NORTH EAST Chamber of Commerce

Northern Growth Strategy consultation – The North East Chamber of Commerce response

Q.) What should the priorities for government and its partners be, through the wider Northern Growth Strategy, to make sure the economic benefits of improved rail and wider transport connectivity are fully realised and delivered? (Optional)

The North East Chamber of Commerce welcomes the government's renewed focus on Northern Powerhouse Rail and the wider Northern Growth Strategy. Sustained investment in intercity connectivity is long overdue and our members strongly support the ambition to correct decades of underinvestment in the region's rail network.

However, we are concerned that, as currently framed, the "Northern Growth Corridor" is defined as Liverpool, Manchester, Bradford, Leeds, Sheffield and York, with the North East treated as a secondary beneficiary, receiving only "regular services onward to Newcastle via Darlington and Durham." This positions our region as an add-on to the core programme rather than an equal partner in it. If this framing carries through into funding and delivery decisions, it risks entrenching a two-tier North: a well-connected core in the North West and Yorkshire and a peripheral North East left to rely on residual capacity and goodwill. The North East should be treated as a full and equal corridor within NPR's scope, not a spur.

We ask the government to commit to the same standard of "turn up and go" frequency and journey time improvement for Newcastle, Sunderland, Durham and Teesside that is promised for the core corridor cities. References to onward services "via Darlington and Durham" need to be converted into specific, funded and timetabled commitments, including electrification and capacity upgrades on the East Coast Main Line north of York and renewed consideration of schemes such as the Leamside Line, which would restore vital capacity and connectivity across Wearside and County Durham.

The region's contribution to the national economy, advanced manufacturing at Nissan and the wider automotive supply chain, offshore wind and hydrogen investment on Teesside, life sciences and digital growth in Newcastle and the Teesside and Tyne Freeports, depends on the same quality of intercity and international gateway connectivity being promised elsewhere in the North. These assets should be explicitly reflected in the investment case for NPR, not treated as incidental beneficiaries of a Manchester-Leeds-Liverpool core.

We ask government to ensure that appraisal methods do not structurally disadvantage a more dispersed regional economic geography like the North East's in favour of agglomeration benefits that are easier to model in denser city-regions. Value for money assessments should capture the levelling-up and regional rebalancing benefits that connectivity to the North East delivers.

The North East Mayor and Tees Valley Mayor, alongside business representative organisations including this Chamber, must have a genuine seat at the table in NPR governance and delivery structures, not simply be consulted after decisions on route, sequencing and funding have already been made elsewhere. We support the government's ambition for Northern Powerhouse Rail and the Northern Growth Strategy and we want to see it succeed. But its success should be measured by whether it closes the gap across the whole of the North, not just within a defined corridor. The North East must be written into the core of this strategy, with the same firmness of commitment, funding certainty and delivery timeline as the rest of the North, not left waiting for benefits to trickle onward.

Improving transport and digital connectivity is a core pillar of the North East England Chamber of Commerce's policy plan. Our members consistently identify poor connectivity, both physical and digital, as one of the most significant barriers to growth, investment and productivity in the region. We have long argued that the North East's economic potential cannot be fully realised while businesses face longer journey times, less frequent services and weaker digital infrastructure than competitor regions elsewhere in the North and across the country. It is on this basis and drawing on the direct experience of our members, that we respond to this consultation.

Q.) Other than viability gaps, what do you see as the main barriers to accelerating densification and development in the North? In what ways are they distinct from wider national challenges and how can they be tackled? (Optional)

The North East Chamber of Commerce welcomes the government's intent to work with mayors and councils to accelerate densification. Alongside viability, our members identify the following as the most significant barriers in the North East specifically, several of which are distinct in scale or character from challenges seen nationally, or elsewhere in the North.

Much of the North East's brownfield opportunity, particularly around former industrial, shipbuilding and colliery sites along the Tyne, Wear and Tees, sits in fragmented ownership, often across multiple private landowners, legacy public bodies and land with unresolved title or restrictive covenants. This is a more acute version of a national issue: assembling viable, developable sites in the North East frequently takes longer and requires more intervention than in areas with more consolidated ownership. We would welcome an expanded role for Homes England and the National Wealth Fund in active land assembly and compulsory purchase support specifically targeted at these legacy industrial sites. The North East's industrial heritage, shipbuilding, heavy engineering, chemicals, coal, has left a disproportionate legacy of contaminated land compared to many other regions. Even where a scheme is otherwise viable, remediation costs and the time taken for environmental assessment can stall projects for years. This is a materially different starting point to greenfield-adjacent development elsewhere and needs a distinct, well-funded remediation pipeline rather than being treated as a generic brownfield cost.

