

# OPPORTUNITY FOR ALL



**North of Tyne  
Strategic Skills Plan**



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# FOREWORD



**Our vision is 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.**

To support the North of Tyne Combined Authority's (NTCA's) vision, our region requires a skills infrastructure that is fully aware of, and responsive to, the sectors that have labour and skills shortages. It also needs to take into consideration planned economic growth, both now and in the future. To achieve an economy that works for all, we must focus on engaging and upskilling our residents, including those furthest from the labour market, by providing specialist and intensive support to overcome often multiple and complex barriers to employment.

Our region has many challenges to overcome. The Covid-19 pandemic has led to an economic shock that is unprecedented in its size and speed and we are starting to see the economic effects of the crisis escalate. The pandemic has made existing high youth unemployment and high adult worklessness more acute in our region; 97% of our businesses have been impacted and a significant proportion of our residents are reliant on employment in the sectors most affected, such as retail, culture, leisure and tourism.

It is too early to be able to accurately predict the ultimate impact but the need to ensure our residents have the right skills to get a good job and progress in work, and employers have access to an adaptable, resilient and skilled local workforce, has never been greater.

The skills system has a key role to play in meeting the region's economic and social challenges. Developments such as the UK's withdrawal from the European Union, rapid technological change and population ageing all demand a prompt and effective response.

Driving up the skills capacity of the local population is linked to a more flexible and productive workforce which in turn is a key driver of productivity improvements. For our people, it can lead to better employment opportunities, improved pay prospects and a better quality of life. For business, it means success with improved productivity, innovative practices and quality products. For the region, it represents sustained future prosperity.

This Strategic Skills Plan is closely aligned to the North East Recovery and Renewal Plan.<sup>1</sup> We recognise that effective skills interventions have a key role to play in ensuring our residents and businesses are best equipped to deal with today's competitive jobs market and the challenges yet to come. Ultimately, it's about investing in our residents as our greatest asset and so securing a fairer future for all generations across the region.

<sup>1</sup> <https://www.northeastlep.co.uk/wp-content/uploads/2020/10/north-east-recovery-and-renewal-deal-for-publication.pdf>

# SECTION 1: BACKGROUND



**This Strategic Skills Plan sets out our ambitious programme for skills development in the region. It highlights strengths, opportunities and challenges and sets out our key priorities to ensure our people have the skills to get a good job, progress in work and that employers have people with the right skills they need to support a strong and inclusive local economy.**

The plan builds on the Adult Education Budget (AEB) Strategic Skills Plan published in 2019 which set out the key priorities for the devolved AEB. The pace of change since its launch has been significant across many areas, making it timely to refresh this document and align the devolved AEB to the wider skills interventions that are needed.

The aim of this plan is to provide an overview of the high-level skills interventions required to support our inclusive economy, and which are likely to have the greatest impact in terms of addressing skills deficits and supporting growth.

NTCA's Strategic Skills Plan will:

- Provide a clear direction of travel to skills commissioners, our provider networks and employers.
- Influence local skills provision and curriculum design.
- Become a vital tool in setting priorities, allocating resources and potential funding.

Our plan puts skills at the centre of NTCA's economic ambitions. We will build on successful partnership working to ensure our skills system is informed by employers and able to supply high quality employees for the jobs of the future.

We will work collaboratively with national strategic partners and local stakeholders to align our skills investments with other funding streams and activity. This will ensure we complement, rather than duplicate, the wider learning experiences and opportunities that support our residents to progress in learning and to move towards or into productive and sustained employment.

This refreshed Strategic Skills Plan builds on key priorities set out in the NTCA's Post-Covid Economy Plan alongside the wider North East Recovery and Renewal Plan and will play a key role in the region's economic recovery.

The plan also supports the North East Transport and Connectivity Plan. We recognise that connectivity (including digital connectivity) plays a crucial role in enabling economic growth by facilitating trade and investment, movement of goods and services and sustaining jobs and training opportunities for our residents.

## SECTION 2: OUR SKILLS PRIORITIES



NTCA’s skills priorities support the North of Tyne’s Economic Vision. Our headline priorities, actions and measures are summarised in the table below:

Priority	Key Actions	Measures
<b>Secure better outcomes for young people</b>	<ul style="list-style-type: none"> <li>• Support multi-agency approaches which ensure young people are fully aware of the careers in demand locally; career paths into those jobs; and their training options</li> <li>• Promote traineeships and apprenticeships among employers and young people</li> <li>• Work with skills providers to increase the range of opportunities for young people to gain skills and qualifications which match labour market demand</li> </ul>	<ul style="list-style-type: none"> <li>• NEET rate for 16–24 year olds</li> <li>• Participation in Apprenticeships and Traineeships by 16–24 year olds</li> <li>• Attainment of Level 2 and Level 3 qualifications amongst 19–24 year olds</li> </ul>
<b>Invest in skills to support the local economy</b>	<ul style="list-style-type: none"> <li>• Promote dialogue and collaboration between providers and employers in the development of skills provision to address skills shortages in our recovery and growth sectors</li> <li>• Work with the provider network to meet the demand for higher level technical skills including digital</li> <li>• Commission activity that supports NTCA residents to gain the skills needed for a changing economy including green skills</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of employers reporting skills gaps and shortages</li> <li>• Proportion of employers reporting hard to fill vacancies</li> <li>• Proportion of working age population with Level 3 and Level 4 qualifications</li> <li>• Participation in provision linked to our recovery and growth sectors and skills for a green economy</li> </ul>
<b>Help people progress into work</b>	<ul style="list-style-type: none"> <li>• Support our residents of all ages, including those in work, to develop their skills to progress into better jobs and increase their earnings</li> <li>• Extend the reach of learning opportunities to a broader range of underrepresented groups</li> <li>• Support provision to address barriers to employment, including improving attainment in basic English, maths and digital</li> <li>• Continue to promote the benefits of investing in the workforce through the Good Work Pledge</li> </ul>	<ul style="list-style-type: none"> <li>• Participation of low wage residents in AEB funded provision</li> <li>• Participation in learning by underrepresented groups</li> <li>• Participation and outcomes from AEB funded English, maths and digital entitlement</li> <li>• Employer engagement with the Good Work Pledge</li> </ul>

# SECTION 3: OUR AREA



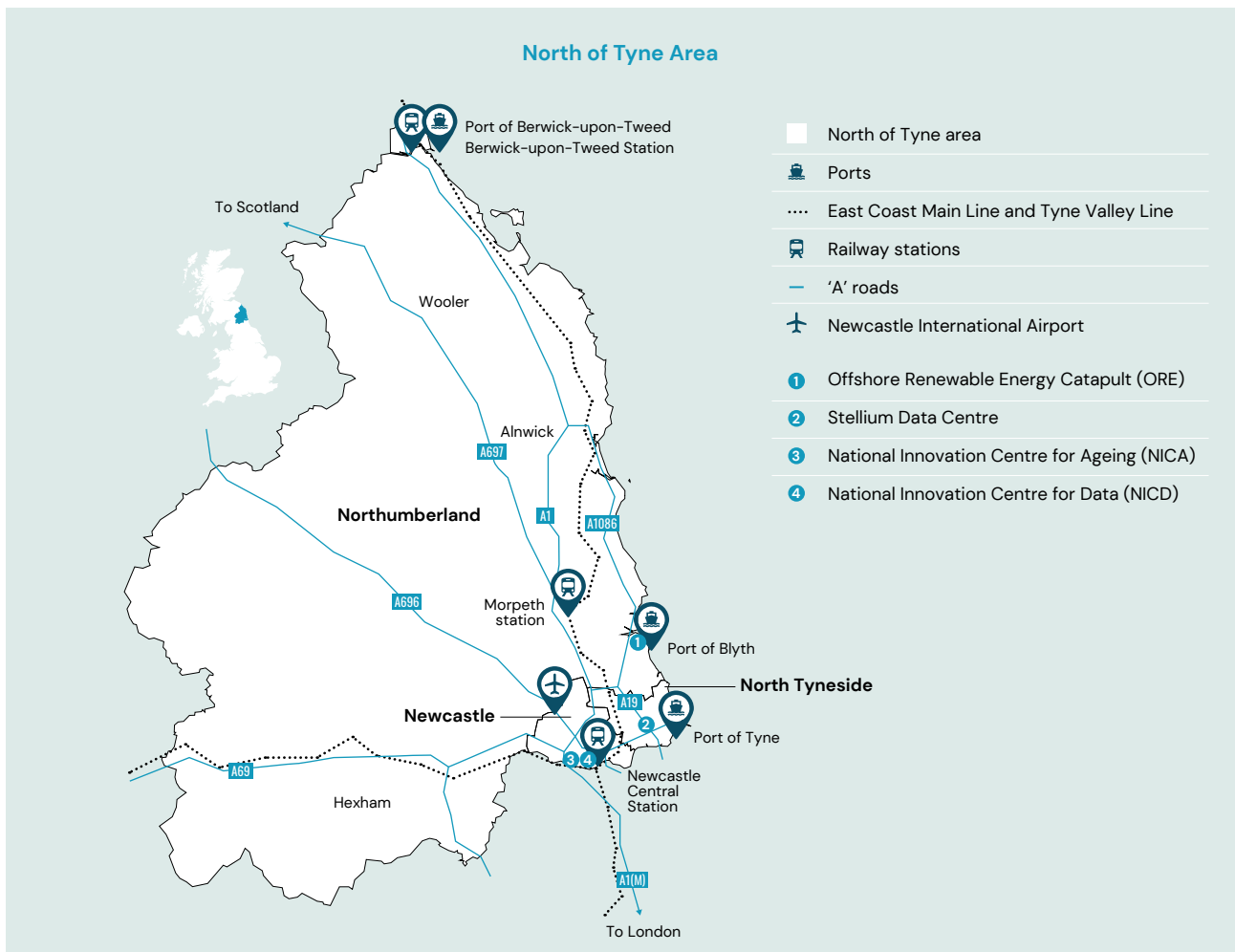
**The North of Tyne Combined Authority area begins at the most southerly boundary of Northumberland and continues north to the border with Scotland, and spans from the North Sea on the east coast to the border with Cumbria in the west.**

It encompasses Newcastle, North Tyneside and Northumberland Local Authority Districts and includes the city of Newcastle, coastal communities spanning from Tynemouth to Berwick, the market towns of Morpeth, Hexham and Alnwick and many rural communities.

