

North Tyneside Council

Report to Cabinet

Date: 16 January 2017

ITEM 6d

Title: Employment and Skills: Ready for Work and Life

Portfolio: Children, Young People and Learning

Cabinet Member:

Councillor Ian Grayson

Responsible Officers:

Paul Hanson, Deputy Chief Executive
Jacqui Old, Head of Health, Education, Care and Safeguarding
Mark Longstaff, Head of Commissioning and Investment
Paul Buie, Head of Business and Economic Development

Tel: 0191 643 7000

Wards affected:

All

PART 1

1.1 Executive Summary:

The prosperity of North Tyneside flows from its economy supported by the employment and skills of residents and those who work here. Cabinet last considered the Authority's approach to employment and skills in 2013 and much good work has been done.

Since then, the Mayor and Cabinet have refreshed the Our North Tyneside Plan and introduced a focus on people being ready for work and life. There has been a General Election and the EU Referendum. The Sainsbury review reported and, in July this year, the Government published its Post-16 Skills Plan.

While skills shortages and unemployment continue to be challenges for some of our businesses and parts of the Borough, particularly as they relate to deprivation, much progress has been made particularly with our young people who leave school with very clear ideas of their next steps and how they fit with the labour market. Working in partnership with schools, our Connexions service delivers top performance in ensuring each young person has a destination and that only the absolute minimum of our young people spend any time not in education, employment or training.

However, for some people, more still needs to be done to ensure they can access the right jobs and our businesses are clear we can all work together to make sure people enter the world of work with the right skills.

This report asks Cabinet to agree the strategic approach and the actions to be taken to make sure the people of North Tyneside are ready for work and life. It explains the context in which we are working and suggests where energy should be directed.

1.2 Recommendation(s):

It is recommended that Cabinet agree the approach and the priorities for action set out in the report to support the delivery of the Ready for Work and Life element of the Creating a Brighter Future Programme.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 19 September 2016.

1.4 Council Plan and Policy Framework

This report is directly concerned with:

- “Our People will be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local business”; and
- “Our Economy will have the right skills and conditions to support investment, and create and sustain new, good-quality jobs and apprenticeships for working-age people.”

1.5 Information:

Background

- 1.5.1 For such an important issue as the employment and skills of residents the landscape can be confusing. Beyond careers advice and guidance, identifying any statutory responsibility upon a local authority is tricky. While there is significant guidance on the work of local authorities and schools, even the Local Government Association’s (LGA’s) guide to a local authority’s responsibilities only mentions this work in the context of Planning; specifically as it applies to economic investment and regeneration. However, in one way or another, each top tier local authority takes an active interest in this area of work.
- 1.5.2 The reason is obvious; the prosperity of a place is a direct consequence of employment. Conversely, the demands placed upon a local authority rise exponentially with the absence of employment (it is worth noting that only about half of people of working age who are not employed claim Jobseekers Allowance). However, the how have become far more confusing than the why.
- 1.5.3 In January 2015, Heather Rolfe, Jonathan Portes and Nathan Hudson-Sharp published “Local Authority schemes supporting people towards work”. This independent report for the Local Government Association¹ cited our own Working Homes Outreach Team as an example of best practice alongside examples in Gateshead, Bradford, Liverpool and Southampton.

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1.5.4 They explained why local authorities are good at employment and skills work as follows

- Economic and political leadership
- Localised knowledge; and
- Expertise in employment and skills.

1.5.5 In a dynamic and sometimes confused picture it is important that North Tyneside Council has a clear sense of direction. The body of this report therefore covers three issues:

- The strategic context
- The current situation in the Borough and the needs that the approach should meet; and
- The action being taken and action being planned to meet those needs.

The strategic context

The Global Economy

1.5.6 While this is a term often used it is less easily understood and defined. However, given the impact of global commercial decisions on North Tyneside's economy over the decades since the war, it would be foolish to ignore global developments and unwise to be anything other than engaged; particularly for a Borough with a river, a sea coast and shares in an airport. The trick therefore is paying attention to what is changing and trying to enable residents to be equipped for that engagement and the multitude of possibilities.

1.5.7 The Hays Global Skills Index does a straightforward job of explaining what is important in terms of competitiveness. Hays identify seven indicators:

- **Education flexibility;** a commitment to raising standards and providing a talent pipeline
- **Labour market participation;** having as many people as possible available to work
- **Labour market flexibility;** essentially a measure of red tape for example, when it comes to recruitment and importing skilled people
- **Talent mismatch;** the skills business are looking for versus the skills available
- **Overall wage pressure;** where this is running ahead of cost of living it is a strong indicator of wide scale skills shortages
- **Wage pressure in high-skill industries;** where this exists it is an indicator of skill shortages and the *sectors* experiencing them
- **Wage pressure in high-skill occupations;** where this exists it is an indicator of skill shortages in the *occupations* experiencing them

1.5.8 In considering these in the UK it is possible to say the country does better on education flexibility than Denmark but worse on labour market participation. The UK is doing better

on overall wage pressure than Australia but much worse on talent mismatch. Cabinet will appreciate that these indicators are related to the work done in North Tyneside.

1.5.9 Of equal interest is the Organisation for Economic Co-operation and Development (OECD) Global Skills Survey. This assesses and compares literacy, numeracy, reading components and problem solving in a technology-rich environment as well as cognitive skills, interaction and social skills, physical skills and learning skills. It does this against a background of demographics, education and training, social and linguistic background, employment status and income as well as ICT, literacy and numeracy practices.

