

**ROCKET
SCIENCE**

South Tyneside Employment and Skills Report

July 2023



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1. Introduction

1.1 Background

South Tyneside Council, as part of their plans to develop an inclusive economy, is looking to better understand approaches to help South Tyneside residents to be economically included and to improve wellbeing.

This comes in light of the Covid-19, Brexit and the cost of living crisis which have all played a part in changing and re-shaping the UK economy, along with the 'levelling up agenda' and its potential opportunities for growth in the region. Some of these changes have perpetuated structural inequalities which have long existed within the communities in the North East. This includes, for example, increased economic inactivity due to long-term health conditions and health inequalities. This report will explore both the new and existing challenges and make recommendations for future service delivery.

1.2 Methodology

The research team set out to answer a set of research questions developed by South Tyneside Council to better understand the challenges and opportunities in the employment and skills landscape in South Tyneside. These questions included:

- What do we mean by inclusive economic growth? What are the key definitions and descriptions? How can economic development be inclusive and sustainable?
- What are the key features of the current skills and labour market landscape in South Tyneside? What are the current challenges and opportunities in the labour market and skills system for providers, businesses and residents in South Tyneside?
- 'What works' in economic inclusion? What are examples of good practice in:
 - aligning skills supply and demand.
 - balancing the demands of an inclusive economy that includes both participation of those out of work, economically inactive or under-employed, with economic growth.



- how can multiple funded projects work cohesively to help transition economically inactive residents into employment, and are there any examples of this working successfully?

To answer these questions the research team used a mixed methods approach which included:

- **Desk research:** we conducted a desk-based review of internal and external policy papers, reports and literature to better understand the concept of economic inactivity, employment and skills gaps and good practice examples on how to improve employability. We included information from the past 10-15 years and focused on research from the North East of England, Scotland and the wider UK and provided some good practice examples.
- **Data review:** we conducted an analysis of data on employment and skills for South Tyneside, comparing this with data on the north east region as a whole, and the UK. Data were used from the ONS Annual Population Survey, the ONS Business Register and Employment Survey (open access), and from the ONS Inter Departmental Businesses Register business counts. Data were accessed via Nomis, usually using January to December 2022 as the most up to date full year of data. For some data, 2021 was the most recent available year, and this has been labelled on the relevant tables in the report.
- **Interviews and focus groups with stakeholders:** we conducted 5 focus groups with a total of 30 participants and 9 interviews with 10 participants between May and July 2023. A total of 40 stakeholders participated in the research. The interviews were conducted online and the focus groups were in person. Details on the stakeholders involved can be found [in Appendix 1.](#)

As with all research, there are some limitations to the study. This includes:

- While we engaged with a wide range of stakeholders who engage with different areas of the community, this study did not include direct community consultation. This could mean that potentially some community challenges or needs are not captured by this study.



- Stakeholders who were available for interviews and focus groups were sourced through contacts within South Tyneside Council, and while an effort was made to cover a range of organisations, job roles and perspectives, this sample was not randomised. An assumption is being made however that the broad range of roles and opinions collected are likely to be representative of the wider stakeholder group.

1.3 Structure of the report

The remainder of this report is set out as follows:

- **Chapter 2** describes what we mean by inclusive economic growth and includes some key definitions and descriptions.
- **Chapter 3** sets out to describe 'what works' to reduce economic inactivity. It includes definitions and the groups particularly impacted by economic inactivity, barriers these groups face and potential ways of facilitating a transition from economic inactivity to participation in the labour market.
- **Chapter 4** describes some examples of practice from programmes and initiatives working on economic inclusion.
- **Chapter 5** assesses the skills and labour market landscape in South Tyneside, future skills needs in South Tyneside and outlines the specific challenges South Tyneside is facing.
- **Chapter 6** brings together the findings from the desk based research and stakeholder interviews and focus groups into conclusions and recommendations to support South Tyneside to become a more inclusive economy.
- **Appendix 1** contains details of stakeholders involved in the research.



2. What do we mean by inclusive economic growth?

This chapter looks at what is meant or understood by inclusive economic growth in the literature and by the stakeholders that were consulted as part of this research.

2.1 What is the literature telling us?

Inclusive economic growth is not a new concept, though it has changed and developed new focuses over the years. From the World Commission on Environment and Development (WECD) report defining sustainable development¹, to the current focus on NetZero², Levelling Up³ and a Just Transition⁴, policy makers and economists have sought to promote economic growth that maximises opportunities while minimising externalities that cause harm.

The terminology of inclusive growth first started to emerge in the early 2000s and was predominantly framed around international considerations and issues of economic development in the global south⁵. It is concerned primarily with the promotion of economic growth that reduces inequalities and social and environmental harms, and therefore has relevance at all geographic scales.

There is not a single standard definition of inclusive growth, but some relevant definitions include:

“Inclusive growth is economic growth that is distributed fairly across society and creates opportunities for all.” – OECD, unknown date⁶

¹ WECD (1987). Our Common Future. [Link](#).

² HM Government (2021). Net Zero Strategy: Build Back Greener. [Link](#).

³ HM Government (2022). Levelling Up the United Kingdom. [Link](#).

⁴ United Nations (2022) How Just Transition can help deliver the Paris Agreement. [Link](#).

⁵ The Open University (2021). What is inclusive growth and why does it matter? [Link](#).

⁶ OECD (unknown). Inclusive Growth [web page]. [Link](#).



“To create sustained economic growth and transform our economies while tackling the social and ecological stresses caused by our current economic models.” – Stern, Lankes and Pierfederici, 2022⁷

“Growth that combines increased prosperity with greater equity; that creates opportunities for all; and distributes the dividends of increased prosperity fairly.” – Scottish Government 2015⁸

It is commonly understood that inclusive growth offers a conceptual route to growth that goes beyond economics and promotes the reduction of poverty and inequalities. Inclusive growth should create sustainable growth as well as broaden access to the opportunities and so ensure all members of society can participate in and benefit from growth⁹.

Inclusive growth encompasses the idea that economic growth is important, but on its own will not generate sustained improvements in standards of living for all, unless the positive outcomes of the growth are shared fairly among individuals and social groups. There is also an increasing recognition that individual wellbeing is shaped by some non-income aspects of life, such as health and education status¹⁰.

While there are differing definitions, in different contexts, the **common features** are typically that economic growth should:

- Improve overall wealth for an area,
- Reduce or prevent inequalities that result from this,
- Promote equality of opportunity to create and benefit from this growth, and
- Reduce the impact of negative externalities, including social and environmental externalities.

⁷ Stern, Lankes and Pierfederici (2022). These are the four steps we need to make economic growth sustainable, resilient and inclusive. World Economic Forum. [Link](#).

⁸ Scottish Government (2015). Scotland's Economic Strategy. *Cited in*: Scottish Government (2022). Inclusive Growth: what does it look like? [Link](#).

⁹ Asian Development Bank (2008). Strategy2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020. [Link](#).

¹⁰ OECD (2014). Inclusive growth: Report on the OECD framework for meeting of the OECD council at ministerial level, Paris 6-7 May 2014. [Link](#).



An agreed working definition of inclusive growth in the context of South Tyneside is recommended as it will clarify the scope and expectations of inclusive growth in this specific locality, and acknowledge the challenges and opportunities involved at the local level. A working draft of this definition is included in [chapter six](#).

Inclusive growth is important because it promotes and creates resilience to economic shocks. Where economies have large inequalities, they are more fragile in the event of economic shocks and also less able to support policies that improve the economy after such shocks¹¹. This is thought to be due the wider lack of equality of access to health, education, social involvement and political involvement, which means they are less resilient in all spheres. There is also the suggestion that high economic inequalities can mean less commitment to a shared long term vision for recovery and growth, relating to the economy specifically¹². That is, economic inequalities, along with other inequalities, disenfranchise and disengage residents from the shared long term vision, which can then create further inequalities in turn.

Whatever the underlying reason for the lack of resilience, economists increasingly agree that there is **a need to promote social and environmental wellbeing as well as reducing economic inequalities** in order to prevent economic costs and negative impacts. This is, therefore, important not just for social or individual reasons, but for the collective economic level as a whole. It has been described as policies that are designed to **consider both the “size of the pie”, and also its distribution**. Similarly, an economic model designed to establish a foundation for basic essentials and an upper limit to prevent exceeding natural resources and environmental protection, is the 'doughnut economics theory'¹³. This creates boundaries in which to shape sustainable and inclusive economic growth.

The World Economic Forum offer guidance on how to promote inclusive growth in the 21st century, which focuses on 4 key areas¹⁴:

¹¹ Ostry (2018). Growth or Inclusion? International Monetary Fund. [Link](#).

¹² Ostry (2018). Growth or Inclusion? International Monetary Fund. [Link](#).

¹³ Raworth, K (2017). Doughnut Economics: Seven ways to think like a 21st century economist. [Link](#).

¹⁴ Stern, Lankes and Pierfederici (2022). These are the four steps we need to make economic growth sustainable, resilient and inclusive. World Economic Forum. [Link](#).



- Investment in (the right kinds of) capital and infrastructure,
- Innovation and systems transformation,
- Policies to foster investments, innovation and a just transition (transitioning to a greener economy in an equitable way), and
- Finance and international cooperation for economic growth.

While these principles are considered at a global scale, the principles also work at the local level, with cooperation within and between local authorities, and combined authority areas necessary to promote inclusive growth, ahead of policies and systems that prioritise only specific areas.

There is a clear mandate too in the local strategies for South Tyneside. The current proposed deal for North East devolution includes funds for inclusive growth¹⁵, demonstrating the ongoing and growing importance of this for the whole north east combined authority area.

Building on the above main principles of inclusive growth, South Tyneside have the opportunity to address social and environmental challenges **while** promoting and developing high quality economic growth.

2.2 Stakeholder views

Among stakeholders the understanding of an inclusive economy means that everyone should have equal access to opportunities to access the labour market and everything they need for good wellbeing. Stakeholders highlighted that economic inclusion does not automatically mean good wellbeing but that wellbeing and other aspects of the individuals' lives are supported.

"Economic inclusion would mean that people can sustain their livelihoods and their incomes, their families and homes and tenancy sustainment. We want to ensure that people are economically sound by ensure a maximisation of income and giving people the confidence and skills to make the positive changes in their lives." - Stakeholder

¹⁵ NECA (2023). North East devolution deal consultation launched. [Link](#).



To the stakeholders, economic inclusion means that everyone regardless of their gender, age, health or disability has equitable access to opportunities across all sectors. It also facilitates access to skills building, including transferable skills as most careers are no longer linear and people need the skills to transfer to other sectors or industries.

Economic inclusion also means support in areas that go beyond skills and employability. It means support to people to overcome barriers to skills and employment training and through that **levelling the playing field for people facing disadvantage**. This support needs a whole system approach as people often have complex needs and support requires engagement from multiple stakeholders. Supporting people with their health and wellbeing might also lead to a more sustainable and meaningful engagement in economic activity in the longer term.

