

ANNEXE A - Summary of strategic and economic context of Tees Valley

a) Strategic context

Covering over 300 square miles and located on the North East of England coast, Tees Valley comprises five local authority areas including Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees. Tees Valley forms a compact, well connected, functional economic geography with significant economic assets.

The urban centres of the region, including Darlington, now hosting the Darlington Economic Campus: Hartlepool, Middlesbrough, Redcar, and Stockton, are also significant economic drivers with the wider area.

Tees Valley also includes the newly created Teesside Freeport which stretches across the region, including Teesworks, Teesport, the Port of Middlesbrough, the Port of Hartlepool, Liberty Steel, LV Shipping, Wilton International and Teesside International Airport and is the largest low tax customs zone in the UK.

Mayoral Development Corporations (MDCs) have been established in Hartlepool and Middlesbrough to support the accelerated regeneration of the towns. The MDCs will drive regeneration by accelerating development opportunities, stimulating private sector investment, creating and growing strategic partnerships and prioritising and increasing the available resources to support delivery.

In addition, significant sectoral strengths in the area offer potential to build a diverse and inclusive economy for residents and businesses with particular specialisms in Chemical and Process, Advanced Manufacturing and Clean Energy, Low Carbon and Hydrogen.

b) Economic context

Tees Valley has 17,930 businesses and a strong and vibrant economy, generating gross domestic product (GDP) of over £16.4 billion in 2021. However, the Tees Valley economy faces challenges, including low business density, an ageing workforce, skills shortages and high rates of economic inactivity due to long term sickness.

In 2021, Tees Valley had a total resident population of 678,200 and 413,800 people (61.0%) are aged between 16-64 years old (working age population), compared to 63.0% nationally. The already relatively small working age population in Tees Valley is projected to decline by 22,000 by 2040.

Labour market challenges in the form of relatively low employment rate, high economic inactivity and small working age population mean that output or GVA per capita is only around 70% of the UK average. However, productivity, when measured in per job or hours worked terms is far closer to the national average at over 85% of the UK rate. This indicates that, on average, the jobs that are filled in Tees Valley are relatively good quality jobs paying close to the national average.

The Tees Valley labour market remains resilient and continues to recover following the pandemic, with job vacancies increasing over the last year. The increase in job vacancies results from increased demand from employers for workers. However, many employers are unable to fill vacancies, including apprenticeship vacancies, highlighting a significant mismatch in demand and supply and resulting in some major labour market imbalances. This is anticipated to impact negatively on productivity and economic growth over the LSIP timeframe.

Private sector employment has been growing in the Tees Valley, albeit at a relatively slow rate. The official Tees Valley business enterprise birth rate, measured as a percentage of the stock of enterprises, was 13.3% in 2021, above the UK rate of 11.4%. However, this could be viewed as hiding the true picture because Tees Valley's higher rate is primarily down to having a relatively small private sector business base already. If the resident population is used as the denominator then the Tees Valley enterprise birth rate is only around two-thirds of the national rate: very similar to the overall Tees Valley business density rate which was only 64.6% of the UK rate in 2022.

Public sector employment is significant in the Tees Valley and numbers employed in the public sector are expected to increase over the coming years because of the Darlington Economic Campus.

Deprived areas classed as 'left-behind' wards account for 18.5% of the total Tees Valley population compared to just 4.0% nationally. This means that there are nearly five times the number of Tees Valley residents experiencing life in deprived areas as would be typical across the country as a whole. Correlated to the significant cost of living challenges the region faces, Tees Valley also continues to experience high levels of deprivation and comparatively weak health outcomes, as well as an ageing population, which combined are creating economic challenges and distributional imbalances.

c) Skills context

Following the creation of the Tees Valley Mayoral Combined Authority, Adult Education Budget (AEB) for the five local authority areas within the geography was devolved from government. AEB is 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. Now in the fourth year of devolution, the budget for academic year 2022/23 is £30,575,078.

TVCA 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 funded by the Shared Prosperity Fund (SPF). Skills Bootcamp funding has been granted to TVCA to deliver employer-led training at Level 3 and above.