It has a population of 833,200, with 24,000 businesses. 522,700 (63%) of the population are of working age (16-64).<sup>2</sup>

NTCA has a strong identity based upon a common history and a network of distinctive but interconnected communities. Many bear testament to an illustrious industrial and mining heritage. Even with a transition to a predominantly service-based economy, manufacturing continues to play an important role in employment and defining the ongoing characteristics of communities – particularly along the river Tyne and in south east Northumberland.

The North of Tyne area has great assets in our universities, innovative businesses, international connectivity and rich cultures. It has a strong track record of creating jobs and supporting world-leading businesses. Our unique combination of city, coast and countryside offers a range of great places to live, work and bring up families.



<sup>2</sup> ONS Annual Population Survey

## SECTION 4: AN INCLUSIVE ECONOMY



**Our vision is focused on developing an inclusive and dynamic economy and this means becoming the home of ambition and opportunity for all.**

We believe in opportunity for everyone, 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.

### To NTCA this means:

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



We want to target our resources where they can make a real difference to people's lives as part of our commitment to creating an economy that delivers for everyone and leaves nobody behind.

**Cllr Joyce McCarty**  
Cabinet Member for Employability and Inclusion



# SECTION 5: OUR RECOVERY AND GROWTH SECTORS



The region has a comparative advantage and strong potential in a number of sectors. These include a fast-growing tech and digital sector; research and design in low carbon energy and the offshore sector; a strong pharmaceuticals and life sciences sector; major employment in financial and professional business services; and a world-class urban and rural tourism and leisure offer.

NTCA’s recovery and growth sectors have the potential to offer employment opportunities and significant GVA growth. We have an opportunity to plan for this growth and jobs by ensuring the Combined Authority, with skills providers, including colleges and universities, are investing in the right skills provision.

## A fast-growing tech and digital sector

Across the region there is evidence of a strong, diverse and inter-connected digital sector that is leading the way in developing and applying new technologies and data analytics capability.

The extent to which individuals, businesses and our economy can reap the benefits of our fast and growing digital sector changes will depend critically on the readiness of the skills system to help people develop and maintain relevant skills over their working careers.

We recognise the importance of baseline digital skills which are becoming a near-universal requirement for employment. However, our skills system also needs to supply high-level specific digital skills including: Software and Programming; Networking Systems; Data Analysis; Digital Marketing; Digital Design; Customer Relationship Management Software; and Machining and Manufacturing Technology.

Specific high-level digital skills are key to unlocking opportunities for job seekers to qualify for the best paying and fastest growing jobs in the region, as well as to address the shortage of digitally skilled workers in our area.

## Green growth and energy

The North of Tyne Devolution Deal identifies energy as a sectoral strength, with significant energy technology and low-carbon expertise. In the North of Tyne Vision Statement, sustainable and low carbon futures is identified as an important priority in ensuring pride of place, ensuring the region is an environment where people want to live, work and visit.

NTCA recognises the scale of the challenge to reduce carbon emissions but also the opportunity that the shift to a green economy presents for the North of Tyne area.

New jobs (some of which have yet to be invented) and new green skills are likely to be increasingly required in all sectors. There is, for example, growing demand for skills in the context of the green economy covering retrofitting / energy efficiency; eco/green construction methods; resource efficiency; the low carbon industry; climate resilience; and skills to manage natural assets.

In order to support green growth our skills system must better understand the projected skills requirements of these sectors and ensure the necessary provision is in place to contribute to a just and inclusive low carbon transition.





## Culture, creative and tourism

The North of Tyne has a unique city, coast and country offer and boasts key assets in the cultural, creative and tourism sectors.

The Covid-19 crisis has had a significant impact on these sectors due to the sudden and massive loss of income generating opportunities, especially for more fragile businesses. At the same time, the importance of culture, creativity and tourism for society has become even more clear for our mental health and wellbeing.

The reinvigoration of the events and cultural / creative offer is a priority for NTCA. Our environment and heritage are key economic key assets and we recognise the role that the creative industries and the visitor economy play in driving economic growth and job creation across the region.

Investment in skills is crucial to develop more resilient freelancers, businesses and organisations, as well as ensure our residents have access to the many employment opportunities in this sector.

## Finance and professional business services

The region has a strong and diverse financial, professional and business services sector. We are home to leading regional companies in law and finance and specialist consultancies supporting key areas of opportunity like offshore energy and construction.

There are opportunities for growth in financial technology, and as a result, high-calibre accounting and finance experts are increasingly sought after to support business growth, address financial instability across multiple sectors, and provide vital in-house functions for businesses.

Skills shortage vacancies (SSVs) in the finance and business services sector are highlighted in the most recent Employer Skills Survey (ESS)<sup>3</sup>. In the North East Local Enterprise Partnership (LEP) area, the SSV density tells us that the proportion of skills shortage vacancies for this sector in 2019 was 35%. This was an increase of 8 percentage points on the previous survey in 2017.

Our skills system including the Higher Education sector has a crucial role in ensuring there is a pipeline of talent with the high-level technical skills that employers have highlighted as valuable for positions in the finance and professional services sector. These include interim management and project management skills, audit and accounting as well as specialist skills in business partnering, financial reporting and compliance.

## Health, pharmaceuticals and life science

The region is uniquely placed by having innovative sectors that are poised for growth, with significant strengths in health, life science, translational medicine, and med-tech R&D capability. We have a unique set of health and care assets with access to world class hospital trusts, a collaborative health and social care system and high-quality adult social care services.

A supply of skilled people is a foundational requirement for innovation in these areas – we not only need ideas and capital, but also the people. Skilled people with deep technical knowledge, those with management expertise and entrepreneurs are all important ingredients for these sectors at every level.

## Ageing and longevity

Ageing is now well documented as one of the greatest social and economic challenges of the 21st century. By 2040, the number of people in the UK aged 50 and over is expected to increase by 21%, from 25 million to 30 million<sup>4</sup>. In the North of Tyne more than 270,000 residents, or one in three people living in our area, is aged 55+.

The ageing and longevity economy is growing and transforming society. Instead of fixating on the fiscal costs related to demographic ageing, there is an increased focus on the considerable economic opportunities associated with our growing older population<sup>5</sup>.

The NTCA Devolution Deal identifies innovation assets of national and international importance in the context of the ageing and longevity economy. Our vision is to use our recognised expertise in the dynamics of ageing to improve the experience of ageing across our society and by leading cross sectoral collaboration and innovation, unlock social and economic value from successful positioning of the region as an international leader in ageing well and the ageing economy.

The skills sector is an essential component in unlocking the significant social and economic potential of our ageing and longevity economy. Provision is required to support start-up businesses and entrepreneurs to innovate in order to serve the evolving tastes and consumer preferences of our older generation.

Education and training are required to support our rapidly ageing workforce; people aged 50 and over are working longer than ever before, generating a growing share of earned income. Skills providers can support employers to retain older workers and utilise their extensive experience and talents.

<sup>3</sup> <https://www.gov.uk/government/publications/employer-skills-survey-2019-england-results>

<sup>4</sup> Principal projection - UK population in age groups - Office for National Statistics (ons.gov.uk)

<sup>5</sup> Maximising the longevity dividend - ILCUK

The skills sector can also help older people to overcome barriers to gaining employment, increasing qualification levels and providing employability support. This includes ensuring our older population is able to adapt to digitalisation in order to benefit from the many employment and social opportunities that digital skills provide.

Whilst our residents are living longer, too many are living more of these years in ill health and health inequalities are widening across our region. Covid-19 has brought these health inequalities into sharp focus and has the potential to deepen them further. The provision of adult learning

to support older people to maintain a sense of personal independence as they age and remain active in their communities will contribute to healthy ageing.

If we can overcome the barriers to older people working and continuing as consumers, we will see substantial economic gains, which will grow over time as the population ages. This would also help to offset projected rises in age-related fiscal costs. To achieve this, we need action to enable healthy ageing, to address the barriers to employment, to support older people's incomes and to encourage businesses to respond.



# SECTION 6: SECTORS IN THE WIDER ECONOMY



It is important to consider sectors in the wider economy which are made up of the services, production, consumption and social goods that sustain our daily lives. Core activities in the wider economy include transport, childcare and adult care, health, education, and the sectors of hospitality, retail, food processing and distribution.

