs (projects and jobs) has declined between 2005 and 2015, particularly with respect to jobs. Indeed, the 7.8% share of jobs secured within the North East in 2015 remains significantly behind the 15.4% achieved in 2005 and the 14.3% recorded in 2009.

Figure 3: Percentage of UK FDI job creation/projects secured within the North East region



Source: Ernst & Young, (2006-2016), European Investment Monitor

FDI profile: North East

Sector Drivers

By sector, FDI job creation secured within the North East over the past decade has been driven by transport equipment (+8,000) and professional services (+4,200) (plus other outlying clusters, +6,200). However, the environmental technology sector received the highest level of capital investment in the region (just under £5 bn).

This suggests strong variations by sector with respect to the 'cost per job' and the labour intensity of investment projects. For instance, as demonstrated in Figure 5:

- Professional services secured the highest number of jobs per project (183), whilst life sciences secured the lowest (48); and
- Professional services also secured the highest number of jobs per £1m of investment (42.4 jobs per £1m), compared to environmental technology with the lowest (0.7 jobs per £1m).

Figure 4: Job creation, number of projects and capital investment 2005-2015 by cluster

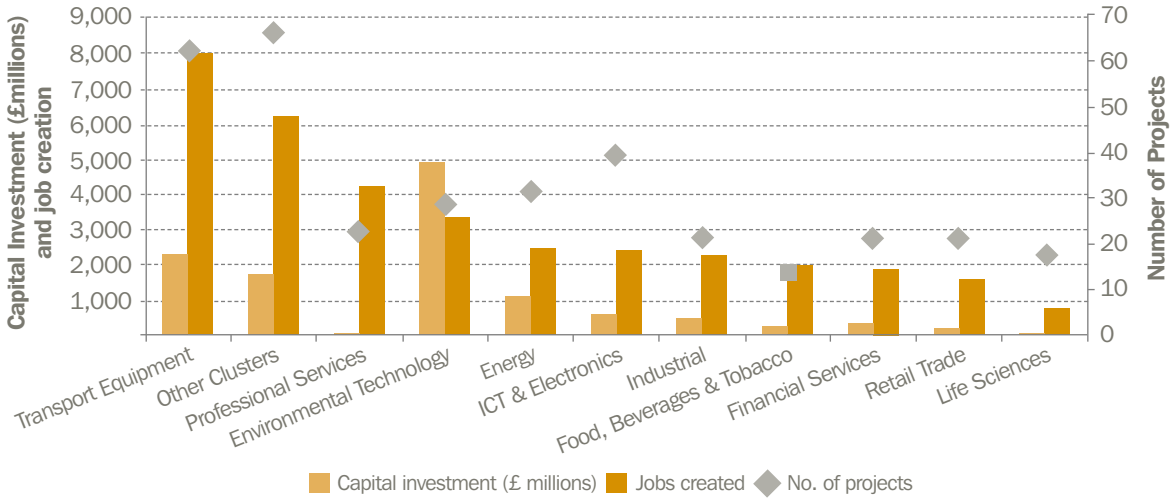
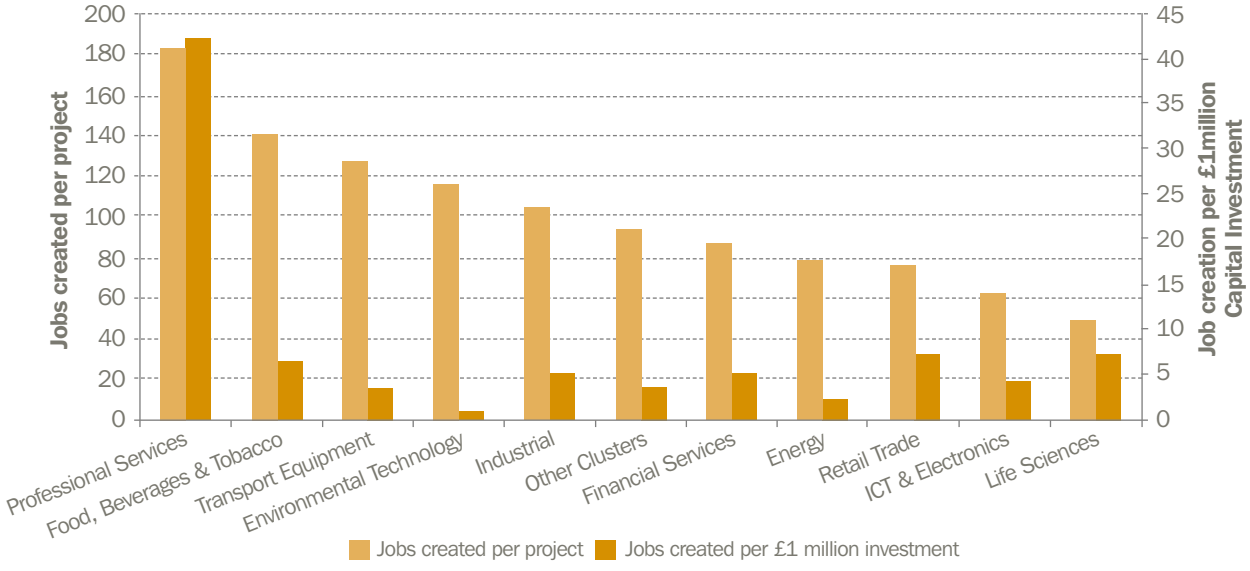


