

# ANNEX A

## Summary of strategic and economic context of NTCA

### Strategic context

The North of Tyne Combined Authority (NTCA) area, located in the North East of England, is a diverse geographical region. It includes the local authority areas of Newcastle, North Tyneside, and Northumberland, stretching from the southern boundaries of Northumberland to the Scottish border, and from the North Sea coast in the east to the Cumbrian border in the west. The area includes a mix of urban centres, coastal communities, market towns, and rural landscapes.

Newcastle, a primary urban centre, serves as an incubator for business and innovation. Coastal communities like Tynemouth and Berwick and market towns such as Morpeth, Hexham, and Alnwick are key sites in the region's tourism and visitor economy offer. The area includes a significant rural hinterland.

The region is home to a population of approximately 829,800 (64% of which is working age) and is host to around 25,490 businesses. The economy has transitioned from heavy industry to a service-oriented model, but manufacturing remains a significant industrial sector, particularly along the River Tyne and in south-eastern Northumberland. Building on the area's mining and manufacturing heritage this sector now has a focus on advanced manufacturing and low carbon technologies.

NTCA's geographical contains a number of strategic assets: internationally recognised universities, strong air, port, road and rail connections, and a vibrant cultural and creative scene.

### Economic context

NTCA's business base contains around 25,490 VAT/PAYE registered enterprises: 45% are registered in Northumberland, 34% in Newcastle upon Tyne and 21% in North Tyneside. The NTCA labour market, reflecting trends across the wider North East region, faces challenges including skills shortages, persistently high rates of economic inactivity and higher levels of unemployment than the national average, alongside an ageing workforce.

Economic inactivity in NTCA is higher than the national average, with 34% of 20–24-year-olds and 59% of those over 50 being economically inactive. Long-term unemployment has also increased, with nearly half of the population accessing unemployment benefits for two or more years – an increase of 20% from the pre-pandemic period. Unemployment among young people (16-24 years old) is also relatively high.

The area also suffers from a digital divide. Digital poverty (ONS, 2021) is defined as the inability to access or use digital technologies due to financial, social, or environmental factors. The digital poverty rate in NTCA area is 18% (Newcastle upon Tyne 17%, Northumberland 18% and North Tyneside 19%). This means 18% of the people in the NTCA area are unable to access or use digital technologies, higher than the national average of 15%.

The private sector accounts for the majority of employment in the NTCA area, 68% of jobs: the public sector accounts for 32% of jobs. The private sector is dominated by the service sector, which accounts for 80% of jobs. The manufacturing and construction sectors account for the remaining 20% of jobs. The

area also has a relatively high level of public sector employment compared to other parts of England as it contains a number of universities and hospitals trusts. During COVID-19 29% of the workforce was furloughed.

The region is also set to face an increase in senior-level vacancies during the LSIP period and beyond due to a higher than average retirement rate. Currently, there are 112,300 people aged between 55-64 and 281,300 people aged 55+. This indicates a potential rise in economic inactivity within the next decade.

### **Skills context**

Following the establishment of North of Tyne Combined Authority in late 2018 the area's Adult Education Budget (AEB) for the three local authority areas within the geography was devolved from government for the academic year 2020/21. AEB is being used to help upskill people to secure good jobs and support further training for those in work. It supports learners aged 19 years and above and is delivered via a mix of educational organisations, independent training providers and community-based organisations. The aim of the devolved AEB is to allow NTCA to match the skills and training on offer in the area to the jobs available now and in the future across Newcastle, Northumberland and North Tyneside.

Opportunity for All: North of Tyne Strategic Skills Plan 2021-23 sets out the area's strategic skills priorities, aligned to the devolved area's Corporate Plan and supporting strategies such as the North East Local Enterprise Partnership's Strategic Economic Plan. The Strategic Skills Plan also identifies long-term economic challenges such as the demand for digital skills and key skills shortage areas. It highlights that employers in the North East LEP region cited that 30% of vacancies were hard to fill due to a low number of applicants with the required skills and 19% of hard to fill vacancies were due to a lack of appropriate work experience (based on 2019 data). More recent research by NTCA has identified:

- 84% of employers surveyed who had vacancies said they were proving hard to fill.
- 36% of these roles have been advertised for 6 months or more.
- 38% also said these roles were hard to fill as there were a low number of applicants with the right level of skills – the highest of all reasons.
- Businesses in the Construction sector (76%), Finance, Insurance & Real Estate sectors (74%) and Education, Health & Social Care sectors (74%) appeared most likely to have vacancies.