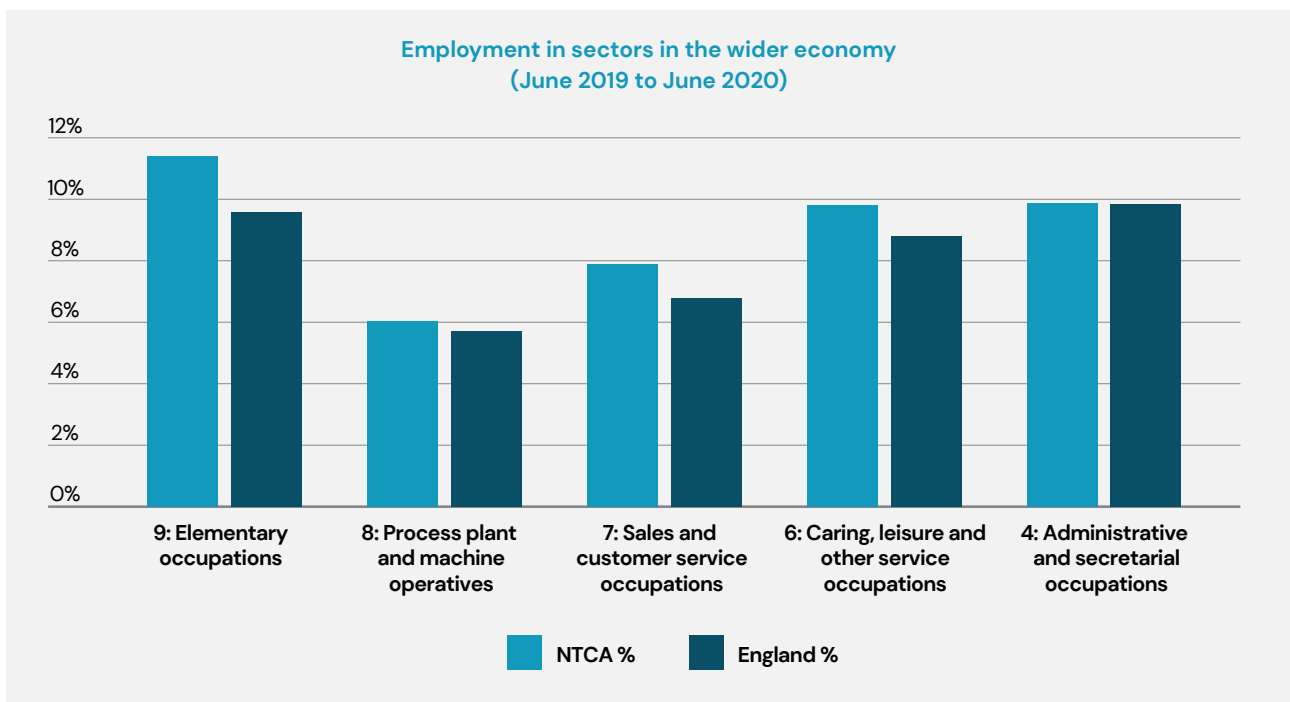
In the 12 months up to June 2020 these sectors employed around 45% of the workforce in NTCA.<sup>6</sup>

The Covid-19 crisis has put many elements of this workforce at centre stage, from those who create the goods and services that people need, to the commitment of health, social care, transport, food and other essential workers to keep working throughout the pandemic.

It also exposed poor pay and the insecurity of many workers in these essential services despite the vital economic value they create.<sup>7</sup>

It is critical that our skills system acts as an enabler of labour market progression for workers in these sectors. Now more than ever, in addition to the specialist skills that are needed for specific occupations, these residents require transferable skills in digital, evaluation and problem solving which are required for most jobs.<sup>8</sup>

This will provide these workers with the flexibility to adapt or specialise in a range of roles, ensure they are prepared for a more 'automated' future, and supported to compete through high skills and innovation rather than low income and undervalued skills.



<sup>6</sup> ONS Annual Population Survey

<sup>7</sup> A Better Recovery | TUC

<sup>8</sup> <https://www.gov.uk/government/publications/employer-skills-survey-2019-england-results>



## SECTION 7: DIGITAL SKILLS AND INCLUSION



**Digital inclusion is about having access to the internet and the skills and confidence to use the internet safely. Investing in our residents' digital skills will help us to face the future.**

Covid-19 exposed our digital divide and exacerbated digital exclusion rather than inclusion. For many of our residents who were staying at home to stay safe, technology became a necessity for keeping in contact with family, working remotely and accessing vital information. However, the least digitally engaged in our region were put at a real disadvantage.

The latest Lloyds Bank Digital Index survey data<sup>9</sup> for 2020 indicates an estimated nine million people, 16% of the UK population, are unable to use the internet and their device by themselves. At a crucial time when digital can turn isolation into inclusion, the Lloyds Bank report suggests only 7% of over 70s are likely to have the capability to shop and manage their money online.

Digital exclusion also exposes the poverty divide. Often, it is the most vulnerable and disadvantaged who are the most likely to be digitally excluded. Research commissioned by the Good Things Foundation suggests that 23% of children in the poorest families don't have home access to broadband and a laptop, desktop or tablet; 4 in 10 people claiming benefits lack all the essential digital life skills; and the least digitally engaged spend an average of £348 more per year on utility bills<sup>10</sup>.

People with disabilities also face barriers in accessing technology. The Lloyds Bank survey suggests people with disabilities are 25% less likely to have the skills to access devices and get online by themselves. This may be due to the cost of everyday devices and the expensive assistive technology some may have to buy to use them. Only 2% of the world's most popular websites meet the legal minimum requirements for accessibility. Therefore, once equipment is purchased and the digital skills are acquired, our residents with disabilities may still be 'designed out' of using digital products and services.

Covid-19 has created a window for change and shown how essential digital skills are to us all. Our residents and

businesses have responded to the crisis with innovation and resilience and got to grips with technology through challenging times.

Our ambition, working with a cross-sector of partners, is to reduce the number of our residents lacking digital competencies. We can fire up our economy by investing in a step change in NTCA's digital capability to secure our recovery and ensure everyone can get back to their best in life and work.

### Digital growth and innovation programme

Our innovative digital growth and innovation programme has digital inclusion for our residents and raising overall digital skill levels in the NTCA area at its heart.

This targeted investment from NTCA will play a key role in driving forward a programme that is focussed on productivity improvement, innovation and the protection and creation of jobs.

Overall, the programme will provide a balanced and future oriented strategy for the digital sector here. It will drive improved digital connectivity and the wider adoption of digital technology across society and the economy, and prepare our businesses and communities for the future.

### The essential digital skills entitlement

The devolved AEB has provided NTCA with the opportunity to commission over 4000 enrolment opportunities for the delivery of digital skills. This includes the new statutory digital entitlement to enable residents to be fully funded for digital skills, up to and including Level 1.

The devolved AEB is also providing bespoke digital skills to support residents who are currently experiencing major barriers to accessing and engaging online information and advice, and who are at risk of becoming further marginalised during the Covid-19 pandemic.

We will work with providers as this digital entitlement embeds to analyse uptake and ensure it impacts on local skills levels.

<sup>9</sup> [https://www.lloydsbank.com/assets/media/pdfs/banking\\_with\\_us/whats-happening/lb-consumer-digital-index-2020-report.pdf](https://www.lloydsbank.com/assets/media/pdfs/banking_with_us/whats-happening/lb-consumer-digital-index-2020-report.pdf)

<sup>10</sup> <https://www.goodthingsfoundation.org/sites/default/files/blueprint-for-a-100-digitally-included-uk-0.pdf>

## SECTION 8: A GREEN ECONOMY



**The green economy is defined as one in which value and growth are maximised across the whole economy, while natural assets are managed sustainably.**

Such an economy would be supported and enabled by a thriving low carbon and environmental goods and services sector. Environmental damage would be reduced, while energy security, resource efficiency and resilience to climate change would all be increased.

The government's legal commitment to delivering net zero emissions by 2050 and ambitions for a green recovery not only requires policies to drive low carbon economic activity, but also investment in human capital and skills<sup>11</sup>.

The low carbon economy is predicted to grow four times faster than the rest of the economy over this decade<sup>12</sup> and the transition to this green economy provides a real opportunity for driving the economic recovery from the Covid-19 crisis in the NTCA region.

Sectors will see a change in the profile of skills required and a significant potential to deliver new jobs. Research by the Local Government Association has shown that in the North, where many workers are specialists in power generation, storage and low carbon technology and processes, the wind, nuclear, hydrogen and carbon capture and storage industries could create over 84,000 potential jobs by 2050<sup>13</sup>. There is also huge potential for job creation through the low carbon transition in other sectors of the economy including buildings, energy, manufacturing, transport and ICT.

These jobs will require a diverse range of skills and expertise to support the production and deployment of clean technologies. Some of these jobs could involve installing heat pumps, manufacturing wind turbines, engineers with renewable energy skills and installers of electric vehicle (EV) charge points.

The transition to a green economy requires a workforce with the right skills. This includes not only skills in the low carbon and environmental goods and services sector, but also those needed to help all businesses use natural resources efficiently and sustainably and to be resilient to climate change.

Skills gaps are already recognized as a major bottleneck in a number of these sectors, such as renewable energy, energy and resource efficiency, renovation of buildings, construction, environmental services and manufacturing.

The skills system has a crucial role to play in equipping our workforce with the right skills to build an inclusive and competitive low carbon economy. With the right skills provision and innovation investment, there is an opportunity to reenergise sectors that were already struggling with competitiveness and attracting the right talent, making them more competitive in this challenging economic climate.

<sup>11</sup> <https://www.aldersgategroup.org.uk/asset/1702>

<sup>12</sup> Department for Business, Energy & Industrial Strategy (October 2017) Clean Growth Strategy

<sup>13</sup> Local Government Association (June 2020) Local green jobs – accelerating a sustainable economic recovery

## A just and inclusive low carbon transition

NTCA recognises the scale of the challenge to reduce carbon emissions but also the opportunity that the shift to a green economy presents for the North of Tyne area.

The Combined Authority has approved its £9m Green New Deal Fund which will deliver significant carbon reductions, as well as support new industry and jobs in areas where emissions reductions are most needed.

NTCA has also allocated £2m to support green skills as part of NTCA's wider skills for growth programme. This fund will target employers in low carbon sectors to work alongside skills providers to identify the training and support they need to upgrade and utilise their existing skills in the transition to a green economy.

The recent government announcement regarding the 'Lifetime Skills Guarantee' provides NTCA with an opportunity to support Level 3 technical skills that are required to address skills shortages for a green economy. NTCA will work with providers to consider the technical qualifications that will be required in curriculum planning and development.

AEB providers will also be encouraged to develop Sector-based Work Academy Programmes to enhance opportunities for the unemployed to take advantage of the job opportunities that will be created in the transition to a green economy.

Building the recovery from Coronavirus represents a once in a generation challenge. But it is also an opportunity to take the urgent action needed to build a greener and fairer economy in the NTCA area contributing to a 'just low carbon transition'.

A 'just transition' is rapidly emerging as an essential element in the successful transition to a resilient zero-carbon economy. The need for a just transition emerged from the recognition that jobs in carbon intensive sectors may be at risk from the transition to a low carbon economy.

A just and inclusive transition requires a focus on ensuring that actions to tackle climate change also take account of core social priorities, such as distributional effects and the ways in which decisions are made<sup>14</sup>. This includes increased opportunities for learning and skills to prepare workers for the transition and provide a clear pathway to new jobs for the unemployed.