The European Economy

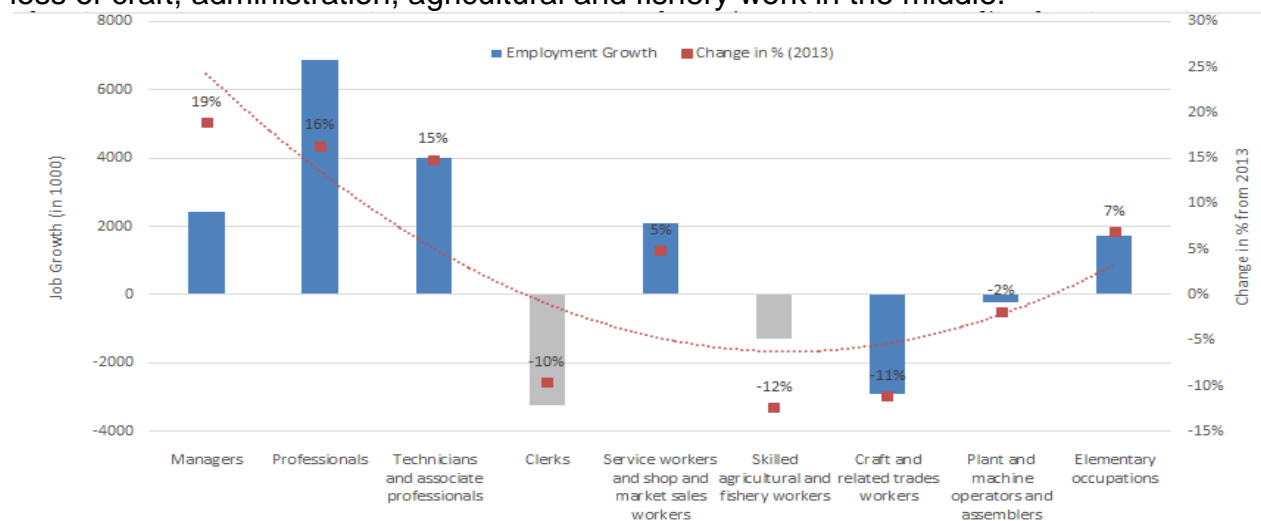
1.5.10 The Referendum result aside, the UK and North Tyneside remains a long term player in the European economy. It is worth, therefore, considering this relationship.

1.5.11 The European economy, rather than the EU, comprises more than 731million people in 48 countries. In 2010 its Gross Domestic Product (GDP) represented 30% of that of the World. The European Union is also one of the wealthiest areas in the World. Looking at the metropolitan areas of the EU by GDP, based on 2010 data, four parts of the UK featured in the top 25; Greater London, the West Midlands, Leeds-Bradford and Greater Manchester. In terms of lessons learned and partnerships those locations might prove significant.

1.5.12 The “Agenda for Skills and Jobs” was published in 2010 as part of the Commission’s Europe 2020 Strategy. Its priorities were:

- Making labour markets better through further reform
- Equipping people with the right skills for employment
- Improving job quality and working conditions; and
- Creating jobs.

1.5.13 One of the supporting initiatives was an EU Skills Panorama available at <http://skillspanorama.cedefop.europa.eu/en> which demonstrates the polarisation of the labour market in the EU between high skill and low skill. For example, the graph below shows the rise in skilled technical and professional jobs at the top end of the salary range, the rise in elementary and service occupations at the bottom of the range and the loss of craft, administration, agricultural and fishery work in the middle.



1.5.14 For North Tyneside and the Authority, the European and EU economy has been deeply important for two reasons; extensive research and data to underpin policy choices and the relationship between local need, EU policy and EU financial instruments. While the balance will shift and the relationship will change, the relationship with Europe's economy will continue to be important to the employment and skills work in North Tyneside.

The National Economy

1.5.15 Skills powers have been devolved to Scotland, Wales and Northern Ireland for some time and post-16 skills responsibilities are featuring in regional devolution deals. Published by the Coalition on 16th November 2010 "Skills for Sustainable Growth" is restricted to England. This leaned heavily on apprenticeships.

1.5.16 Until the recent White Paper on Post-16 Skills was published, the current Government has restricted its policy announcements to Apprenticeships and consultation on the Apprenticeship levy due to be introduced in 2017 to organisations with a wage bill over £3m. What this means, in real terms for North Tyneside, is a need to prepare our own organisation and work with schools and others to deliver the planned increase in Apprenticeships: Including up-skilling our own staff.

1.5.17 In July, following the Sainsbury Review, the Government published the Post -16 Skills Plan. This signals an intention to shift the balance to employer rather than provider-led systems and a significant move to simplify and increase rigour in technical education. In particular, it will attempt to redress the gender imbalance in technical education, particularly as it refers to women choosing engineering. This will need to be an important part of local thinking.

1.5.18 A practical and coherent picture comes from the Confederation of British Industry (CBI)/Pearson Inspiring Growth, Education and Skills Survey 2015². The main messages for us as a Local Authority are:

- The continued importance of GCSE English and Maths
- Careers guidance needs to be improved
- National business confidence in the need to recruit is positive and sustained but tempered with concerns about the ability to source the right candidates
- Demand will be strong in construction, manufacturing, engineering, and hi-tech
- There are widespread, continued concerns about the availability of science, technology, engineering and mathematics (STEM) qualified candidates
- Attitudes and aptitudes rank well above formal qualifications; and
- There are concerns about the preparation of young people in terms of business and customer awareness, self-management and foreign languages.

² <http://news.cbi.org.uk/reports/education-and-skills-survey-2015/education-and-skills-survey-2015/>

1.5.19 Unsurprisingly this list aligns with the Authority's School Improvement Priorities and the thrust of Ready for Work and Life.

1.5.20 The Trades Union Congress (TUC) has made clear its commitment to the skills agenda and has been working jointly with the CBI particularly to support traineeships. It has also been focussing on the quality of apprenticeships.