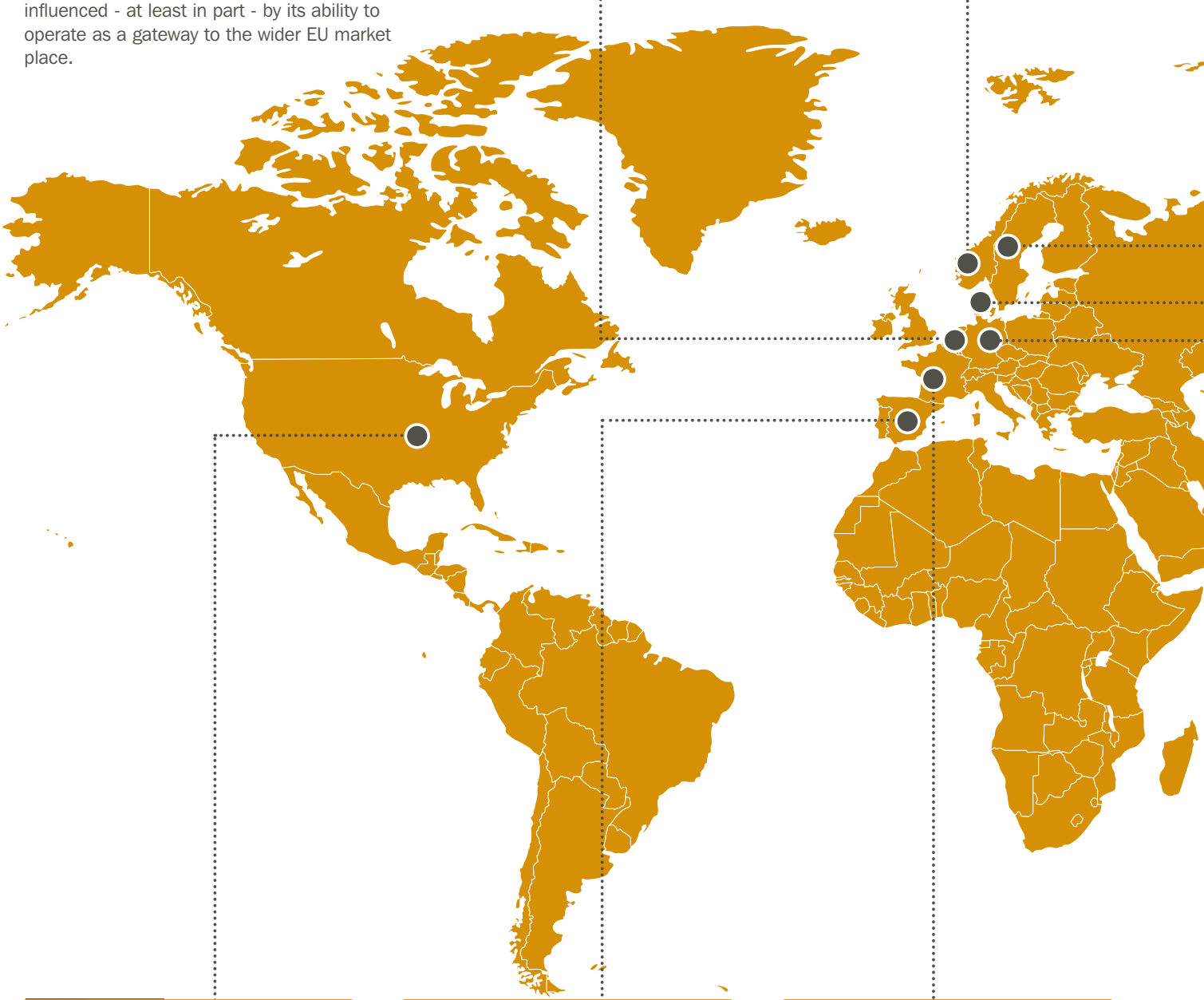
Figure 5: Job creation per £1 million investment and per project



Source: fDi Markets, (2015), Trends report: FDI to North East UK

Where does investment come from?

The Figure below provides a summary of the source of FDI investment into the region between 2003 and 2015. As demonstrated below, the region's links with the EU are clear. However, the region also benefits from strong links to the United States and Japan, who together provided a higher number of projects, companies and jobs than the EU countries combined. This reflects the fact that the UK's recent appeal to global businesses has been influenced - at least in part - by its ability to operate as a gateway to the wider EU market place.