<sup>14</sup> [https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/02/Investing-in-a-just-transition-in-the-UK\\_policy-brief\\_8pp-1.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2019/02/Investing-in-a-just-transition-in-the-UK_policy-brief_8pp-1.pdf)



# SECTION 9: THE ECONOMIC CONTEXT



The NTCA has a large and diverse economy with many strengths. However, it faces challenges of low productivity and pay, linked to a range of issues, including a deficit of skills which has led to some organisations being less agile and less able to adapt to a changing political, economic and technological climate.

This means that recovery from the Covid-19 crisis begins from a more challenging position than many other parts of the UK. The crisis has already caused major disruption to the local labour market and the effects could prove to be long lasting, with implications for the role of skills interventions.

Economic strengths	Economic challenges
Sectoral strengths: digital; knowledge-based services; manufacturing; and health, life sciences and pharma.	High youth unemployment and high adult worklessness.
Leading location for renewable and offshore energy production and supply chain.	Previous labour market recoveries have been slow.
World class cultural creative assets and life-work balance.	Rural and coastal reliance on tourism, culture and farming.
World class innovation assets and translational R&D in ageing, data, digital construction and rural productivity.	Pockets of deprivation; underperformance in GVA per head.
Natural and built assets, with strong, agriculture, tourism and climate innovation.	29% of workforce was furloughed.

### Impact of Covid-19

Analysis by the Learning and Work Institute (LWI)<sup>15</sup> confirms that the Covid-19 crisis will cause an unprecedented increase in unemployment which risks exacerbating pre-existing economic inequalities.

The economic pain inflicted by Covid-19 will be felt unequally across the UK. LWI notes that the North East has a higher proportion of employment in ‘shutdown sectors’; 36% of people in the North East work in the occupations that were most impacted by the first lockdown in March 2020, compared to just 32% in London.

The impact of the Covid-19 crisis has fallen most severely on individuals with low pay and less job security, affecting disproportionately young people, women and our ethnic minority (BAME) communities. According to analysis by the Institute for Fiscal Studies (IFS)<sup>16</sup>:

- Nearly a third of young workers are employed in sectors that were most impacted by the crisis, compared with one in eight of those aged 25 or over.
- Low earners are seven times as likely to have been employed in affected sectors than the highest paid.
- Women are about one third more likely than men to work in these sectors.

The Covid-19 pandemic has impacted all communities across the United Kingdom. However, those from BAME backgrounds have been disproportionately affected by the virus in terms of transmission and health.<sup>17</sup>

In the Combined Authority area, skills providers report that BAME residents whose first language is not English are also increasingly marginalised as a result of the crisis by a lack of digital skills to access information and support. Digital skills for residents whose first language is not English are being delivered through the devolved AEB and this essential provision will continue to support digital inclusion for our BAME residents.

The impact in the NTCA so far has been felt by our residents, businesses and places as follows:



<sup>15</sup> <https://www.learningandwork.org.uk/resource/coronavirus-set-to-lead-to-unprecedented-unemployment-shock-and-widening-economic-inequalities/>

<sup>16</sup> <https://www.ifs.org.uk/uploads/BN278-Sector-shutdowns-during-the-coronavirus-crisis.pdf>

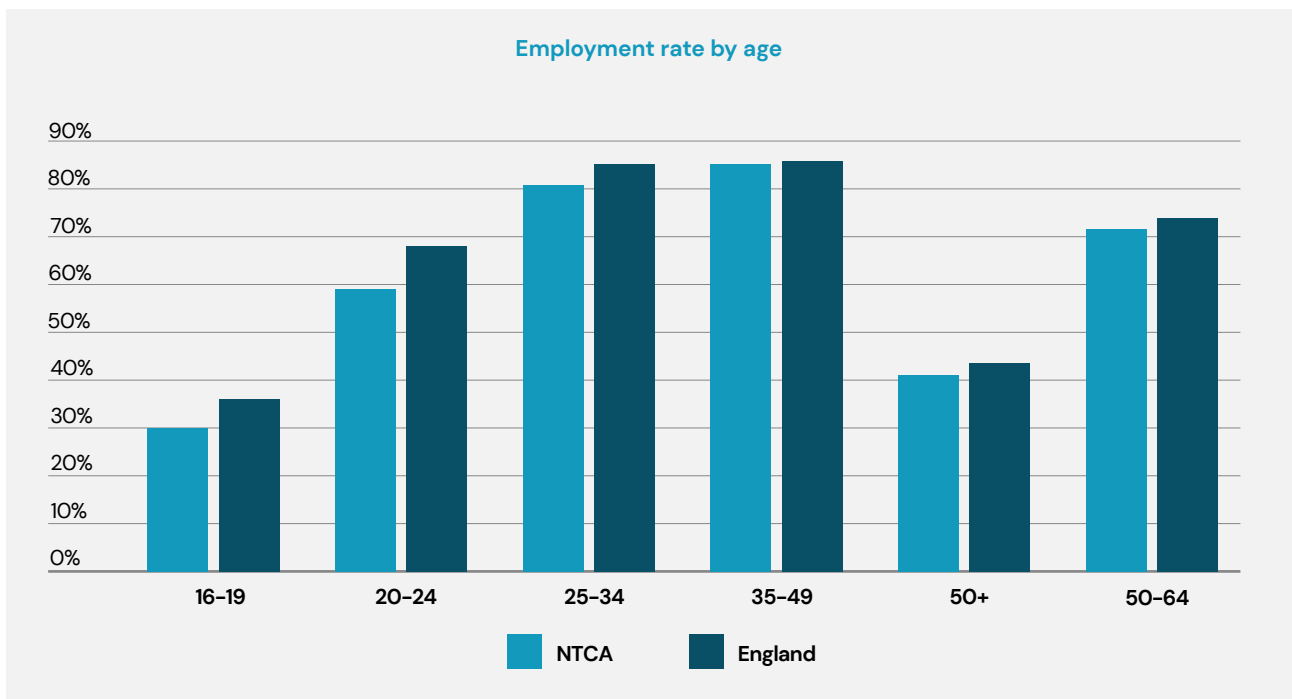
<sup>17</sup> The Impact of COVID-19 on BAME communities in the UK - Curriculum Press ([curriculum-press.co.uk](http://curriculum-press.co.uk))

### Employment rate

The NTCA area had lower levels of employment when compared to other regions before the crisis. This suggests the impact of the crisis risks widening regional inequalities and that the government’s efforts to ‘level up’ prosperity across the UK will require a significant boost.

In the 12 months to June 2020, the employment rate stood at 71.3%, 4.9% points lower than for England, with Newcastle having the lowest employment rate of 67.4%.

Employment rates in the North of Tyne are less than England averages across all age groups with just 60% of the population aged 20–24 in employment compared to the England average of 67%.<sup>18</sup>



In the 12 months to June 2020 only 50% of our working age residents with disabilities in the NTCA were in employment, compared to 79% of working age residents with no disabilities. This data does not highlight that employment opportunities for residents with disabilities are often low paid and insecure.

The charity Scope suggests that people with disabilities have been among the hardest hit during the Coronavirus crisis and this looks set to worsen. Job centres and libraries have been closed during the pandemic. With some support systems unavailable, people with disabilities have faced multiple barriers in finding employment, education or training.

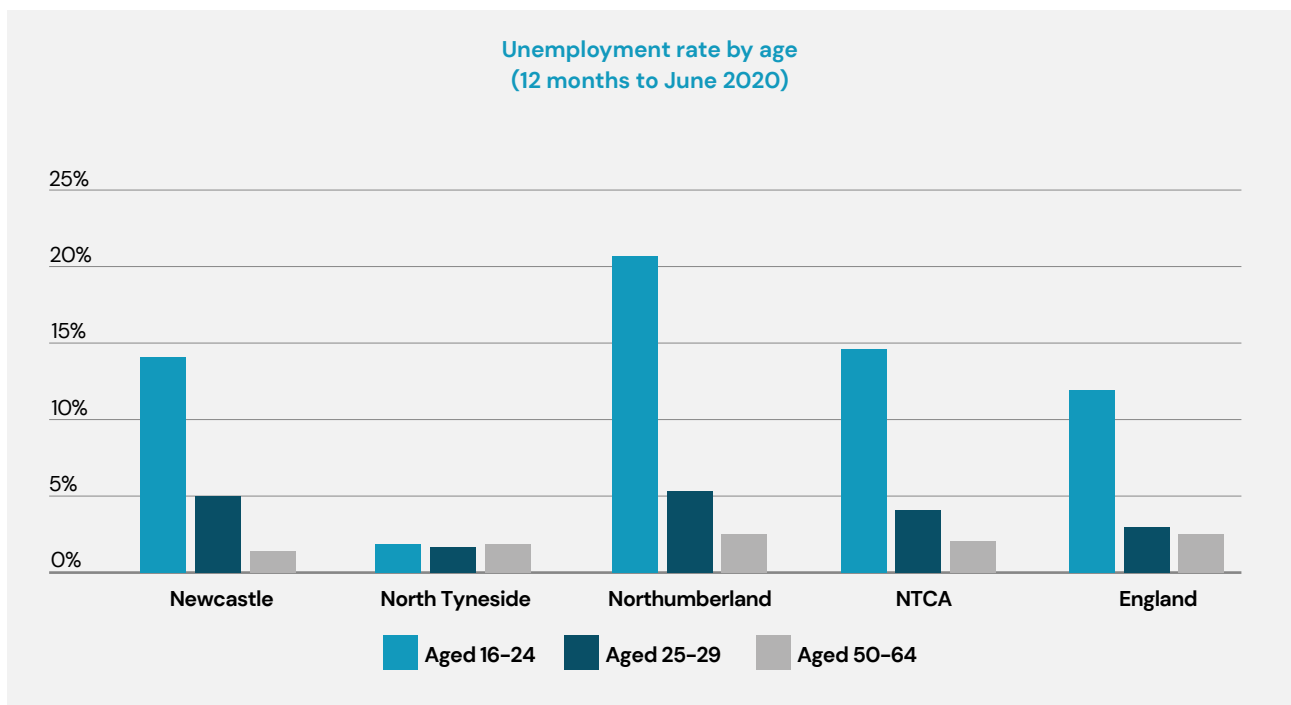
It is essential that our skills system supports all our residents including those with disabilities who face the most disadvantages to learning and work. Our skills programmes need be accessible and inclusive if we are to close the disability employment gap.