The Regional Economy

1.5.21 The North East Strategic Economic Plan "More and Better Jobs"³ was published in March 2014; it is currently being refreshed. For the moment it contains 6 strategic themes:

1. *Innovation, central to our ambition of better jobs and a more competitive business base, delivering medium term benefits as managers invest in new products, processes, markets and technologies supported by an ambitious open innovation system.*
2. *Business support and access to finance: the key driver for more jobs and a strong private sector, addressing market failures to support a stronger indigenous businesses, with better access to finance, and able to progress expansion plans in national and international markets.*
3. *Skills: providing a demand led system, reflecting the need of employers, including for high level skills in support of better jobs, with access to high quality training facilities for both general and specialist training.*
4. *Inclusion: central to ensuring no one is left behind, providing targeted and tailored support to neighbourhoods and groups facing major challenges in accessing training and employment opportunities which lets everyone fully share in the benefits of a growing economy.*
5. *Economic assets and infrastructure: developing the places for business to invest and people to live, developing new opportunities with towns and cities, coast and country, and heritage assets.*
6. *Transport and digital connectivity: which serves and connects people and businesses, letting people move around for both work and leisure, and connecting the North East to the national and international economy.*

1.5.22 At the moment, this remains the best strategic framework for our thinking until the North East Combined Authority's Employment and Skills Board gains traction and develops an Employment and Skills Strategy for the area. The approach and action plan will continue to be aligned to the regional picture.

1.5.23 In addition Anna Round of the Institute for Public Policy Research North published "Tipping the Balance. Maximising the North East as a Skills Hub" in August 2016. This provided a positive view of skills in the North East but made strong recommendations on understanding skills gaps, focussing expenditure on research and development and tackling some cultural challenges³.

³ <http://www.nelep.co.uk/wp-content/uploads/2014/11/North-East-Strategic-Economic-Plan-More-and-Better-Jobs.pdf>

The North Tyneside Economy

- 1.5.24 In terms of working with business, the Authority's Business and Economic Development activity is based on an Account Management approach prioritising the 60 businesses who make the biggest contribution to the North Tyneside Economy. This is supplemented by the commissioning framework for the Business Factory, providing successful support to start ups, specifically small businesses and the self-employed. This has been supported with a Business Forum which has, in turn, some sector-led Forums. Support for existing businesses is largely reactive, driven by their specific needs.
- 1.5.25 In terms of where people in North Tyneside work and might work, our wider procurement and commissioning work has found focussing on our boundaries counter-productive. We have therefore been using our Travel to Work Area to look at the supply chain. Appendix A contains some useful data on our workforce, wages, skills and location. Appendix B provides data on business in North Tyneside.
- 1.5.26 In terms of the skills gap the picture is complicated and dynamic. In particular, Cabinet will be aware that changes in global oil prices have had a dramatic impact on the UK Oil Industry supply chain and the market for renewables.
- 1.5.27 The best indicator available is the UK Employer skills survey. This measures two things, skills gaps caused by difficulties in recruiting employees with the necessary skills (Skills Shortage Vacancies (SSV)) and existing employees lacking skills to perform effectively in their jobs (the Skills Gap.)
- 1.5.28 In North Tyneside, 26% of all vacancies in 2015 were found to be difficult to fill due to skills shortages, up from 15% in 2013 and 6% in 2011. The number of skills shortage vacancies (SSVs) rose from 129 in 2011 to 274 in 2013 and 536 in 2015. However, only 6% of employers in North Tyneside had an SSV in 2015, up from 4% in 2013 and 2% in 2011.
- 1.5.29 In 2015 in North Tyneside, the highest proportion and number of SSVs were for skilled trades jobs, where they accounted for around half of all vacancies for these jobs. Nationally, the highest proportion and number of SSVs were for professional occupations.
- 1.5.30 For the North East (2015 data not available for North Tyneside) the main skills found difficult to obtain from applicants for SSVs were technical, practical or job specific skills (67% of SSVs), followed by planning and organisation skills (41% of SSVs) and problem solving skills (38%).
- 1.5.31 Nationally, only 14% of employers reported having skills gaps. This proportion was slightly higher for North Tyneside, at 15%. However, only 5% of employees nationally were reported as not being fully proficient. This proportion was similar in North Tyneside and the NELEP area. The majority (72%) of skills gaps nationally were the result of employees being new in their roles and / or still training. Slightly higher proportions were reported for North Tyneside (76%) and the NELEP area (80%).
- 1.5.32 Recent vacancy data is also available to us via a Burning Glass Labour Insights Tool. The data highlights current demand for health and social care employment (care workers and nurses) with customer service and care giving being the most sought skills.

1.5.33 Finally, while unemployment in North Tyneside continues to fall our work to understand and tackle deprivation has demonstrated that there remain concentrated pockets of worklessness. When Cabinet agreed its approach to tackling deprivation, starting in Chirton and Riverside Wards, one quarter of all Jobseekers in North Tyneside lived in those two wards. The proportion is similarly high for those of working age in receipt of Employment Support Allowance. At the time of writing there are 765 people claiming JSA and out of work Universal Credit, which is 23.9% of the North Tyneside total. For Employment Support Allowance (ESA) the latest figures show that there are 1,620 claimants, which is 18.8% of claimants in North Tyneside.

1.5.34 Our policy context is shaped by the Our North Tyneside Plan which currently says:

- Our economy will grow by building on our strengths, including existing world class companies , and small and growing businesses; and
- Our economy will have the right conditions to support investment and create and sustain good quality jobs and apprenticeships for working age people.

And

- Our People will be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local businesses.

1.5.35 The Authority has operationalised that in the Creating a Brighter Future Programme, specifically in our work on Ready for Work and Life and A Great Place to Live, Work and Visit.