Norway

11 projects
9 companies
1,571 jobs
£138m investment

Netherlands

13 projects
12 companies
1,448 jobs
£291m investment

United States

105 projects
78 companies
10,923 jobs
£2,264m investment

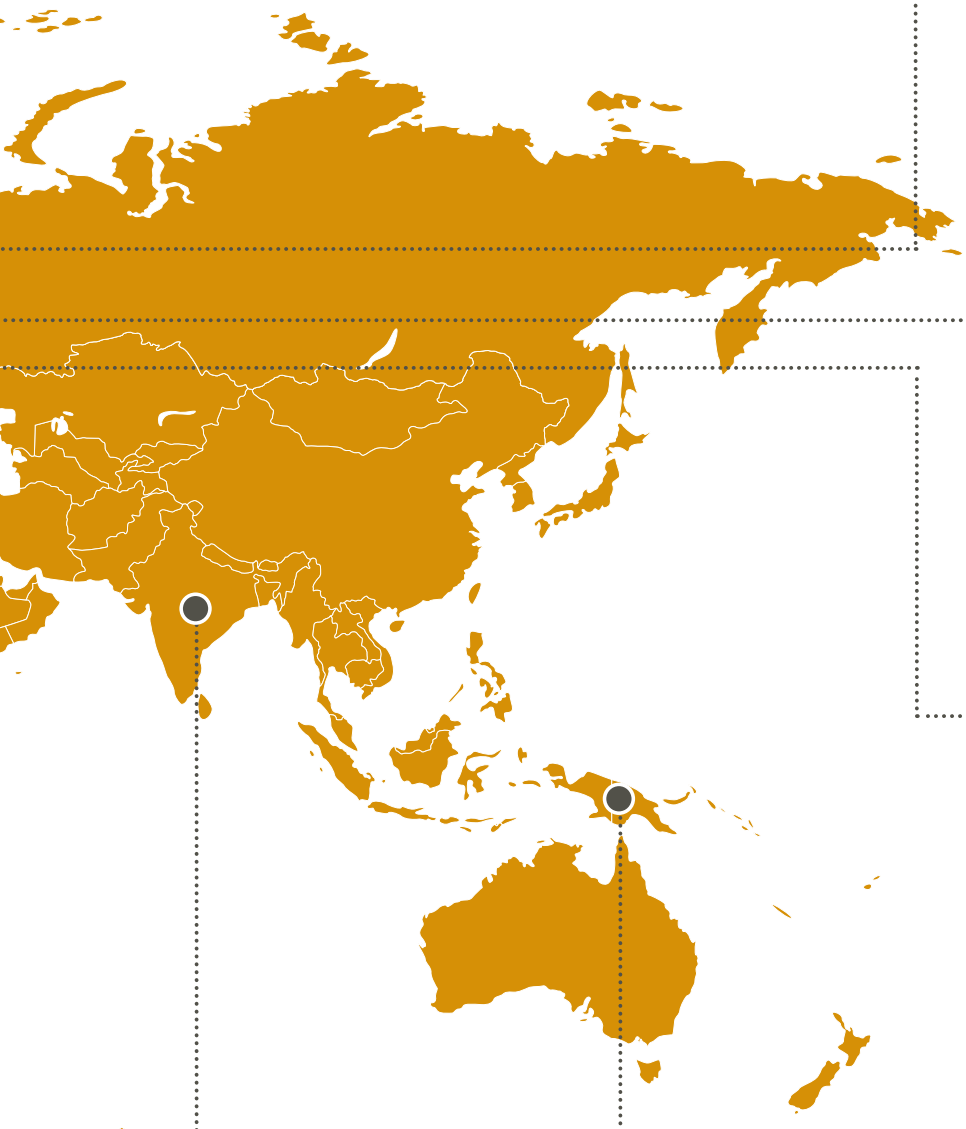
Spain

9 projects
7 companies
785 jobs
£1,922m investment

France

35 projects
25 companies
4,069 jobs
£1,022m investment

Sources: fDi Markets / NLP analysis, FDI source country (2003-2015)



EU TOTAL

126 projects
87 companies
10,500 jobs
£5,516m investment

USA + JAPAN TOTAL

143 projects
97 companies
15,936 jobs
£4,262m investment

Sweden

15 projects
9 companies
621 jobs
£387m investment

Denmark

14 projects
8 companies
567 jobs
£1,225m investment

Germany

40 projects
26 companies
3,010 jobs
£669m investment

India

11 projects
9 companies
1,571 jobs
£79m investment

Japan

38 projects
19 companies
4,473 jobs
£1,998m investment

Other source countries

61 projects
55 companies
6,662 jobs
£2,402m investment

Where does investment go?

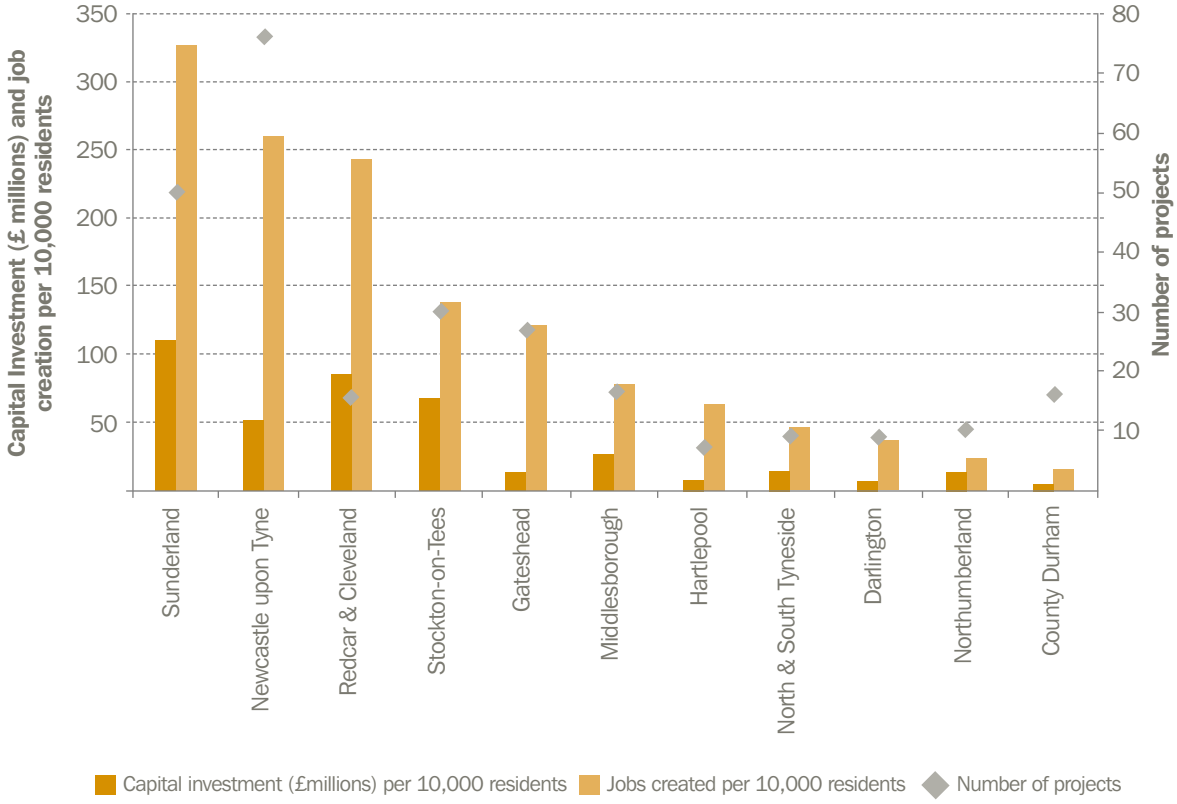
As the largest urban areas, it is perhaps unsurprising that the local authority areas of Sunderland and Newcastle upon Tyne captured the greatest number of projects, jobs and investment over the period January 2003 to July 2015.

