



**Funded by
UK Government**

Local Automotive Business Support – Sunderland (LABS-S)

Project Evaluation Report

April 2025

**Sunderland
City Council**





Contents	Page
1. Introduction	3
2. Project context	4
3. Performance	13
4. Value for money	15
5. Process and systems	17
6. Sustainability	23
7. Transformation	25
8. Recommendations	28

Evaluation undertaken by:



Quartz Future Consulting
Park House, Brunton Lane
Newcastle upon Tyne
NE13 9NT
info@qfcon.com



1. Introduction

This Local Automotive Business Support - Sunderland (LABS-S) project was part-funded by the UK Government through the UK Shared Prosperity Fund. The UK Shared Prosperity Fund provides £2.6 billion of funding for local investment to March 2025. The Fund aims were to improve pride in place and increase life chances across the UK investing in communities and place, supporting local business, and people and skills. For more information, visit: [UK Shared Prosperity Fund: prospectus](#).

This report provides an evaluation of the LABS-S project. The project was designed to support businesses within the automotive sector in Sunderland and its associated supply chains. The project was delivered between July 2024 and March 2025 by the North East Automotive Alliance (NEAA).

The evaluation took place in April 2025 and included several methodological stages. The initial phase of the research involved desk-based analysis, comprising a systematic review of the LABS-S programme's stated objectives and an assessment of progress in relation to targets. This included both an analysis of data, and an examination of the approved NEAA LABS-S business case in order to develop a comprehensive understanding of the rationale underpinning the investment, the narrative of programme implementation, and the broader recorded benefits and outcomes achieved to date.

The NEAA LABS-S Project Delivery Team was interviewed individually to obtain in-depth insights into team roles, the implementation of the intervention, its alignment with initial expectations, and the perceived impact on participating organisations.

In addition, interviews were conducted with recipient organisations, through which both quantitative and qualitative data were collected. These interviews provided valuable perspectives on the individual enterprises' experiences of the project and their perceptions of its impact.

2. Project context

The North East Intelligence Hub data (<https://evidencehub.northeast-ca.gov.uk/>) used to inform the Sunderland UK Shared Prosperity Fund Investment Plan (https://www.sunderland.gov.uk/media/28373/UKSPF-Sunderland-Evidence-Base-Review/pdf/Sunderland_UKSPF_Evidence_Base_Review_v2_Jan_2024.pdf) states the key regional challenges facing the North East economy and business community are:

- The North East Local Enterprise Partnership (NELEP) region is characterised by a comparatively low density of businesses per capita, reflecting the relatively small scale of the private sector within the area. This structural limitation is further underscored by consistently low business birth and death rates, which collectively constrain the region's capacity for private sector dynamism and growth. Notably, the NELEP area reports the lowest business birth rate among the UK's Core Cities.
- In terms of international trade performance, goods exports from the North East increased by 5% in the final quarter of 2021. However, aggregate exports for the year remained 12% below 2019 levels, indicating a slow recovery from pandemic-induced disruptions. When benchmarked against 2014, the region's export performance lags behind all comparator regions. The automotive sector—historically a key export industry—experienced a 42% decline in export value since the onset of the Covid-19 pandemic. This downturn was initially driven by lockdown-related production halts and has been exacerbated by the ongoing global shortage of semiconductors. In contrast, exports of other commodities have registered modest growth of approximately 2%.
- Service sector exports have shown recent signs of recovery, yet exports to the European Union experienced a decline in 2019, mirroring broader national trends. Labour market dynamics in the region also present a complex picture. Post-pandemic, job vacancy postings in the North East have increased at a faster rate than the national average (excluding London). Nevertheless, businesses in the region continue to encounter recruitment challenges, citing low application volumes and a shortage of suitably qualified candidates, despite persistently high levels of economic inactivity.
- The region also exhibits a relatively low proportion of 'better jobs'—typically characterised by higher skill requirements and remuneration—and a limited share of degree-educated workers across sectors. As of 2019, approximately 40% of businesses in the NELEP area reported under-utilisation of labour, a figure approximately five percentage points above the national average.
- Innovation activity within the North East displays a paradoxical trend: while the proportion of innovation-active firms is relatively high, levels of research and development (R&D) expenditure and patent registrations remain comparatively low. Innovation efforts in the region have primarily centred on process innovation, enhancing operational efficiency and profitability but often resulting in labour displacement through technological substitution. Such innovation strategies may render businesses less adaptable to evolving consumer preferences and market demands.
- Finally, productivity growth within the NELEP area continues to lag behind the national benchmark (excluding London), with the productivity gap yet to be fully addressed.



The ‘Sunderland UK Shared Prosperity Fund Investment Plan Evidence Base Summary, Investment Priority 2: Supporting Local Business’,
(www.sunderland.gov.uk/media/28373/UKSPF-Sunderland-Evidence-Base-Review/pdf/Sunderland_UKSPF_Evidence_Base_Review_v2_Jan_2024.pdf) states;

“Research conducted to support the delivery of Sunderland’s Community Led Local Development programme identified that major issues and challenges in respect of enterprise and business startups continue to exist, especially in the most deprived areas of the local authority:

- Latest data shows that the business birth rate remains lower in Sunderland than regionally and nationally. Business stock and business start-up rates are relatively low in comparison to national averages - 390/10,000 working population for Sunderland and 723/10,000 working population for GB (ONS Business Demography 2021, ONS Mid-Year Population Estimates 2021).
- The private sector is underdeveloped, and there is a dependency on large and public sector employers.
- Skill levels are relatively low – only 24.7% (42,500 people) of the resident population in Sunderland aged 16-64 have skills at Level NVQ 4 or above, compared to the North East average 34.4% and England average of 43.5% (Jan-Dec 21 ONS Annual Population Survey).
- Local and community enterprise support services in Sunderland were scaled back in the period 2010-2020 especially.
- There appears to be less support for businesses post start-up and business support is often segmented for specific types of business or sectors.
- There is a growing number of residents who are more neutral about enterprise but could perhaps be encouraged to consider self-employment.
- Income insecurity is a key issue.
- There is a disconnect between local disadvantaged communities and developments elsewhere in the city.
- Over recent years, there has been much research at both a local and regional level that has identified the market failures in the local and regional economy, particularly in relation to enterprise and business start-up activity.”

Sunderland plays a critical role in the automotive industry within the North East of England, contributing 57.5% of the regional automotive turnover, which amounted to circa £8 billion in 2021. The North East is a globally significant hub for automotive manufacturing, hosting the UK’s largest and most productive car plant, as well as three of the UK’s top five off-highway manufacturers. The region also boasts a highly competitive supply chain, featuring 35 first-tier suppliers and a range of innovative SMEs.

Additionally, Sunderland is recognised as the UK’s leading location for vehicle electrification, driven by the presence of Nissan, Europe’s first Giga battery manufacturing facility, and its comprehensive Power Electronics, Motors, and Drives capabilities. A series of further investments has cemented the region’s credentials in this field.