1.5.36 In addition, the Authority also has a good idea of what our communities say; last year's Big Community Conversation provided a very clear message about the importance of work. Our young people have also been clear through a range of engagement structures that they want our support to be ready for work and life.

1.5.37 The task is to connect that entire strategic context and to make sure practical action aligns to need and context.

The current situation in the Borough and the needs that the approach should meet

1.5.38 The data on the current situation is drawn from a number of sources and based on methodologies which have changed over time making direct comparisons difficult. However, with those caveats, we can say the following:

- Given the importance of GCSE Maths and English **more North Tyneside young people leave school with those qualifications than the national and regional average**
- Over the last few years there are **more people of working age in North Tyneside and more of those people are economically active**
- Over a similar period **wages in North Tyneside have been rising and the gap between North Tyneside and the England average is closing (although this is heavily caveated by the position in real terms which is less positive)**
- **There are jobs in North Tyneside not filled because of skills shortages and skills gaps but those numbers are relatively small compared to the full**

workforce and require a more focussed approach on specific employers and sectors rather than a generalised approach; and

- While **unemployment is falling there are significant pockets of worklessness** which correlate to those parts of North Tyneside with highest levels of deprivation.

The proposed approach

1.5.39 The proposed approach is relatively straight forward:

- **Delivery of a universal offer for young people;** this means making sure North Tyneside's young people are ready for work and life with a particular focus upon those young people with lifelong learning difficulties and disabilities to progress into full employment
- **Delivery of a targeted offer for young people and adults;** this means making sure young people at risk of not being ready for work and life, in particular those with lifelong learning difficulties and disabilities, are the focus of our work with schools and targeted and personalised work with adults of working age who cannot access work and need to learn new skills
- **Delivery of a universal offer for employers;** this means making sure North Tyneside is a great place to live, work and visit and runs across the full gamut of health, education, homes, transport and culture
- **Delivery of a targeted offer for employers;** this means working with specific companies to support inward investment and growth but also specific work with businesses who want to be engaged in working with those furthest away from work
- **Trying to be an exemplar employer;** this means North Tyneside Council and its main commercial partners targeting their employment policies and practice at those areas of greatest priorities. For example the Authority's Apprenticeship Scheme, the partnership with Kier and Justice Prince delivering Working Roots, Capita's target to recruit from areas of concentrated worklessness and ENGIE's contractual commitment to guarantee a job interview for eligible North Tyneside applicants who have been unemployed for over 6 months; and
- **Influencing the local, regional and national picture;** this means using our local intelligence and priorities to influence and connect work within and beyond North Tyneside.

1.5.40 The remainder of this report highlights for Cabinet the assets available to deliver this approach and the risks that will be required to be managed. The report then concludes with the priorities for action.

The current picture – assets and risks

1.5.41 North Tyneside has the following assets:

- **Schools;** we have 77 schools, the vast majority of which are Good or Outstanding. We pay particular attention to performance on GCSE English and Maths in line with the CBI priority and knowledge that this makes the biggest fundamental difference in terms of income.

- **Connexions service;** we have 15 people working to track cadres of around 2500 per school year group and who are structured to work with our secondary schools and priority groups of young people. This meets our statutory commitments as a Local Authority around tracking the destinations and activity of all our young people; of delivering the annual September Guarantee of an Offer of Learning for all 16 to 18 year olds at a point of transition; identifying and working with those Not in Education, Employment and Training (NEET) and Employment, Education and Training (EET) and providing us with detail about our ability to deliver against our Participation (RPA) commitment
- **Post-16;** we have a range of Post-16 provision with the majority of young people choosing school based Sixth Form, Newcastle College or TyneMet. This provision is subject to a Wave 4 Area Based Review and Cabinet have heard from TyneMet about its plans to merge with South Tyneside College. There are also a range of more specialised private providers
- **North Tyneside Learning Trust;** where school leaders have come together to collaborate and specifically placed a focus on making sure young people are ready for work and life; for example the Windows On Work Project and their Climbing Ladders, Smashing Ceilings work with young women and STEM subjects. TyneMet in particular are well engaged with regional business and local employers and have recently invested in the IGNITE Centre to tackle skills gaps
- **Apprentices;** we have a number of people in apprenticeships across the Borough: Numbers are hard to confirm but to give a sense of scale 1,320 people completed an apprenticeship in 2014/15
- **Adult Learning:** The North Tyneside Adult Learning Alliance has a key role to play in providing entry level employability and skills provision to progress residents to further learning, employment and apprenticeships. To give a sense of scale in 2014/15 5,675 learners enrolled on programmes in North Tyneside at 56 venues across the Borough
- **Employment Support:** a range of employability projects, delivered by the Authority and its wider partners through the Community Voluntary Sector, prepare and support residents into employment. The current projects (Working Homes and Generation NE) will be supplemented by additional funding opportunities in 2016-17 that will address a wider range of barriers to employment. Our participation in the European Funded Community Led Local Development Programme may allow us to build on this in certain areas with the greatest needs
- **Libraries;** we have a network of 14 libraries with access to general information and ICT; and, last but by no means least
- **Our employers;** we have a vibrant economy with a strong range of employers who are engaged in the community and keen to see North Tyneside thrive.