Analysing the data relative to the size of population reinforces the strong performance of these areas. However, Redcar & Cleveland, Stockton-on-Tees and Gateshead also recorded strong performance relative to population size, whilst Northumberland and County Durham fell significantly below the regional average. The total number of projects secured within these areas is also much lower than that achieved by the smaller local authorities of Gateshead and Stockton-on-Tees.

Clearly, Sunderland and Newcastle benefit from a stronger external profile, an established supply chain and sector strengths. Whilst external profile is more difficult to develop for the smaller and more rural authorities, these locations are still capable of attracting FDI - through a more niche offer.

Indeed, an analysis of performance by settlement, demonstrates that relative to population size, Redcar, Hexham and Newton Aycliffe secured a higher number of jobs than the cities of Sunderland and Newcastle.

Figure 7: FDI performance across the North East (2003-2015)



Source: fDi Markets / NLP analysis

The precise factors underpinning the success of each location vary significantly, for instance:

- Redcar benefits from an established, world-renowned chemicals cluster, providing a strong existing supply chain, infrastructure and business networks, as well as a deep water port;
- Hexham benefits from the presence of Egger who have made subsequent reinvestments, as well as an attractive quality of life within a Tyne Valley market town; and
- Newton Aycliffe offers large tracts of available land in close proximity to the strategic road network and benefits from a well-established industrial base (including Aycliffe Business Park and Merchant Park with a critical mass of over 250 companies including Hitachi Rail Europe), providing strong opportunities for supply chain integration.

Whilst the above areas each benefit from their own specific strengths, common factors include:

- Existing infrastructure and strong links to road/port activity;
- Availability of key serviced employment sites and low cost land;
- Strong sectoral strengths including clustering, R&D and existing supply chains;
- Re-investment from existing occupiers; and
- An established brand location.

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Challenges Facing the North East

Whilst the proportion of FDI projects secured within the North East has improved in 2015, the region's comparative performance has declined over the past decade. Higher levels of trade with the EU in comparison to other English regions could also present a significant challenge for North East based businesses going forward.

As demonstrated in the preceding sections, the performance across different local authorities and by sector varies significantly and a number of organisations consider that the region is not realising its full potential. Recent studies have suggested this – in part – could be linked to the closure of One North East, who previously played a key role in securing inward investment across the region. Although the Tees Valley and North East Local Economic Partnerships (LEPs) have taken over this role and are performing well, the scale of resource available is incomparable to the former Regional Development Agencies (RDAs).

Indeed, a recent report from the Institute for Public Policy Research (IPPR)[6] suggests that the closure of RDAs and the transfer of responsibility to UK Trade & Investment (UKTI) (now the Department for International Trade) has, in some respects, produced weaker outcomes outside of London and the South East. The IPPR report commented that LEP geographies are not right for all inward investments and that a wider, more integrated scale would enable offers to be made to investors at scale and expand the capacity to understand and prioritise key sites.

Inward Investment Structure

Currently, inward investment activity in the North East is driven by a wide range of organisations, including DIT at the national level, Local Enterprise Partnerships at the sub-regional level, and a total of 12 local authorities at the local level. With the large number of organisations involved in the process, it is critical that a co-ordinated response and consistent message are presented by the North East to potential inward investment enquiries.

However, mapping the sectoral FDI priorities of the region's local authorities provides little evidence of such co-ordination. As can be seen from Table 1, there are numerous examples of sectors being targeted by multiple local authorities. Such examples include: advanced manufacturing; healthcare & life sciences; creative, digital & ICT; logistics, distribution & transport; and financial, business and professional services.

Table 1: Target Sectors of North East Development Agencies

Sector	NELEP Area						TVU LEP Area				
	Northumberland Arch	North Tyneside Council	South Tyneside Council	Newcastle Gateshead Initiative	Sunderland City Council	Business Durham	Stockton-on-Tees Council	Middlesbrough Council	Invest in Darlington	Invest in Hartlepool	Redcar & Cleveland Council
Advanced Manufacturing	■		■	■	■	■	■	■	■	■	■
Engineering	■	■									
Food & Drink	■					■					
Healthcare & Life Sciences	■	■		■	■	■	■	■	■		■
Automotive					■	■					
Chemicals & Process							■			■	■
Low Carbon & Renewables		■						■		■	
Creative, Digital & ICT		■	■	■	■	■	■	■		■	
Logistics, transport & Distribution				■		■	■	■	■	■	■
Financial, Business & Professional Services		■	■			■	■	■	■		
Tourism						■	■		■		
Energy/Offshore & Subsea		■		■	■						
Education					■	■			■		■
Construction									■		
Retail								■			■

Source: NLP analysis of target sectors

This is perhaps understandable in relation to advanced manufacturing, given the breadth of sub-sectors and particular specialisms that this could encompass.