<sup>18</sup> ONS Annual Population Survey

## Unemployment rate

In the 12 months to June 2020 the unemployment rate in NTCA was **5.1%**, with the North East region having the highest unemployment rate across England at **5.6%**.

Unemployment amongst young people in NTCA is considerably high and **15% of those aged 16–24 were unemployed** in this period compared to 12% in England.

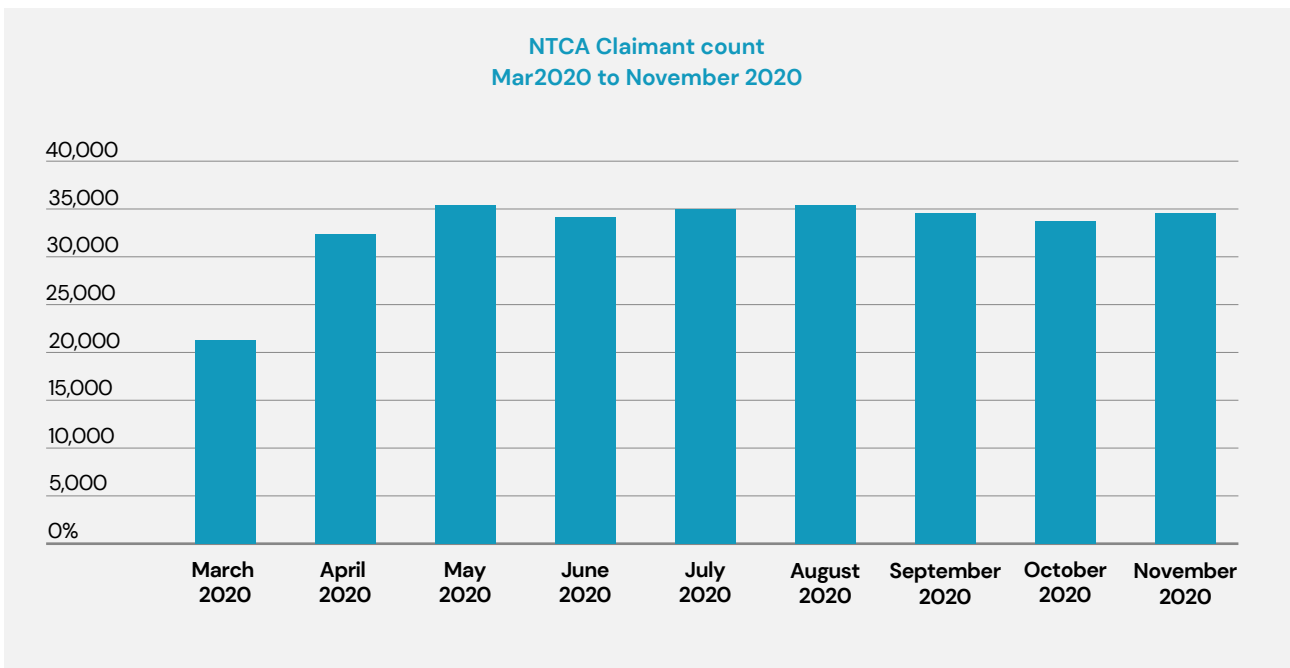


Covid-19 has widened social inequalities in our region. In addition to high unemployment rates among our young people, analysis shows that women are at greater risk of unemployment. This is the same for those with no or low qualifications who are twice as likely to work in sectors most impacted by the crisis, compared to those with a degree level qualification.

### Claimant count

The region has already seen a large increase of people claiming unemployment benefits. In the period between March and November 2020 the claimant count increased by 13,910 or 67% to 34,815.<sup>19</sup>

The biggest increase took place between March and April as the first restrictions introduced as a result of Covid-19 led to a sharp rise in the number of claims for Universal Credit.



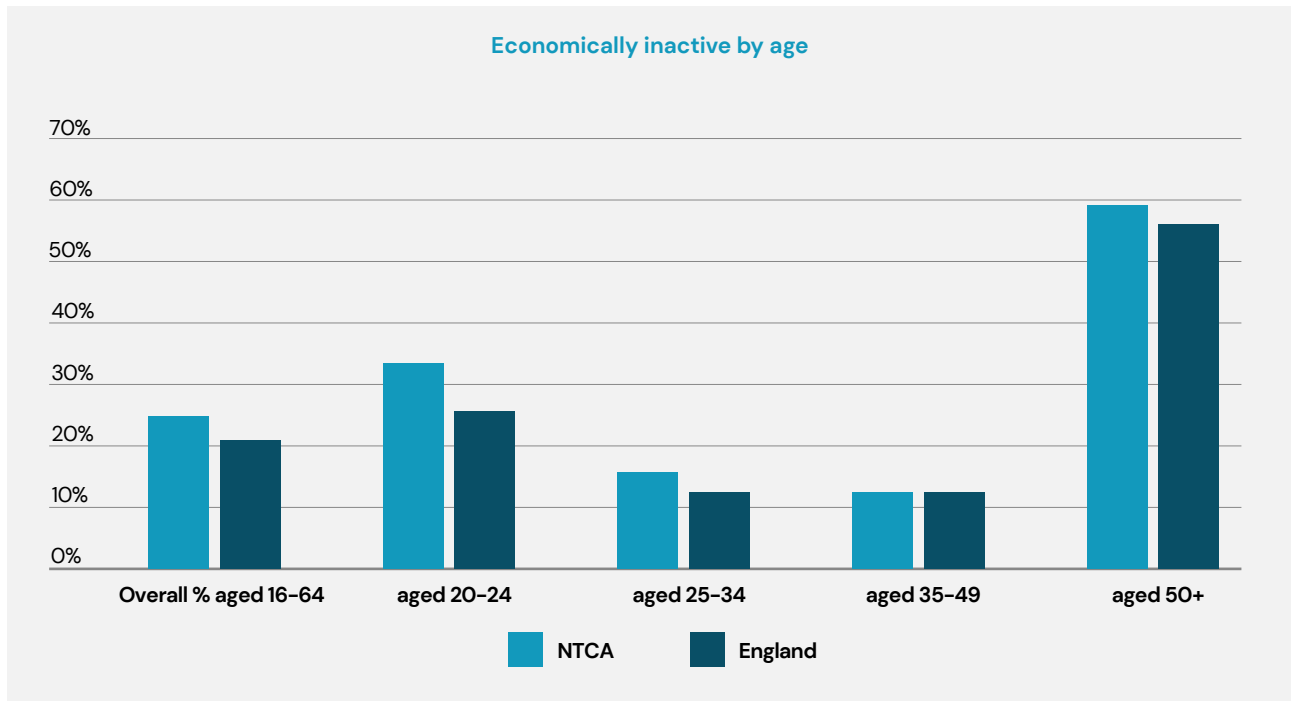
The increase in the number of people claiming unemployment benefit not only reflects the increase in jobless people, but also the large number of people and households whose income has been affected by the crisis.

This has major implications for the focus of skills interventions. Many of the people who have become jobless as a result of the Covid-19 crisis will require support with reskilling in order to get them back into a job.

<sup>19</sup> <https://www.nomisweb.co.uk/reports/lmp/comb/1853882379/report.aspx>

### Economic inactivity

Economic inactivity across all age groups in the NTCA area is persistently higher than England rates, particularly in relation to two age groups, with 34% of our 20 to 24 year olds and 59% of over 50s economically inactive.



The Centre for Aging<sup>20</sup> suggests that the over 50 age group experiences an ‘unemployment trap’ – meaning they are more likely to be out of work than younger age groups, and once unemployed they struggle more than younger jobseekers to get back into employment.

The report shows that people aged over 50 face a complex range of challenges in returning to work. These include poor health and long-term conditions, caring responsibilities, a lack of suitable and accessible employment opportunities and perceived age bias. This highlights the need to do more to address the many barriers our residents aged over 50 face in returning to work.

Employability and skills support must be tailored to an individual’s own circumstances and respond to the particular barriers that they experience in their local area.

A significant number of all those economically inactive in the NTCA region want a job (28,000, 23%). Understanding the reasons why these residents are not accessing employment is fundamental. We need a much better joined up approach at local level, with employment, skills, health and other forms of support all linked together to provide services that support these residents back to work.

Tapping into the potential of the economically inactive who want to work would bring large gains to NTCA’s economy, not only in terms of productivity and addressing skills shortages but in terms of improving individual wellbeing, reducing inequalities and creating a more inclusive society.

<sup>20</sup> Millions of unemployed over 50s struggle more than young people for jobs – Workplace Insight



# SECTION 10: THE LONGER-TERM ECONOMIC CHALLENGE

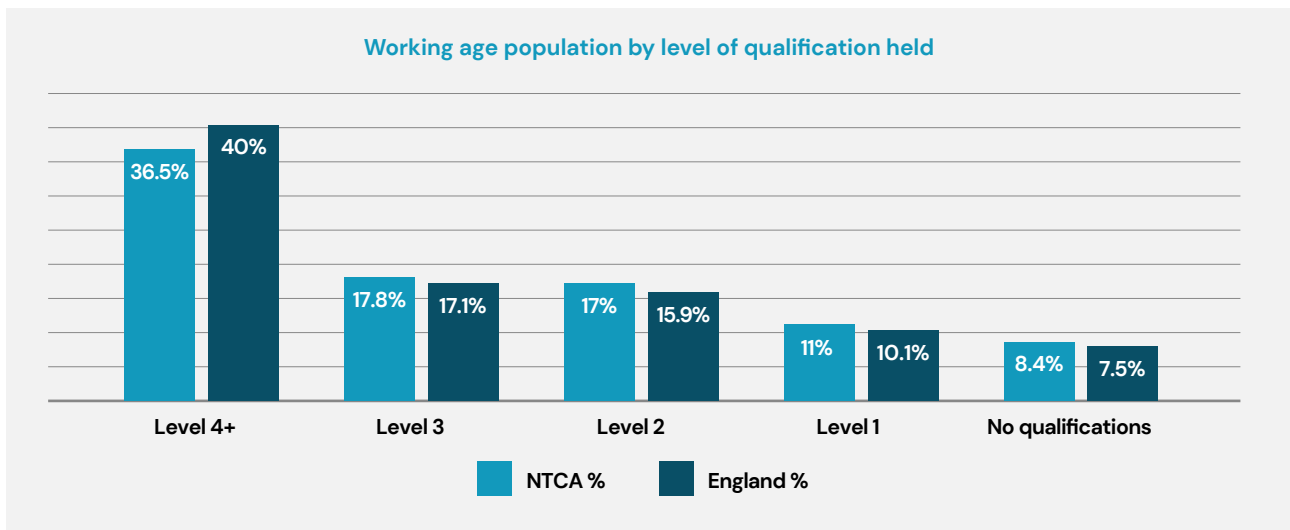


Longer-term, underlying economic challenges post Covid-19 remain important and the skills sector has a key role to play. For example, in meeting demand from employers, supporting progression to the growing number of higher skilled jobs, tackling persistent skill shortages, and ensuring that we are meeting the increasing demand for digital skills.