1.5.42 North Tyneside must manage the following risks:

- **Inadequate schools;** Norham High School and Seaton Burn College were previously judged as Inadequate. In line with the Education Review agreed by Cabinet on 13th July 2015 and Cabinet's approach to tackling deprivation agreed in Cabinet on 14th December 2015 significant work is underway to improve performance at both schools and good progress is being made; Norham High School is no longer judged as

Inadequate and OFSTED have recently noted the good progress at Seaton Burn. This improvement has included significant employer involvement, particularly at Norham High School

- **Local economy skills shortages;** whilst unemployment is lower, manufacturing and engineering employers report gaps in particular niche and technical skills; some employers on Cobalt and Quorum business parks have reported difficulties in attracting enough and quality candidates for business, IT and Contact Centre vacancies; the local Health and Social Care sector has a high turnover of staff with vacancies in many areas; schools are also reporting teaching skills gaps, particularly for Maths and English
- **New funding regimes;** EU, national and, subject to the Devolution Deal, sub-national funding regimes are changing. Locality budgets for learning and skills are both a risk and opportunity for North Tyneside, as we respond well to local skills needs. In addition, following evaluation and significant criticism, the Department for Work and Pensions are re-examining the Work Programme with a new Work and Health Programme being designed for launch in late 2017. Funding will be more focused on particular issues and barriers and the harder to reach with Jobcentre Plus focused on those closer to the labour market
- **Apprenticeships –** apprenticeship reforms with the new Apprenticeship Levy, public sector targets and new delivery standards, whilst designed to increase the number of apprenticeships, will present a particular challenge for employers and providers from 2017 in relation to affordability, creation of opportunities and the ability of providers meet the demand.
- **Average earnings;** whilst wages have risen and the gap is closing, there remains a gap. In 2016, the estimated median weekly wage for full-time workers employed in North Tyneside was £504.10. This compared to £494.00 for the North East and £538.70 for the UK. And, in real terms, wages remain under long term pressure.

Priorities for action

1.5.43 Based on the policy context and the evidence the following is a suggested set of priorities for action to support the delivery of the Our North Tyneside Plan and the Ready for Work and Life element of the Creating a Brighter Future Programme. Some of those priorities will be practical delivery actions while others will help develop the Authority's policy position with its employers. They are shown against the relevant element of the proposed approach.

1.5.44 Delivery of a universal offer for young people

- **Continue to encourage high aspirations for all of our young people;** especially helping them match their aspirations with their likes and abilities
- **Continue our focus on attainment and progression;** delivering above national average, improving results in GCSE English and Maths and ensuring our young people maximise their potential
- **Secure the statutory careers advice and guidance duty and judge the appropriate investment;** continue to ensure the discharge of the statutory duty and invest, in line with policy choices, in Ready for Work and Life

- **Shape a Connexions service to meet school need that they pay for;** once agreed this work will be used to re-shape the current service to match the needs of secondary schools and come up with a costed offer that schools will fund
- **Work in partnership with our secondary schools to apply the Gatsby principles⁴ to increase capacity;** where work between Connexions, North Tyneside Learning Trust, Churchill Community College, Seaton Burn College and the NELEP is developing named careers champions with the right skills set and bringing labour market intelligence into the classroom.
- **Deploy self-service technology;** alongside the existing ideas-generator, KUDOS, the Learning Trust is working with Connexions to deploy unifrog, a destinations platform which allows young people to bring together their achievements and attainments and chart their way into the best route to further education and employment.

1.5.45 Delivery of a targeted offer for young people and adults

- **In shaping the Connexions service focus on our priority groups;** those Not in Education, Employment or Training (or at risk of becoming so), those with Special Educational Needs and Disabilities (SEND) and lifelong learning difficulties and disabilities, our Looked After Children, those on the edge of care, low achievers and low attendees
- **Support people of all ages to become active;** making sure they engage with lifelong learning and training and that they make the right progress. Particularly making sure services are accessible and support the likely demand for life long re-skilling
- **Develop our targeted work with particular priority groups;** where we are using some of our partnerships to provide work experience for adults in “Troubled Families”, the work done in partnership with JobCentrePlus by the Working Homes Outreach Team
- **Conduct a course by course review of Adult Learning;** where, following the approach to tackling deprivation agreed with Cabinet and the work done to understand the Ready for Work and Life Entitlement, each course is being evaluated on whether it contributes directly to the Authority’s priorities: Including understanding any barriers to access; for example branding and location.
- **A fundamental change in our approach to income generation;** where we are moving from chasing funding streams and delivering activity to seeking funding that will resource the Authority’s priorities.

⁴ Produced by Sir John Holman of University of York in April 2014 for David Sainbury’s Gatsby Charitable Foundation these are a set of 8 costed and tested nationally recognised principles which shape good quality secondary careers guidance. Following a successful bid to the LEP, Churchill Community College, with support from Connexions, is piloting the application of the principles. Principles available at: <http://www.gatsby.org.uk/education/programmes/good-career-guidance>

1.5.46 Delivery of a universal offer for employers

- **Help our employers engage successfully with our schools;** finding the right ways to allow both sectors to understand each other
- **Continue to engage with employers;** to ensure we understand their needs and plans, that we can support growth and associated recruitment and that we can match people to posts but also work to ensure we try to bring a closer match with the rhythm of the school year.

1.5.47 Delivery of a targeted offer for employers

- **Continue our partnership work to increase the number of STEM candidates while getting a better fix on actual local need using labour market intelligence;** While there are widespread, continued concerns about the availability of STEM qualified candidates this fluctuates and we will continue to identify the actual need
- **Match the right young people with the right skills to the North Tyneside economy;** ensuring young people are encouraged toward those priority jobs
- **Bespoke work with employers;** who wish to locate in North Tyneside or grow in North Tyneside

1.5.48 Trying to be an exemplar employer

- **Using our supply chain leverage;** where we are using our procurement and partnerships to create apprenticeship and employment opportunities. Examples include the Working Roots Programme with Kier North Tyneside, the targets for recruitment from Chirton and Riverside in the Capita Annual Service Plan, the employment targets in the ENGIE partnership and the wider application of Social Value in our procurement work
- **Prepare for the Apprenticeship Levy;** prepare our own organisation and work with others to deliver the planned increase in Apprenticeships. In addition to creation of new apprenticeships, we will consider opportunities for up-skilling parts of our existing workforce using an apprenticeship route through effective workforce planning. Working with our partners, agencies and schools over the coming months we will identify opportunities and begin promotion of those to our young people.