The automotive sector is currently confronting unparalleled challenges driven by global megatrends such as vehicle electrification, Net Zero emissions, industrial digitalisation, supply chain resilience, and energy transition. These challenges simultaneously present significant opportunities, necessitating specialised support for businesses to effectively address these megatrends and sustain or enhance regional competitiveness.

There was a definite requirement for a programme of support across the automotive supply chain in Sunderland. There was a particular requirement for organisations seeking guidance and strategic support on route to market, including networking with potential customers and suppliers from across the supply chain. The LABS-S project provided a comprehensive, flexible, and responsive support package tailored to the strategic needs of Sunderland-based automotive businesses. This project aligned with key priorities, including those outlined in the Sunderland UK Shared Prosperity Fund (UKSPF) - Supporting Local Businesses, the North East Local Enterprise Partnership (NELEP) Strategic Economic Plan (SEP), the Automotive Council, and Central Government policies, while also supporting the long-term objectives of the North East Automotive Alliance (NEAA).

The project aimed to foster the growth and competitiveness of these businesses and their supply chains. Support was delivered through a dedicated account manager who assessed the strategic needs of each business and developed bespoke support programs. These programs included one-on-one support, workshops, peer-to-peer learning opportunities, sector-specific events, grant assistance, and broader sector engagement.

The initiative was delivered by the NEAA, a not-for-profit, industry-led cluster organisation focused on fostering sustainable economic growth and enhancing the competitiveness of the North East's automotive sector. As the largest automotive cluster in the UK, with over 280 members, the NEAA offers a unique collaborative network where businesses benefit from shared leadership and coordinated activities. The NEAA is strategically integrated into the regional, national and international business support ecosystem, representing the automotive sector on 17 boards and working groups.

2.1 Aims and objectives

The success of the LABS-S project is measured by the following key indicators:

- The volume and quality of jobs created within the automotive sector.
- Progress in achieving the expected Benefit Cost Ratio (BCR) assumptions.

The primary objective of the project was to generate tangible benefits, particularly in terms of employment opportunities within Sunderland's automotive sector.

The LABS-S project has provided essential support to businesses within Sunderland's automotive sector, contributing to the region's continued growth and competitiveness in the global automotive industry. The evaluation of this project focuses on the outcomes in terms of job creation and the alignment with anticipated economic benefits.

The top 3 SMART (Specific, Measurable, Achievable, Realistic and Time bound) objectives of the project were as follows:



- LABS-S will engage and support 40 Sunderland based automotive businesses, including supply chain by 31st March 2025. This will result in 16 new jobs and 32 jobs safeguarded, and 2 new enterprises created.
- LABS-S will support 32 businesses through a tailored package of support which needs the identified need of the business by 31st March 2025. This will result in productivity improvements of 18 businesses.
- LABS-S will support 8 businesses through grants. This will result in 8 businesses introducing new processes or new technology by 31st March 2023.

Strategic Alignment

The LABS-S project was aligned with Sunderland's Investment Priority 2: Supporting Local Business, which aimed to enhance local enterprise, stimulate entrepreneurship and innovation, and support the transition towards a net-zero, low-carbon economy.

The project was primarily designed to deliver against Priority Intervention E23 and addressed several key issues and challenges as identified in the Sunderland Supporting Local Business – Local Challenges & Evidence Review.

Project Objectives and Activities

The LABS-S initiative sought to strengthen the regional entrepreneurial ecosystem, with a particular focus on the automotive sector. The project aimed to achieve this through the following core activities:

- Development of Regional Automotive Networks:

The project fostered a more cohesive and collaborative automotive sector by facilitating stronger connections between businesses across the supply chain. This integrated network alleviated the pressure on individual enterprises to compete globally and enhanced their ability to respond to market demands through collective innovation and cooperation.

- Comprehensive Business Support:

LABS-S offered tailored support to enterprises at all stages of their development - helping businesses to start, sustain, grow, and innovate. This support was delivered through an enhanced local automotive network, ensuring that businesses received targeted assistance aligned with their growth trajectory.

- Cluster Development for Business Resilience:

The formation and strengthening of cluster networks aimed to significantly improve business survival rates - potentially by a factor of three - by addressing size-related constraints, providing access to sector intelligence, and signposting appropriate support mechanisms.

- Growth Preparedness and Opportunity Access:

The project positioned local businesses to capitalise on future sector growth - projected at £4 billion in the North East automotive industry by 2026 (NEAA) - by preparing them to adapt to emerging global mega-trends and access new market opportunities.



- Skills Development and Employment Quality:

By promoting the adoption of automation and industrial digitalisation, LABS-S contributed to raising skills levels in the region. This aligned with the ambition to increase the proportion of high-quality jobs and higher-level qualifications within Sunderland's workforce.

- Support for Innovation and R&D:

The transition to vehicle electrification, industrial digitalisation, and a NetZero economy was leveraged to generate new business start-ups and elevate regional research and development activity.

- Productivity and Competitiveness Enhancement:

Improved adoption of lean manufacturing practices and digital technologies across the automotive supply chain was expected to enhance productivity and reduce the performance gap between Sunderland and the rest of England (excluding London).

- Cross-Intervention Contributions

In addition to addressing Priority Intervention E23, the LABS-S project also contributed to the objectives of Priority Interventions E24 and E19 through:

- Targeted support for entrepreneurs and early-stage start-ups, including account management, business advice, access to resources, training, and coaching.
- Accelerated commercialisation of ideas by facilitating collaboration, encouraging innovation, and shortening the time from concept to market.
- Embedding a supportive infrastructure that ensured a higher rate of successful new enterprises and innovative business models within the automotive and related sectors.

2.2 Constraints

Since conception of the LABS-S project, the UK automotive manufacturing sector has faced increasing headwinds. According to recent data, car production has declined to its lowest level in decades, with 2024 marking a particularly sharp contraction in output. This decline reflects a complex convergence of structural, economic, and policy-related pressures, both domestic and international.

Paul Butler, CEO of the North East Automotive Alliance stated:

“The sector is in a very different place to where we expected it to be when we set out our plans in July 2023. New model launch from Nissan and AESC battery production have been delayed, existing models have been extended, and production reduced as the sector navigates the transition to an electrified future. As a result companies have had severe financial challenges and had to manage cash flow. Six months ago we had a health grant pipeline and fully expected to use our full grant allocation supporting eight businesses. The announcement from Nissan to close a shift on one of the production lines at the Sunderland plant resulted in supply chain companies shifting into cost saving mode, and all non-essential projects were closed – essentially cutting off our pipeline overnight. The volatility in the sector has had a significant impact on this project. Timing is everything and if we were delivering the project in twelve



months' time it would be very different – new models would be launched, the battery facility would be in full production and the sector would be gearing up for growth.”

Due to the structural decline in production volumes, UK vehicle production has witnessed a sustained downward trajectory, exacerbated over recent years by Covid, semi-conductor shortages, economic conditions and other supply chain factors that have impacted global sales at a time when the sector is facing one of the biggest and most challenging transitions in its history – the shift to zero-emission vehicles (ZEV).

