

Inclusive Economy Policy Statement

The ambition

The North of Tyne Combined Authority (NTCA) is focused on developing an inclusive and dynamic economy, for us this means becoming the home of ambition and opportunity for all.

The Combined Authority believes in opportunity for all, removing the barriers which make it difficult for people to take up employment and training opportunities. We want to empower our people with the skills and resources they need to take ownership of their futures and secure good jobs with fair living wages.

We will be the home of ambition, where every resident owns their economic future and all young people to have high aspirations, with support to enable them to make good choices. We will work to increase the earnings, qualifications levels and progression routes accessible to local residents so that every resident has the tools and confidence to access the higher skilled jobs in future.

What success will look like

We are focused on narrowing the gap both between the area and the national average (outside London) and within the area to reduce inequality; this includes:

- **Closing the gap on average earnings:** Increasing the earnings, qualifications levels and progression routes for local residents will be an important issue as an inclusive economy to ensure residents have access to new higher skilled jobs in future
- **Closing the unemployment gap:** Remove the barriers which make it difficult for people to take up employment and training opportunities
- **Closing the skills and education gap:** Through good schools and colleges, make sure our young people have the skills, experience and qualifications to take up quality training and jobs
- **Closing the aspiration and ambition gap:** So that local people own their own economic future and all young people to have high aspirations and confidence, with support to enable them to make good choices

The opportunity

There's something special about this area

Bringing together the communities of Newcastle, North Tyneside and Northumberland, we are a diverse, connected & collaborative new Combined Authority. Our vision is of a dynamic and more inclusive economy, which brings people and opportunities together 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.

There's a sense of optimism about our potential – we've a clear set of growth industries: digital and technology; energy, offshore and advanced manufacturing; financial and professional business services; pharmaceuticals and life sciences; and tourism, leisure and culture – and we're preparing for major new developments. The high growth sectors are closely linked to our research centres and infrastructure assets including business parks and ports.

Ours is the first devolution deal to be agreed with the new Government. It's a unique post-Brexit referendum devolution deal, designed to create an inclusive economy, with greater flexibility over the new funding and powers that come with it. We are taking this opportunity to tell our inclusive economy story as part of this new narrative of hope and ambition.

The anatomy of our inclusive economy challenge

Rising employment but too many low wage jobs

The Combined Authority area is experiencing strong employment growth; employment has increased by 6% over the past five years and the majority of these are 'better' jobs. We have had good employment growth in sectors which have high wages, for example digital. The North East region is a two-speed area, with an unusually high proportion of very high productivity firms, but also the highest proportion of low productivity firms in the country. Our task is to work with business to understand any barriers to productivity, looking to increase productivity whilst creating good employment opportunities.

We are creating jobs, but 82,000 of our workers earn less than the 'real' Living Wage – that's 23% of our workforce. Employment has been increasing, but wages have often stood still. Real wages in Northumberland are still lower than they were in 2009.

Creating a good work business pledge

Wages are only part of what is needed to achieve good work. Our work poverty challenges are being compounded by a lack of in-work progression and training. The proportion of part time working has increased from 29% in 2009 to 32% in 2017. Though a similar trend has been seen nationally, the levels across the Combined Authority area are unusually high.

We will work with business and civil society to change working practices, working with employers committed to providing pay and conditions which enable people to take up local jobs. The start of this will be through the creation of a good work business pledge, which will underpin much of our work with employers. This needs to be complemented with a social compact with residents - partners will pledge to provide opportunities, pathways and to change the demand for quality jobs, but people will need to be willing to get on and to be responsible for taking up the opportunities.

The area has sharp contrasts between deprivation and affluence; poverty and low earnings are part of this

Newcastle, North Tyneside and Northumberland have significant concentrations of both deprivation and affluence. This includes multiple, persistent and long-term deprivation for many individuals, concentrated in some communities located along the north bank of the Tyne and the former coalfield areas of south east Northumberland - with smaller pockets in our rural market towns.

Our employment rate remains below the national average, with 22,300 of our residents unemployed and 26,100 economically inactive due to long term illness. And too many of our residents are disconnected from our new growth industries – they don't see them, know they are for them, or have the right skills to work there. We need to change this.

Our Elected Members, teams and communities understand some of the challenges that individuals face. Through our approach we want to use this knowledge to deliver the type of support required to benefit from economic growth. This will create our inclusive economy.

Education is key to enabling residents to succeed

A good education generates better life outcomes for our young people. We're driving up educational standards and bringing educators and enterprise closer together to deliver prosperity that is inclusive of everyone. Skills levels are now higher than in any other northern city region, reflecting in particular the talent of our young people. We will position our area as the place to lead, teach, learn and build your career, to make sure we have the most exceptional leaders in schools.

The early years are vital for giving children strong foundations to start school and progress. Our schools generally perform well, with children better prepared to start school and doing better at primary school than in the country as a whole. But our area is also one of contrasts. There are pockets of poor educational outcomes and lower skills levels.

Providing an excellent education to all our young people is crucial to supporting good outcomes in later life. We also need to improve transitions from education into work, to ensure that our young people have the digital and other skills needed to maximise their future opportunities and promoting ongoing learning and development.

We need more of our residents to have the skills needed to access jobs and progress – this is a challenge as 18% have no or low qualifications. We will develop a new relationship with post-16 skills and training providers, including through the use of the Adult Education Budget, to better align our skills offer to the needs of the local labour market. This will include an increasing focus on technical skills and STEM [Science, Technology, Engineering and Maths] subjects.

Our approach – creating an inclusive economy the heart of our economic strategy

A new narrative for our place based on ambition, opportunity and everyone doing their bit

We will use the platform of devolution to develop an inclusive economy working with local people and businesses. We know what we need to do; we need to create better opportunities for all. This is about being ambitious for place, people and business; we will take a people focused approach to support every individual to succeed.

Leading by example

This means putting our investment to work – developing an investment approach that will link growth with inclusion, investing in growth sectors, also where there is a joint commitment to extend opportunities to disadvantaged individuals.

Inclusive innovation

We recognise that we still have limited means to make a difference. Our principle will be to use some of the investment funding on specific inclusive economy programmes test and evaluate where we are convinced there is an opportunity to make a difference and unlock the potential of our people, businesses and places. We will adopt these principles to illustrate where new mainstream approaches can make a difference to people's lives.

The potential to lead the way nationally

The North of Tyne Combined Authority will have a new deal with Government that unlocks new powers and new opportunities, but the delivery of its vision will not be the work of the public sector alone, it will require business, education and local people coming together to make good on our promise.

The Combined Authority will also seek new ways to unlock potential. We will become the national exemplar for showcasing the delivery of an inclusive economy. This is not easy, inequality is a long-term and entrenched problem. For those who feel left behind, we will have to work doubly hard to foster the pride and fire that drives ambition.

If you share our vision of prosperity and opportunity, of fairness, then you are a partner in our ambitious programme.