1.5.49 Influencing the local, regional and national picture

- **Being an active and engaged player;** making sure our team are working with colleagues in the Combined Authority, Government, employers, providers and other partners to describe our approach and influence activity to support our priorities
- **Improve our local knowledge;** switching away from activity and contract driven data toward sharper intelligence and share that picture with our partners
- **Understand the labour market in our travel to work area;** keeping a close eye on opportunities to match young people and adults to higher skill roles
- **Listen to business;** shaping our approach accordingly
- **Listen to our residents;** understanding their needs and aspirations.

1.5.50 Following Cabinet discussion these priorities will develop with partners into an appropriate action plan and progress reported to Cabinet on a regular basis as part of the performance management of the North Tyneside Plan.

1.6 Decision options:

The following decision options are available for consideration by Cabinet.

Option 1

Agree the recommendations in paragraph 1.2

Option 2

Not agree the recommendations in paragraph 1.2 and request further work

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended because it reflects the wider policy context and the evidence as currently understood in North Tyneside.

1.8 Appendices:

Appendix A: North Tyneside's work force, wages, skills and location

Appendix B: Business in North Tyneside

1.9 Contact officers:

Paul Hanson, Deputy Chief Executive tel. 0191 643 7000

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1.10 Background information:

Please see footnotes 1,2,3,4.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications arising directly from this report.

2.2 Legal

There are no legal implications arising directly from this report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has taken place with the Mayor, Cabinet Members, the Senior Leadership Team and the teams leading the work on employment and skills.

2.3.2 External Consultation/Engagement

External Consultation has taken place with local education leaders, young people in North Tyneside and drawn on feedback from business at national, regional and local level. Further consultation is planned on the specific actions contained in the report from paragraph 1.5.43 onward to finalise an action plan through to 2019/20.

2.4 Human rights

There are no human rights issues arising directly from this report

2.5 Equalities and diversity

There are no equality and diversity issues arising directly from this report but the work is intended to tackle the inequalities that arise from the absence of the right skills and employment. In particular there are gender inequality issues associated with some roles; for example encouraging more young women to study STEM subjects and seek related employment. And ensuring people with disabilities and long term health conditions can access appropriate opportunities.

2.6 Risk management

There are no risk issues arising directly from this report but the risks to be managed during delivery are described in the report.

2.7 Crime and disorder

There are no crime and disorder implications arising directly from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications arising directly from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive x
- Head(s) of Service x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Head of Corporate Strategy x

Appendix A

North Tyneside's work force, wages, skills and location

In terms of our **workforce** we have the following intelligence

- The estimated number of North Tyneside residents aged 16 to 64 increased from 119,500 in 2000 to 128,200 in 2014 (7%). From 1991 to 1999 the number of residents aged 16 to 64 had fallen from 122,400 to 118,600 (-3%). This age group is the 'working age population', those most likely to be in employment
- The borough's total estimated population increased from 190,700 in 2000 to 202,700 in 2014 (6%), after falling from 194,600 to 190,000 (2%) between 1991 and 1999
- The estimated number of economically active North Tyneside residents aged 16 and over increased from 97,400 (96,600 or 78.7% of those aged 16 to 64) in the 12 months to September 2005 to 105,600 (103,400 or 80.6% of those aged 16 to 64) in the 12 months to September 2015. The change in the proportion of those economically active was not large enough to be statistically significant, so we cannot be certain there was an absolute increase but the numbers suggest it
- The economic activity rate for residents aged 16 and over was the same at the start and end of this period, at 63.4%. Economically active means in employment or unemployed (out of work but actively seeking and available for work)
- Earlier estimates of economic activity are from previous ONS surveys and are not directly comparable with those above, due to changes in the periods used and to the definition of the working age. For reference, the estimated number of economically active North Tyneside residents aged over 16 increased from 83,000 (54.5% of the total population) in the 12 months ending May 1995 to 90,000 (59.1%) in the 12 months ending May 2005.

With a number of caveats, we can say there are more people in North Tyneside of working age and more of those people are economically active.

In terms of **where those people work** the table below shows the employment by industry of North Tyneside residents between 2005 and 2015. The figures suggest a fall in employment in manufacturing and transport and communications and a rise in employment in distribution, hotels and restaurants; banking, finance and insurance and public admin, education and health. However, none of the changes in the proportion of those employed were statistically significant.

Employment of residents of North Tyneside by industry 2005-2015

Industry	Oct 2004 to Sep 2005 (number)	Oct 2004 to Sep 2005 (%)	Oct 2014 to Sep 2015 (number)	Oct 2014 to Sep 2015 (%)
Agriculture and fishing	0*	0*	0*	0*
Energy and water	2,200	2.4	1,600	1.6
Manufacturing	10,900	11.9	8,200	8.3
Construction	6,800	7.5	7,600	7.6
Distribution, hotels and restaurants	17,700	19.3	21,600	21.7
Transport and communications	8,300	9.1	5,700	5.7

Banking, finance and insurance	9,500	10.4	12,600	12.7
Public admin, education and health	31,800	34.8	37,600	37.9
Other services	3,500	3.9	3,800	3.9

Source – ONS Annual Population Survey *indicates the estimate is unavailable since the group sample size is zero or disclosive. Distribution includes wholesale and retail.

