

08 January 2016

Cllr Simon Henig
Chairman
North East Combined Authority
Quadrant
Cobalt Business Park
The Silverlink North
NE27 0BY

Dear Simon,

North East Combined Authority Budget

The North East Chamber of Commerce (NECC) welcomes the opportunity to comment on the Combined Authority's Budget proposals. NECC is the North East's leading business membership organisation and one of the largest chambers of commerce in the country. We represent more than 4,000 businesses located in Northumberland, Tyne and Wear, Durham and Tees Valley, covering both local enterprise partnership areas in the North East. Our members are drawn from all sizes of business across all sectors and employ about 30% of the region's workforce.

We recognise that future resources will be heavily dependent on decisions over devolution, and we hope to have further opportunity to comment on proposals as those become clearer later in the year. As you know, we believe devolution should bring the opportunity to better align policy to North East economic conditions, providing a better environment in which the businesses we represent can deliver greater growth, jobs and prosperity for the area. We remain committed to helping businesses make a full contribution to this process.

Many of the businesses we represent have little understanding of, or association with local authority boundaries and are supportive of measures to join up policy and investment decisions across the broader combined authority area, and we also hope to see this develop further.

We welcome the positive response we have received so far to our calls to enhance capacity within both the Combined Authority and Local Enterprise Partnership. We are heartened by proposals to continue to expand the team and hope to see increased coordination between the two bodies to deliver the Strategic Economic Plan for the area.

We welcome the extra resources that have been committed to inward investment recently. We hope these can be enhanced further in order to enable an increasingly proactive

NECC
Ayckley Heads Business Centre
Ayckley Heads
Durham DH1 5TS
Tel: 0300 303 6322
E-mail: customerservices@necc.co.uk www.necc.co.uk

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approach on this issue. The impact of this will, however, be contingent on development of a clear strategy. The work on a limited set of sector propositions has been positive, and this must be matched by a good understanding of and focus upon the markets that match these propositions. We also hope to see the private sector enabled to play a part in promoting investment into the North East and remain committed to help facilitate this.

We note the decision to protect transport services in the next year, despite the emerging gap in finances. The local transport network fulfils a vital role in enabling staff and customers to get to the businesses in the North East Combined Authority area. We will therefore aim to make a full contribution to the future consultation on options to address this issue.

Digital connectivity is also of great importance, and we hope that the combined authority will maximise funding available to improve broadband provision and to target this where it will have maximum benefit to business competitiveness in the area.

Education and skills remains an area of significant concern to NECC members. We welcome the development of the Career Benchmarks Pilot and will continue to play a part in this. This remains, however, a long way short of the concept of a 'Schools Challenge' as initially proposed, and of which NECC was very supportive. We hope to see increased ambition over what could be delivered for the area under this theme. We also expect to see a robust approach taken to forthcoming area-based reviews of post-16 education and training, ensuring businesses in the area have access to the best possible skills base and training provision relevant to the jobs required in the North East economy.

Lastly, you will be aware we have significant concerns regarding the future of the business rates system. We believe this system is fundamentally unfit for purpose and are in favour of major reform. The moves announced towards localisation seem to miss the more fundamental points of how this tax impacts on the businesses that pay it, and are tangential to the wider review of business rates already underway, which Chambers of Commerce are heavily involved in. While we agree in principle that local authorities should be incentivised and rewarded for helping grow their local business base, this can only be done from a fair and reasonable starting point, and through a system that businesses have confidence in. We will be making representations on proposals that come forward.

Yours sincerely



Ross Smith
Director of Policy