The Strategic Skills Plan also identifies how issues like deprivation, low pay and in-work poverty affect the area, its economy and the supply and demand aspects of the skills system. The Plan directly support NTCA's vision of "a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future."

Alongside AEB NTCA is also responsible for delivering DfE's Skills Bootcamps provision (Free Courses for Jobs and Technical Bootcamp funding), and the adult numeracy maths focussed programme Multiply. It also uses part of wider Investment Fund to support intervention in priority sectors, for example, investing £2m to support green skills as part of NTCA's wider skills for growth programme and another £2m in the creative sector in 2022/23. The green skills programme targets employers in low carbon sectors to work alongside skills providers to identify the training and support they need to upgrade and use their existing skills in the transition to a green economy. AEB sits within the wider landscape of activities managed by the Department for Education and the Education and Skills Funding Agency: careers services, apprenticeships, adult learner loans, traineeships and T Levels.

NTCA reports regularly on the performance of AEB to its Cabinet. Based on its AEB Mid-Year Update Report to Cabinet in March 2023 AEB has:

- Delivered c £69m in funding since the start of devolution, supporting over 77,000 enrolment opportunities to date
- Made available over £25m for the academic year 22/23 and supported 19,000 enrolments for the year to date
- Of these enrolments 79% have been for adult skills interventions and 21% have been for community learning
- 46% of enrolments have been undertaken by residents with a home postcode in the top 10% of deprived wards in the area
- 55% have supported learners with no or low qualifications
- 73% enrolments have been residents who are unemployed
- 44% of provision supports Level 2 and 3 qualifications: the remainders support qualifications and certificates below Level 2

Alongside core AEB provision NTCA has delivered several interventions which complement and have informed this LSIP. In the year to date it provided Skills Bootcamps in engineering and manufacturing technology and new courses in cyber security and coding in response to employer demand. It has also used its Level 3 Free Courses for Jobs offer to support technical certificates in green construction methods and skills for heat pump technology. This demonstrates how AEB funding and provision is currently supporting the Strategic Skills Plan commitment to 'test and learn' and develop innovative provision often in response to employer demand. This includes flexible delivery models which reflect changing attitudes and modes of learning and qualifications and certificates desired by local employers which are not approved on the government's central Hub.

Both the Plan and the AEB delivery framework set the context in which the priority sectors of this LSIP have been developed and the subsequent actions recommended.

## North of Tyne Sectoral Data

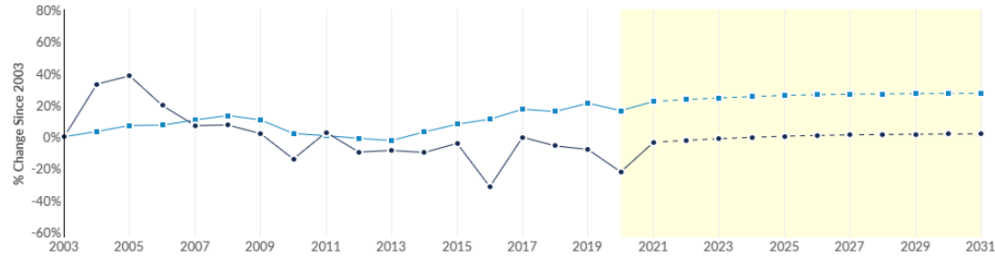
Source: Lightcast Q1 2023 Dataset

### Industry Summary for Construction

Industry Summary for Construction

11,936 Jobs (2020) 31% below National average	+30.9% % Change (2020-2031) Nation: +9.3%	£29,968 Avg. Wages Per Job (2021) Nation: £36,191
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### Regional Trends



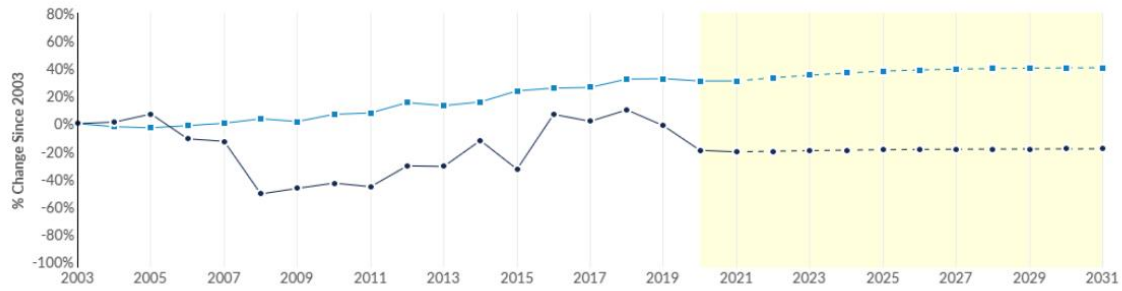
### Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
● Region	11,936	15,619	3,683	30.9%
■ United Kingdom	1,444,327	1,579,078	134,751	9.3%