In 2023, 905,117 cars were manufactured in the UK (*Statista*), an improvement on previous years and the first increase in production since numbers started decreasing following peak production of over 1.7 million in 2016. However, in 2024 production declined to 779,584 (*SMMT*), a 16% fall.

This comes at a time when the emergence of new manufacturers such as Tesla and BYD has increased competition across global markets, providing the consumer more choice.

Challenges in the Transition to Electrification

The transition to electric vehicles (EVs) presents a transformative yet deeply disruptive shift for the global automotive sector. While consumer demand for EVs is growing—evidenced by a year-on-year sales increase of over 40% in March 2025. However, this demand has not kept up with the transition by OEMs resulting in significant challenges by the sector to meet the UK government's ZEV Mandate targets which required 22% of all new car sales to be EVs in 2024, despite over £4bn of sales incentives to tempt both private and business consumers the UK failed to meet its 2024 ZEV mandate target.

While in the UK, BEV sales have increased, this is largely driven by fleet sales, with private sales remaining low: *“One of the major constraints to growth.... has been lacklustre demand by private buyers, with only one in 10 choosing an EV in 2024...Conversely, around 64,000 more BEVs were registered by businesses and fleets than a year ago, with such vehicles representing a quarter (25.4%) of those segments' registrations and demonstrating the effectiveness of the compelling tax incentives afforded non-private buyers.”* (*SMMT, 'Record EV market share but weak private demand frustrates ambition, 6 Jan 2025'*)

Global Competitive Pressures

The EU and UK faces mounting competitive pressure from emergent automotive production hubs, including China and South Korea. These regions benefit from more integrated EV supply chains, substantial public subsidies, and streamlined regulatory environments that enhance their global competitiveness—particularly in electric mobility.

Pre-covid the UK market was typically 2.5m new passenger vehicles per annum, this demand was met by approx. 45 OEMs. In 2025, the market is expected to be 2m-2.2m vehicles but will be competed for by 70 OEMs.

Post-Brexit Trade and Regulatory Uncertainty

The post-Brexit trade landscape continues to present considerable challenges for UK-based automotive firms. Non-tariff barriers, complex rules-of-origin requirements, and customs



delays have collectively eroded the UK's attractiveness as a manufacturing base for European and global markets. The uncertainty surrounding regulatory divergence from the EU further complicates long-term investment planning.

Weakness in Core Markets

Demand has remained subdued across several key export markets, including the European Union, China, and the domestic UK market. This softening has placed additional strain on manufacturers, particularly those with high exposure to internal combustion engine (ICE) vehicles, which are witnessing declining consumer interest amid growing climate policy pressures.

In uncertain economic times, investment is often reduced. Several OEMs have announced production cutbacks or deferrals of investment due to uncertain returns, new model introduction, high input costs, and slow EV uptake in certain market segments. The lack of strategic clarity and targeted support is deterring long-term capital allocation throughout the supply chain. Revenue expenditure in particular, with investment in routes to market such as advertising, marketing, professional and consulting fees, and travel costs, have all been reduced.

It is important to consider this commercial and economic backdrop when analysing the effectiveness of the LABS-S programme. In particular, the limitations on participating organisations, the funding constraints, and the output definitions of the LABS-S programme should all be taken into consideration.

Limitations on participating organisations

To be eligible for participation in the programme, organisations were required to be geographically located within Sunderland and to operate specifically within the automotive sector. This eligibility criterion inherently limited the scope of companies able to engage with the initiative. While the NEAA provides support to organisations throughout the broader North East region, including Newcastle, Gateshead, Northumberland, Durham, and Teesside, businesses situated in these areas were ineligible to participate in this project.

Although known before these eligibility restrictions significantly constrained the potential pool of participating organisations from that of previous ERDF projects. As a result, the programme's reach and potential impact were limited, despite the existence of relevant businesses operating just outside the defined boundaries. Such limitations highlight the challenges in designing targeted interventions that balance focus with inclusivity.

Funding constraints

The LABS-S programme required participating organisations to make an initial financial investment. Following completion of expenditure, and upon submission of supporting documentation such as paid invoices, organisations were eligible to retrospectively claim up to 40% of the costs through LABS-S grant support.



A limitation of the scheme was the exclusion of capital expenditure from eligible costs. Expenditure related to the purchase of equipment, machinery, or IT systems and upgrades was explicitly ineligible for grant support. As a result, investment was restricted to revenue-based expenditure only.

This constraint was widely perceived as a limiting factor on organisational engagement with the programme. The inability to apply grant funding towards capital investments may have deterred organisations that required infrastructure upgrades or physical assets in order to participate, thereby reducing the overall uptake of the LABS-S offer.

Turnmill Engineering, a Sunderland-based firm specialising in automotive engineering design, development, and manufacturing, initiated engagement with the NEAA to explore opportunities for grant funding aimed at procuring advanced measurement equipment for its workshop. The proposed investment in modern metrology tools was motivated by the perceived potential to enhance the precision of measurements beyond the capabilities of the company's existing legacy equipment. This technological upgrade was anticipated to improve the firm's competitive positioning, thereby attracting new clients and expanding revenue streams. Furthermore, it was projected that the additional income generated could contribute to the retention of existing jobs and the creation of new employment opportunities.

Despite these anticipated benefits, the initial grant application was ultimately discontinued due to restrictions surrounding the use of funds for capital expenditure. In response, the NEAA facilitated an alternative funding route to support Turnmill Engineering's acquisition of the measurement equipment. However, this support was not provided through the LABS-S project framework.

Stuart McGivern, NEAA LABS-S Project Manager stated *"Due to the impact of the economic conditions we have seen a significant drop in demand. Companies found it difficult to provide the 60% match. In addition, with the grants being capital expenditure focused, this was another barrier. If the grants had been made available for both revenue and capital expenditure, I believe we would have had more companies interested in the programme."*

Delays to the commencement of the project

The original LABS-S project business case was submitted in July 2023, with a revised version being submitted in February 2024. The formal authorisation, Grant Offer Letter, was signed on the 29th May 2024. This delay resulted in the project starting at risk from January 2024, as this was at risk no work was undertaken on the grant element due to the high reputational risk of offering grants and withdrawing if the GOL was not agreed.

Consequently, this uncertainty shortened the available timeframe for effective engagement with potential participant organisations, which in turn may have limited the number ultimately able to access and benefit from the available support. These delays highlight the importance of



establishing unambiguous output frameworks early in project development to safeguard timely delivery and maximise stakeholder participation.

