

# Foreword

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The North East continues to defy expectations and deliver impressive results across employment, trade and business growth. Unemployment figures have reached a 40 year low at 5.2%, a whole percentage point down from this time last year.

That equates to fall of 20,000 people over 12 months. Employment is also at an all-time high, with an additional 34,000 people joining or re-joining the workforce in 2017.

Still consistently the only UK region to boast a positive balance of trade, last year regional firms enjoyed bolstered domestic sales together with a recovery in export growth. Combined sales of the North East's 3,000+ exporters were the highest they'd been since 2013. A testament to the strength of the buoyant manufacturing base here.

And with over 50,000 companies in total – a figure which continues to grow ahead of other areas – a healthy business environment puts the region in a great position to attract further inward investment. In 2017, the North East created more employment opportunities from foreign investment than anywhere else in the UK, bar London. Since 2014, that's over 15,000 new jobs.

With confirmation that Newcastle will become home to the National Innovation Centre for Data (NICD) in 2019, it will join already established national institutions covering Offshore Renewable Energy, Ageing Innovation and Subsea Engineering amongst others, reinforcing the region as a hub for cutting edge ideas and investment. During the year of the Great Exhibition of the North, the opportunity to shout about all the North East's positives has never been greater.

It's no surprise, therefore, that local companies are confident of success in 2018. A recent report highlighted that around two thirds of the region's businesses will recruit staff this year, though it was predicated on a warning not to become complacent in light of various ongoing threats. Brexit is one, and the outcome of the UK's trade deal with the EU will be an essential component of future prosperity.

Another worry is skill shortages; a problem amplified by the over retention of talent. While training and up-skilling will surely take precedence, there is, too, an urgency for firms to listen to the needs of a changing workforce and seek innovative ways to improve their cultures to ensure they attract and retain the skills they need.

While wages have shown incremental growth of around 2.4% during the last year, inflation has caused the value of earnings to decline, which are still below pre-recession levels. It's the key differentiating factor between today's economy and that of the 1970s when unemployment was equally low. With the UK's productivity still behind other developed countries, companies must really pull out all the stops to motivate their people and get them performing at their best.

A lack available of financial carrots, however, means this could be tricky. Yet there are other ways to incentivise: flexible working remains a big pull for workers, and things such as paid sabbaticals and extra holiday entitlement are on the rise too. Much like the chances of reversing the impact of climate change, though, employers may consider achieving motivation without money an impossible task. But as one climate scientist recently said about saving the planet: "We need to try... We need to [actually] put the resources behind it."