From academic year 2022/23 TVCA has set out the following expectations of providers which include:

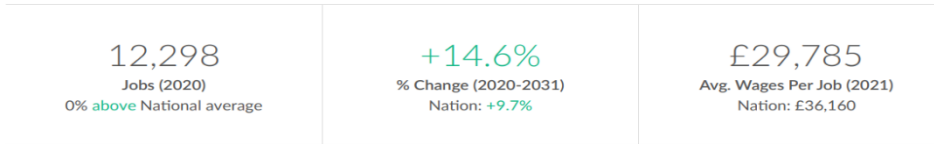
- i. Increasing the number of adults accessing statutory entitlement learning (English, maths, digital, first Level 2 and 3)
- ii. Training that better meets the skills needs of employers and leads to:
 - a. Greater levels of learners moving into employment, progression in work for those already employed, second chance opportunities for those adults who are seeking a career change into a job in a high demand/high growth and priority sector and who require a second Level 2 or Level 3 qualification, clear upward progression to next level learning
 - b. Increased access to learning for adults through new delivery models including online learning, work based and evening/weekend provision (particularly for those adults who are looking to change careers).

The above aims all align with the aims of the LSIP which provides a strong employer-led evidence base to complement the TVCA skills strategy.

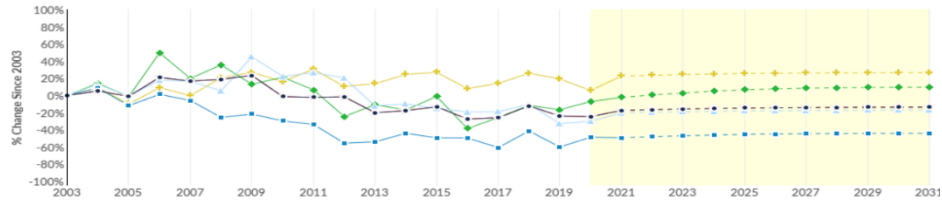
d) Tees Valley sector data

All data in this section sourced from Lightcast Q1 2023 Dataset

Industry Summary for EA 2019 - Construction



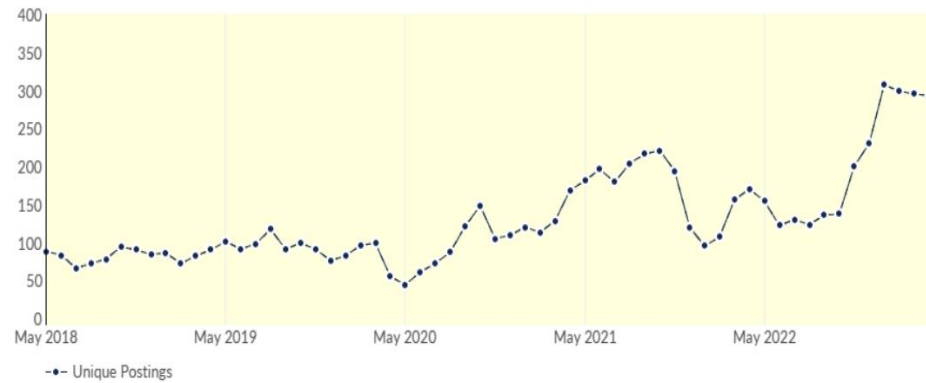
Regional Trends



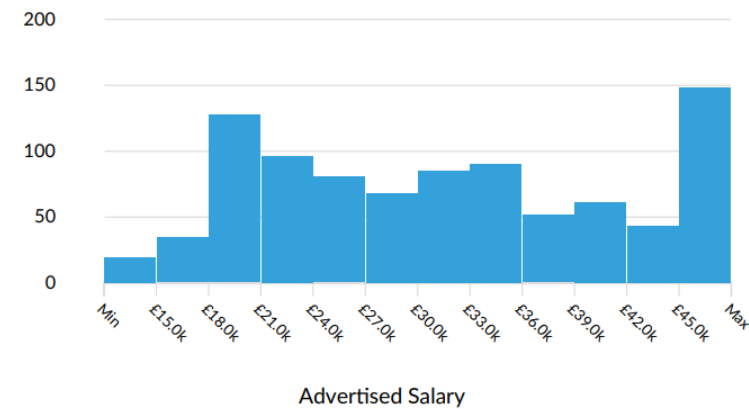
Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
Region	12,298	14,093	1,795	14.6%
Hartlepool	1,588	1,732	144	9.1%
Middlesbrough	2,098	2,482	384	18.3%
Redcar and Cleveland	1,845	2,179	334	18.1%
Stockton-on-Tees	5,313	6,361	1,048	19.7%
LEP - Tees Valley (2015)	12,298	14,093	1,795	14.6%