## Skills supply

There are a range of supply side issues that are particularly pertinent to the skills sector. Firstly, there is a significant over-representation of people with low or no qualifications in the NTCA area who are disadvantaged in the labour market.

Over 98,000 people, 19% of the working age population, have qualifications below Level 2.



Alongside this, the region has large numbers of adults who lack basic literacy and numeracy skills. Figures taken from the government’s 2011 Skills Survey illustrate that 17% of the working age population were at Entry 3 or below for literacy skills compared to 12% nationally. For numeracy skills, 31% of the working age population were at Entry 2 or below compared to 24% nationally.

This means that these adults may not be able to understand price labels on pre-packaged food or pay household bills. There is also a direct correlation between low numeracy levels and socioeconomic inequality, with people earning less than £10,000 per year being four times more likely to have inadequate levels of numeracy<sup>21</sup>.

More recent data on literacy and numeracy skills deficits in our region can be found in the latest Employer Skills Survey<sup>22</sup>. Workplaces with basic skills gaps amongst their employees report a range of costs to their business with efficiency related costs being most common. Employers with basic skills gaps reported an increase in the number of errors made by staff, a constraint on the introduction of new and/or more efficient processes, and/or a reduction in product or output quality.

<sup>21</sup> 5 million adults lack basic literacy and numeracy skills | JRF  
<sup>22</sup> <https://www.gov.uk/government/publications/employer-skills-survey-2019-england-results>

### Skills shortages

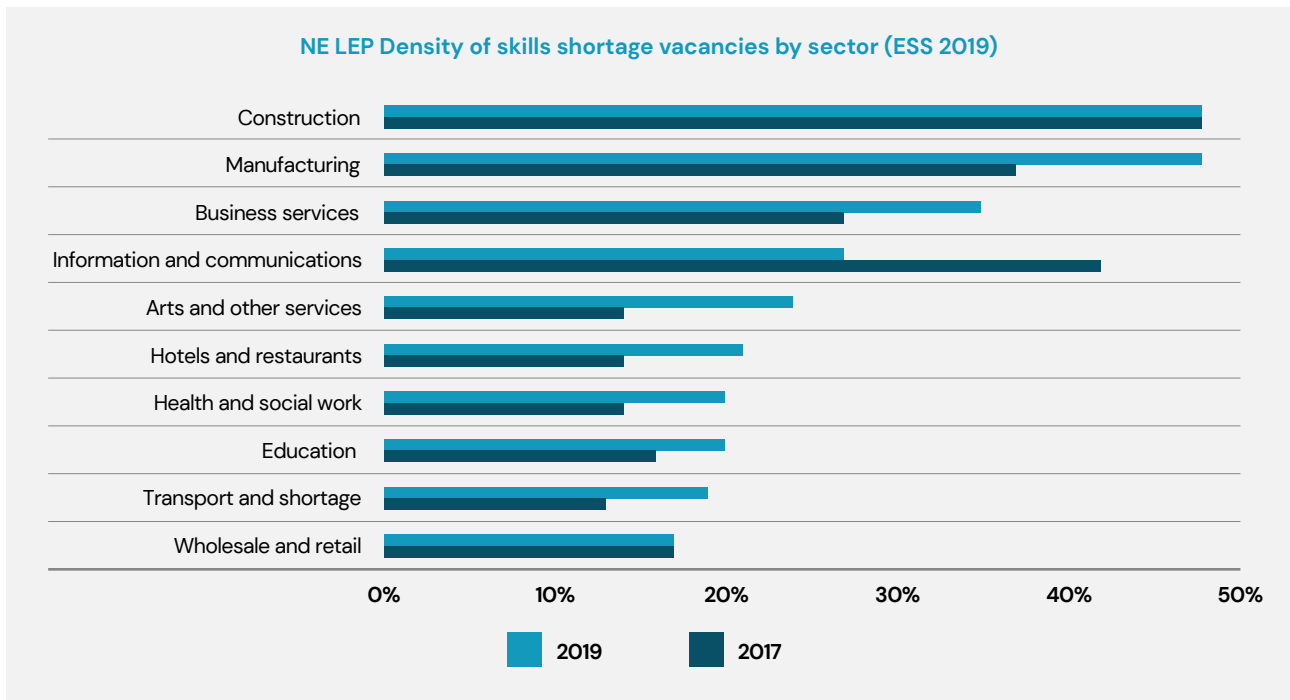
Skills shortages continue to impact on our region’s productivity and success. The Employer Skills Survey (ESS) (DfE 2019)<sup>23</sup> suggests employers in our region are reporting difficulties in filling vacancies. For technical skills roles there is a lack of candidates with appropriate qualifications and experience, while those employers offering vacancies with lower skills requirements report concerns in finding candidates with the right employability and personal skills.

Employers in the North East LEP region cited 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.

The number of skills shortage vacancies (SSVs) varies across sectors. In the North East LEP area, the SSV density, which is the proportion of skills shortage vacancies, was highest in construction and manufacturing (48%), with reported SSVs in manufacturing increasing by 11 percentage points on the 2017 ESS survey.

Increases in SSVs were also reported in elementary occupations such as hotels and restaurants, transport and storage. Overall, these occupations accounted for 46% of SSVs across the North East LEP’s geographical patch.

These findings suggest the need to develop the skills of our residents who may be employed in low paid, low skilled occupations, as well as provide higher-level technical skills to meet skills shortages in our growth and recovery sectors. More needs to be done to ensure individuals in our area are developing the skills required by employers and gaining the valuable work experience employers demand. Truly embedding the connection between education and industry will enable the skills gaps to close.



<sup>23</sup> <https://www.gov.uk/government/publications/employer-skills-survey-2019-england-results>

### Skills demand

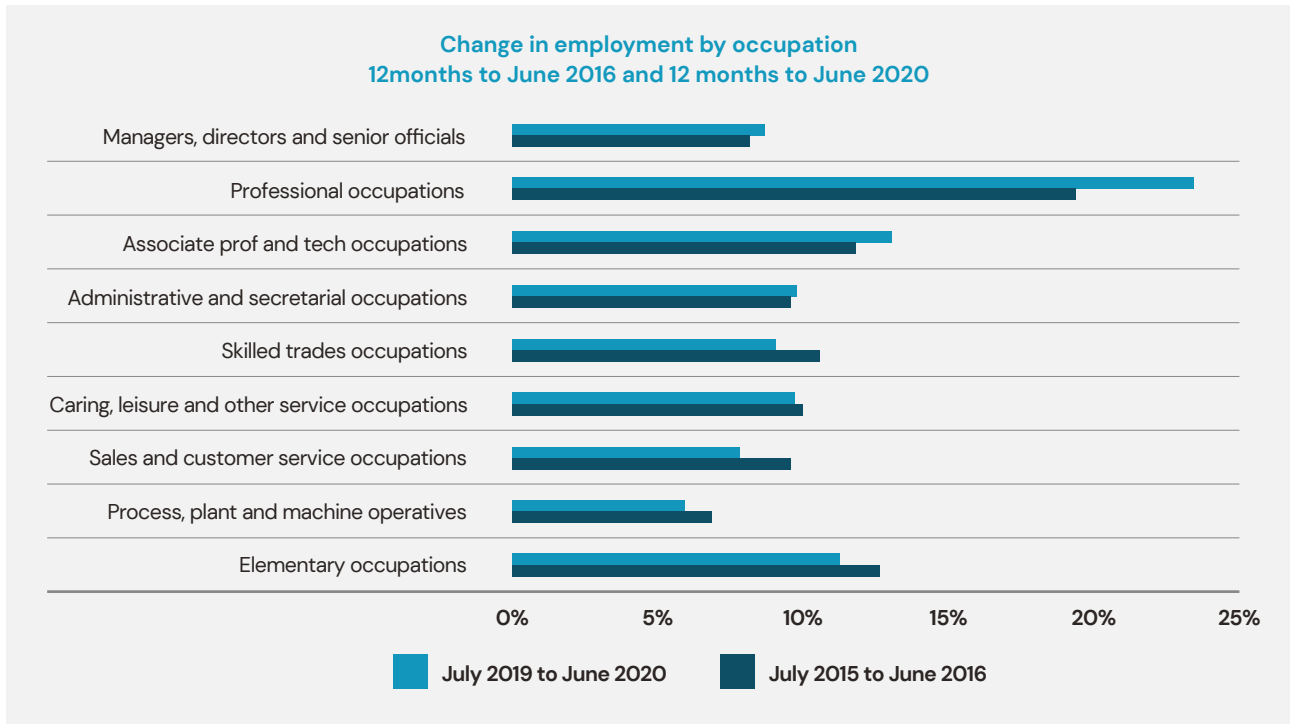
Detailed prospects for labour and skills demand in the medium and longer-term in our region are highly uncertain at the time of writing. We have already seen severe impact on sectors most exposed to the Covid-19 restrictions and changes in consumer behaviour, including hospitality, retail, arts and entertainment. In addition, manufacturing and other sectors are being affected by changes in the pattern of global trade and consumer demand as well as the continued shift to automated processes.