Compared to Manchester, Leeds or Liverpool, the North East has a shallower pool of active commercial developers and institutional investors willing to bring forward speculative or mixed-use schemes at scale. This is not simply a viability gap, it reflects investor perception of the region, thinner comparable transaction evidence to underwrite valuations and fewer established local development partners with balance sheets to take on risk. Government and the National Wealth Fund should treat de-risking the North East's investment pipeline as a distinct priority, including through cornerstone investment and blended finance vehicles that give confidence to follow-on private capital.

North East councils, several of which are among the most financially constrained in the country, have limited in-house capacity for masterplanning, site assembly and proactive planning compared to combined authorities with more mature devolved teams. This slows the pipeline of "investment-ready" sites reaching the market. Targeted capacity funding, for planning, land assembly and commercial development expertise within councils and the North East Mayoral Strategic Authority, would have an outsized impact given the current baseline.

Densification depends on demand as well as supply-side viability. The North East has lower graduate retention and a smaller pool of city-centre office occupiers and premium residential buyers than comparable-sized city regions, which limits the commercial case for higher-density development even where sites are remediated and assembled. This is closely tied to the productivity and skills gaps set out elsewhere in the government's plan for the North and reinforces why transport connectivity, skills investment and densification must be pursued as a single integrated programme in the North East, not treated as separate work strands.

In several North East town and city centres, existing grid capacity, water and drainage infrastructure was not designed for higher-density development and requires upgrade before significant schemes can proceed. This is a barrier distinct from viability in the conventional sense, since it can block a scheme entirely regardless of the development appraisal and is rarely funded through mainstream regeneration finance.

The North East's barriers to densification are not simply a smaller-scale version of challenges seen elsewhere in the North. They stem from a distinct combination of industrial land legacy, a shallower investor and developer market and constrained council capacity. We ask government to ensure the forthcoming work on densification includes North East-specific diagnosis and interventions, including active land assembly, a dedicated remediation pipeline and blended finance to de-risk investment, rather than a one-size-fits-all approach calibrated to the larger North West and Yorkshire city regions.

Q.) How can local and central government help connect companies seeking growth finance in the North with the investor community?

The North East Chamber of Commerce welcomes the government's focus on this issue. Access to growth finance is consistently raised by our members as a constraint on scaling, not because ambitious, investable businesses don't exist in the North East, but because the region has a thinner and less visible pipeline connecting them to capital than is the case in London, the South East, or even Manchester and Leeds.

Our priorities are as follows: Investors, particularly those based outside the region, often lack a single, trusted point of visibility into the North East's investable businesses. We ask government, working with the North East Mayoral Strategic Authority, Tees Valley Combined Authority, the National Wealth Fund and the British Business Bank, to support a curated, regularly updated pipeline of growth-stage North East businesses seeking finance, similar in principle to investment showcases already used in other city regions. This Chamber, alongside partners such as the North East Growth Hub, is well placed to help identify and prepare businesses for this pipeline.

Institutional investment vehicles need a genuine regional presence, not just national schemes administered remotely. We support the strategic partnerships already being developed between the National Wealth Fund and mayors and ask that this be extended with dedicated North East investment staff empowered to originate and structure deals locally, rather than the region being served only from London or Leeds-based teams.

Early-stage and seed finance is reasonably well served through existing schemes, but our members consistently report a gap in patient growth and scale-up capital, typically £2 million to £15 million, needed to take a business from regional success to national or international scale. This gap is more acute in the North East than in city regions with a deeper base of institutional and angel investors. Blended finance vehicles, with government or National Wealth Fund capital used to de-risk and crowd in private investment at this stage, should be a specific priority.