Paul Butler, CEO of the North East Automotive Alliance said

“These are the first programmes the local authorities have initiated utilising UKSPF funding. Each project is managed differently by each local authority, unlike the previous national system used for ERDF funding. There is no consistency of paperwork across programmes, as such it requires additional time and resource to complete necessary documentation. In hindsight it would also have been beneficial had the project paperwork been reviewed and signed off at the project inception meeting (PIM). Going forward I would expect future UKSPF projects to have a standardised template based on the best practice gleaned from this funding round. These templates could be adapted to each programme and reviewed/signed off during the PIM,”

Summary of the LABS-S programme constraints

Considering the broader economic and commercial context, alongside the low production volumes within the automotive sector, combined with the low rate of investment, the challenges to meeting participation targets become apparent. Furthermore, limitations on eligible or willing participating organisations, compounded by delays to commencement of the programme, funding constraints and a lack of clarity in defining project outputs, significantly hindered the ability to secure the desired level of engagement. In particular, these factors presented notable difficulties in attracting the requisite number of organisations offering financial support. These interconnected challenges underscore the complexity of mobilising industry-wide collaboration under constrained and uncertain conditions.

Chris Appleby, NEAA LABS-S Project Manager for Grant Funding stated *“From the outset of the project, there were strict definitions regarding what was considered eligible within the programme. Financial assistance was limited to revenue expenditure only, with no provision for capital costs. Eligibility was also geographically restricted to organisations within the Sunderland postcode area and further limited to those operating specifically within the automotive sector. These constraints excluded a number of potential partners. I had several discussions with other organisations whose programmes, while valuable, could not be directly linked to the automotive sector. Although these initiatives might have qualified for funding under different programmes, they did not meet the criteria of this one.”*



3. Performance

Outputs	Target	Actual
Number of enterprises receiving grants	8	1
Number of enterprises receiving non-financial support	32	31
Number of potential entrepreneurs provided assistance to be enterprise-ready	2	1*
Outcomes	Target	Actual
Jobs created as a result of support	16	10
Jobs safeguarded as a result of support	32	13
Number of enterprises adopting new technology or processes	2	0
Number of enterprises with improved productivity	16	3
Number of new enterprises created as a result of support	2	0

* One not claimed yet.

Output performance summary:

- Number of enterprises receiving grants - 17 enterprises were engaged in this element of the project. Three grant offer letters were issued, one was completed and claimed as an output, one company changed their project to a capital project and therefore became ineligible, and the other did not proceed with their project (financial and time constraints). The grant element of the project has been severely impacted by the current economic conditions and led to businesses managing cashflow and cancelling or postponing all non-essential projects.
- Enterprises receiving non-financial support – 42 companies engaged in the non-financial support element of the programme. 31 companies claimed as outputs.
- Number of potential entrepreneurs provided assistance to be enterprise ready – the headwinds faced by the sector and the economic conditions are not conducive to setting up a new business. The one individual supported was following their redundancy from a firm that went into administration. The individual felt the market conditions were not right to launch a new venture.

Outcome performance summary:

- Jobs created as a result of support – severely impacted by market conditions and delays to model launch. As a result the anticipated sector growth will happen beyond the timeframe of the project.
- Jobs safeguarded as a result of support – support required by enterprises differed than the original projection, with companies seeking support around sustainability, marketing, leadership and management and route to market.
- Number of enterprises adopting new technology or processes – projections for this outcome were based on the grant element of the project. With only one grant being delivered through the project did not achieve its target. However, over time we do anticipate



companies will adopt new processes based on the support for sustainability – these will not occur within the timeframe of the project.

- Number of enterprises with improved productivity – projections were based on a combination of grants (technology adoption) and best practice transfer (lean manufacturing). Outcomes were impacted by a combination of one grant being delivered and the support requirements of enterprises being focused on sustainability, marketing, leadership and management and route to market rather than lean manufacturing.
- Number of new enterprises created as a result of support – impacted by the headwinds faced by the sector and the economic conditions are not conducive to setting up a new business.

4. Value for money

The original project value was estimated at £308,433. The table below outlines the changes to the project through two change requests:

Revenue Expenditure	Original Budget	CR1	CR2	Actual
Salaries	£148,637	£120,880	£81,926	£43,718
Flat Rate Indirect Costs	£ 22,296	£18,132	£12,289	£6,558
Marketing & Promotion	£19,000	£18,000	£20,080	£11,963
Consultancy / Legal Fees	£4,000	£18,500	£13,000	£15,119
Travel & Expenses	£4,500	£2,980	£2,137	£1,386
Other Revenue	£110,000	£135,000	£190,000	£35,455
Evaluation	£ -	£ -	£5,000	£5,000
TOTAL	£308,433	£313,491	£324,432	£119,199

Change Request One (June 2024):

Due to emerging issues/challenges highlighted by companies during the early engagement in the project this change request reallocated underspend from NEAA salaries to consultancy and financial support (grants). Due to increased grants, there is a larger contribution by the private sector, improving the UKSPF contribution ratio from 46.4% to 45.7%.

Change Request Two (September 2024):

Driven by support requirements of engaged businesses being different than originally projected (less 1:1 support from NEAA employees) and due to less time required for prospecting (company engagement) this change request again reallocated underspend from NEAA salaries to areas required by engaged companies:

- Consultancy – specialist support for sustainability, marketing, leadership and management.
- Grants – an increase of overall project value to £37,500 from £30,000 as several project expressions of interest had been received over the £30,000 threshold. At this juncture, five companies had either submitted a grant application or were awaiting the outcome of the change request before submitting applications. The total project value of these five projects was over £151,000, with several others having made inquiries. The total UKSPF contribution remains the same. However, due to increased grant size, and therefore a larger contribution by the private sector (£114,000), the UKSPF contribution ratio improved from 46.4% to 44.13%.

Actual

Non-financial support was in line with expectations with 42 companies engaged in the programme. Of those 31 outputs were claimed against a target of 32. Again, the actual support



requirements of companies differed from the anticipated requirements, requiring less one-to-one support from NEAA employees, resulting in an underspend on NEAA salaries.

17 companies were engaged in the grant element of the project however demand for grants was severely impacted by the reduction of volume across the sector and the economic climate which has forced companies to manage cash closely resulting in several projects being postponed or cancelled altogether. As a result, there was a significant underspend for projects.

Overall the project sought to support forty enterprises across the Sunderland City region, 32 through non-financial support and 8 through grant support. The original UKSPF contribution was estimated to be £143,216.12, which represented an average UKSPF contribution of £3,580.

The overall outcomes of the LABS-S Programme in terms of output achievement were largely positive. A total of 31 enterprises received non-financial support, aligning closely with the contractual expectations set at the outset of the initiative. However, the programme was less successful in meeting its financial support target, with only one enterprise receiving financial assistance compared to the anticipated 8. It is worth noting the macro-economic and sector-specific situation, as well as the perceived funding challenges highlighted in section 2.2 of this paper when considering the success of this aspect of the programme.

The overall project value fell from £324,432.25 to £119,199.11, with a UKSPF contribution of £66,201.51. This represents an average UKSPF contribution of £2,068.80 per enterprise supported – a 42% improvement, achieving Value for Money (VfM).

Concerning employment outcomes, 27% of survey respondents stated jobs were created, with the programme resulting in a net increase of 10 jobs, against a target of 16. Whilst 13 existing jobs were successfully safeguarded against a target of 32. Based on these outcomes, the overall cost per job created or protected was calculated at £2878.33, achieving VfM.