Economic and social inclusion are currently not well joined up, but the two are heavily interlinked. Stakeholders were requesting more commitment to bridge this gap and to create a joint approach to economic and social inclusion.

However, there are currently limitations to what communities know about or understand as an inclusive economy. Stakeholder interviews and focus groups highlighted that the terminology was not particularly straightforward or understandable to residents in South Tyneside. This linked also into wider challenges for engaging with residents, with a need to focus on 'plain English' in communication, including simplifying language about Council functions, roles, and job titles.

While stakeholders were generally confident that they understood the concept of an inclusive economy, it was not often terminology that they would choose to use, because of the barriers to understanding and the range of potential interpretations. However, they were confident in identifying its importance and role in breaking down barriers to economic engagement. This included creating space for economic engagement other than full time paid employment, including meaningful work, volunteering, or other activity that feeds into civic society as well as the economy.

To make the term and concept more accessible and, therefore, easier to implement, community engagement, consultations and service co-design would ensure buy-in and appropriateness of measures to reach an inclusive economy. This is likely to be most effective



through engagement work across the public and VCSE sectors, as well as with residents, in order to develop and promote a shared definition and aim across the district as a whole.

In summary, creating an inclusive economy means to tackle economic inactivity in a way that promotes equitable opportunities and promotes social cohesion and addresses inequalities. Thus, addressing economic inactivity is a core strand of work needed, and complex social, economic and environmental barriers have to be addressed with the aim of supporting those who are economically inactive in order to work towards a truly inclusive economy.

3. 'What works' in tackling economic inactivity?

This section of the report discusses what economic inactivity is, what types of interventions could potentially tackle economic inactivity, drawing on examples of ways of working and highlighting some examples of good practice. It considers these in the context of ways to tackle economic inactivity that particularly work towards economic inclusion for disadvantaged groups. It also considers stakeholder views on the specific challenges and opportunities for addressing economic inclusion through tackling economic inactivity, which were discussed in interviews and focus groups.

3.1 Economic inactivity

To better understand what works in economic inclusion it is important to understand the groups that are economically inactive, and the specific challenges and barriers to economic inclusion for them. The Office for National Statistics (ONS) defines economic inactivity as:

"People not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks." - ONS, 2023¹⁶

¹⁶ ONS (2023) Economic inactivity. [Link](#)



The UK Government highlighted that the number of economically inactive people has been rising in the UK since the beginning of the Covid-19. While this was a common phenomenon across comparable countries, the trend has now been reversed in most other countries but not in the UK.¹⁷

In South Tyneside, the employment rate is lower than the British average, and lower than the North East region as a whole. Based on data for 2022, just 69% of people aged 16-64 were economically active in South Tyneside, compared to 74% in the North East, and 79% in Great Britain (see table 1).

¹⁷ Kirk-Wade, E. & Harker, R. (2023) How is health affecting economic inactivity?. [Link](#).



Table 1. Percentages and numbers of economically active, percentage of working age population

	South Tyneside				North East				UK			
	2019		2022		2019		2022		2019		2022	
Economically Active	67,300	74%	62,900	69%	1,227,200	75%	1,205,200	74%	32,556,700	79%	32,513,000	78%
In Employment	61,800	68%	56,200	62%	1,154,500	71%	1,148,600	71%	31,266,400	76%	31,339,500	76%
Employees	55,200	61%	51,100	56%	1,013,800	62%	1,027,700	63%	26,664,600	65%	27,366,700	66%
Self Employed	6,500	7%	4,900	5%	137,400	8%	115,500	7%	4,490,100	11%	3,851,600	9%
Unemployment rate	5,500	8%	6,700	11%	72,700	6%	56,600	5%	1,290,300	4%	1,173,500	4%

Source: ONS Annual Population Survey (Jan-Dec 2019 and Jan-Dec 2022 data)



The data in table 1 shows clearly that **South Tyneside has not 'bounced back'** following the pandemic and recession, in the same way as the data for the North East and UK averages.

There has been an increase in South Tyneside of people who are unemployed and people who are economically inactive between 2019 and 2022. This trend is different compared to the North East and Great Britain where the number of economically active people is similar to 2019. This difference in trend could be due to the economic sectors in South Tyneside. This includes the manufacturing, tourism, health and social care and hospitality and retail sectors who have been impacted more severely by Covid-19, Brexit and the Cost of Living Crisis compared to other sectors.¹⁸

In addition, there has been an increase of those economically inactive for a variety of reasons. The group of the economically inactive is a diverse group and includes the following sub-groups.¹⁹:

- Students
- Looking after family/home
- Temporary sick
- Long-term sick
- Discouraged
- Retired
- Other

Table 2, below, displays the proportion of the different subgroups of economically inactive people. In the UK, 26% of all economically inactive people were due to long term-sickness in in 2022. This number has increased from 24%.

In South Tyneside, **38% of those economically inactive were long-term sick** in 2022, an increase from 26% in 2019 showing a higher increase in South Tyneside compared to the UK overall. Likely explanations for the increase in long-term sickness are long Covid, as well as long NHS waiting lists for treatment.²⁰ This development is of concern as those that are economically inactive due to ill-health are less likely to return to the labour market.²¹

¹⁸ Trade Union Congress (2020) Impact of Covid-19 and Brexit for the UK economy. [Link.](#)

¹⁹ Nomis (2023) Labour Market Profile - South Tyneside. [Link.](#)

²⁰ The Health Foundation (2022) Is poor health driving a rise in economic inactivity? [Link.](#)

²¹ The Health Foundation (2022) Is poor health driving a rise in economic inactivity? [Link.](#)



In addition, in South Tyneside, the **Healthy Life Expectancy** is 56.8 for men and 57.9 for women. This is significantly below the North East (59.6 years for men and 60.1 years for women) and England-wide average (63.4 years for men and 64.1 years for women).²² This shows that **health outcomes in South Tyneside are significantly worse** compared to other areas of England, likely impacting the amount of people unable to work due to health reasons. This concern around health inequalities in South Tyneside is also reflected in Public Health data. South Tyneside has **worse rates of mortality** in the under 75s from causes considered preventable than the England average, as well as poor rates for all-cause mortality.²³

Table 2. Percentage of total and subgroups of economically inactive people

	South Tyneside		North East		UK	
	2019	2022	2019	2022	2019	2022
Total	26%	31%	25%	26%	21%	22%
Student	20%	22%	24%	22%	27%	26%
Looking after family/home	33%	22%	23%	18%	23%	20%
Temporary sick	2%	-	3%	2%	2%	2%
Long-term sick	26%	38%	28%	32%	24%	26%
Discouraged	-	-	0.5%	-	0.4%	0.3%
Retired	12%	8%	13%	15%	13%	14%
Other	6%	8%	9%	11%	11%	12%

Source: ONS annual population survey (Jan-Dec 2019 and Jan-Dec 2022 data); missing values where numbers were too small

The second largest group that is economically inactive, at about 30% of, are **people with caring responsibilities** or who are looking after their home.²⁴ This is similar to the national levels of 26% across Great Britain.²⁵ It needs to be better understood what the reasons for this are and if lack of affordable other options of care are a contributing factor to the high numbers of economically inactive people with caring responsibilities.

²² South Tyneside Council (2023) Mortality (health and wellbeing needs in South Tyneside). [Link.](#)

²³ Office for Health Improvement and Disparities, (2023). Public Health Outcomes Framework. [Link.](#)

²⁴ South Tyneside Council, Draft Economic Inclusion & Skills Action Plan (2022) Unpublished.

²⁵ Nomis (2023) Labour Market Profile – South Tyneside. [Link.](#)



Generally, economically inactive people can be found across all demographic groups. However, the **largest group of economically inactive people are over 50 years old**. The chances of a return to the labour market decrease as well the longer a person has been removed from the labour market.²⁶ There are substantial differences in the likelihood to return to work depending on the type, for example, disability or health condition a person has. People with mental health conditions are the least likely to return to the labour market compared to those with other conditions.²⁷ This means different types of interventions and support are needed to facilitate a return to work for people being economically inactive due to long-term sickness.

While there is some concern about higher numbers of increased early retirement throughout Covid-19, the number of people who are taking early retirement are returning to pre- Covid-19 levels.²⁸ Research has found that out of people who leave the labour market due to early retirement, **only 5-10% ever return into paid work**.²⁹

Of those who are economically inactive, **25% want a job in South Tyneside**, compared to 22% in the North East and 18% in Britain, shown in table 3, below. This equates to **7,000 economically inactive people in South Tyneside that want to work**.

Table 3. Percentage of economically inactive people who want to work

	South Tyneside		North East		UK	
	2019	2022	2019	2022	2019	2022
Wants a job	27%	25%	23%	22%	21%	18%
Does not want a job	73%	75%	77%	78%	79%	82%

Source: ONS annual population survey (Jan-Dec 2019 and Jan-Dec 2022 data)


Over time the percentage of people who do not want a job has increased in South Tyneside, the North East and across the UK. This is likely due to the increase of people with long-term illnesses who are unable to work due to health reasons, as well as increased retirement levels throughout Covid-19.

²⁶ Casey, R. Cooke, G., Elliott, J. & Tomlinson, D. (2023) Importance of ill health to the UK's labour market participation challenge. [Link](#).

²⁷ Casey, R. Cooke, G., Elliott, J. & Tomlinson, D. (2023) Importance of ill health to the UK's labour market participation challenge. [Link](#).

²⁸ Boileau, B. & Cribb, J. (2022) The rise in economic inactivity among people in their 50s and 60s. IFS. [Link](#).

²⁹ Boileau, B. & Cribb, J. (2022) The rise in economic inactivity among people in their 50s and 60s. IFS. [Link](#).



These figures suggest that the current employment support offer in South Tyneside is not effectively reaching the 7,000 economically inactive cohort, who do want to work.

Due to the diverse nature of the economically inactive group, it can be challenging to provide interventions that target all of the groups at the same time, as the needs of people within these groups will differ substantially. There is also likely a difference in willingness to return to the labour market based on the reason for economic inactivity, as well as the length of time out of the labour market.


3.1.1 Findings from stakeholder interviews

Similarly to the literature, stakeholders highlighted the diversity of the group of economically inactive people. Stakeholders explained that different groups face different barriers. The economically inactive groups that stakeholders believe are currently facing the highest barriers in South Tyneside to access the labour market are:

- People over the age of 50,
- People with long-term health conditions,
- People with additional needs (SEND, learning disabilities, autism or similar),
- Young people entering the labour market,
- Care leavers.

Stakeholders believed that the reasons for economic inactivity can be separated into four main groups:


- **Lack of careers guidance:** Stakeholders believed that there is little to no careers advice or support provided to people at schools or in later life. Information is often scattered and inaccessible meaning people do not know what type of opportunities are out there or how they can access them. Careers guidance in statutory services is often focused on getting people into a job and not focused on careers and supporting people into sustainable employment. The National Careers Service provides remote advice across England to identify skills and career opportunities, but it is lacking more targeted, localised advice. The challenge of a lack of careers advice particularly applies to young people and people over 50 whose jobs or careers might change/disappear. Stakeholders expected this to potentially improve through schools, as the impact of the Gatsby benchmarks becomes embedded. However,



there is also a lack of parity of esteem between academic and vocational routes post-16, including a perception of much more fragmented information on, and entry routes for, vocational qualifications and apprenticeships.