The North East's emerging strengths, the AI Growth Zone at Cobalt and Blyth, offshore wind and clean energy R&D, life sciences around the Centre for Process Innovation and National Innovation Centre for Ageing and the automotive and battery cluster around Nissan in Sunderland, give investors a clear, credible growth story if properly promoted. Government should work with the Chamber and other business representative bodies to package and promote these sector strengths directly to investors, rather than leaving individual businesses to make the case for the region on their own. Many growth-focused North East businesses, particularly outside the region's largest firms, lack in-house experience of investor engagement, due diligence processes and pitching for institutional finance. Local growth hubs, the Chamber and other business support bodies can play a stronger role here if properly resourced, helping businesses become investment-ready rather than losing opportunities through preventable gaps in preparation. Businesses in the North East currently navigate a fragmented landscape of local growth funds, mayoral investment vehicles and national schemes (British Business Bank, National Wealth Fund, Innovate UK) with limited join-up. A single accessible gateway or concierge service, coordinated regionally but linked into national schemes, would reduce the burden on businesses of identifying and applying to multiple funders separately.

As with transport and regeneration investment, we would caution against national finance-connection initiatives defaulting to focus on Manchester, Leeds and Liverpool by virtue of their larger investor networks and transaction volumes. Deliberate, resourced effort will be needed to ensure North East businesses are not structurally disadvantaged in accessing the same investor attention.

Growth finance in the North East is constrained less by a shortage of investable businesses than by weak visibility, thin scale-up capital and fragmented routes to institutional investors. Government and its partners should prioritise a curated regional pipeline, a stronger National Wealth Fund and British Business Bank presence on the ground and targeted support to make North East businesses investor-ready, ensuring the region is not left to compete for investor attention on an unequal footing with the rest of the North.

Q.) What measures across skills, employment and health would see a greater workforce participation rate in your area, particularly for young people?

The North East England Chamber of Commerce welcomes this focus. Workforce participation is one of the most significant constraints on growth reported by our members and the North East faces a distinct combination of challenges, economic inactivity, health-related worklessness and youth disengagement, that are more acute here than in most other parts of the country.

Our priorities are as follows: The North East has among the highest rates of economic inactivity due to long-term sickness in England and this is not simply a smaller version of the national picture, it reflects a longer legacy of industrial health conditions, higher prevalence of chronic illness and mental health pressures compounded by deprivation. Government should treat the North East as a priority area for the join-up between health services and employment support, including expanded access to NHS talking therapies with direct employment support attached and closer integration between Integrated Care Boards and the North East Mayoral Strategic Authority's employment programmes. Without addressing the health driver directly, skills and employment interventions alone will have limited effect.

As set out elsewhere in government's own evidence, nearly 10% of working-age people in the North East have no qualifications, compared to 4.8% in the South West. Our members report this is a pipeline problem as much as a current-workforce problem: interventions need to start earlier, in schools and further education, rather than only through adult retraining once someone is already economically inactive. We support continued investment in Local Skills Improvement Plans but ask that they be more directly tied to employer-identified shortage areas in North East growth sectors, clean energy, advanced manufacturing, digital and AI and life sciences, rather than generic provision.

Youth economic inactivity and NEET (not in education, employment or training) rates in the North East remain a persistent challenge. We welcome the Youth Guarantee and Jobs Guarantee, but ask that delivery in the North East is backed by a strong employer-facing element, not just training capacity. Our members consistently say that work experience, structured employer engagement while still in education and better careers information about regional growth sectors are as important as formal qualifications in getting young people into sustained employment. The Chamber, through its employer networks, can play a stronger role here if resourced to do so.

The North East's business base is heavily weighted toward SMEs, many of which find the apprenticeship system administratively burdensome relative to their scale. We ask government to simplify access to apprenticeship funding and foundation apprenticeships for smaller employers specifically and to ensure the pilot connecting young people with apprenticeship opportunities is genuinely accessible to SME employers, not just larger anchor institutions such as Nissan or the region's universities and hospitals.

Even where skills and health barriers are addressed, our members report that unreliable or infrequent public transport and the cost and availability of childcare, remain practical obstacles to workforce participation across parts of the North East, particularly in former coalfield and coastal communities away from the region's main urban centres. This reinforces the case made elsewhere in our submissions: transport connectivity investment and workforce participation policy must be designed together, not as separate agendas. Expansion of smart ticketing and improved local transport, as already underway with the Tyne and Wear Metro extension to Washington, should be explicitly linked to employment and skills strategy in areas with weaker connectivity.