However, the prioritisation of other sectors appears, in some instances, to be disproportionate to the scale of opportunity. For example:

- 9 of the region's 11 local partnership bodies are targeting healthcare & life sciences, despite the fact that this sector created the lowest number of jobs per £1m investment (see Figure 5); and
- Only 3 local partnership bodies are targeting growth in the Low Carbon & Renewables (Environmental technology) sectors despite the fact that this sector generated the highest level of investment over the past 10 years (see Figure 4).

There would therefore appear scope for improved coordination and that the interests of the region could be better served by mapping out the strengths of the region's offer for each sector. This exercise could then be used to refine the approach outlined in Table 1, to recognise those locations with the strongest offer in each sector. Any such exercise would not simply seek to reduce the number of authorities targeting specific sectors, but also identify opportunities and specialisms that are currently overlooked.

This level of co-ordination would clearly be best facilitated at the 'larger than local' level and both TVU and the NELEP, as well as the combined authorities, have key roles to play in this regard. Indeed, whilst the move from RDAs to LEPs may have altered the economic geographies covered by these larger than local structures, they remain fundamentally important in co-ordinating inward investment activity on behalf of local authorities and providing a single point of contact with strong private sector links.

Such an approach could then enable the North East to present a clear and consistent message to FDI markets in terms of the region's offer to a particular sector. It would also provide greater clarity in understanding whether the proposition in relation to a particular sector is supported by an appropriate land, infrastructure and premises portfolio.

This joined-up approach is also considered important in maximising the impact of FDI activity to a wider audience:

"There is a considerable onus on the region to articulate the many benefits of relocating to the North East to the widest possible international audience and it is up to all agencies involved in inward investment to present a joined-up approach to not only attract new business, but to make sure they receive the best possible service when they arrive here and it is clear there is still some work to do in this respect."[7]

(James Ramsbotham
North East Chamber of Commerce chief executive)

Regional Benefits of FDI

In order to better understand the extent to which FDI investment secured within one local authority can deliver economic benefits across a wider geographical area, it is instructive to assess the economic footprint of a particular inward investment.

This helps to illustrate the extent to which the investment creates employment and supply chain opportunities beyond the 'host' authority's borders.

Case Study: Nissan, Sunderland

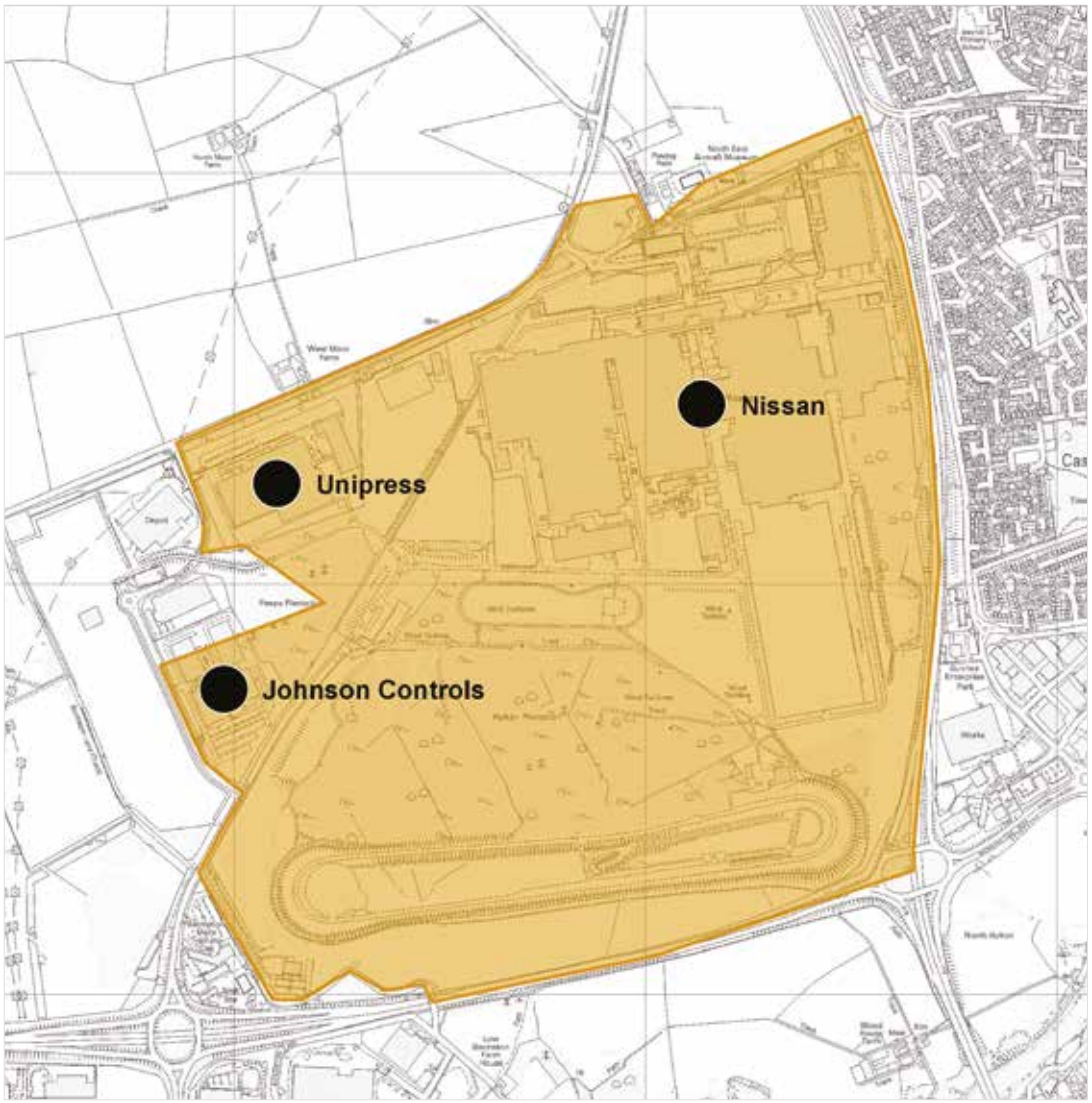
As one of the largest inward investors in the North East, Nissan represents an obvious case study subject. Since opening its Sunderland plant in 1986, Nissan has grown to become the largest plant in the history of the UK car industry, producing one- quarter of UK-manufactured cars in 2011. Its initial workforce of 430 has now grown to c.6,700 following repeated investment in the plant totalling over £3.7 bn.[8]