## Industry Summary for Green Energy

<p>5,436 Jobs (2020) 32% below National average</p>	<p>+1.3% % Change (2020-2031) Nation: +7.4%</p>	<p>£27,787 Avg. Wages Per Job (2021) Nation: £36,239</p>
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## Regional Trends



## Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
● Region	5,436	5,509	73	1.3%
■ United Kingdom	663,466	712,252	48,786	7.4%

## Industry Summary for Human Health and Social Work Activities

<p>65,037</p> <p>Jobs (2020)</p> <p>32% above National average</p>	<p>-5.3%</p> <p>% Change (2020-2031)</p> <p>Nation: +7.2%</p>	<p>£27,583</p> <p>Avg. Wages Per Job (2021)</p> <p>Nation: £26,534</p>
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### Regional Trends



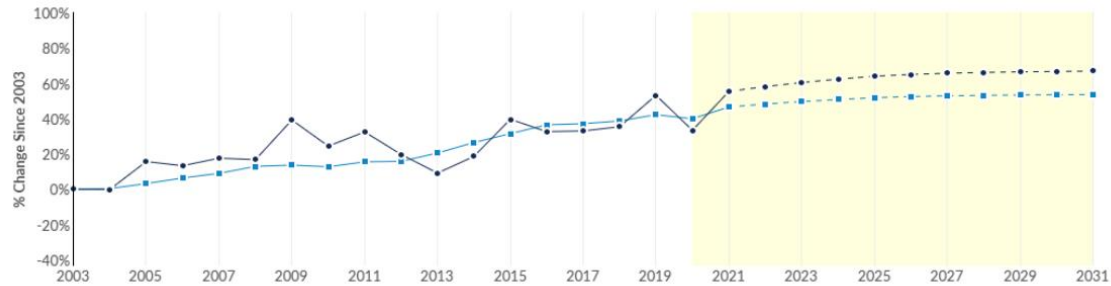
### Predicted change

Region	2020 Jobs	2031 Jobs	Change	% Change
● Region	65,037	61,596	-3,441	-5.3%
■ United Kingdom	4,125,015	4,422,999	297,984	7.2%

## Industry Summary for Business and Professional Services

<p>48,015</p> <p>Jobs (2020)</p> <p>19% below National average</p>	<p>+25.1%</p> <p>% Change (2020-2031)</p> <p>Nation: +9.8%</p>	<p>£30,029</p> <p>Avg. Wages Per Job (2021)</p> <p>Nation: £46,745</p>
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### Regional Trends



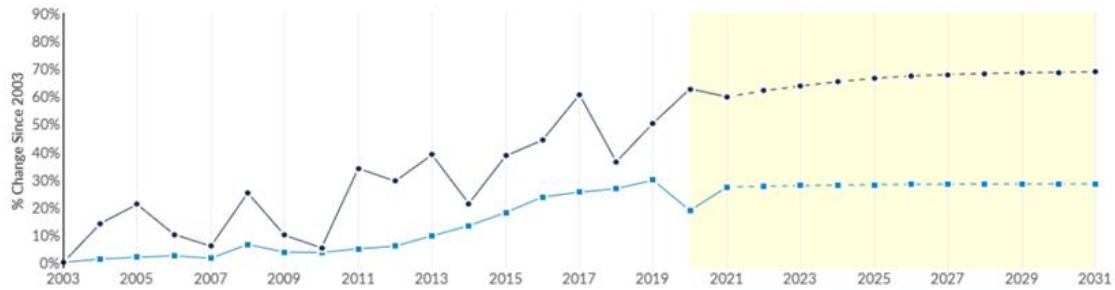
### Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
● Region	48,015	60,079	12,064	25.1%
■ United Kingdom	4,967,168	5,453,299	486,131	9.8%

## Industry Summary for Culture, Creative and Tourism

<p>48,791</p> <p>Jobs (2020)</p> <p>43% above National average</p>	<p>+3.8%</p> <p>% Change (2020-2031)</p> <p>Nation: +8.1%</p>	<p>£13,116</p> <p>Avg. Wages Per Job (2021)</p> <p>Nation: £16,668</p>
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### Regional Trends



### Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
Region	48,791	50,622	1,831	3.8%
United Kingdom	2,845,886	3,077,353	231,467	8.1%