Survey data further underscore the programme's effectiveness. 73% of respondents indicated that the programme had created new business opportunities. Significantly, 55% of participants agreed that their enterprises now had improved sector knowledge as a direct consequence of their engagement with the LABS-S Programme, and 18% had improved operational performance. These findings collectively suggest that the programme not only contributed to short-term business support but also enhanced longer-term growth prospects for participating enterprises.



5. Process and systems

The LABS-S programme was project-managed by Paul Butler (CEO and Project Manager), Stuart McGivern (Non-Finance Support Account Manager), Chris Appleby (Grant Finance Support Project Manager), and Julia Bell (Project Administrator). Despite challenging external market conditions and the previously identified programme constraints, the project was delivered with a high degree of effectiveness, with participants stating on average 74% of their objectives were met. A total of 31 organisations received non-financial support, narrowly missing the target of 32. However, only one organisation was awarded grant funding, falling significantly short of the intended target of 8. This discrepancy highlights a notable limitation in the programme’s capacity to distribute financial support as planned, warranting further evaluation of the funding allocation mechanisms and external influencing factors.

The NEAA offered five key support interventions:

 <p>Access to Industry Specialists Industry insight and sector knowledge on regional, national and international automotive supply chains.</p>	 <p>One-to-One Business Support Tailored support and guidance, in addition to industry-led training and workshops.</p>	 <p>Capability Improvement and Best Practice Sharing best practice, solving common problems and driving innovation to support business improvement goals.</p>
 <p>Networking and Events Industry-specific events to facilitate sector networking, collaboration and supply chain opportunities.</p>	 <p>Grant Support Grant funding to support a new process or technology adoption.</p>	

Access to industry specialists: Industry insight and sector knowledge on regional, national and international supply chains. The advice was often focused on route to market including networking, business development and marketing. Stuart McGivern, NEAA LABS-S Account Manager stated that the support helped “*place organisations in a prime position to sell services.*” This was further reinforced by Smart Origin, a Sunderland based energy efficiency company that participated in the LABS-S programme, as they confirmed the route to market support had a positive effect on their business; “*It’s fantastic...it was really good for us...conversations that happened really helped move things forward for us.*”

One-to-one business support: Tailored support and guidance, in addition to industry-led training and workshops. The global corporate training and coaching organisation, Dale



Carnegie, delivered a LABS-S funded course Leadership Training course. Dale Carnegie is ISO 9001:2015 Certified and delivers training to organisations around the world. Feedback following the course was extremely positive. It is important to note that a number of key Tier 1 businesses took advantage of this training which would have not been eligible on previous programmes as they are non SMEs. This was a gamechanger as although these companies are part of larger multinational groups, local sites are cash strapped.

Capability improvement and best practice: Sharing best practice, solving common problems and driving innovation to support business improvement goals.

The sharing of best practices, collaborative problem-solving, and the promotion of innovation are fundamental strategies for supporting continuous business improvement initiatives. A pertinent example of such an approach is the Sustainability Training Course delivered under the LABS-S programme. This course engaged a subject matter expert in sustainability, Gareth Kane of Terra Infirmia. Gareth is widely recognised as one of the United Kingdom's preeminent authorities in the fields of sustainability and corporate social responsibility. He is the distinguished author of five influential publications on sustainability, including *The Green Executive* and *Green Jujitsu*, which have contributed substantively to the discourse on sustainable leadership and behavioural change within corporate contexts. Gareth holds the esteemed designation of Fellow of the Institute of Environmental Management and Assessment (IEMA) and is a Member of the Institute of Engineering and Technology (IET). Furthermore, he is a Chartered Engineer, reflecting his advanced technical proficiency and adherence to rigorous professional standards within the engineering discipline.

The workshop provided in-depth instruction on environmentally responsible energy sourcing and utilisation practices. Participants were guided through a comprehensive framework designed to help organisations identify, quantify, and manage their carbon footprints across operational processes and the wider value chain.

The training specifically addressed Scope 1 emissions (direct greenhouse gas emissions arising from sources that are owned or controlled by the organisation), Scope 2 emissions (indirect emissions from the generation of purchased energy), and Scope 3 emissions (indirect emissions that occur throughout the supply chain, including both upstream and downstream activities). This structured approach enabled participants to gain a clearer understanding of their organisational impact and the steps necessary to mitigate it.

Beyond the technical content, the training programme fostered peer learning and reflective discussion on industry best practices. It equipped attendees with actionable strategies to embed environmental sustainability into their operations, supporting compliance, reputational benefits, and long-term cost efficiency. Among the participants were representatives from Unipres (UK) Ltd, a Tier 1 automotive supplier, who reported highly positive feedback. They highlighted the value of insights gained, particularly in relation to energy sourcing and utilisation at their Sunderland manufacturing facility.

Networking and events: Industry-specific sector networking, collaboration and supply chain opportunities: Participating organisations were given the opportunity to network with



other organisations at events such as the NEAA Expo: A Strategic Platform for Innovation, Collaboration, and Industrial Growth.

The Expo was held on 26th September 2024 at Sunderland's Beacon of Light and attracted over 800 delegates. The event underscored the North East of England's critical role in the UK's automotive industry. Designed to convene organisations from across the automotive supply chain, the Expo facilitated strategic engagement, knowledge exchange, and collaborative innovation among stakeholders committed to advancing the sector.

Central to the Expo was its emphasis on cultivating high-value professional networks, which is key to sharing industry best practice. The event offered an unparalleled opportunity for attendees to connect with over 100 exhibiting companies, each presenting state-of-the-art capabilities and technological solutions that are actively shaping the future trajectory of the automotive landscape.

Beyond its function as a showcase of products and services, the Expo was a nexus of thought leadership. Attendees were invited to participate in expert-led forums and keynote presentations addressing emergent trends, sectoral challenges, and future opportunities. These sessions were curated to provide critical insights that support strategic decision-making and long-term competitiveness within the industry.

Participants also had the opportunity to engage in a "Meet the Buyer" session, designed to foster targeted business development opportunities and accelerate the integration of pioneering technologies into the supply chain. Buyers included Nissan, Komatsu UK, Unipres (UK), Marelli, AESC UK, Magna Exteriors, Elring Klinger GB, Nifco, Highly Marelli and Faltec Europe. Feedback from the 'Buyers' was positive, with participating companies endorsing the event, and stating they were given the opportunity to both meet new potential suppliers and strengthen relationships with existing suppliers. Buyers also relayed that most potential suppliers with local and were based in the Sunderland area.

Case study: Turnmill Engineering

Turnmill Engineering, an established automotive engineering design and development company based in Sunderland, was provided with an exhibition stand at the North East Automotive Alliance Expo.

Andrew Howe, Operations Director at Turnmill Engineering, expressed strong approval of the event, stating: "The NEAA Expo was a fantastic event. We had a prominent stand near to one of our largest automotive customers. We strengthened many of our business relationships whilst at the event. In addition, the PR surrounding the Expo was very effective, and raised our profile across the automotive sector. Jobs were protected as a result of the Expo and the related PR, and we've since hired a part-grant funded apprentice, again with the support of Chris Appleby at the NEAA."