In terms of **where people want to work** data is available on the sought and usual occupations of people claiming Jobseeker's Allowance. The latest data, for January 2016, is shown in the table below. NB The figure for corporate managers reflects the use of the code for this occupation by Jobcentre Plus for administrative purposes. Sales occupations were sought by 43% of claimants, elementary trades, plant and storage occupations by 13% and elementary administration and service occupations by 6%.

Sought and usual occupations for Jobseeker's Allowance claimants in North Tyneside in January 2016.

Occupation	Sought Occupation	Usual occupation
Occupation unknown	175	175
Corporate managers	380	380
Managers and proprietors in agriculture and services	20	20
Science and technology professionals	10	10
Health professionals	0	0
Teaching and research professionals	10	10
Business and public service professionals	0	0
Science and technology associate professionals	15	15
Health and social welfare associate professionals	5	5
Protective service occupations	0	0
Culture, media and sports occupations	5	5
Business and public service associate professionals	5	10
Administrative occupations	135	140
Secretarial and related occupations	5	5
Skilled agricultural trades	10	15
Skilled metal and electronic trades	55	55
Skilled construction and building trades	40	35
Textiles, printing and other skilled trades	15	15
Caring personal service occupations	40	45
Leisure and other personal service occupations	15	15
Sales occupations	1,265	1,260
Customer service occupations	70	70
Process, plant and machine operatives	55	50
Transport and mobile machine drivers and operatives	65	65
Elementary trades, plant and storage related occupations	390	390

Elementary administration and service occupations	180	185
Total	2,965	2,965

Source – ONS – the figures are rounded to the nearest five.

In terms of our workforce and **how much they earn** in 2015, estimated average earnings for North Tyneside residents were £498.30 a week. This was similar to the average for North East England (£484.80) but lower than that for the UK (£527.70). The difference between the figure for North Tyneside and those for both the North East and the UK was not statistically significant.

Since comparable figures for North Tyneside began in 2008, average earnings have risen from £421.00 (18%), this change was also not statistically significant. Over this period, average wages in the North East rose by 15%, a statistically significant increase. Average wages in the UK rose by 10% over this period, also a statistically significant increase.

The estimates suggest that the gap between average wages in both North Tyneside and the North East and the UK may have reduced between 2008 and 2015. In 2008, average weekly wages in North Tyneside were £58.10 lower than for the UK. By 2015 this gap had reduced to £29.40. For the North East, the gap reduced from £57.40 to £42.90. The nature of the estimates means these changes are indicative only.

These figures are from the ONS Annual Survey of Hours and Earnings. They use the standard measure of median weekly earnings for full-time workers. The 'margin of error' (confidence interval) for these figures is relatively large for smaller areas such as local authorities. For North Tyneside, it is typically around + or – 9% of the estimate. This means differences between North Tyneside and other areas, or over time, are often not large enough to be statistically significant.

Again, with a number of caveats, we can say that wages are rising and that the gap between North Tyneside and the English average is closing.

In terms of **skills that are in demand** data on the skills gap comes from the biennial UK Commission for Employment and Skills (UKCES) Employer Skills Survey, a large national survey of employers. The most recent data for North Tyneside is for 2013, national data for 2015 has been published and should be available for local authority areas later this year.

The survey distinguishes between skills gaps caused by difficulties in recruiting employees with the necessary skills ('skills shortage vacancies') and existing employees lacking skills to perform effectively in their jobs (the 'skills gap').

In North Tyneside, 15% of all vacancies in 2013 were found to be difficult to fill due to skills shortages, up from 6% in 2011. The number of skills shortage vacancies (SSVs) rose from 129 in 2011 to 274 in 2013. However, only 4% of employers in North Tyneside had an SSV in 2013, up from 2% in 2011. NB the survey results use the terms establishment (employment site) and employer interchangeably. The survey results at local authority level are given for occupations, rather than employment sectors such as manufacturing.

In 2013 in North Tyneside, and nationally, the highest proportion of SSVs were for skilled trades jobs, where they accounted for around half of all vacancies for these jobs. However, the highest number of SSVs in North Tyneside were for caring, leisure and other services staff, which made up around a third of all SSVs in the borough.

For North Tyneside, the highest proportion of SSVs were due to difficulties obtaining planning and organisation skills and oral communication skills. The profile of difficult to obtain skills in

North Tyneside differed from that reported nationally and for the North East Local Enterprise Partnership (NELEP) area. This may partly have been due to the occupations with SSVs in North Tyneside at the time of the survey.

Nationally, only 15% of employers reported having skills gaps. This proportion was slightly higher for North Tyneside and the NELEP area. However, only 5% of employees nationally were reported as not being fully proficient. This proportion was similar in North Tyneside and the NELEP area. The majority (75%) of skills gaps nationally were the result of employees being new in their roles and / or still training. Similar proportions were reported for North Tyneside and the NELEP area.

Recent vacancy data is also available to us via a Burning Glass Labour Insights Tool, which provides us with a useful overview – available at: <http://www.labourmarketnortheast.co.uk/lmi/vacancydata/northtyneside.html>. The data highlights current demand for health and social care employment with STEM skills being a key requirement to undertake these roles.

Where North Tyneside residents work

The following table, from the 2011 Census, shows the place of work for people whose usual residence was in North Tyneside.

Place of work	Number of North Tyneside residents
North East	80,025
North Tyneside	39,149
Newcastle upon Tyne	24,932
Mainly work at or from home	7,107
Northumberland	6,256
No fixed place	5,683
Gateshead	4,104
Sunderland	2,207
South Tyneside	1,785
County Durham	1,141
Offshore installation	646
Yorkshire and The Humber	428
London	349
Scotland	333
North West	326
South East	309
West Midlands	241
Outside UK	215
East Midlands	198
East	185
Stockton-on-Tees	170
South West	140
Darlington	105
Middlesbrough	102
Redcar and Cleveland	43
Hartlepool	31
Wales	27
Northern Ireland	17

Appendix B

Business in North Tyneside

Data in the tables below is from an extract compiled from the Inter Departmental Business Register (IDBR) recording the number of enterprises and local units that were live at a reference date in March. An enterprise is the smallest combination of legal units which has a certain degree of autonomy within an enterprise group. Local units are individual sites that belong to an enterprise. Numbers are shown are rounded to the nearest five.