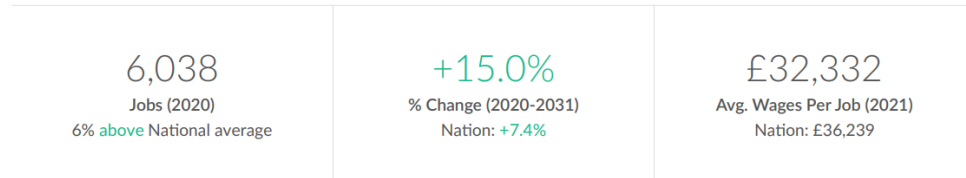
Construction Vacancies – Job Posting Trends



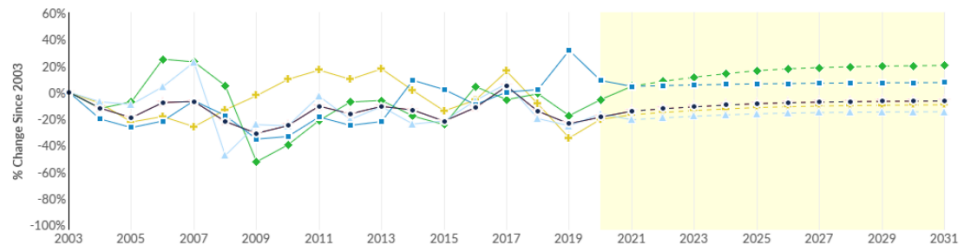
Advertised Salary



Industry Summary for EA 2019 - Clean Energy Low Carbon



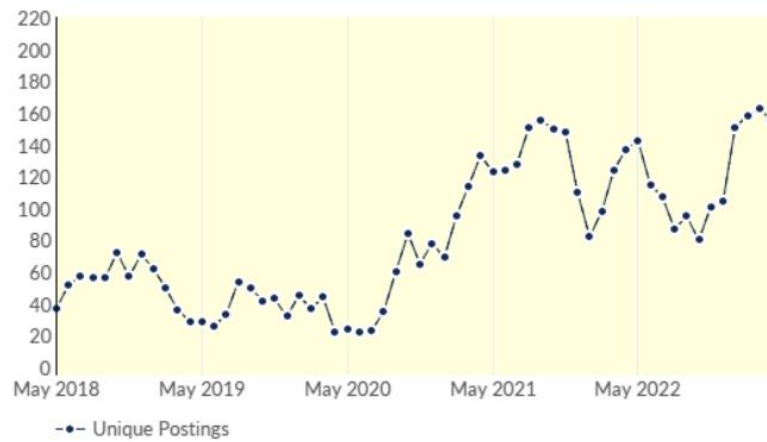
Regional Trends



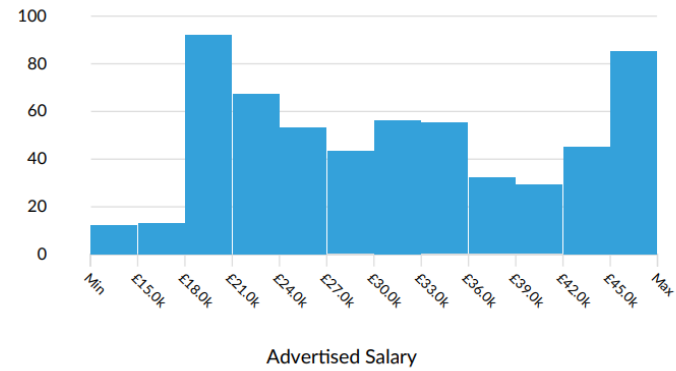
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Clean Energy Low Carbon Vacancies – Job Posting Trends