- **Lack of 'transition' support:** Stakeholders believed that there is often not enough support available for transition points in people's lives. This might mean from an education setting to higher education or the labour market, from the care system to independent living, or between careers. This lack of transitional support can lead to people falling into gaps and into economic inactivity. Lack of support was also mentioned in regards to caring responsibilities. As social care and childcare services are both overextended it can result in a lack of available and affordable care, requiring family members to take on the role and become economically inactive as a result. Stakeholders also highlighted that transition times can provide opportunities to engage with residents, for example returning to work when children start school, but these opportunities need to be developed and funded.
- **Lack of aspirations:** Aspirations are often driven by what young people see in their direct environment, for example what parents or carers do for work. In South Tyneside, about 24.2% of households are workless which means that young people's aspirations or view on their opportunities are low. For some groups, such as people with SEND (Special educational needs and disabilities), there can also be stigma around aspiration and low expectations from schools and/or guardians of what people with SEND can achieve. This can lead to no or too little support to help people with SEND gain the skills necessary and achieve the transition from education into the labour market.
- **Health inequalities:** As mentioned above, South Tyneside has a higher than average number of economically inactive people who are unable to work due to long term health issues, sickness and disability. Stakeholders were aware of this unique aspect of the South Tyneside labour market, with little support or opportunities for engaging this group in meaningful economic activity, whether or not that was paid work. There was a recognition that the wider health inequalities in the area were one of the underlying factors for this, and it was felt that this, along with transport infrastructure challenges, was a barrier to economic inclusion that was not realistic to address solely through skills provision and training.

Within the perception of a lack of support and lack of careers advice, stakeholders specifically talked about the need for targeted information, advice and guidance. This meant advice based on South Tyneside's labour market, but also based on the needs of the individuals and employers. Stakeholders felt that generic, light-touch and under-funded support may lead to frustrations and disengagement from people resulting in long-term unemployment, under employment or economic inactivity.



Targeted support also included culturally sensitive approaches, as for some groups, cultural expectations and language barriers may mean having different aspirations and expectations about work, which may also be a reason for not engaging with support services.

There was also discussion among stakeholders that due to a complex system of providers, statutory services, skills and training providers as well as further education provision, it could be difficult for residents in the area to know where to find relevant information for their own needs. Clarity of information was felt to be needed, for example under **one brand that brings together all the information on skills, training and employability** for the area. Within Council stakeholders, there was also an awareness that they had an opportunity to promote this information with residents through other interactions, such as housing enquires or non-employment advice services.

“[We could] bring in lots of council services to have everybody primed to promote the opportunities; a ‘no wrong door’ approach to getting information to residents.” – Stakeholder

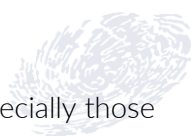
Some stakeholders believed that **early intervention** at the school level could support building trust between services and young people and allow for support throughout transitions and before someone falls into economic inactivity.

Provision of a **high quality careers programme** from early years education, sustained right up to the point of leaving full time education, helps to address socio-economic inequalities and improve the equality of opportunity for young people from all backgrounds. This also reflects research into young people forming career aspirations from a young age. However, stakeholders also highlighted the importance of ensuring careers advice and support is available not only for those that are struggling with attainment or attendance in school but **for everyone**. This was also essential for young people who did not have aspirational examples or support from family on employment options available.

3.2 Types of interventions

There are a number of interventions which aim to increase people’s participation in the labour market. However, often interventions to increase the numbers of people in work are measured using value for money indicators. They may not be sufficiently tailored to the needs of individuals, and often follow the same structures or protocols for everyone.³⁰ A lack of an individually tailored programmes

³⁰ Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)



can lead to barriers to access for those furthest from the labour market and hinder especially those with mental health, long-term physical health conditions or disabilities or other more complex needs.³¹

Evidence suggests that current employment support is often lacking in three ways, particularly when aiming to support economically inactive client groups ³²:

- **Lack of person-centred approach:** Many current approaches do not provide sufficient support for people with complex needs and are not able to address multiple barriers that economically inactive people might face. While person-centred approaches are associated with a higher cost they are also associated with better outcomes for individuals who may be further from the labour market.
- **Lack of adaptability:** Many of the current approaches are not flexible enough to adapt to changing demands in the labour market and to adjust quickly to changing needs based on fluctuations in the labour market.
- **Insufficient sharing of research and data:** Often limited performance data on programmes is shared, making it difficult to fully assess the effectiveness of the programmes and to identify good practice and to share the knowledge across different areas.

To reduce barriers to access to the labour market for those who are economically inactive, there are, however, different types of interventions aimed at different challenges to support people to be included in the labour market. These interventions are often deemed more flexible or adaptable to a range of target groups, or they target specific groups within the economically inactive populations.

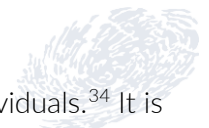
These interventions include:

Intensive one-to-one coaching One-to-one coaching is a person-centred approach which focuses on the needs of each individual. This support does not only include direct employment support but includes a range of support such as more tailored advice, tailored skills building and looking at other areas of support such as housing, finances or health support. The individual in the support has more choice about what the programme and support looks like.³³ It may also include support that facilitates

³¹ Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)

³² Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)

³³ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).



transitions into the workplace to ensure a safe transition into employment for the individuals.³⁴ It is often associated with higher costs but may also deliver better outcomes for individuals who are further from the labour market.³⁵

Work-based employment programmes Programmes which focus on practical skills and classes rather than focusing on theoretical knowledge are an approach which is deemed helpful for people who are further removed from the labour market. Work-based programmes offer an alternative to learning and support people to gain experience and work-related qualifications. This type of training might be more accessible for some people, as well as helpful for businesses, as they can train people in the way skills are needed within their specific business. Work-based programmes can also help with gaining soft skills including work ethics and learning to navigate day-to-day work routines.³⁶ Examples of these programmes include apprenticeships or traineeships.³⁷ There is currently still some stigma around, for example, apprenticeships and traineeships and they are not fully utilised by people, businesses and learning providers.³⁸ The stigma around apprenticeships is that these programmes are 'worth less' than university education and do not lead to long-term careers or are only relevant for specific industries.³⁹ Evidence shows that young people also expressed that their parents discouraged them from taking on apprenticeships. Parents may have an outdated view of what an apprenticeship looks like and what opportunities are available compared to the more recent developments of modern apprenticeships.⁴⁰

Vocational skills programmes These programmes focus on one specific skill or skill set, for example green skills. These may include specific academies or training courses for green skills or digital skills⁴¹. They are often highly specialised to provide people with skills they are unable to get in other places. This will gain importance as we move towards a green transition of the economy, as people will need to get re-trained for jobs in new and emerging sectors, as well as needing additional skills for their current jobs.⁴² The NELSIP plan identifies the importance of specialised skills support and training but highlights that transferable skills and behavioural skills are included in the training to ensure the

³⁴ Hofman, J., Bruckmayer, M., Feyerabend, K., Larmour, S. Reed, M. & Lymperis, L. (2022) Green jobs and skills development for disadvantaged groups. [Link](#).

³⁵ Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)

³⁶ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).

³⁷ Hofman, J., Bruckmayer, M., Feyerabend, K., Larmour, S. Reed, M. & Lymperis, L. (2022) Green jobs and skills development for disadvantaged groups. [Link](#).

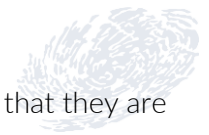
³⁸ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).

³⁹ Institute of Student Employers (2022) Students favour university as apprenticeship stigma lingers. [Link](#).

⁴⁰ Institute of Student Employers (2022) Students favour university as apprenticeship stigma lingers. [Link](#).

⁴¹ Hofman, J., Bruckmayer, M., Feyerabend, K., Larmour, S. Reed, M. & Lymperis, L. (2022) Green jobs and skills development for disadvantaged groups. [Link](#).

⁴² Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)



programmes support the participants to not only have the technical skills required but that they are also supported to be ready for the workforce.⁴³

Comprehensive careers advice To ensure a transition from school to further education, labour market or self-employment targeted careers support and advice needs to be available to people. This includes highlighting a range of career paths to young people.⁴⁴ Comprehensive careers advice, however, should also be available to people of all age groups to support career changes and career progression based on skills they already have. These transferable skills would ensure a transition from declining industries to new and emerging industries.⁴⁵ Careers guidance also needs to start early and be designed not just to support the choice of qualification or job role, but to shape aspirations from a young age. Aspirations are correlated with attainment for young people,⁴⁶ although there can be challenges when the labour market does not then have sufficient roles to allow everyone to meet their career aspirations.⁴⁷ Aspirations start to form long before the age at which children are choosing exam options for the future, and should be supported and developed from primary school age.^{48 49} Therefore, investment in developing an understanding of realistic career goals, based on real economic data, from a young age is essential.

High-quality childcare support The cost of childcare is currently a deterrent for some parents to enter the job market. Research has shown that the cost of childcare in the UK in 2019 took up on average one third of the income of women's salary.⁵⁰ A study on factors that influence mothers' decisions about returning to work found that women in areas of high-cost childcare were more likely to not return to work compared to women in areas where childcare costs were lower. This is often a particular challenge for single parents. Single mothers were less likely to return to work compared to mothers who had partners.⁵¹ Nearly 20% of parents in the UK reported that the reason for them not being able to put children into more childcare was the cost of it.⁵² This indicates that affordable and high-quality childcare can be a factor in facilitating access to the labour market for mothers.

⁴³ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁴⁴ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁴⁵ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁴⁶ Cabinet Office, (2008). Aspiration and attainment amongst young people in deprived communities, [Link](#)

⁴⁷ Rogers et al. (2020). Disconnected: Career aspirations and jobs in the UK. Education and Employers, [Link](#)

⁴⁸ Chambers et al (2018). Drawing the Future: Exploring the career aspirations of primary school children from around the world. Education and Employers. [Link](#).

⁴⁹ Smyth and Emer, (2017). Off To A Good Start? Primary School Experiences and the Transition to Second-Level Education. [Link](#)

⁵⁰ OECD (2020) Is Childcare Affordable? [Link](#).

⁵¹ CORAM (2019) What influences mothers' decisions about returning to work after having a baby?. [Link](#).

⁵² OECD (2020) Is Childcare Affordable? [Link](#).