The strategic location of the exhibition stand facilitated high visibility and meaningful engagement with key industry stakeholders. The increased exposure contributed significantly to the company's commercial positioning, workforce retention, and future skills investment, underscoring the broader impact of targeted sectoral support initiatives.



Grant support: Grant funding to support a new process or technology adoption: LABS-S

grant funding support was available to companies who met the following criteria:

- Based in Sunderland.
- Operating within the automotive sector.
- The grant funding is designed to support the adoption of new processes or technologies that can accelerate business growth and ensure the region remains globally competitive.
- Specifically, the grant funding is focused on revenue projects and not capital purchases. This means that investments in tangible assets or expenditures that increase the value or useful economic life of a tangible asset would not be covered. As long as the intended expenditure activity does not fall into either of these categories, it will be classified as revenue.
- The average grant value we are looking to support is £15,000, with a project value of £37,500 and an intervention rate of 40%. While projects with a higher value than £37,500 can be submitted, the grant amount may be capped at 40% or £15,000, depending on the merit of the application.

Representatives from the NEAA engaged with companies who met the qualifying criteria to raise awareness of the LABS-S grant funding support. To further raise awareness of the LABS-S project, the NEAA engaged with partner organisations including other industry clusters, who in turn engaged with businesses that could be suitable for grant funding support.

Ultimately, three companies applied for grant funding support, Evolve Metals, Wessington Cryogenics and Smart Origin, with one being successful, Smart Origin.

Case study: Wessington Cryogenics

Wessington Cryogenics is an established global leader in cryogenic vessel manufacturing. Established in 1984 and employing over 130 people, Wessington offers cryogenic vessels and ISO Containers designed and manufactured for the storage and transportation of liquid carbon dioxide, hydrogen, and bio LNG. They have worked with and supplied the likes of NASA and CERN as well as major universities, hospitals, and research centres where a high level of engineering capability is required. Wessington has a modern 70,000 square feet manufacturing facility in Houghton-le-Spring. Wessington Cryogenics engaged with the NEAA seeking grant funding support for external expertise to implement a new MRP system. The application was for £30,000 towards a total investment of £75,000. The application met the required criteria, and the NEAA supported Wessington throughout the application process. However, the necessary evidence wasn't submitted before the project deadline, so unfortunately, the application was not successful. Throughout the grant application process, the NEAA communicated deadlines clearly, and further reminders were sent to ensure the application was made promptly.

Case study: Smart Origin

Smart Origin, a Sunderland-based energy management company, addresses energy inefficiencies and supports the decarbonisation goals of manufacturing firms - particularly within the automotive sector. In partnership with the NEAA and supported by LABS-S project



funding, Smart Origin has advanced the capabilities of its data-driven software platform. This initiative not only exemplifies the importance of collaborative innovation but also demonstrates the potential for regional economic development and job creation through targeted support companies engaged in green technology solutions.

Smart Origin operates at the intersection of advanced digital technologies and environmental sustainability. Based in Sunderland, the company is committed to helping manufacturing enterprises—especially those within the automotive sector - reduce energy consumption, lower operational costs, and transition towards net zero emissions. Through the development of a bespoke technology platform, Smart Origin enables clients to collect and analyse granular energy usage data, generate tailored simulation scenarios, and devise actionable energy management strategies. The platform represents a forward-looking solution to one of the sector's most pressing challenges: achieving both operational efficiency and environmental compliance.

Recognising the need for enhanced technological capabilities, Smart Origin collaborated with the NEAA to identify opportunities for development through the LABS-S project. This collaboration facilitated the enhancement of the company's core software platform, enabling more sophisticated modelling functionalities that offer increased precision and relevance for clients aiming to adopt strategic energy-saving interventions.

Stephen Irish, Chief Executive Officer of Smart Origin, highlighted the significance of the support received from the NEAA. He stated, *“The NEAA supported the grant funding application process very effectively. Chris Appleby provided early-stage guidance on the likelihood of success, which is crucial. For small businesses, unsuccessful applications can be discouraging and resource-draining.”*

Smart Origin was awarded grant funding that covered 40% of the cost of engaging an external software specialist to deliver a technical feasibility study and develop a functional prototype. This pivotal intervention catalysed internal capacity building, leading to the recruitment of a permanent software developer. *“Without the support of the NEAA on the grant funding application, this part of the project wouldn't have happened,”* Stephen Irish affirmed. *“Ultimately, we've created one additional job, strengthening our technical team and laying the groundwork for future growth.”*

This case study illustrates the value of targeted public and private sector collaboration in enabling companies to drive innovation within high-impact sectors such as manufacturing. Smart Origin's trajectory demonstrates how strategic funding interventions - particularly those aimed at technological advancement and sustainability - can lead to measurable economic and environmental benefits. Continued support for such initiatives is essential to fostering resilient, low-carbon regional economies such as Sunderland.

Case study: Evolve Metals



Evolve Metals Ltd is pioneering the establishment of the first copper refinery on British soil in over 30 years. Based in Sunderland, the company is dedicated to producing cathode-grade copper plates to support the UK's burgeoning industrial sectors, including automotive and battery manufacturing. Evolve Metals employs innovative, in-house developed technology that ensures zero carbon emissions, aligning with the principles of a circular economy by refining scrap copper into high-quality products.

Evolve Metals engaged with the NEAA to seek grant funding support for their pilot plant project. The application was for £15,000 towards a total investment of £40,500. The project aimed to scale up their operations from R&D to revenue generation by processing 15kg of scrap copper per week and producing copper plates. This initiative was crucial for de-risking the business, generating cash flow, and positioning the company for a "Series A" funding round. Although the grant funding could not be used for the purchase of capital equipment, the financial support of new staff hires would be instrumental to the success of such a project.

Throughout the grant application process, the NEAA provided comprehensive support to ensure the application met the required criteria. This included guidance on making the application eligible for support, clarifying the Grant Offer Letter (GOL), which outlined the eligible costs, and assisting with the preparation for the subsequent claim. Despite the challenges faced, the NEAA's involvement demonstrated effective project management and comprehensive support for Evolve Metals.

Tom Anderson, CEO of Evolve Metals, highlighted the significance of the NEAA's support in emails, commenting that the NEAA's hard work and support throughout the application process were instrumental in navigating the complexities of the grant application and securing a successful bid.

While the outcome of the grant application was approved, the claim failed to meet the funding criteria, resulting in the grant not being paid. Although this grant was not as successful as hoped, the process underscored the importance of collaborative efforts and the role of the NEAA in fostering innovation and growth within the region's industrial landscape.

Ongoing support

Upon completion of the support interventions, businesses were referred to other relevant programs for continued support, ensuring they had access to the full range of available public and private sector resources.