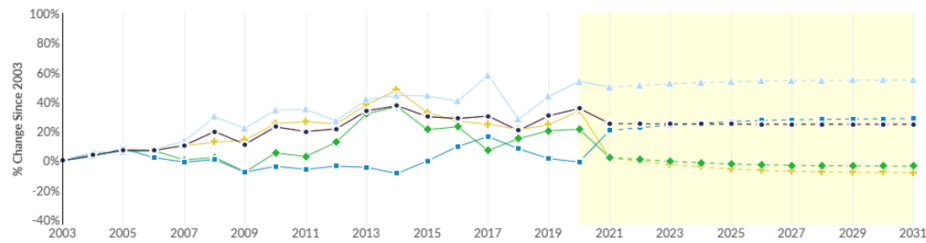
Advertised Salary



Industry Summary for EA 2020 Health and Social Care

<p>49,824</p> <p>Jobs (2020)</p> <p>41% above National average</p>	<p>-7.9%</p> <p>% Change (2020-2031)</p> <p>Nation: +7.2%</p>	<p>£26,947</p> <p>Avg. Wages Per Job (2021)</p> <p>Nation: £26,534</p>
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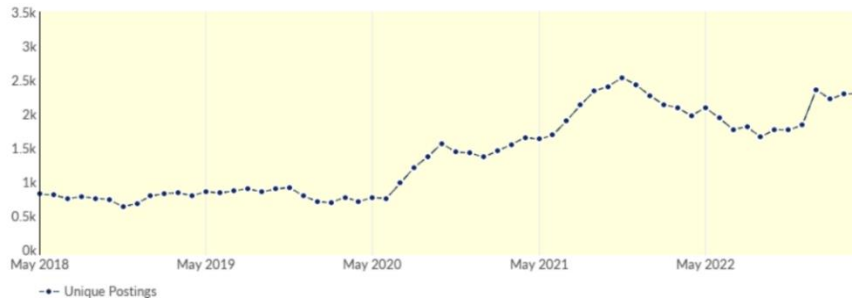
Regional Trends



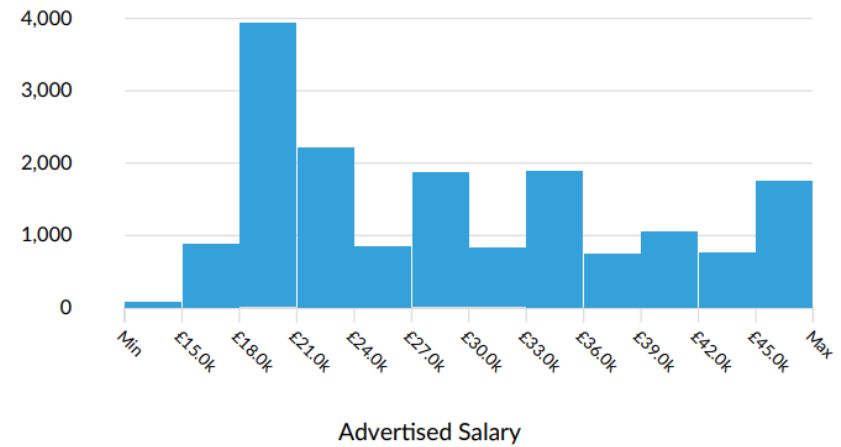
Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
● Region	49,824	45,867	-3,957	-7.9%
■ Hartlepool	5,189	6,729	1,540	29.7%
▲ Middlesbrough	17,203	17,301	98	0.6%
◆ Redcar and Cleveland	5,920	4,700	-1,220	-20.6%
✚ Stockton-on-Tees	11,693	8,017	-3,676	-31.4%
★ LEP - Tees Valley (2015)	49,824	45,867	-3,957	-7.9%

Health and Social Care Vacancies – Job Postings



Advertised Salary



Industry Summary for EA 2019 - Professional and Business Services (SIC 2019)

<p>30,525</p> <p>Jobs (2020)</p> <p>33% below National average</p>	<p>+18.1%</p> <p>% Change (2020-2031)</p> <p>Nation: +10.9%</p>	<p>£25,185</p> <p>Avg. Wages Per Job (2021)</p> <p>Nation: £37,226</p>
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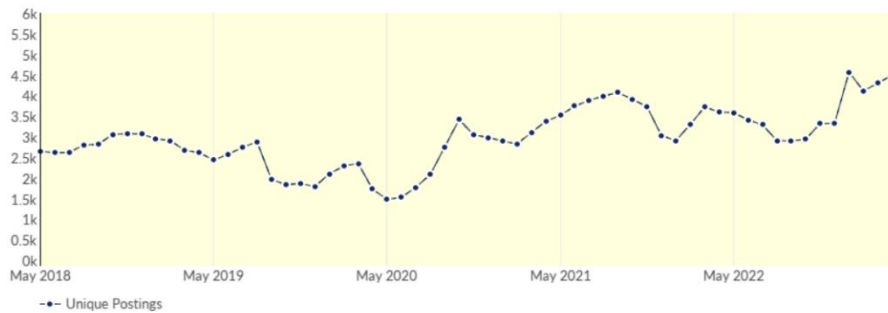
Regional Trends



Predicted Change

Region	2020 Jobs	2031 Jobs	Change	% Change
● Region	30,525	36,036	5,511	18.1%
■ Hartlepool	1,850	2,855	1,005	54.3%
▲ Middlesbrough	6,547	7,552	1,005	15.4%
◆ Redcar and Cleveland	2,975	4,439	1,464	49.2%
+ Stockton-on-Tees	12,136	13,372	1,236	10.2%
★ LEP - Tees Valley (2015)	30,525	36,036	5,511	18.1%

Professional and Business Services Vacancies – Job



Advertised Salary

