



North East England
Chamber of Commerce

20 July 2022

The Rt Hon Rishi Sunak MP
The Rt Hon Elizabeth Truss MP
House of Commons
London
SW1A 0AA

Dear Mr Sunak and Ms Truss,

Re: North East England Chamber of Commerce: Levelling Up for the North East

North East England Chamber of Commerce is the largest business organisation in the region with almost 2,500 members, representing around one third of the workforce in Northumberland, Tyne and Wear, County Durham and Teesside. Alongside our diverse and innovative members, we stand for a stronger and fairer North East.

It is in that capacity that I'm writing to you both. You represent the immediate future leadership of the UK. The North East is a place of ingenuity, creativity and optimism. You have an unparalleled opportunity to make it an exemplar of Levelling Up, an agenda that the Chamber advanced long before the phrase itself was used. By backing the priorities of businesses in the North East you can demonstrate Levelling Up in action and show that you genuinely speak on behalf of all places and people across the UK.

As you enter the final stage of the leadership contest, I would ask you to consider the following priorities for our region. And if you are elected to lead your party and our country, I invite you to join me in meeting with North East business leaders to discuss your agenda for government.

1. Levelling Up for Business

The North East is at the forefront of the fourth industrial revolution. We have sector strengths in many of the industries that we know will help the UK towards a more productive, prosperous future built on good quality, secure jobs. We have advanced manufacturing clusters in Teesside through to digital and renewables specialisms in the north of the region.

Frictionless international trading capability will be central to North East success. Commitment to clarity on the legislation and trade processes with the island of Ireland will be welcome, with an overriding focus on stability and the avoidance of undue risk.

One of the great strengths of our Chamber of Commerce is the active involvement of our members across the public sector. We represent housing associations, hospital trusts, further

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and higher education. Together we recognise the vital role these anchor institutions play in the health and wealth of the North East. It is imperative that any tax cutting agenda in no way undermines the resilience of public services, especially as we recover from the pandemic. Members tell us repeatedly that reductions in public services have a direct impact on their business efficiency and productivity. Any proposed tax cuts must not harm investment in the organisations which, as evidenced by the Levelling Up White Paper, play such a central role in the economic success of the North East.

2. Levelling Up for People

Our recent Quarterly Economic Survey highlighted staff shortages as a key concern for businesses: over two thirds of respondents recognised this as a major issue. Along with the British Chambers of Commerce we have asked the government to help employers invest in training by reducing the upfront costs on business and providing training-related tax breaks. We also need to see increased funding for further education where real spending per pupil is on course to be 10% lower in 2025 than in 2010.

The government's Net Zero ambitions are one means to achieve this. A longer-term plan will help us to build on our strong energy sector in the North East and create a local skills strategy with a clear focus on green jobs. As outlined in the Tees Valley Local Skills Improvement Plan Trailblazer, which we delivered, employers would value greater flexibility across the skills system, for example, using the Apprenticeship Levy to fund a broader range of work-related training. This would aid in-work progression as well as levelling the skills playing field for import and export businesses, helping to reduce the trade deficit.

Child poverty continues to be a blight on the region with the highest rates nationally at 38%. There is no issue that highlights the intractable relationship between social and economic concerns better. This means action to tackle the cost of living crisis and protect households from the pressures of inflation, energy costs and basics like food must be a priority for our new Prime Minister. We have welcomed the appointment of David Buttress as the Cost of Living Business Tsar and would encourage you to consider extending this appointment in recognition of the depth and complexity of this issue.

3. Levelling Up for Places

The role of transport in creating connected, productive places is well-known. We will continue to advocate for investment to increase capacity and create reliable, sustainable connections for the North East. Across rail, investment in the East Coast Main Line and Northern Powerhouse Rail will help tackle decades of underinvestment in the region's freight and passenger links. This must also be underpinned by funding for public transport infrastructure, including commitments to our Bus Service Improvement Plan and the new Tyne and Wear Metro fleet to sustain the positive modal shift we are beginning to see. As a region we are already working to make Freeports a success with the UK's largest on Teesside. Commitment to the ongoing success of



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this project and evidence of a clear understanding of the case for sustained transport investment in the North East are priorities for our membership which need your backing.

Underpinning all of this must be redoubled commitment to sustain the progress made on devolution in both the South and the North of the region. The Tees Valley Mayoral Combined Authority continues to demonstrate how much can be achieved when places are given the autonomy, powers and resources to shape their futures. Prior to this leadership contest leaders from across Tyne and Wear and Northumberland had delivered the ambitions of the government's Levelling Up White Paper with significant progress on a new settlement. It is incumbent on the new national leadership to ensure that no further time is lost and government takes all necessary steps to back a deal fit for our region. You will have the full and vocal backing of the business community in the North East to achieve this.

These calls from the business community in the North East are evidence-led, pragmatic and proportionate to the scale of opportunity presented by our region. We urge you both, regardless of the outcome of the race, to commit to work with us and our members for a stronger, fairer North East.

Yours sincerely

John McCabe
Chief Executive
North East England Chamber of Commerce

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