The spatial extent of Nissan's economic footprint can be seen through an analysis of the labour market, wage generation and supply chain impacts, as outlined below.

Labour market

The labour catchment area for Nissan can be demonstrated through the travel to work patterns of those employed within the workplace zone (E33000262) in which Nissan and a number of its key manufacturing suppliers (including Unipress and Johnson Controls) are located, as shown in Figure 8.

Figure 8: Workplace Zone for Nissan

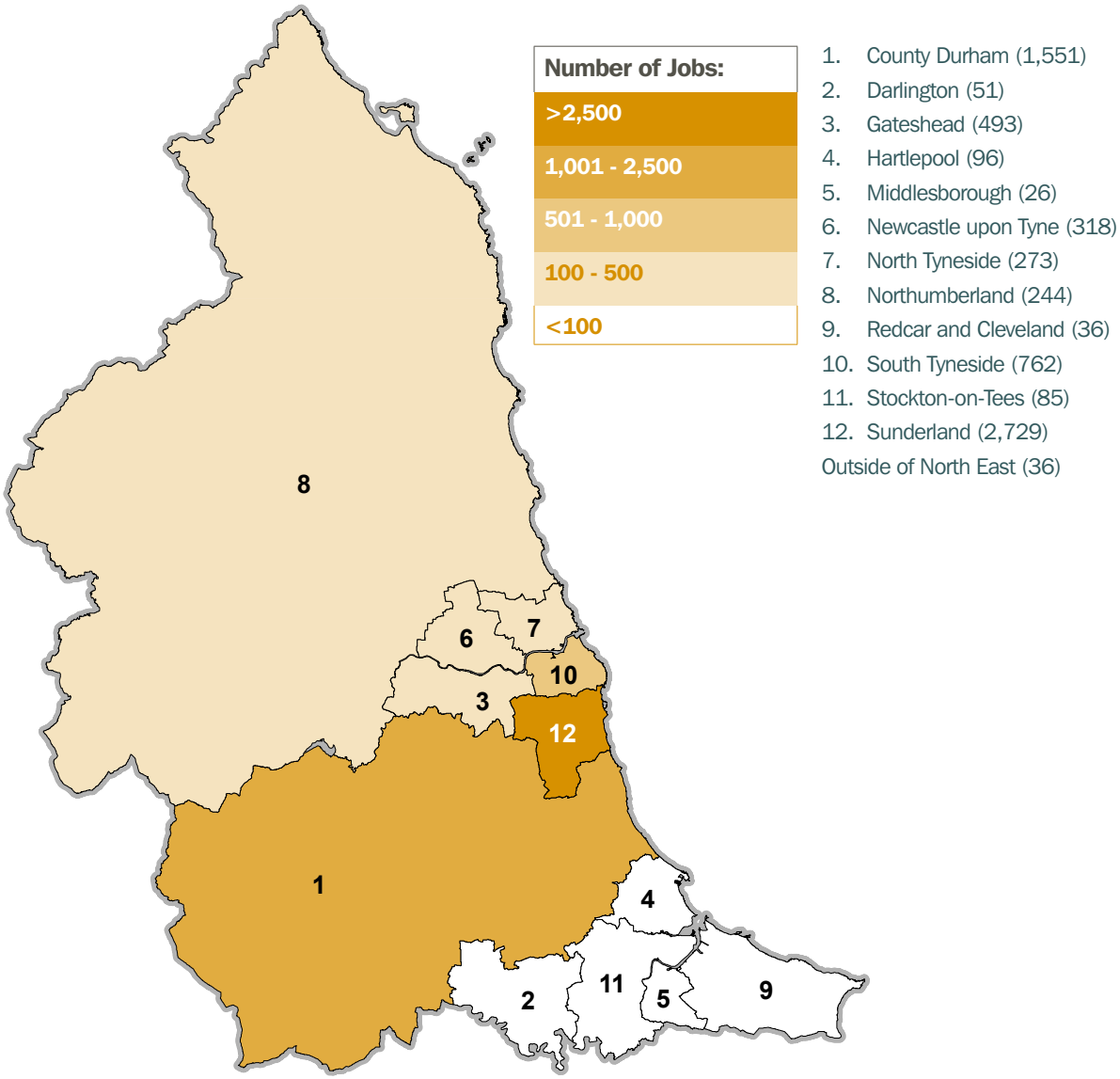


Source: NLP analysis

Analysis of this data shows that 40.7% of workers in this location are Sunderland residents, with significant inflows from County Durham (23.1%), South Tyneside (11.4%) and Gateshead (7.4%), as well as smaller inflows from all other local authorities across the North East. Given the nature of work undertaken by the surrounding businesses, it is considered reasonable to assume that the travel to work patterns observed across the workplace zone as a whole are broadly similar to those of Nissan.