Mental health and wellbeing support Increased rates of those absent from work due to a long-term illness include increasing numbers of people with mental health conditions. This means adequate mental health support is required to ensure a smooth transition into the labour market. Mental health and wellbeing support can also be a preventative approach to economic inactivity as early support can help keep people in the workforce, as well as facilitate an easier return to work after a short absence from employment.⁵³

For example, Individualised Placement and Support (IPS) is a model of supported employment for people with severe and enduring mental health conditions. A key feature of the IPS model is that participants see a mental health practitioner **and** an employability specialist at the same time, in the same venue, with the staff co-located, but with distinct specialisms. The IPS model breaks radically from traditional vocational rehabilitation programmes. The traditional approach operates incremental features that focus on pre-employment preparation and pre-vocational training to ensure “work readiness” ahead of placement. The IPS model seeks to place an individual within a specific job that satisfies *their* requirements, and then offer specific support to make a success of that job. This can be referred to as a “place and train” approach. It works on the presumption that anybody who expresses an interest in employment should be supported to pursue it.⁵⁴ IPS was a key commitment of the NHS’s Five Year Forward View for Mental Health, with a commitment to double the number of places available.⁵⁵

While Individual placement and support (IPS) has been evidenced to be the most effective form of mental health vocational rehabilitation, its no-discharge policy together with low caseloads, makes it expensive to deliver. IPS LITE is a ‘lighter touch’ version of the IPS model, with time limited support, that is less well known and has not yet been widely rolled out.

Adapted jobs As the largest group of those who are economically inactive are out of work due to long-term health issues or disability, there is an argument about redesigning jobs to make them more accessible to those who have health conditions or disabilities. This could, for example, mean ensuring flexible working arrangements.⁵⁶ The **disability employment gap** in England is currently at its widest point since 2018 with a 29.8% gap between July and September 2022. The disability employment gap has increased over the Covid-19 pandemic for the first time since 2013.

⁵³ Casey, R. Cooke, G., Elliott, J. & Tomlinson, D. (2023) Importance of ill health to the UK’s labour market participation challenge. [Link.](#)

⁵⁴ <https://www.centreformentalhealth.org.uk/what-ips>

⁵⁵ <https://www.england.nhs.uk/wp-content/uploads/2016/02/Mental-Health-Taskforce-FYFV-final.pdf>

⁵⁶ Trade Union Congress (2021) Disabled Workers’ access to flexible working as a reasonable adjustment. [Link.](#)



The disability employment gap impacts different demographic groups differently. For example, disabled men, disabled people between 50 and 64 years, disabled people with no qualifications and white disabled people have a wider employment gap to their non-disabled counterparts. Similarly, there are some geographical areas which see a wider disability employment gap, including the North East.⁵⁷

Because of this gap, **support and interventions need to be available for employers** to support a transition to more accessible jobs and training and support to facilitate access to those with more complex needs.⁵⁸ Inclusion is particularly important as the majority of those with a disability or health condition want to work and it reduces poverty levels among people with a disability or health condition.⁵⁹ More flexible and adaptable jobs might also support those with caring responsibilities into work, as they might be able to combine their caring responsibilities with employment.⁶⁰

Building on the above main principles of inclusive growth, South Tyneside have the opportunity to address social and environmental challenges while promoting and developing high quality economic growth.

4. National and international examples of practice

This chapter looks at different models of collaboration to better support people into employment.

Collaboration between different stakeholders is key to supporting economically inactive people (back) into the workforce, especially if they experience a number of barriers to accessing the labour market. This partnership work includes collaboration between a series of different stakeholders including businesses, learning providers, community groups, employment services, health and welfare services

⁵⁷ Department for Work & Pensions (2023) Employment of disabled people 2022. [Link](#)

⁵⁸ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).

⁵⁹ Casey, R. Cooke, G., Elliott, J. & Tomlinson, D. (2023) Importance of ill health to the UK's labour market participation challenge. [Link](#).

⁶⁰ Casey, R. Cooke, G., Elliott, J. & Tomlinson, D. (2023) Importance of ill health to the UK's labour market participation challenge. [Link](#).

and more.⁶¹ Collaboration is likely to ensure that more residents are reached and supported into the labour market and it promotes social inclusion, as well as economic inclusion.⁶²

This chapter contains national and international examples of employability delivery models that have some interesting practice that may be worth further consideration as part of a South Tyneside model.

The employability pipeline - a customer's employability journey

The employability pipeline, developed by the Scottish Government, is a framework to support the effective delivery of an employability service. The different stages of the journey have some core components and associated targets and a payment structure, with each stage having a different set of employability interventions, dependent on the needs of the individual. Some people do not require interventions at all stages, and some people will not progress through the full journey, and into work.

The description below is adapted from the Scottish Government employability pipeline model.

- **Stage 1: Engagement, baseline assessment and action planning** This stage is about engaging people, completing a baseline assessment and developing an action plan. All people could participate in this stage, and it may take 2-4 appointments over typically a 2 – 6 week period. Alternatively, some people could go straight into stage 4, for example if they have been made recently redundant, or are in work and are looking to progress.
- **Stage 2: Barrier removal** This stage involves supporting people into regular activity and positive routines and helping them to connect with others. It may include social inclusion activities as well as financial and digital literacy skills. The participant will not be job ready at this stage. Some people will participate in this stage, and it may take place for up to a 6-month period. Some people may not progress beyond this stage but will still have made progress towards the labour market, perhaps into other mainstream provision and the interventions in this stage will have a positive impact on wider wellbeing and inclusion.
- **Stage 3: Skills development and vocational activities** This stage includes more structured accredited and non-accredited training and skills development, as well as developing job search skills. Some people will participate in this stage, and it may take place for up to a 6-

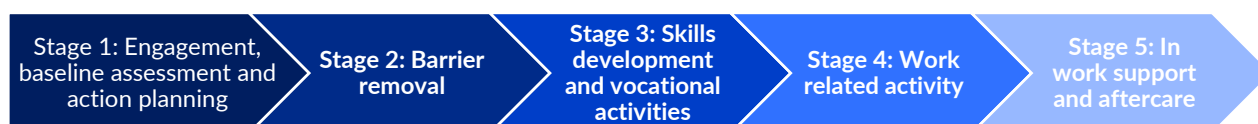
⁶¹ Hofman, J., Bruckmayer, M., Feyerabend, K., Larmour, S. Reed, M. & Lymperis, L. (2022) Green jobs and skills development for disadvantaged groups. [Link](#).

⁶² NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)



month period. This is the stage where the participant makes the transition towards becoming job ready.

- **Stage 4: Work related activity** During this stage there will be a series of activities to prepare the participant for finding and entering work, this may include job search, work placements or trails, or volunteering opportunities. It may take 6-12 months to move through this stage, and employer engagement staff are critical to the success of this stage.
- **Stage 5: In work support and aftercare** During this stage when the participant is in work, they are supported to remain in work, through a series of brief interventions, which may be telephone, or text based. Ideally, this support will remain in place, and gradually reduce, over a 3–6-month period.



This model has been used in Scotland for many years for the delivery of Scottish Government and Skills Development Scotland (SDS) funded employability interventions.

The employability pipeline approach was evaluated and it was found that the approach has allowed more strategic approaches within local partnerships to delivering employability programmes. They found that the pipeline approach allowed for more localised approaches. It also highlighted the importance of a strong monitoring and management system to ensure effective systems that allow for partnership work. The approach has shown better outcomes through a client-centred approach.⁶³

The 'one front door' approach

This approach, based on the 'no wrong door' approach used for children and young people in care, involves one brand, telephone number, email address and website for a Local Authority or Combined Authority employability service. In this model, all employability projects would sit within the umbrella brand and all referrals, including self-referrals, would go through the one front door.

The intention with this model is that the initial contact, registration, and triage are conducted centrally, and then the participant is given a warm handover to the most appropriate project for

⁶³ Sutherland, V., Macdougall, L. & McGregor, A. (2015) EVALUATION OF EMPLOYABILITY PIPELINES ACROSS SCOTLAND: FINAL REPORT. [Link.](#)



them. The central support function breaks down silos between projects and takes the competition for participants out of the equation. Where there are gaps in the employability offer, these gaps are visible and are able to be filled by a core employability team.

The central support function can also be responsible for digital delivery, employer engagement and sourcing vacancies. The advantage of this model is that as projects change, and eligibility criteria change according to different funding streams, the brand – and importantly marketing of the brand – is constant. This enables employers and residents to build up knowledge and trust in the service.

A joint approach to employer engagement would simplify the offer to employers and be more cost effective. Sharing data on participants, through a case management approach, would enable a move towards shared targets and outcomes.

Variations of this model have been used in drug and alcohol treatment by North Yorkshire County Council, and by Gateshead Council in the Working Gateshead model. A full evaluation of the ‘one front door approach’ is available, for example, for [SafeLives](#). The key findings from the evaluation included the service provided a holistic and easier identification of the needs of the service users, support gaps were identified and filled through collaboration and partnership working, and the importance having a lead key worker for each person to ensure that having support from multiple partners does not lead to duplication or lack of support.

European Social Fund + (ESF+) toolkit

The ESF+ released a toolkit⁶⁴ which outlines the key principles which are expected to create successful projects to (re)introduce those who are economically inactive back in the labour market. These key principles include:

- **Partnerships:** economically inactive people are likely to have complex needs or barriers which prevent them from working. Therefore, it is unlikely for one organisation or service to individually facilitate the return to work. Through partnerships, multiple barriers are more likely to be addressed in a holistic approach. Partnerships can also help ensuring better coordination between partners more generally and support capacity building within partner organisations.

⁶⁴ DG Employ (2022) Improving collaboration to support the integration of long-term unemployed and inactive people. [Link](#).

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- **Good communication:** Joint strategies and commitment to reach out to economically inactive people can only fully be implemented through good communication, including data sharing. This is particularly important when partners want to deliver holistic support and addressing different needs of people that are economically inactive. Data sharing can also facilitate an easier identification of those in need of support and the support they might need.
 - **Outcome measures:** Focusing on outcomes such as numbers of people who have returned to work might not always be appropriate measures for projects like this. Instead measuring the achievements and outcomes of the support provided can better indicate the distance travelled from being fully removed from the labour market to inclusion in it. More information on distance travelled evaluations for employability programmes can be found in the tool kit.
 - **Combination of support services:** Offering a combination of support services makes the project more likely to address the complex needs of the diverse group of economic inactive people. The two key areas of support provided are support to overcome barriers and support to provide people with the skills needed to re-enter the labour market.

5. The South Tyneside context

This chapter looks at the concept of economic inactivity, skills and employability in in the South Tyneside context, to better understand which groups might need employability and skills support, the barriers people currently face to (re-) enter the labour market and what helps them access it. It also looks at current and emerging challenges and how this might influence the skills and labour market. This local context should be used to inform an agreed working definition of inclusive growth in South Tyneside.

5.1 Current state of the labour market

The main job types (employee jobs) in South Tyneside are across two industry categories: Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles; and, Human Health And Social Work Activities (each providing 14% of employee jobs in South Tyneside).

Table 4, below, shows the employment by category, ordered from highest to lowest for South Tyneside. While job growth in the green economy and digital skills will be relevant to multiple

industry sectors, it may be worthwhile to consider their role specifically in relation to those industries that are most prevalent in South Tyneside to ensure that opportunities are capitalised on.