Long before the events of 2020, NTCA's economy was undergoing a process of structural transformation with significant implications for labour market requirements.

**Automation** is already placing jobs with a high proportion of routine tasks (such as retail assistants and warehouse workers) at risk and changing the nature of skills valued by employers. These trends will continue to grow at pace for at least the next couple of decades.<sup>24</sup>

The UK's exit from the EU is putting pressure on sectors that have tended to employ a relatively high proportion of EU nationals, such as the hospitality and healthcare sectors. The introduction of a new domestic immigration system from 2021 will place greater emphasis on training people already resident in the region to cover staff shortages in these sectors.<sup>25</sup>

A key feature of labour market demand in the 12 months to June 2020 has been growth in higher-skilled occupations, with management, professional and technical jobs now representing 46% of total employment in our region.



<sup>24</sup> Key Cities and New Local. (2019). Cities in Action 1: Workplace Automation.

<sup>25</sup> Purvis, C. (27 September 2019). 'How will Brexit impact the skills gap?' FE News [online].

## Demand for digital skills

Digital skills are becoming near-universal requirements for employment. The move up the career ladder from low to high-skill jobs comes with increased demand for certain digital skills. Specifically, research highlights the importance of both baseline digital skills, such as those required to use productivity software tools, and of skills for more distinct software tools that are critical for job seekers to qualify for middle and high-skill roles.<sup>26</sup>

To maximise chances of success in the digital economy, job seekers must go beyond baseline digital skills and develop more specific skills. Importantly, these specific digital skills are not solely required in the tech sector but are in demand across all sectors of the economy.

This may include digital tools for designers; computer-aided design for engineers and manufacturing workers; customer relationship management software for sales and marketing professionals; and computer programming and networking for IT professionals. These specific digital skills are required in 28% of low-skill jobs, 56% of middle-skill jobs, and 68% of high-skill jobs.

It is also important to recognise the generic skills that are useful across a variety of occupations and occur across many sectors. Examples are leadership, project planning and building effective relationships. These are also known as soft skills or transferrable skills.

## Deprivation

Pockets of acute deprivation are also linked to a lack of skills. Across the region, 16% of Lower Super Output Areas (LSOAs) are within the 10% most deprived in England. Relative levels of deprivation have got worse between 2015 & 2019.<sup>27</sup>

The proportion of LSOAs within the 10% most deprived in England varies significantly by Local Authority with all three seeing relative levels increase.

LSOAs in the most deprived 10% of areas nationally IMD 2019, and relative change since the 2015 index

	Index of multiple deprivation 2019		Index of multiple deprivation 2015		Percentage point change from 2015 index
	Number	Percent	Number	Percent	Index
<b>Newcastle</b>	45	25.7%	39	22.3%	3.4%
<b>North Tyneside</b>	12	9.2%	9	6.9%	2.3%
<b>Northumberland</b>	23	11.7%	14	7.1%	4.6%
<b>NTCA</b>	80	15.9%	62	12.3%	3.6%

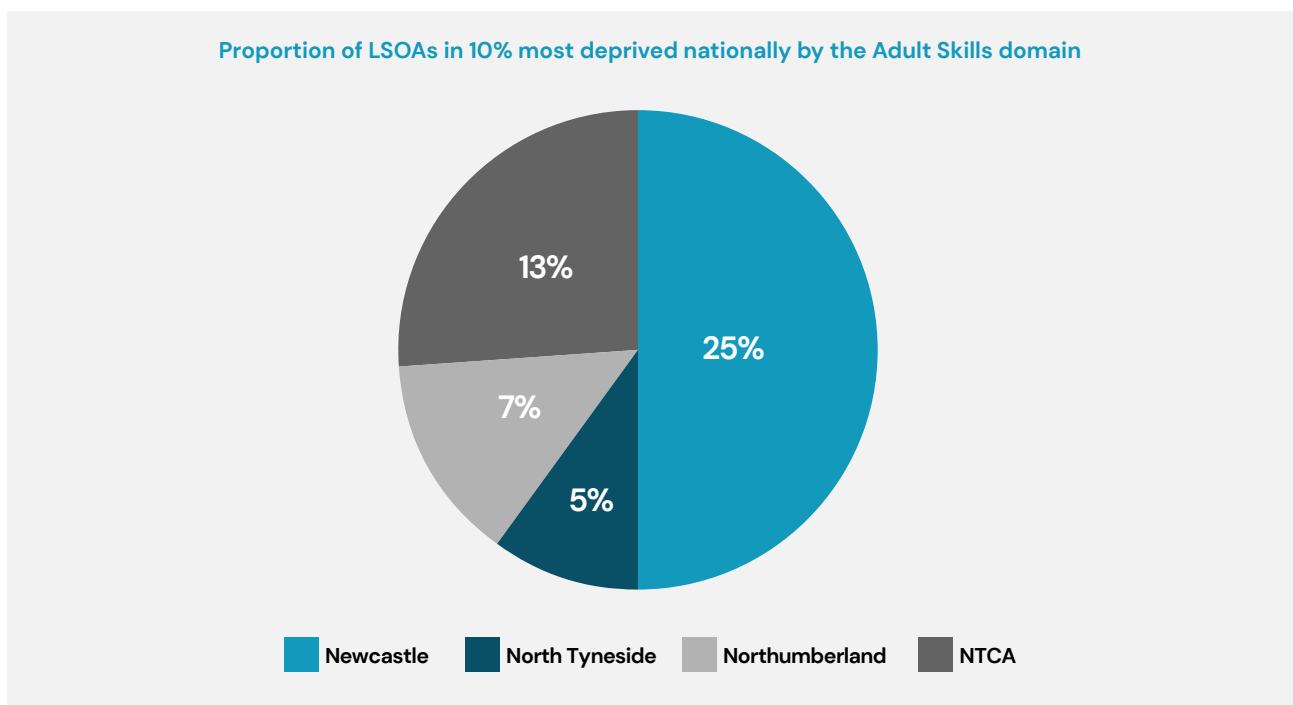
<sup>26</sup> [No Longer Optional: Employer Demand for Digital Skills | UK \(burning-glass.com\)](#)

<sup>27</sup> <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

### Deprivation and adult skills

Adult skills is a sub-domain that makes up the Index of Multiple Deprivation 2019 (IMD 2019). This domain measures the lack of attainment and skills in the local population and the proportion of working-age adults who cannot speak English or cannot speak English well.

63 (12.5%) of LSOAs are amongst the 10% most deprived in England in terms of adult skills. This proportion rises to 25% in Newcastle with 44 LSOAs in the most deprived decile nationally in terms of adult skills deprivation. Our most deprived LSOAs are concentrated along the river in Walker, Byker, Benwell, Scotswood and Elswick.



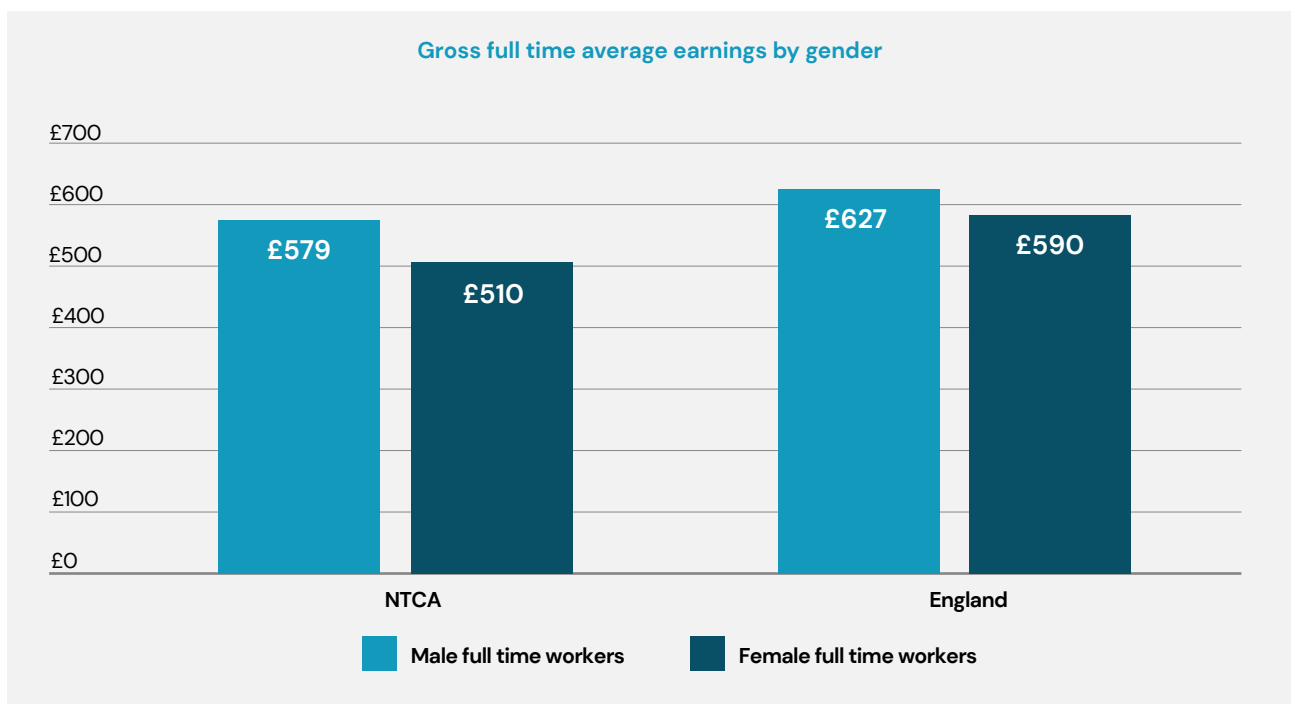
Identifying areas where skills deprivation is high and understanding the challenges communities in these areas face will help to influence the type of intervention that is required. It also emphasises the importance of targeted outreach provision.