It is estimated that Nissan currently employs c.6,700. Disaggregating this level of employment on the basis of the above travel to work patterns would suggest that almost 60% of all Nissan employees live beyond Sunderland's administrative boundary, but within the wider North East region. The distribution of workers (in terms of place of residence) is shown in Figure 9.

Figure 9: Estimated labour market area for Nissan



Source: NLP analysis / Census 2011 / Made in Sunderland

Wage generation

The direct employment outlined above also supports the generation of wages. Applying the median[9] gross annual wage for workers in the motor vehicle manufacturing industry in the North East (£29,953)[10] indicates that an estimated £200 million in wages is supported by direct employment at Nissan. Table 2 below provides an indicative estimate of the distribution by local authority, based upon the estimated employment figures presented in Figure 9.

Table 2: Wage generation in labour catchment area

Local Authority	Estimated Nissan employment	Total estimated wages (£m)
Sunderland	2,729	£81.7m
County Durham	1,551	£46.5m
South Tyneside	762	£22.8m
Gateshead	493	£14.8m
Newcastle upon Tyne	318	£9.5m
North Tyneside	273	£8.2m
Northumberland	244	£7.3m
Hartlepool	96	£2.9m
Stockton-on-Tees	85	£2.5m
Darlington	51	£1.5m
Redcar and Cleveland	36	£1.1m
Middlesbrough	26	£0.8m
Outside of North East	36	n/a
Total (rounded)	**6,700**	**£200m**

Source: ONS, (2014), BRES/ ASHE (2014) / Census (2011) / NLP analysis

Wages generated by the motor vehicle manufacturing industry overall are 48% higher than the median earnings across all sectors in the North East (£20,273). This indicates that employment within this industry is highly valuable to the North East economy and important in driving high earning jobs. Whilst Nissan alone will not be solely responsible for the higher wage level generated within this industry, research from the Department for Business Innovation and Skills (BIS) indicates that, on average, foreign-owned firms in the UK pay 30% more than like-for-like domestic firms.[11]

Analysis of the effect of foreign ownership on wages by skill level suggests that skilled workers in particular, tend to receive higher wages from foreign-owned firms. There is also evidence that, where technology transfer occurs from inward investors to domestic firms, this leads to an increase in the demand for skilled labour from the domestic firms, and a positive influence on wages for these skilled workers.[12]

Expenditure

The wages supported by Nissan will help to support significant levels of consumer spending within the regional economy. Data from ONS and Experian indicates that consumer spending in the North East equates to £15,800 per person, per annum. Assuming that this spend is generated through wage income, it is estimated that employees of Nissan could generate almost £105m in consumer spending alone (although it is recognised that a higher level of spend could be generated by higher than average earnings).

Having regard to the spatial distribution of Nissan employees, as estimated at Figure 9, it is anticipated that this expenditure will benefit all manner of businesses, including retail and leisure outlets located throughout the North East, supporting further employment opportunities. It is anticipated that a significant proportion of this expenditure will be captured by key retail and leisure destinations such as (inter alia) Newcastle, Durham and Sunderland City Centres and Gateshead's MetroCentre.

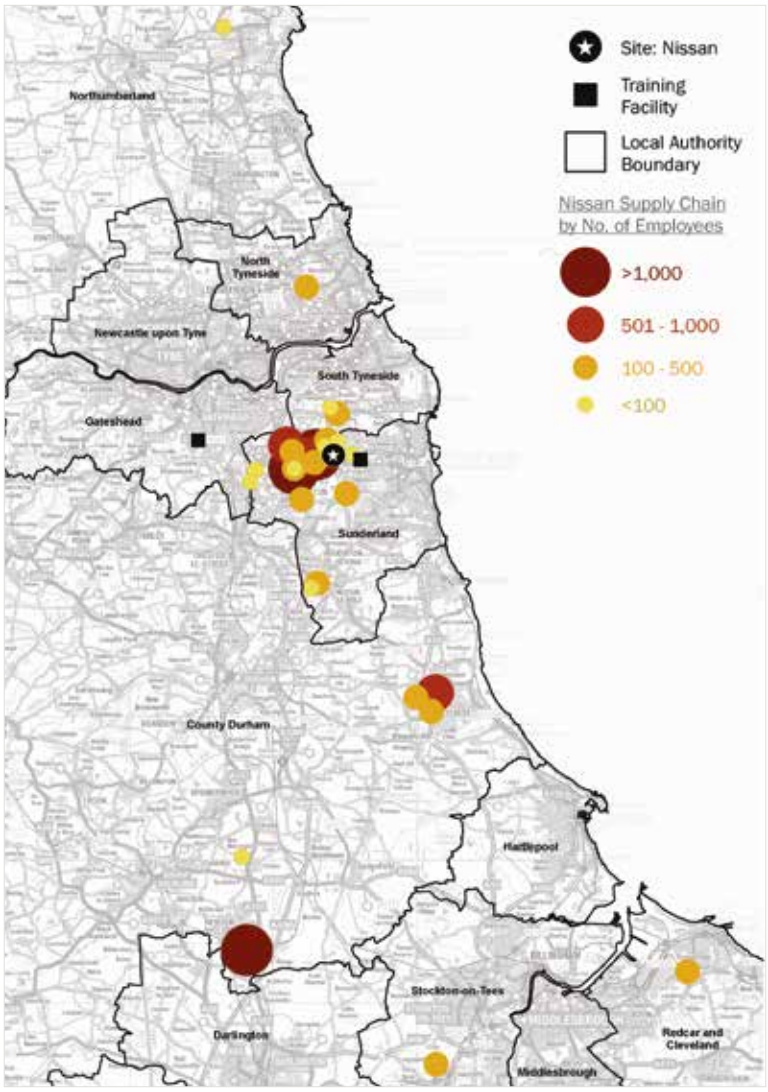
Indeed, if it is assumed that workers purchase just 10% of their consumer goods within the main retail centres of Newcastle City Centre and Gateshead's MetroCentre, this equates to a total of c.£10.5m in spend for these centres alone.