Table 4. Employee jobs by industry (2021 data)

	South Tyneside	North East	Great Britain
G : Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	14%	14%	14%
Q : Human Health And Social Work Activities	14%	15%	14%
C : Manufacturing	11%	9%	8%
I : Accommodation And Food Service Activities	9%	9%	8%
P : Education	9%	10%	9%
N : Administrative And Support Service Activities	8%	7%	9%
F : Construction	7%	5%	5%
O : Public Administration And Defence; Compulsory Social Security	6%	7%	5%
H : Transportation And Storage	5%	5%	5%
M : Professional, Scientific And Technical Activities	5%	7%	9%
L : Real Estate Activities	2%	2%	2%
S : Other Service Activities	2%	2%	2%
R : Arts, Entertainment And Recreation	2%	2%	2%
J : Information And Communication	2%	3%	5%
K : Financial And Insurance Activities	1%	2%	4%
E : Water Supply; Sewerage, Waste Management And Remediation Activities	0.3%	0.8%	0.7%
D : Electricity, Gas, Steam And Air Conditioning Supply	0.1%	0.4%	0.4%
B : Mining And Quarrying	0.0%	0.1%	0.1%

Source: ONS Business Register and Employment Survey, 2021

In 2022, South Tyneside had the lowest job density across the North East LEP area, with a job density of 0.52 (see Figure 1). This means that people from South Tyneside are more likely to have to commute to other areas for work, as less jobs are available per working aged person.⁶⁵

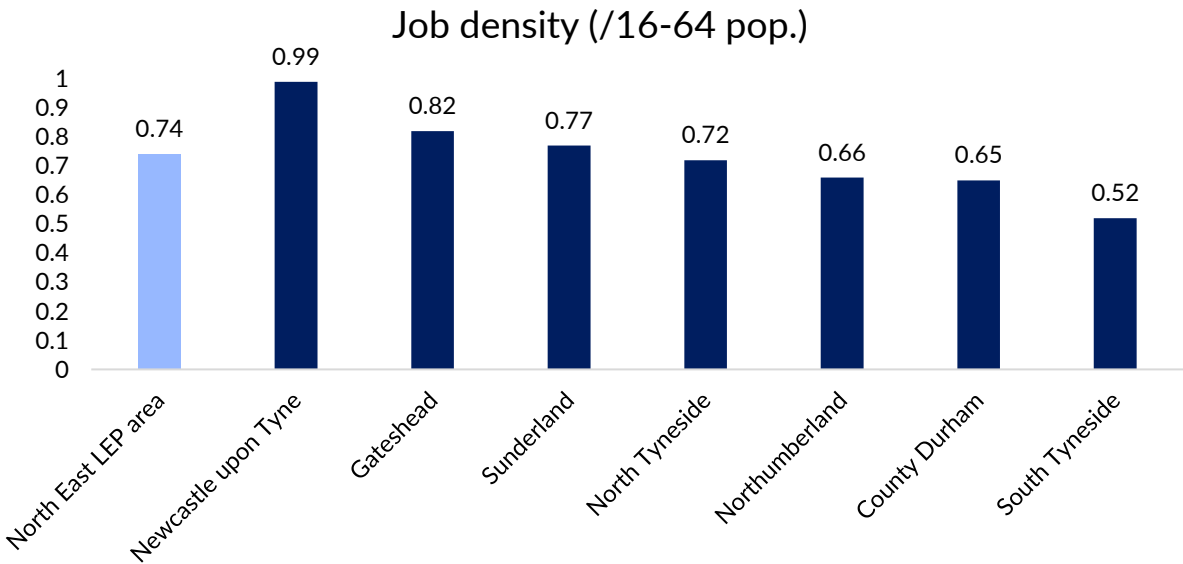


Figure 1. Job density in the North East LEP area by local authority [source: North East Evidence Hub]

The median gross weekly income for full time employees in South Tyneside was £560 for people with the workplace in South Tyneside and £571 for residents of South Tyneside. The difference indicates that people who commute out of South Tyneside are able to earn a higher income compared to those working in South Tyneside. The median income is slightly below the North East average and below the English average (see Table 5). ⁶⁶

Table 5. Median gross weekly pay

	South Tyneside	North East	England
Resident	£571	£580	£646
Workplace	£560	£575	£646

Source: North East Evidence Hub – Employee Pay (2023)

Young people who are classed as NEET (not in education, employment and training) may face increasing barriers to access the labour market the longer they are in the NEET status, often having a

⁶⁵ North East Evidence Hub (2023), Employment by workplace and residence. [Link](#).
⁶⁶ North East Evidence Hub (2023) Employee Pay. [Link](#).



negative impact on their employment status and level throughout their lives.⁶⁷ Young people who have no or limited qualifications were facing more challenges to access the labour market than those who had qualifications and are often more commonly found in jobs with precarious working conditions making their employment status more vulnerable.⁶⁸

In South Tyneside, in 2023 **5.8% of 16-17 year olds were classed as NEET**. This is above the North East average of 4.73%.⁶⁹ In South Tyneside, 7.91% of people were in non-permanent roles in 2021 being above the average of 5.42% across the North East.⁷⁰ In South Tyneside in 2021, 8.28% of the working age population had no qualifications, while 12.3% and 21.4% had NVQ1 or NVQ2 qualifications respectively.

As seen in Table 6, the percentage of people with no qualification is similar to the other local authorities in the North East but is above the average of the England average (without London). For both, NVQ1 and NVQ2 qualifications is above the average for the North East and England (without London).⁷¹ At the same time, it is projected that in the North East of England the jobs which require no or NVQ1 or NVQ2 qualification are going to have a net loss reducing the opportunities for people with no or low qualifications.⁷² The qualifications data shows that there are above average levels of apprenticeships completed, despite a reduction of apprenticeship vacancies.⁷³

⁶⁷ George, A, Metclaf, H., Tufekci, L. & Wilkinson, D. (2015) Understanding age and the labour market. Joseph Rowntree Foundation. [Link.](#)

⁶⁸ George, A, Metclaf, H., Tufekci, L. & Wilkinson, D. (2015) Understanding age and the labour market. Joseph Rowntree Foundation. [Link.](#)

⁶⁹ North East Evidence Hub (2023) Education and training participation and NEET (young people). [Link.](#)

⁷⁰ North East Evidence Hub (2023) Employment characteristics. [Link.](#)

⁷¹ North East Evidence Hub (2023) Qualifications. [Link.](#)

⁷² North East Evidence Hub (2023) Projected employment change. [Link.](#)

⁷³ North East Evidence Hub (2023) Qualifications. [Link.](#)



Table 6. Highest level of qualifications (% of 16-64 population in 2021)

	South Tyneside	North East	Great Britain
NCQ4	29.53%	34.74%	39.77%
NVQ3	16.67%	17.43%	17.85%
Trade Apprenticeships	5.03%	3.84%	3.14%
NVQ2	21.4%	18.86%	12.69%
NVQ1	12.3%	10.47%	10.42%
Other Qualifications	7.05%	7.08%	5.56%
No Qualifications	8.28%	8.63%	6.57%

Source: North East Evidence Hub (2023)


5.2 Current skills and labour market alignment

Some stakeholders found it difficult to assess whether the skills and labour market in South Tyneside were currently well-aligned. Others explained that there is a clear mismatch between skills of the population and the labour market. One stakeholder explained that there are a high number of vacancies in the area, yet South Tyneside has one of the highest unemployment rates in the area.

There is little data captured on how the skill base of the population of South Tyneside, including young people leaving education, matches the needs of employers and aligns to the labour market. Some stakeholders suggested that one way of gathering this data would be to survey school leavers on if they were able to find employment and if the employment was aligned with their education and skills. This could help better understand where the gaps are. Data on the destination of school leavers is available, including specifically for South Tyneside, through the [Evidence Hub of the North East LEP](#). There is, however, no information on whether the education of the school leavers matches the needs of the businesses in the area and whether school leavers are able to work within the field they studied.

The five high impact sectors identified through the North East LSIP plan include digital, advanced manufacturing, health and health science, construction and transport and logistics.⁷⁴

⁷⁴ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)



Stakeholders also highlighted most of these sectors as those that are currently facing skills gap or have hard to fill vacancies. Stakeholders specifically named the following sectors, as sectors with recruitment challenges:

- Retail sector
- Hospitality sector
- Leisure sector
- Social and adult care.
- Manufacturing and HGV sector
- Energy sector

Specific roles which are difficult to fill depend on the sector. For example, in the energy sector physical scientists, engineers, programme software developers, sheet metal workers and human resource administrators are missing, while in the tourism industry chefs and other kitchen staff, receptionists and bar staff are missing.⁷⁵ Across the North East LEP, the five occupations with the highest monthly average of vacancies in 2022 were⁷⁶:

- Care assistants
- Management, Policy and Governance (other)
- Sellers
- Programmers
- Sales Manager

In some sectors, there is also the risk of currently having an older workforce meaning that in the next few years there will be a high replacement demand for current staff. This applies in particular to the health and social care sector.⁷⁷ The Business Insights and Conditions Survey (BICS), wave 87 (July 2023)⁷⁸ reported that nationally 13% of businesses were experiencing worker shortages, with this increasing to around 30% for businesses with over 10 employees. This means that the supply and demand for workers is not aligned, and this may hamper business growth and productivity.

⁷⁵ North East Evidence Hub (2021) Employment and skills needs of the offshore wind, tourism, and health and social care sectors in the North East LEP area. [Link.](#)

⁷⁶ North East Evidence Hub (2023) Vacancies. [Link.](#)

⁷⁷ North East Evidence Hub (2023) Vacancies. [Link.](#)

⁷⁸ Business Insights and Conditions Survey (BICS) July 2023 [Link](#)



Some of the industries or sectors are not considered by stakeholders to be as much of an issue, as they may have fewer opportunities for progression, although they all have opportunities for entry level roles, which are valuable or people to gain experience and transferable skills. This includes in particular the hospitality, care and retail sector, which are some of the biggest employers in South Tyneside. Careers advice and guidance is important across sectors and the potential and options available need to be communicated with people accessing the labour market.

5.3 Future skills needs

There are a number of skills which are gaining relevance and importance for employers in South Tyneside that should be the focus of programmes aimed at including economically inactive people in the labour market. This is important to ensure their skills match the demand of employers and contribute to their employment potential. Some of the future skills needs are based on the challenges employers currently face when recruiting new staff. Stakeholders and the literature highlight the risk of current skills gaps widening and creating further challenges in the future.

Soft skills

Soft skills, such as time management skills, working independently, working as part of a team and communication skills are gaining more importance for employers when looking to hire people, especially among those who are more removed from the labour market. Some employers believe that relevant technical skills can be provided by the employer's directly but soft skills are needed to ensure the on-the-job training can take place.