The NEAA ensured that they had offered businesses both financial and non-financial support, to make sure that companies were aware of all the support options available through the LABS-S project. A salient example illustrating the effectiveness of this multi-tiered support strategy can be found in the case of Smart Origin. Following their successful application for grant funding, the NEAA extended further support by facilitating their participation in the NEAA Expo. This strategic exposure served a dual purpose: it enhanced the company's visibility across the regional automotive sector and enabled direct engagement with representatives from potential client organisations. As a result, Smart Origin benefitted from increased market awareness and the potential for the development of new commercial relationships and revenue streams.



6. Sustainability

The project participant survey data indicates that the main reason for businesses joining the LABS-S programme was to ‘Improve sales or new routes to market’, with 73% of respondents selecting that response. Throughout the participating organisation interviews, contacts overwhelmingly endorsed the support they received from the NEAA via the LABS-S programme to help create and develop business relationships within the automotive sector. This was primarily through attending NEAA events, and exhibiting or attending the NEAA Expo. The feedback on these events was positive with participant responses including;

“We’re busy off the back of the Expo”

“The Expo is the best of its kind for me due to the volume of relevant attendees from the local automotive supply chain”

“Through the Expo I generated more work”

“We probably got four or five opportunities from it...and we talked to lots of people, gaining a better understanding of the sector”

“We strengthened relationships”

This evidences participants gaining deep sector knowledge, generating new business relationships, and strengthening existing relationships, supporting revenue generation, and protecting and creating jobs in Sunderland in the automotive sector.

On the flip side, one of the enterprise scale participants appreciated the opportunity to meet potential suppliers through the NEAA Expo;

“We met potential suppliers....and 90% were local to the Sunderland area...it gave them the opportunity to speak to us”.

Another Japanese Tier 1 with revenues of over £400m stated: *“Our Head of Procurement attended alongside our sales team....he met lots of local suppliers throughout the day, gaining a better understanding of regional capability.”*

This suggests that Sunderland-based businesses could have generated and strengthened relationships with the Tier 1 automotive companies via the ‘Meet the buyer’ events and through visiting their stands, gaining clearer insights into customer needs, and potentially generating revenue and safeguarding local jobs in the automotive sector.

Overall, participants were confident that the relationships they developed through the LABS-S programme would be further developed and sustainable over time. In addition, participants praised the NEAA PR and marketing, which helped raise the profile of LABS-S participating businesses. This included social media posts, advertising in NEAA literature, and local press releases.

One LABS-S participant stated *“The PR and marketing for the NEAA events is excellent, both in the lead up and following events. This generates more attendees for the events, and also helps build brand awareness.”*



This demonstrates the long-term value created through the LABS-S programme, with the mean average number of objectives met being 74%. It would be anticipated that this rate would increase over time, as the business relationships are developed following participation in events, and the profile of companies is increased; further revenue prospects will be formed, helping create and support more employment opportunities, demonstrating the longer-term sustainability of the LABS-S programme.

Paul Butler, CEO of the North East Automotive Alliance said *“The current climate is tough and I would argue that working through the NEAA has provided a level of economic stability for the organisations supported through the LABS-S programme. This undoubtedly sets them up ready for the growth that is just around the corner.”*

7. Transformation

The North East Automotive Alliance aimed to contribute to the themes of the Sunderland City Plan through the LABS-S project.

Dynamic Smart City – Through vehicle electrification and localisation of supply chains the regions automotive sector is playing a leading role in tackling climate change. However, in 2017 Industrial emissions account for 40% of Sunderland's total carbon emissions. LABS-S will support businesses to create and adopt new automotive technologies and manufacturing processes, contributing to reducing tail pipe emissions, the adoption of digital technologies, and the decarbonisation of the manufacturing process.

Impact – The North East remains at the forefront of the global mega trend of vehicle electrification. The Nissan's EV36Zero, first announced in October 2021, is a global first for Nissan and their blueprint to create an Electric Vehicle manufacturing hub here in the North East with investment in a new battery manufacturing facilities by AESC and the new Leaf. The announcement in November 2023 built upon this strategy committing two further all electric vehicles to the plant and the potential for further investment in battery manufacturing facilities.

However, the shift to zero-emission vehicles (ZEV) has not been smooth and in the UK, this is further exacerbated by the UK government's ZEV Mandate, the UK Government's policy tool to decarbonise road transport, and the world's most ambitious decarbonisation measure of its kind. Despite over £4bn of sales incentives to tempt consumers the UK failed to meet its 2024 targets. Recent updates to the ZEV mandate, announced on the 7th April, now provide manufacturers with short-term flexibility to ensure that jobs and investment remain in the UK as we pivot towards electric vehicles.

Market conditions have resulted in reduction in production volumes and delays in model launches, both factors severely impacting investment by enterprises in the short-term and moving the anticipated sector growth beyond the timeframe of this project.

Healthy Smart City – LABS-S will help create a more attractive automotive sector which creates more and better jobs that provide exciting career opportunities for Sunderland residents. Where applicable LABS-S will work with businesses to support school/STEM engagement, providing better career insight to children.

Impact – enterprises supported to attend the North East Automotive Expo helped raise the profile of the sector and benefitted from insights into the £14.67m MADE NE project which will provide open access facilities to industry for skills training and industrial innovation in the region's advanced manufacturing sector, with a focus on EV and battery manufacturing.

Vibrant Smart City – the NE has the potential to be the Silicon Valley of vehicle electrification where knowledge, ideas, information is shared across the NE automotive sector and where employees are better engaged and connected. Through LABS-S the NEAA intends to further develop the network, engaging more businesses and employees, creating a more vibrant and attractive sector.

Impact – In total 58 enterprises were engaged in the programme. In keeping with funding guidelines this programme was open to all Sunderland based businesses. 37 businesses were



members of the NEAA and 21 (44%) were not members demonstrating how the programme further developed the network, engaged more businesses and employees, thus supporting the objective of creating a more vibrant and attractive sector.

Sunderland Community Wealth Building Delivery Plan

LABS-S will support the Business growth and investment strand, by continuing to work with the Business Investment Team to offer a wide range of business support services to local small and medium-sized enterprises (SMEs) to promote start up and growth. Grant funding via the LABS-S project will build on the successful and jointly (Sunderland Investment Team and NEAA) delivered NGAMA project.

Impact – the delivery team within the NEAA held regular meetings with members of the Sunderland City Council team. However, market conditions and economic factors faced by the sector were not conducive to business growth (many companies were in survival mode), nor investment (projects requiring investment were either shelved or cancelled to protect cashflow). However, this is expected to be short-term and over the next five years the sector is expected to grow by over £2bn. The NEAA will maintain relationships with Sunderland City Council, supporting future growth and investment within the city region.

Sunderland’s Smart City Ambition - The Northeast automotive sector is ideally placed to become a leader and centre of excellence in industrial digitalisation thanks to the decades of continuous improvement to optimise manufacturing processes and the high levels of automation. LABS-S will support Sunderland’s Smart City Ambition by enabling businesses to access peer to peer support via the NEAA’s Digitalisation Group, through events and workshops showcasing digital technologies and in the adoption of digital technologies through grant support.