This data includes all VAT and PAYE registered businesses but excludes a significant number of businesses that are not registered. There are no official figures on the number of unregistered businesses for local authority areas.

Number of enterprises in North Tyneside in 2015 by employment size band

Employment size band	Number of enterprises
Micro (0 to 9)	4,020
0 to 4	3,340
5 to 9	675
Small (10 to 49)	505
10 to 19	315
20 to 49	195
Medium-sized (50 to 249)	75
50 to 99	45
100 to 249	30
Large (250+)	25
250 to 499	15
500 to 999	5
1000+	5
Total	4,620

Source – ONS UK Business Counts

Number of local units in North Tyneside in 2015 by employment size band

Employment size band	Number of local units
Micro (0 to 9)	4,765
0 to 4	3,775
5 to 9	990
Small (10 to 49)	920
10 to 19	520
20 to 49	400
Medium-sized (50 to 249)	165
50 to 99	105
100 to 249	60
Large (250+)	40
250 to 499	30
500 to 999	5
1000+	5
Total	5,895

Source – ONS UK Business Counts

Number of enterprises in North Tyneside in 2015 by industry

Industry	Number of enterprises
Agriculture, forestry and fishing	50
Mining and quarrying	5
Manufacturing	340
Electricity, gas, steam and air conditioning supply	0
Water supply; sewerage; waste management and remediation activities	15
Construction	585
Wholesale and retail trade; repair of motor vehicles and motorcycles	785
Transportation and storage	125
Accommodation and food service activities	415
Information and communication	270
Financial and insurance activities	60
Real estate activities	130
Professional, scientific and technical activities	860
Administrative and support service activities	335
Public administration and defence, compulsory social security	0
Education	75
Human health and social work activities	245
Arts, entertainment and recreation	85
Other service activities	240
Total	4,620

Source – ONS UK Business Counts

Number of local units in North Tyneside in 2015 by industry

Industry	Number of local units
Agriculture, forestry and fishing	50
Mining and quarrying	5
Manufacturing	360
Electricity, gas, steam and air conditioning supply	5
Water supply; sewerage; waste management and remediation activities	20
Construction	605
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,165
Transportation and storage	145
Accommodation and food service activities	500
Information and communication	295
Financial and insurance activities	120
Real estate activities	165
Professional, scientific and technical activities	915
Administrative and support service	435

activities	
Public administration and defence, compulsory social security	40
Education	160
Human health and social work activities	495
Arts, entertainment and recreation	150
Other service activities	270
Total	5,895

Source – ONS UK Business Counts

Number of enterprises in North Tyneside in 2015 by legal status

Legal status	Number of enterprises
Private sector total	4,615
Company (including building society)	3,215
Sole proprietor	915
Partnership	330
Non-profit body or mutual association	155
Public sector total	10
Public corporation	0
Central government	5
Local authority	0
Total	4,620

Source – ONS UK Business Counts

Number of local units in North Tyneside in 2015 by legal status

Legal status	Number of local units
Private sector total	5,655
Company (including building society)	4,100
Sole proprietor	910
Partnership	355
Non-profit body or mutual association	295
Public sector total	240
Public corporation	5
Central government	55
Local authority	180
Total	5,895

Source – ONS UK Business Counts

The estimates in the tables below are from the ONS Business Register and Employment Survey (BRES) for 2014. This survey focuses on the number of people employed by businesses. The estimates are for the reference date of 12 September 2014. Employment refers to the number of employees plus the number of working business owners.

Employees and employment for businesses in North Tyneside in 2014

Industry	Employees		Employment	
	Number	%	Number	%
Agriculture, forestry & fishing*	0*	0*	0*	0*
Mining, quarrying and utilities	600	0.7	600	0.7
Manufacturing	6,400	8.5%	6,400	8.4%
Construction	4,300	5.7%	4,400	5.8%
Motor trades	1,700	2.3%	1,700	2.3%
Wholesale	1,700	2.3%	1,700	2.3%
Retail	8,300	11.2%	8,700	11.4%
Transport & storage	2,700	3.6%	2,700	3.6%
Accommodation & food services	4,200	5.6%	4,400	5.7%
Information and communication	4,900	6.6%	5,000	6.5%
Financial & insurance	2,200	2.9%	2,200	2.9%
Property	1,100	1.5%	1,200	1.5%
Professional, scientific & technical	4,700	6.3%	5,000	6.5%
Business, administration & support services	7,900	10.6%	7,900	10.4%
Public administration & defence	3,800	5.1%	3,800	5.0%
Education	4,900	6.6%	5,000	6.5%
Health	12,200	16.4%	12,500	16.4%
Arts, entertainment, recreation & other services	3,000	4.0%	3,000	4.0%
Total	74,700	100	76,000	100

Source – ONS Business Register and Employment Survey * these figures exclude farm agriculture. Numbers are rounded to the nearest 100.

Employment status for businesses in North Tyneside in 2014

Employment status	Total	Public sector	Private sector
Employees	74,700	13,900	60,800
Full-time employees	50,600	8,300	42,300
Part-time employees	24,000	5,600	18,500
Employment	76,000	13,900	62,100

Source – ONS Business Register and Employment Survey

The public/ private allocation is derived from the legal status of a business and not the industry sector to which it is classified. Numbers are rounded to the nearest 100.