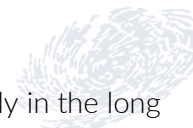
These skills are seen as a facilitator to enter a variety of jobs and, therefore, support the employability of people generally. Employers mentioned that these skills seem to be particularly lacking in younger people.⁷⁹ Part of the soft skills employers are looking for include motivation, being able to start work on time and having a good work ethic.⁸⁰ For employers, these skills are often seen as the key to **work readiness** and this is currently seen as lacking within the workforce and skills development programmes.⁸¹ The importance of developing skills that enable young people to be work ready is identified as an essential approach to skills development by Skills Development Scotland. Known as meta skills⁸², these are identified as timeless and high order skills, focused on self-management, social

⁷⁹ Hofman, J., Bruckmayer, M., Feyerabend, K., Larmour, S. Reed, M. & Lymperis, L. (2022) Green jobs and skills development for disadvantaged groups. [Link](#).

⁸⁰ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).

⁸¹ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁸² Skills Development Scotland (2021). A guide to meta-skills across the curriculum. [Link](#).



intelligence and innovation. As the future skills needed are difficult to predict, especially in the long term, a focus on **meta skills development** will help young people become adaptive and resilient in a changing skills market.

Stakeholders mentioned in particular skills related to communication, work ethics and work readiness, as well as confidence and self-esteem as skills that the emerging workforce is lacking. Communication skills and other soft skills needed in the labour market used to be learned, pre-pandemic, by new entrants to the labour market through observing colleagues and being in an office environment. However, with increased remote and hybrid working during and following the pandemic, there have been less opportunities for people to learn directly from colleagues. According to one stakeholder, 70% of the employers their organisation represents felt that they were struggling to fill vacancies due to not having the right person with the right motivation and values rather than the right technical skills.

Digital skills

Digital literacy is becoming more important across different jobs and sectors. This includes usage of standard Microsoft packages, email and data management programmes but also the use of, for example, machinery in different production settings are becoming more digitalised requiring digital skills.⁸³ This kind of skills building is important and relevant for all age groups.⁸⁴ Digital skills have a key importance as growing industries and, therefore potential jobs, include the ICT industry and advanced manufacturing.⁸⁵ The NELSIP found that digital skills are now, however, not only essential in fields specific to the ICT industry but are essential for almost every industry. Readiness to learn and adapt to using new and emerging technologies is also gaining in importance as it will enable the area to grow economically and to become a hub for new industries.⁸⁶

Stakeholders believe that providing groups without digital skills will also help lower the digital divide and further inclusion and access to more opportunities for all.⁸⁷ Stakeholders explained that digital skills are crucial for current and emerging opportunities in many sectors. These digital skills are mainly basic digital skills revolving around the common software packages, such as Microsoft and other common software packages. While most people feel comfortable with phones, they are much less

⁸³ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁸⁴ Hofman, J., Bruckmayer, M., Feyerabend, K., Larmour, S. Reed, M. & Lymperis, L. (2022) Green jobs and skills development for disadvantaged groups. [Link](#).

⁸⁵ South Tyneside Council (2022), Draft Economic Inclusion & Skills Action Plan Unpublished.

⁸⁶ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁸⁷ Department for Levelling Up, Housing and Communities (2022) North East devolution deal. [Link](#).



proficient in computer based skills which are becoming more essential across all sectors. With the developments in the digital space, refresher training and upskilling of the current workforce is also required to ensure their skills are up to date with the requirements and developments of their workplace. In the coming years, particularly artificial intelligence and data security will become more important across many, if not all, sectors according to stakeholders.

Numeracy and literacy skills

Employers are looking for basic literacy and numeracy skills in their potential employees and there is a perception that, especially among younger people, these are increasingly lacking. This is potentially the case in South Tyneside as well as the GCSE pass rates for Maths and English have gone down in recent years.⁸⁸ The NELSIP prioritises the support in this area of skills development as key driver for social inclusion, as lower rates of attainment in English and Maths are especially associated with already under-represented and disadvantaged groups.⁸⁹

Green Skills

The economy is going through a transition aiming to increase the number of people working in green jobs and generally making other industries more sustainable and eco-friendly.⁹⁰ Therefore, there are a wide variety of skills that could be considered green skills as green jobs take part across multiple industries. There is no one definition of what counts as green skills but generally green skills seem to cover skills related to 'nature and biodiversity', 'climate change and decarbonisation' and 'waste and pollution reduction'.

Green skills are also still developing and might change depending on new and emerging industries, such as skills needed for the hydrogen sector.⁹¹ Green skills, however, are also likely to be required across different roles and not just specialised green roles, meaning they might become requirements across industries, likely to focus on resource management and decarbonisation.⁹²

According to stakeholders, green skills are likely to become more relevant in the next few years across all industries in South Tyneside. While some industries and occupations are likely to need more specific green skills, such as green engineering or construction skills, others will need skills that support businesses in their transition to net-zero and general awareness and knowledge of

⁸⁸ South Tyneside Council (2022), Draft Economic Inclusion & Skills Action Plan, Unpublished.

⁸⁹ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

⁹⁰ Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)

⁹¹ Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)

⁹² Deloitte (2022). A Blueprint for green workforce transformation. [Link](#)



environmental guidelines. Stakeholders see the potential for people who are currently economically inactive to access these new roles with the right skills training and support.

Entrepreneurial skills

The economy in the North East, including South Tyneside, includes a high number of sole traders and microbusinesses which means supporting people with entrepreneurial skills is a key part of facilitating access into employment in the area.⁹³ Stakeholders explained that entrepreneurial skills could lead to more people participating in the labour market. These would need to be complemented by funding and some ongoing support to become self-employed. Self-employment might provide people with the flexibility they need to enter the labour market on their own terms to accommodate barriers they might face, or caring responsibilities.

Support to develop current and future skills

Stakeholders raised concerns that the current employability courses do not meet the needs of businesses and employers. While there are some courses and bootcamps that are beneficial, these are often not advertised enough.

Moreover, stakeholders believe that there is currently too much weight placed on academic achievements by both schools and caregivers. However, academic achievements are often not providing people with the skills they need to access the labour market, and they might exclude people from the labour market who have other skills outside of academic qualifications.

According to stakeholders, employers found that young people accessing the labour market often do not have enough practical experience to enter the labour market. This practical experience can be achieved through internships, traineeships or apprenticeships – or other on the job training opportunities. Employers also believe that those practical experiences could help young people to develop soft skills, such as communication and ‘work ethics’, that they will need for the labour market.

Providing practical experience can, however, pose a challenge to small businesses. This requires financial and resource capacity that small businesses often do not have. Small businesses may often lack accessible information on the benefits, implications and requirements of internships, traineeships or apprenticeships.

⁹³ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).



5.4 Current challenges in South Tyneside

There are a number of themes and challenges that we have identified in South Tyneside, based on the data and stakeholder consultation.

Employment structure in South Tyneside

Employers in South Tyneside are predominantly Small and Medium-sized Enterprises (SMEs). These can be found across different industries.⁹⁴ Across the North East, 72.7% of businesses are sole traders and 22.2% are micro businesses with 1 to 9 employees and small businesses account for 4.3% of all businesses.⁹⁵

Just 0.4% of businesses having 250 or more employees in South Tyneside (compared to 1% for the North East overall, shown in table 7. Of these, micro businesses (with 0-9 employees) are the greatest proportion, making up 82% of businesses in South Tyneside.

Table 7 Business Counts (Local Units)

	South Tyneside	North East
Micro (0 To 9)	82%	81%
Small (10 To 49)	14%	15%
Medium (50 To 249)	4%	3%
Large (250+)	0.4%	1%

Source: Inter Departmental Business Register (ONS), 2022

This high rate of SMEs means that the economy is resilient, but growth might be limited, compared to having larger employers leading on this growth. The skills system being employer-led may be a challenge, due to this structure. Large employers will generally be more aware of employment, skills, and business support services than SMEs, with large companies more likely to have dedicated HR managers. While engaging SMEs is more resource intensive, small businesses can be a gateway into employment, in particular to those who are removed from the labour market or economically inactive.⁹⁶

⁹⁴ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

⁹⁵ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

⁹⁶ Federation of Small Businesses (2019) Small Business, Big Heart: Bringing communities together. [Link.](#)



Currently the **rate of new small business creation** in the North East is below the national average highlighting the potential to support more people into self-employment and entrepreneurship. This could both support people out of economic inactivity, as well as support and diversify the economy in the region.⁹⁷ This should be done through careers guidance where self-employment is explained and more accessible, intensive start-up support provided, to facilitate a successful start into self-employment.⁹⁸

Small businesses and workforce development

Skills development and support needs to be conducted in cooperation with (small) businesses in the region, as relevant skills will ensure businesses in the region have a pool of skilled workers for their businesses. At the same time, higher skills levels are associated with better jobs leading to a more inclusive economy.⁹⁹ Providing access to skills development, however, is not only crucial to those entering the labour market but also to those already working, as upskilling and reskilling will support people to stay within the labour force.¹⁰⁰

Most businesses are aware that support is available for them in the areas of skills development, apprenticeships and greening their businesses and the related skills needed. However, the information on these aspects is often found across different places and platforms and is often complex and not streamlined. This makes it difficult for businesses to access the information and they lose confidence and interest in using the support available or, for example, to take on apprentices.¹⁰¹

Having one place to access all, and comprehensive, information and support could encourage businesses to engage further in skills building and taking on apprentices and work-place based training opportunities for economically inactive people.¹⁰² Small businesses may need additional support in taking on and training apprentices. In addition, collaboration and support is needed for small-medium businesses to have the space and the time to identify the skills they might need in 3-5 years time, so that learning providers can adapt their programmes to support this.¹⁰³

In the interviews and focus groups, stakeholders highlighted that increased communication and collaboration between stakeholders is needed to better address gaps in the skills provision and

⁹⁷ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

⁹⁸ Federation of Small Businesses (2019) Small Business, Big Heart: Bringing communities together. [Link.](#)


⁹⁹ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

¹⁰⁰ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

¹⁰¹ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

¹⁰² Federation of Small Businesses (2019) Small Business, Big Heart: Bringing communities together. [Link.](#)

¹⁰³ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)




employability support in South Tyneside. This includes learning providers, support services and businesses to work together to look at **future skills needs**, as well as cooperation to facilitate a transition into the labour market. Some stakeholders suggested that this coordination could potentially be facilitated by the council. The specific actions were suggested regarding the following stakeholders:

- **Businesses:** need to be encouraged to take part in the planning of the workforce and to take a role in the transition from education into employment and for those re-entering the workforce. This way they can help shape the skills that they will need in the future and ensure their current and future skills needs are met. This will be more of a challenge for SMEs and smaller businesses.
- **Schools:** need to have additional funding to support engagement with businesses and for careers advice to provide young people with access to employers, hearing about different opportunities and routes into the labour market and to have targeted careers advice. Currently schools are challenged for capacity as they are working to support young people in other areas, such as mental health, but there is a gap in employability and careers support.
- **Colleges:** could benefit from working more closely in partnership with each other. In collaboration, colleges could each specialise in different areas and, therefore, offer a broader range of opportunities across the region. It could also lead to less competition and overlap between the colleges. This, however, is only possible if transport links to the colleges are available for people in the region.
- **Support Services:** are currently too fragmented making it difficult for people to identify and access the right kind of support and to access holistic support. There are little services that specifically target people with complex needs which can lead to exclusion from the labour market. Support services, however, are also facing challenges as they are firefighting the demand for services which often does not allow time or space for strategic alignment and a more holistic support.