The North East continues to lose a significant proportion of its university-educated young people to other regions after graduation, undermining the return on public investment in education. We ask government to work with the region's universities, the North East Mayoral Strategic Authority, Tees Valley Combined Authority and employers to strengthen graduate retention schemes, including funded internship and graduate placement programmes tied to the region's priority growth sectors, so that local investment in skills translates into local economic benefit.

We support the devolution of adult skills funding through integrated settlements, but ask that outcome measures reflect the distinct starting point of the North East, including its higher rate of health-related inactivity, rather than being benchmarked against national averages or against city regions with different underlying challenges. This will ensure interventions are judged fairly and that funding continues to flow to what works locally.

Improving workforce participation in the North East requires treating health-related economic inactivity as a first-order issue, not a secondary one, alongside earlier and more targeted skills intervention, a stronger employer-facing youth transition offer and practical support such as transport and childcare. These measures need to be designed together and calibrated to the North East's distinct starting point, rather than applied as a uniform approach across the North.

Q.) How can we maximise the impact of northern cultural institutions to attract investment to the region and to regenerate local communities in your area?

The North East Chamber of Commerce welcomes the government's recognition of culture as a driver of investment and regeneration, not simply a quality-of-life amenity. The North East has a strong and distinctive cultural offer and our members are clear that its economic potential is currently underused relative to comparable investment in Leeds, Manchester and Liverpool.

Our priorities are as follows: The region already has nationally and internationally significant cultural assets, BALTIC Centre for Contemporary Art and the Sage (now Glasshouse International Centre for Music) on Gateshead Quays, Newcastle's Quayside studios with Warner Music, the Centre for Writing, Sunderland Music City and the National Railway Museum's expansion in York on our regional doorstep. These assets are proven draws for visitors and businesses, but have not received the scale of continued capital investment seen in comparable institutions elsewhere in the North. We ask government to treat sustained investment in these existing anchors as a priority, rather than concentrating new cultural capital funding on new-build flagship projects alone.

Cultural venues have proven power to catalyse wider regeneration when they are planned alongside housing, commercial space and transport connectivity, as seen with Gateshead Quays and BALTIC. We ask that the forthcoming economic plan for the North East explicitly integrate cultural investment with the region's regeneration priorities, particularly transformational plans for Newcastle city centre and Riverside Sunderland, ensuring culture is planned as part of the same masterplan as housing and commercial development, not as a separate workstream.

The North East has significant momentum from football and other anchor investments. We ask government to work with the Chamber and cultural bodies to use this profile deliberately to attract wider cultural tourism, business investment and inward visitors, rather than treating sporting and cultural investment as separate strands of activity.

The impact of cultural institutions on investment and regeneration depends on people being able to reach them easily, both from within the region and from outside it. Improved local transport, including smart ticketing expansion and better connections between the North East's towns, coastal communities and its cultural anchors in Newcastle, Gateshead and Sunderland, should be explicitly considered as part of maximising the economic return on cultural investment, consistent with our earlier submissions on the need to align transport investment with wider economic priorities.

Alongside large anchor institutions, our members value the role of smaller creative and cultural organisations, including those supported through Generator and the wider North East music and creative sector, in regenerating high streets and town centres beyond the region's largest cities. We ask that funding mechanisms explicitly support this grassroots tier, since it is often what sustains footfall, local employment and community regeneration in towns that will not host a major flagship institution.

We are concerned that national cultural funding decisions can default toward better-resourced institutions and city regions with larger populations and stronger existing investor networks. We ask government to ensure North East cultural institutions have equal access to national investment programmes and are not structurally disadvantaged by funding formulae that favour scale over distinctiveness or regeneration impact.

To make the case for further investment, we ask government to work with local partners to better evidence the return on cultural investment already made in the North East, including visitor spend, business investment attracted and jobs created around venues such as BALTIC and the Glasshouse, so that future funding decisions can be made with a clear regional evidence base, rather than assumptions drawn from experience in other parts of the North.

The North East's cultural institutions are a proven, under-leveraged asset for investment and regeneration. Maximising their impact requires sustained investment in existing anchors, explicit integration with city and town centre regeneration plans, improved connectivity, support for the grassroots cultural tier and a fair share of national cultural investment relative to the region's demonstrated track record.