Supply chain

In addition to the direct effects outlined above, Nissan supports a significant supply chain, accounting for more than 27,000 jobs in total[13], together with additional wage generation and expenditure impacts across the region.

An analysis of supply chain data from Made in Sunderland indicates that Tier 1 suppliers alone, who account for almost 11,000 of these jobs, include businesses based in 7 out of 12 North East local authorities. Whilst it is recognised that the jobs supported within these organisations may not be wholly attributable to Nissan (as supply chain organisations are likely to work for multiple companies), their identification as part of the Tier 1 supply chain would suggest that Nissan makes a significant contribution to their revenue streams.

Figure 10: Nissan supply chain distribution



Source: Made in Sunderland / NLP analysis

As demonstrated in Figure 10, Nissan's Tier 1 supply chain extends from Ashington in Northumberland in the north, to Stockton and Redcar in the south. Beyond the immediate area, the importance of the strategic road network and good transport links can also be observed through the concentration of supply chain businesses within the A19 and A1 'Corridors'.

Whilst the majority of jobs (6,585) are based within Sunderland, almost 3,000 are located in County Durham. A full breakdown is provided in Table 3. It should be noted that the data excludes the jobs supported by training and education facilities established as a consequence of FDI by Nissan, including:

- Skills Academy for Automotive, Engineering, Manufacturing and Logistics at Gateshead College, which includes the Nissan Technical Training Centre; and
- The Institute for Automotive and Manufacturing Advanced Practice (AMAP) at the University of Sunderland.

Taken together, it is clear that the geographical spread of the labour catchment area and supply chain generated by Nissan supports employment across the whole region. This clearly demonstrates the regional benefits that investment activity secured in one location can have for the wider region, and underlines the potential for future investment/re-investment to replicate these benefits.

Table 3: Total direct and supply chain employment impacts

Local Authority	Estimated Nissan employment (place of residence)	Estimated supply chain employment (place of employment)	Total employment
Sunderland	2,729	6,585	9,314
County Durham	1,551	2,790	4,341
South Tyneside	762	500	1,262
Gateshead	493		493
Newcastle upon Tyne	318		318
North Tyneside	273	250	523
Northumberland	244	15	259
Hartlepool	96		86
Stockton-on-Tees	85	500	585
Darlington	51		51
Redcar and Cleveland	36	200	236
Middlesbrough	26		26
Outside of North East	36		36
Total (rounded)	**6,700**	**10,840**	**17,540**

Source: NLP analysis / Made in Sunderland

Conclusions

FDI activity varies significantly across the North East and the share of job creation captured within the region remains below the pre-recession average. Despite a recent increase in activity, there are concerns that FDI investment in future years may decline, particularly in the context of the recent EU referendum and uncertainty surrounding Brexit. Against this background, there remains a clear need to continue to drive FDI in the region.

In order to achieve this, a number of organisations have indicated that a more joined-up approach would help to strengthen the region's offer and provide a consistent message to a wider investor audience. Currently, there are a total of 14 organisations engaged in FDI in the North East, with a significant level of cross-over in the sectors targeted.

As illustrated by the Nissan example, investment activity secured in any one part of the region can provide benefits for all, through job creation, supply chain and wage spending impacts. The relative success of areas such as Redcar, Hexham and Newton Aycliffe also demonstrates that all areas can benefit from FDI activity, regardless of size/scale, by capitalising on key assets and strengths.

Supporting greater levels of collaboration and co-ordination within and across LEP boundaries would help to strengthen the region's existing FDI proposition and generate a clearer picture of the strengths of different locations within the region. If managed by a single point of contact, this could also help to target FDI enquiries most effectively.

Whilst it is recognised that this approach could present a number of challenges politically, the ultimate aim should be to provide the North East with the best opportunity to compete on a broader scale and to capture and retain FDI economic benefits within the region.

Looking forward, there is a real incentive for the North East LEPs and local authorities to work collaboratively to optimise the positioning of the North East in a competitive FDI environment. This will be key to driving growth and ensuring that the region is resilient to future changes in the economy.

Abbreviations

AMAP - Institute for Automotive and Manufacturing Advanced Practice

BIS - Department for Business Innovation and Skills

CBI - The Confederation of British Industry

DIT – Department for International Trade

FDI - Foreign Direct Investment

IPPR - Institute for Public Policy Research

LEP - Local Enterprise Partnership

NECC - North East Chamber of Commerce NELEP - North East Local Enterprise Partnership RDA - Regional Development Agency

TVU - Tees Valley Unlimited Local Enterprise Partnership

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[9] The median represents the value below which 50% of employees fall. ONS state that this is preferred over the mean for earnings data as it is influenced less by extreme values and because of the skewed distribution of earnings data.

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