Stakeholders believe that cooperation among stakeholders could potentially relieve some of the pressure on individual stakeholders. Cross-referrals could also help improve the outcomes for individuals, as they will get more tailored support.

The current barriers for cooperation described by stakeholders include:

- 
- **Pressure on academic achievements:** As schools are measured by the academic achievements of their pupils, they face pressure to place value and pressure on academic achievements rather than other skills or abilities of their students. This leads to students not getting the skills they need to enter the labour market. Some change is happening on this through the [Gatsby benchmarks](#), but there is still a long way to go to align the skills of school leavers to the needs of the employers.
 - **Unclear impact of changes in qualifications:** Challenges around vocational qualifications, for example T-levels, means that there is a perception that young people may not be able to work part-time, while studying, which means people may not be able to afford to take the course. The complex relationship between types of qualifications, eligibility for benefits (including in the wider household) and ability to work while studying can be a source of confusion and a barrier to accessing training.
 - **Benefit system restrictions:** there are challenges around the benefits system and skills building. The benefits system does not allow people to train or upskill on universal credit. In South Tyneside the majority of those on Universal Credit are in work which hinders training and further development, especially if the jobs they would move into are insecure. As with the uncertainty on earning while training, household benefits can be affected if a young person is living with a parent or parents past the age of 16, which will impact the family support for training, qualifications, and work options.

“There is a clear systematic issue with the schools are so academic ruled. There needs to be equal value on vocational and academic routes.” - Stakeholder


Apprenticeship programmes

A theme emerging from the NELSIP evaluation is that there needs to be a focus on promoting apprenticeships and other vocational career paths as a viable and aspirational alternative to entering the workforce. This could be done by active promotion in careers guidance and a general increased visibility for these pathways.¹⁰⁴ This, however, needs to be supported by providing the **guidance to businesses** that is needed and accessible to offer these career paths, as particularly small businesses might be overwhelmed by the amount of information available in different places.

More streamlined and simplified information might support small businesses to being more open to taking on apprentices.¹⁰⁵ Supporting small businesses could also mean looking at different approaches

¹⁰⁴ NEAA (2023), NELSIP – North East Local Skills Improvement Plan Evaluation Preliminary findings. [Link](#)

¹⁰⁵ Federation of Small Businesses (2023) An Entrepreneurial North. [Link](#).




to apprenticeships, such as shared apprenticeships. Programmes like the Share Apprenticeship Scheme have been used particularly in the construction industry where apprentices do multiple shorter placements within different businesses over a three year time frame to gain their qualification. This lowers the financial implications of an apprentice to businesses and could, therefore, be beneficial to small businesses.¹⁰⁶

Apprenticeships were mentioned by several stakeholders as potential solutions to support people into careers rather than jobs. However, there are several challenges highlighted by the stakeholders relating to apprenticeships that lead to people in South Tyneside not accessing apprenticeships:

- **Lack of pay:** hourly apprenticeship pay is below minimum wage which means that doing an apprenticeship is often not financially viable for South Tyneside residents, especially if they need to travel to access the apprenticeship.
- **Stigma:** there is still a lot of stigma around apprenticeships and the value of apprenticeships. Within society, apprenticeships are not seen as something desirable or as a route into success.
- **Fragmented information:** for both businesses and potential apprentices, information around apprentices is often fragmented and inaccessible. Information is often spread across different sources and requires considerable effort of businesses and individuals to access. This is seen as deterring by businesses and individuals.
- **Difficulty applying:** apprenticeship applications are aligned to business needs but stakeholders suggested that deadlines could be more aligned with UCAS application deadlines, as schools work around those and aligning the deadlines could help apprenticeships being advertised around a time when people are looking into routes into the labour market.

Most stakeholders explained that there seems to be a lack of uptake for apprenticeships. This is partly because people are more likely to take a job that pays better than taking a lower payment during training to build a career, when choosing a job is often determined by needing an income. There are then challenges for people to access upskilling opportunities while they are in work, leading to people having little opportunities for progression.

¹⁰⁶ CITB (2023) What is the Shared Apprenticeship Scheme. [Link](#).



“Finding work is focused on the immediate need to pay the bills and not investing in time and effort for training in order to get higher earning potential or better job satisfaction or job security in future.” -

Stakeholder

Data shows that the number of people taking up apprenticeships has reduced across the North East of England since 2016/2017 and 2020/2021. This is across all local authorities in the North East. In South Tyneside in 2016/2017 2,230 people of all ages started apprenticeships. In 2020/2021, **only 980 people started an apprenticeship.**¹⁰⁷

This raises the question on what shifted to cause the numbers to reduce so drastically and whether it was due to a reduction of vacancies, the economic impact of the pandemic, interest of people in apprenticeships or due to other reasons.

The North East devolution deal

The new devolution deal focuses on reducing inequalities while encouraging economic growth in the North East. This includes a strong focus on skills development.¹⁰⁸ It highlights the challenges around the skills gap, unemployment, below average business creation across the North East, as well as the potential through the advanced manufacturing in the region and the planned investment for the upcoming years.¹⁰⁹

There is a clear mandate in other local strategies too. For example, the North East Local Enterprise Partnership (LEP) Strategic Economic Plan includes the ambition to both grow the economy in the north east, and to close the economic gap between the north east and London¹¹⁰.

It has also been an important focus of the Levelling Up agenda¹¹¹, and analysis of this recognises the strong links between economic inequalities and social inequalities¹¹². Likewise, the current proposed deal for North East devolution includes funds for inclusive growth¹¹³, demonstrating the ongoing and growing importance of this for the whole north east area.

¹⁰⁷ North East Evidence Hub (2023) Apprenticeship achievements and starts. [Link](#).

¹⁰⁸ Department for Levelling Up, Housing and Communities (2022) North East devolution deal. [Link](#).

¹⁰⁹ Department for Levelling Up, Housing and Communities (2022) North East devolution deal. [Link](#).

¹¹⁰ North East Local Enterprise Partnership (2017). More and better jobs: The North East Strategic Economic Plan. [Link](#).

¹¹¹ HM Government (2022). Levelling Up the United Kingdom [Government White Paper]. [Link](#).

¹¹² Hawksbee (2022). Levelling Up Locally: the importance of economic growth. Local Government Association. [Link](#).

¹¹³ NECA (2023). North East devolution deal consultation launched. [Link](#).



Some stakeholders also raised concerns about the transition to the combined authority. Due to the transition, there is currently a perceived insecurity for organisations and individuals making it difficult to plan and make investments, as they are not sure what the future under the new combined authority will hold.

Infrastructure

A current challenge for businesses in South Tyneside is that the roads and the public transport network are not considered to be fit for purpose to support the workforce and to attract people from other areas to work in South Tyneside.¹¹⁴ This is also highlighted as a priority in the North East Devolution deal to improve connectivity and infrastructure across the North East to facilitate growth and reduce regional inequalities and disadvantages.¹¹⁵

Transport was seen as a key challenge in South Tyneside by the stakeholders. There are limited public transport links in and out of South Tyneside which hinders both access for skilled workers from outside the region to opportunities in South Tyneside, as well as access to opportunities for South Tyneside residents to other areas. The costs of public transport are often too high to make it viable for South Tyneside residents to commute to other areas for employment. At the same time, learning to drive and owning a car is financially challenging for many of the residents in South Tyneside. With both public and private transport being too expensive and inaccessible it hinders the opportunities to access the labour market for South Tyneside residents.

Covid-19 and Brexit

Covid-19 has caused several challenges in the North East. These can be grouped into three main areas:


- **Flexibility.** Small businesses are currently struggling to meet the demands of applicants for flexible working approaches. It is often more difficult for them to provide these due to their size and sometimes the type of businesses they run.¹¹⁶
- **Remote opportunities.** Remote working opportunities have led to more people taking on remote opportunities with companies in the South which pay higher salaries compared to roles in the North East.¹¹⁷

¹¹⁴ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

¹¹⁵ Department for Levelling Up, Housing and Communities (2022) North East devolution deal. [Link.](#)

¹¹⁶ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

¹¹⁷ Federation of Small Businesses (2023) An Entrepreneurial North. [Link.](#)

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- **Learning loss.** There is evidence that Covid-19 is expected to further exacerbate inequalities, particularly for young people. Plans are needed to better support young people who are now NEET, who missed out on education during Covid-19.¹¹⁸

These findings were confirmed by the stakeholders who acknowledged the impact of Covid-19 and Brexit on the labour and skills market in South Tyneside. The influence includes reduced labour availability, increased mental health issues and a reduction in life skills among younger people. Investment in support is needed to upskill the population in the area to fill the gaps in the labour market.

Stakeholders also confirmed the challenges through increased remote working opportunities which has led to people moving into the area for lifestyle and wellbeing purposes but being employed in the South. This means that there is a potential skills drain from the area. There is, however, the potential that the area can also capitalise on providing remote opportunities. It is important that the people in South Tyneside have the skills to access those opportunities and are not excluded from this shift in the labour market.

6. Conclusions and recommendations

In this section, we set out some of the key conclusions and recommendations from the data analysis, literature review and stakeholder consultation.

Summary of key issues and challenges

Currently, the employment and skills system is being commissioned and directed by different agencies and providers, policy agendas and government departments. These different policy agendas and funding streams can, at times, be conflicting. The current funding system results in different organisations working towards different targets, and at times individual organisations working to different, and potentially conflicting targets. This can lead to organisations not only **failing to co-operate** with each other, but actively competing with each other, being unwilling to share employer contacts and not engaging in joint activities, such as marketing.

¹¹⁸ Department for Levelling Up, Housing and Communities (2022) North East devolution deal. [Link](#).




There is an **inconsistency in the effectiveness of referrals between organisations**, and a lack of coordination when clients are in contact with multiple agencies or sources of support. This can lead to a feeling of competition between providers, as well as lack of clarity for residents and employers. In contrast to this, there is a perception that there is a duplication of provision in places, a lack of uptake of some provision, alongside some unmet needs of both residents and employers. This creates a feeling of there being a mismatch between supply and demand of employment and skills provision. There are perceptions that there are some issues with a lack of demand for traineeships and a lack of supply of apprenticeships.

Evidence from the stakeholders and the literature suggests that **more sharing of data and labour market information** and effective practice, as well as provision of more accessible information, in a central place, perhaps an online hub, as crucial to the success of the employment and skills system. With devolution, the Council has an opportunity to take more of a strategic leadership and influencing role by acting as a convenor to bring these together.

Funding and budgetary constraints restrict providers ability to deliver and 'funding drives behaviours'. Targets and funding often lack flexibility, and there is a pressure to evidence outcomes, which all make service delivery more difficult for smaller providers and the compliance regime can add additional costs to delivery. Linked to funding restrictions, **a lack of capacity within organisations to engage with employers**, particularly when there is a high proportion of SMEs and micro-businesses limits some providers ability to deliver.