Impact- The sector downturn resulted in many enterprises protecting cashflow and therefore either cancelling or postponing projects requiring investment. This severely impacted companies investment in industrial digitalisation. However the project, and the broader NEAA, has worked with the MADE NE Digital pillar, laying the foundations to support businesses as they start investment in this space and helping the North East capitalise on the opportunity of becoming a leader and centre of excellence in industrial digitalisation.

Sunderland’s Low Carbon Framework - LABS-S will provide businesses with the opportunity to engage the NEAA’s Energy Group which identifies and shares energy best practice across the Northeast automotive sector. This will support the strategic priorities 2, 4, 5, 6 & 7 detailed in Sunderland’s Low-Carbon Framework.

Impact- Sustainability training was delivered to participating businesses under the LABS-S programme by sustainability experts, Terra Infirma. The workshop taught sustainable energy practices and carbon management, covering Scope 1–3 emissions. It combined expert guidance, peer learning, and practical strategies to help organisations reduce environmental impact, enhance compliance, boost reputation, and achieve long-term operational efficiency.

Sunderland’s Healthy City Plan



LABS-S will help create fair employment and good work for all. Health and Wellbeing has been a major focus within the NEAA HR forum and businesses will have access to peer to peer learning through best practice sharing and workshops and events linked to employee wellbeing. LABS-S will also provide access to the NEAA Skills group where activities are aligned to attracting more people into the sector and also targeting the economically inactive and disadvantaged groups.

Thus creating a vibrant, healthy and dynamic automotive sector which will be attractive to new investors, will support business growth and expansion, increase supply chain localisation, and improve productivity. A more competitive sector will deliver more and better jobs, be more attractive to talent, and provide exciting career opportunities for Sunderland residents.

Impact- The LABS-S was designed to specifically support automotive aligned companies based in the Sunderland region. These businesses are primarily based in the SR5 postcode, with 73% of survey respondents having a facility in that area. In contrast, only one LABS-S survey respondent was based in Sunderland city centre, with an office in Sunderland Software City. Therefore it's difficult to measure the direct impact the LABS-S project has had on Sunderland city centre. However, as evidenced in this paper, the LABS-S programme has supported Sunderland-based businesses through a challenging period. The automotive supply chain supports over 20,000 jobs in the North-East region, many of them in Sunderland. Safeguarding these jobs has protected the income of Sunderland residents. Sunderland residents having an element of disposable income no doubt benefits Sunderland's city centre.

8. Recommendations

Consistency of programme documentation

It is recommended that local authorities responsible for delivering UKSPF-funded programmes adopt a standardised programme documentation template. The delays encountered during the initiation of the LABS-S programme, which subsequently shortened the project's delivery timeframe, highlight the need for a more streamlined approach. Future programmes would greatly benefit from the implementation of a standardised template that local authorities can customise according to specific programme requirements. Such a template would provide clear definitions and evidence for expected outputs from the outset, thereby reducing the time and resources spent on clarifying key details. This clarity would also assist delivery partners by enabling them to better understand programme expectations and eligibility criteria. By ensuring the early communication of programme outputs, this approach would help mitigate uncertainty, eliminate ambiguity, and prevent delays in programme commencement. Moreover, the use of a standardised template would facilitate smoother collaboration between stakeholders and encourage greater participation from organisations that may benefit from the support offered. This proactive approach could lead to more efficient and effective programme delivery overall.

Grant Funding Constraints

As highlighted throughout this study, the restrictive nature of the grant funding rules significantly limited both the scale of programme participation and the extent of project-level investment. A key limitation was the prohibition on the use of grant funding for capital expenditure. This constraint was particularly detrimental in the context of the prevailing economic and commercial challenges faced by the sector during 2024, where any investment was focused on infrastructure, technological capacity, and operational assets. The inability to allocate funds towards capital items—such as machinery, equipment, and IT systems—reduced the capacity of participating organisations to engage fully with the LABS-S programme and was a limiting factor in the programme's potential for long-term impact and sustainability.

It is therefore recommended that future iterations of similar programmes allow grant funding to support both revenue and capital expenditure. Such flexibility would enable participating organisations to make strategic investments that enhance productivity, build resilience, and improve the overall effectiveness and inclusivity of programme delivery. Addressing this issue would also increase the programme's appeal across a wider range of stakeholders and contribute to more equitable access to support.

Flexibility of participating organisation's location

The LABS-S programme specifically targeted Sunderland-based businesses. Ultimately, the requirement to have a physical presence in Sunderland proved to be restrictive. The NEAA has a wider network covering the North East and beyond. As a result of promotion of the programme through the NEAA channels they had engagement with businesses that were interested in the support offered through the LABS-S programme. However, a number were based outside of Sunderland and were then ineligible for support. Those outside the Sunderland region were encouraged to seek support from the local UKSPF programmes. This, undoubtedly, has



increased the complexity of the business support eco-system which goes against the early aims of UKSPF when transitioning from ERDF.

Had these businesses received support through the LABS-S programme, it is conceivable that there could have still been benefits to Sunderland as companies in the Sunderland automotive supply chain could have benefitted from enhanced business relationships, thus creating and protecting jobs, and enhancing the local economy. In addition, as these companies could have been based in the immediate vicinity to Sunderland, for example in South Tyneside, Durham, Gateshead and Newcastle, residents of Sunderland may well have been employed in these businesses, thus further protecting jobs for Sunderland people.

Recommended Programme Timeframe

As previously indicated, the interval between the initial submission of the programme application and the subsequent approval, including the final clarification of project definitions and expected outputs, spanned a period of eleven months. This substantial delay considerably constrained the implementation phase, effectively reducing the timeframe for participant engagement and delivery of the prescribed support to only twelve months. Such a compressed delivery window limited the scope and depth of outreach, engagement, and impact.

In light of these challenges, it is recommended that future programmes of a similar scale and nature be allocated a minimum implementation period of three years. A three-year delivery timeframe would afford sufficient opportunity for robust promotional activity, enhanced engagement with a broader range of potential participants, and more extensive and sustained support to participating businesses. The additional time would not only facilitate improved planning and operational flexibility, but also ensure that the programme reaches a wider audience and achieves greater regional impact. Extended engagement would enable more meaningful relationships with stakeholders, allow for adaptive responses to emerging needs, and ultimately lead to more sustainable and measurable outcomes across the target communities.

Specialisation and structured support

It is recognised that the NEAA provide specialist sector knowledge and support to businesses. The grant element of the project is less specialist and could be administered by a single grant pot across the funding region. It is therefore a recommendation that a single grant fund (revenue and capital) is established and that all UKSPF funded projects refer businesses seeking financial support.

It is recommended that future funding initiatives also adopt a similarly layered support model, wherein direct intervention is complemented by structured post-intervention referrals and sector-specific networking opportunities. Emphasis should be placed on building bridges between initial project outcomes and long-term ecosystem integration, particularly through platforms that enhance business visibility and stakeholder engagement. Such a model not only strengthens the resilience and scalability of supported enterprises but also maximises the return on investment for funding bodies through the sustained economic contribution of beneficiary firms.