Stakeholders expressed a desire for more collective activity and shared values or goals across the employment and skills system, as well as a desire for more person-centred and employer-centred services. Part of this relates to a perception of a lack of information and understanding of everything on offer, by individuals, employers and staff working within the sector.

One of the greatest challenges facing the local authority, and public sector stakeholders, currently is the extent to which they can influence how providers ensure that they are responding to employer need, rather than just to individual needs. There is a strong feeling that currently there is a **mismatch between employers' needs, individuals' training needs and the local labour market**. Stakeholders felt that few providers or employers were taking a longer-term view around future skills needs and the time-lag and skills provision available. There is an acknowledgement that this will be address through the LSIP in part, but more action may be needed to reinforce this.



A **lack of awareness of provision on offer** presents an additional barrier to both individuals and employers, with no 'one place' to get all of the information, either for residents or employers, as well as the system being **complex and difficult to navigate**, as a result of there being multiple smaller providers. Some stakeholders expressed concern about a lack of demand for employment and skills training from both employers and individuals. Infrastructure in the area, **transport** and access barriers to employment for people in the area, including access barriers around travel time around **childcare** needs creates a further barrier for people, particularly economically inactive groups.

There has been an increase in hard-to-fill vacancies in South Tyneside, as a result of the pandemic and people retiring early, including due to long term health conditions, and becoming economically inactive. The **economic inactivity rate in South Tyneside is higher than the North East and the UK average**. Health inequalities are shown through a lower Healthy Life Expectancy and are likely linked to poverty and deprivation levels. Another reason for increased levels of economic inactivity due to health are longer NHS waiting lists and people, therefore, not being able to access treatment. Part of the challenge with economic inactivity due to health reasons is that people with health conditions are less likely to return or enter the labour market.

A focus on growth and particularly ensuring residents in low paid work were supported to have better **in-work progression** was felt by stakeholders to be a particular challenge. Stakeholders felt that there is a **lack of good quality independent careers advice**, for both young people and adults, and the National Careers Service is not currently meeting needs in South Tyneside. Many stakeholders felt there was a **lack of aspirations** in South Tyneside, particularly for young people. This point linked closely to the views on a lack of good quality careers advice.

Priorities for change

A number of priorities for change were identified throughout the consultation process, and these are discussed below.

A high performing employment and skills system in South Tyneside should have ambitious but achievable shared outcomes across the system, be agile and able to respond quickly to any emerging needs, focus on local outcomes, and work towards effectively tackling barriers for both individuals and employers. There can be a greater collaboration between services and providers to support residents and employers, and all partners and providers should understand the interconnectedness of the system. Some of the key features can include:



A **single brand** for employability, skills and training in the area, for example 'South Tyneside Works', with information coordinated on this, to increase awareness and transparency for residents of South Tyneside, employers, providers and any other interested parties would be beneficial. This would mean that there was a permanency to the brand, even if funding streams started and stopped. Better **promotion of opportunities and provision** available within employment and skills, to employers, individuals as well as to other providers, would increase the take-up of opportunities. Having one central source of information on employment and skills support would make it easier for people to navigate the system. More and better support and information for employers, including regarding 'good jobs', workforce development and in-work progression would support their future skills needs, contribute to improving productivity. Easy to access support for residents would help to remove some barriers to participation.

This links to better **creation and sharing of local labour market intelligence** to support careers guidance in schools, as well as for adults. Sharing labour market intelligence and insights with partners, on the range and level of jobs in the area, which will help providers to benchmark their services against the current needs of the labour market, as well as supporting provision of better careers advice.

Breaking down of silos, with more collaboration and **shared objectives and targets** across organisations would result in reduced duplication in provision and competition for learners and employers. Alongside this, improved communication and a commitment to stronger, more effective partnership working and sharing labour market data between providers would result in a system that is more responsive to employers. In practice, this could be delivered through a '**no wrong door**' **approach**, as well as a **case managed**, more integrated approach, with shared methods of recording and tracking individuals' journeys and more of a focus on outcomes rather than processes or outputs would mean that the system could have more of an impact. This would require investment into, and management of, **one case management system** that would be used by all providers.

A **pipeline model**, as described in [section 4](#), would enable a more strategic approach to employability, support shared objectives and work well with a **case managed approach**. Having this approach could combine a more targeted approach for South Tyneside and the more person-centred and holistic approach to employability. A simplified pipeline for South Tyneside to pilot could be:

- Stage 1 - Engagement, baseline assessment, action planning and barrier removal. This work should be at a community or neighbourhood level or based around communities of interest.



- Stage 2 - Skills development and vocational activities.
- Stage 3 - Work related activity, including job search, work placements, volunteering, then job placement and in-work support and aftercare.

Ideally, within the pipeline model, funding for social inclusion and community activities (stage 1), skills activities (stage 2) and employability activities (stage 3) will be aligned to create an inclusive economy.

There should be a focus on **economically inactive participants** - the pandemic has created widened inequality for those who are already disadvantaged. The number of economically inactive participants is high, and while many employers struggle to recruit, this reduction in the available workforce may have a negative impact on economic growth. There may be a case for specific interventions to focus on young people and over 50's. These individuals are at likely at risk of increasing their distance from the labour market. At the same time, there is increased demands on health services and other parts of the public services system. Focusing on integrating health and employability provision should be a priority in creating an inclusive economy.

The economically inactive group is likely to need additional targeted support and resource, and using **integrated models for example, with housing or health**, to source people who may not approach employability services may be an effective route for this. Activities to support economically inactive people could focus initially on **social inclusion or community based activities**, such as cookery classes or health and wellbeing activities, used to engage the economically inactive group. Social inclusion type activities could be funded by UK SPF, or similar funds, with an intention to move those furthest from the labour market towards work.

Given the health inequalities in South Tyneside, involving public health and NHS colleagues in strategic conversations about employability is a priority. Being in work is vitally important for health and wellbeing and a substantial body of evidence demonstrates a strong association between being out of work and poor physical and mental wellbeing.¹¹⁹

Prioritisation of **early intervention approaches** within employment, including **better careers advice** and supporting employers with workforce development and planning for future skills needs would improve the impact the system can have. This could also include activities to **raise aspirations** and

¹¹⁹ McKee-Ryan F, Song Z, Wanberg CR, et al. Psychological and physical well-being during unemployment: a meta-analytic study. J Appl Psychol 2005; 90: 53–76



break down stigma around employment and progression routes to encourage people into opportunities, such as apprenticeships or other vocational routes. **Raising aspirations** should be a key priority due to inter-generational unemployment and a lack of role models within the direct social environment of, especially, young people.

There needs to be greater planning and collaboration on more strategic, co-ordinated engagement with employers. Employers expect a 'right first time and all the time' approach to their recruitment and skills needs, and therefore it is important to manage expectations of employers and providers as well as ensuring that employer engagement leads to tangible results. Smaller providers may struggle to effectively engage employers and a **co-ordinated, case managed, approach to employer engagement** would help with this.

Linked to the point above, all partners and providers within the employability system, including employers, would benefit from a more **strategic discussion on future skills needs** in South Tyneside, and some agreement on methods for forecasting future skills needs. Engagement from small businesses may be challenging but as they are some of the most significant employers, it is crucial to ensure their engagement and buy-in from the beginning.

An agreed working definition of an inclusive economy in the context of South Tyneside should be drafted based on the findings in this report, this could look like:

"An inclusive economy should be built on removing inequalities, barriers and challenges that residents of South Tyneside face to have equal access to opportunities to meaningfully participate in the economy. This will form the foundation for economic growth to be truly inclusive and to better contribute to the economy of the North East."

While this is only a potential definition, any definition of what an inclusive economy means to South Tyneside should consider the building economic growth on the following aspects:

- Focus on inequalities, barriers and challenges
- Focus on South Tyneside
- Focus meaningful participation of South Tyneside residents
- Focus on cooperation across the North East.



The role of the Local Authority in employment and skills

The council is in a unique place to use its position to bring greater coherence and improved impact on employment and skills for both residents and employers. We see this developing through the following functions:

- Influencer – the council can use its unique position as a main employer, as well as a key stakeholder to lead a campaign for change through action and to influence provision and provide insight and experience to guide other employers, providers and stakeholders
- Convenor – as a local anchor institution and member of a wide range of formal and informal groups and bodies, the council can bring together and influence stakeholders to establish a joint vision for the future of employment in South Tyneside
- Employer – as a large local employer, the council can ensure that in its own recruitment, HR and management practices models good practice through inclusivity, including comprehensive support that allows people with complex needs to (re)join the work force
- Commissioner – the council can build social value into its spending and support the local service providers and businesses to work with and benefit from the system
- Learning provider – as a direct commissioner and deliverer of skills provision, through AEB, there is potential for greater cohesion with a focus on progression and aspiration targeted to the local labour market needs of South Tyneside.

Appendix 1: Stakeholder interviews and focus groups



Name	Organisation	Interview/ Focus group
Leigh Mills	NTCA	Interview
John Scott	South Tyneside Council	Interview
Sarah James	South Tyneside Council	Focus Group
Kevin Thompson	South Tyneside Council	Focus Group
Rory Sherwood-Parkin	South Tyneside Council	Interview
Sara Dunlop	South Tyneside Council	Focus Group
Karen McParlin	South Tyneside Council	Focus Group
Andrew McGill	South Tyneside Council	Interview
Charlotte Harrison	Inspire South Tyneside	Interview and Focus Group
Mark David	NEAA	Interview
Paul Butler	NEAA	Interview
Alan Metcalfe	AMF	Interview
Reshma Begum	FSB	Interview
Rachel Anderson	NEECC	Interview
Ian Oates	Ford Aerospace	Interview
Corrine Devine	Whist	Interview
Claire Cook	South Tyneside Council	Focus Group
Hayley Lord	South Tyneside Council	Focus Group
Sarah James	South Tyneside Council	Focus Group
Melanie Soutar	South Tyneside Council	Focus Group
Lyndsey Gilmartin	South Tyneside Business Team	Focus Group
Gren Irving	South Tyneside Business Team	Focus Group
Richard Fishwick	South Tyneside Business Team	Focus Group
Alex Whelan	South Tyneside Works team	Focus Group
Lindsay Usher	South Tyneside Works team	Focus Group
Jennifer Wadsworth	South Tyneside Works team	Focus Group



David Woolley	VCS	Focus Group
Rachel Kitson	VCS	Focus Group
Claire Wardle	Skills Providers - commissioned	Focus Group
Michelle Quinn	Skills Providers - commissioned	Focus Group
Shaun Welch	Skills Providers - commissioned	Focus Group
Jonathan Boatman	Skills Providers - commissioned	Focus Group
Lesley-Ann Kirk	Skills Providers - commissioned	Focus Group
Dr Angela Brown	Skills Providers - commissioned	Focus Group

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