### Low pay

There is a large disparity between rates of pay among the highest and lowest earners in the NTCA area. In 2019 23% of the workforce were earning less than the 'real' living wage<sup>28</sup>. Gross full time median average earnings are £551 per week, which is £38 per week below the England average of £589.<sup>29</sup>

Women are disproportionately represented in groups of lower level earners. The gross full time median average earnings for males in 2020 is £579 compared to £509 for females.

Closing the gender pay gap must sit at the heart of our approach to supporting a more productive and inclusive local economy.



### In-work poverty

According to the Joseph Rowntree Foundation’s state of the nation report on poverty in the UK<sup>30</sup>, poverty has risen for children and pensioners over the last five years. In the North East 500,000 people, including 150,000 children live in poverty. The majority of them are likely to live in households where at least one person is working.

Work alone does not guarantee a route out of poverty; work quality is also crucial. Low wages, insecure work, poor opportunities for training and progression, and contracts that do not offer enough hours of work to make a living all contribute to in-work poverty.<sup>31</sup> Workers need greater security, better training and opportunities to progress, particularly in part-time jobs.

In-work poverty must be seen as a critical issue for our economy and given high priority by our skills sector which has an important role to play in ensuring residents are supported to progress in work and secure higher incomes through improved skills.

<sup>28</sup> What is the real Living Wage? | Living Wage Foundation  
<sup>29</sup> ONS Annual survey of hours and earnings November 2020  
<sup>30</sup> <https://www.jrf.org.uk/report/uk-poverty-2019-20>  
<sup>31</sup> Poverty and Inequality Commission 2018



# SECTION 11: OUR RESPONSE – ENABLING RAPID SKILLS AND JOB TRANSITION



**It is unclear how rapidly the economy will rebound post-virus. This will be crucially dependant on the behaviour of the virus itself, the duration and severity of social distancing and isolation measures – and the ability of government to mitigate impacts on businesses and their employees.**

However, we have the opportunity to build the recovery from the pandemic around the existing economic strengths of the region, as detailed in this strategic plan. The impact of the Covid-19 crisis makes it even more important that we co-ordinate skills interventions and refocus priorities to ensure that they support the recovery – so that those out of work can retrain, we can support higher quality and more productive work, and employers and workers can meet future skills needs.

## NTCA impact

Despite the volatile and challenging economic conditions, the NTCA investments are making a positive difference to the lives of many of our residents. We are:

- Investing in new employability and skills programmes and pilots that deliver through communities and removing barriers for residents accessing employment, education and training.
- Reshaping the delivery of Adult Education provision to better equip our residents with the skills needed to access good work and to progress.
- Supporting residents to become digitally connected, removing barriers to participation and equipping residents for the future of learning and work.
- Helping to inspire more young people to develop skills and pursue science, technology, engineering and maths related careers through our STEM and Digital Skills projects.
- Supporting skills in our growth and recovery sectors through our Digital Growth and Innovation Programme and unlocking the potential of a green economy through our Green Skills Fund.
- Prioritising the provision of quality apprenticeships. This includes an Apprenticeship Hub which provides useful resources, links and signposting and a service to match potential apprentices to apprenticeship vacancies tailored to actual opportunities and growth sectors.
- Building on the NTCA/DWP Framework Agreement with a delivery plan focused on a joined-up approach to drive the better coordination of employment, skills and health services across the North of Tyne area in order to increase the number of residents moving into work.

## Good Work Pledge

A key element of an inclusive economy is ensuring that our residents have access to work, but also to 'Good Work' that provides among other things security, skills, progression opportunities, a decent standard of living and promotes health and well-being.

The North of Tyne Combined Authority has been working with employers and other key stakeholders to develop the Good Work Pledge, which enables employers to understand the key elements of 'Good Work', what they can do to achieve this for their employees and what support is available to help them get there. More details about the NTCA Good Work Pledge can be found on the NTCA website here: [Good Work Pledge - NTCA](https://www.northoftyne-ca.gov.uk/good-work-pledge) (northoftyne-ca.gov.uk)

## Youth Employment Partnership

Helping children and young people to fulfil their potential is a key ambition for NTCA. They deserve the best start in life.

However, we know that for some young people this is not happening, and that there is a concern from both an economic and welfare perspective. Prior to the Covid-19 crisis, we recognised this key issue and were committed to making the system work better for young people.

Our concept is that Youth Employment Partnerships will coordinate and maximise existing capacity in the system for the benefit of young people. NTCA's Youth Hub approach will ensure:

- That additional provision is provided to young people where there are gaps in the existing support framework.
- That additional capacity is provided at a local level, including through the voluntary sector, to improve the engagement of young people in existing services, increase reach into communities and maximise existing capacity.
- An improved understanding of need and a better ability to meet demand for support, which in turn will maximise investment in NTCA wide programmes such as Kickstart and AEB.
- That insight and intelligence are gathered that will help NTCA advocate to government on the needs of young people, and the investment required to support an improved system wide response in the medium to long-term.

The significant and recent rise in youth unemployment will result in a surge in demand for employability and skills services. As such, we cannot afford waste or duplication of effort within the existing system. Every interaction must count and every organisation has a role to play – where gaps are identified we must work collaboratively to address them. Key to this will be ensuring all stakeholders are clear on how they can add the most value, driving forward the better coordination of employment support, skills provision and advice.

NTCA has allocated funding to support the development of Youth Employment Partnerships throughout 2021. This will be matched with funding available through DWP's Flexible Support Fund.

## SECTION 12: SUPPORTING NATIONAL POLICY FOR RECOVERY



**The government has taken unprecedented action to slow the spread of the virus, save lives and protect the NHS's ability to cope. Alongside this, the government provided immediate support on a scale unmatched in recent history to keep people in work, protect their incomes and support businesses.**

On 8 July 2020, the government announced its 'Plan for Jobs' policy which included additional Adult Education Budget (AEB) funding as part of the wider Covid-19 skills recovery response to scale up Apprenticeships, Traineeships and to support people looking for a job.

We are supporting the government's priority of getting people back into work, an apprenticeship or traineeship and have implemented the following measures.

### Additional AEB investment

We rapidly deployed additional AEB funding for the provision of:

- High value courses to help 19 year olds who were planning to leave education in 2020 and found themselves struggling to get a job or apprenticeship.
- Sector-based work academy placements to provide short bursts of training to get unemployed residents back into work.

A collaborative approach between NTCA, DWP and employers was implemented to co-develop sector-based work academy programmes in sectors with actual job vacancies in our area.

NTCA will continue to ensure the AEB provides access to quality work experience and job outcomes for our unemployed and economically inactive residents. The sector-based work academy model provides an approach to funding work experience through AEB. During 2021 we will assess and evaluate the success and impact of this model to help inform future AEB funding options for 2022 and beyond.

### Kickstart

The Kickstart scheme is a £2 billion fund to create high-quality six month work placements for young people. It was launched in September 2020 with the first placements available nationally from November 2020.

Funding is available for employers to cover the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.

NTCA are a 'Gateway' organisation for the government's Kickstart programme. This is an important aspect of NTCA's overall approach to tackling youth unemployment – providing significant potential for high quality paid placements in an otherwise difficult labour market. Our strategic approach to Youth Employment Partnerships has ensured that existing quality support is wrapped around Kickstart placements, to ensure young people are supported to prepare for and succeed on these.

## The Skills Toolkit

The government's Skills Toolkit, launched in the first lockdown to boost digital skills and numeracy, is excellent and merits sustained promotion through our networks and stakeholders.<sup>32</sup> The new platform gives people access to free, high-quality digital and numeracy courses to help build up their skills, progress in work and boost their job prospects.

## Lifetime Skills Guarantee

At the end of September 2020, the Prime Minister and Secretary of State for Education set out their vision for a 'lifetime skills guarantee'. Adults without an A-Level or equivalent qualification will be offered a free, Level 3 fully-funded college course – providing them with skills valued by employers, and the opportunity to study at a time and location that suits them.

This offer will be available from April 2021 and paid for through £95m of the National Skills Fund. It will support the immediate economic recovery and future skills needs by boosting the supply of skills that employers require.

NTCA is responsible for delivering the Level 3 entitlement in our region through a delegated allocation of funding from the Department of Education.

We will work with our AEB Grant providers and Contract for Service providers to ensure that this funding supports our unemployed residents to gain Level 3 qualifications in sectors where there is employer demand and skills shortages. We will also ensure it provides opportunities for employed residents to 'upskill' or 'reskill'. This will ensure a more resilient workforce in this challenging economic environment.

## Digital Bootcamps

A commitment has been made by government to provide an additional £8m for Digital Skills Bootcamps, with a planned national roll-out from April 2021. The model is for employers to come together with providers and produce a 12-week bootcamp for a specific sector. NTCA are working with the Department for Education to ensure providers are supported to provide this offer across the North of Tyne.

We are working closely with national and local stakeholders to ensure these government funds, along with the planned UK Shared Prosperity Fund, align to create a comprehensive skills offer truly focussed on local needs and challenges, tackling inequality and disadvantage while driving prosperity and opportunity in the NTCA.

<sup>32</sup> <https://theskillstoolkit.campaign.gov.uk/>

## SECTION 13: THE AEB OVERVIEW



**In August 2020 the North of Tyne Combined Authority took control of a £23 million Adult Education Budget (AEB), secured as part of the devolution deal.**

Our ambition is that the AEB will deliver a high-quality skills provision which leads to positive outcomes for individuals and provides clear progression pathways for our residents to access the local labour market and future economic development opportunities.

The devolved AEB is enabling us to:

- Deliver a step-change to improve basic, generic and transferable skills.
- Break new ground in a collaborative strategic partnership working with an absolute focus on 'place'.
- Deliver a more responsive, accessible adult skills offer for residents and employers.
- Establish protocols for joint working across all post-16 skills activity, bringing together planning, funding and regulation, regardless of whether funding is devolved or not.

Having control of the devolved AEB is allowing NTCA to match the skills and training on offer to the jobs available now and in the future across Newcastle, Northumberland and North Tyneside.

We have worked hard to begin to shape delivery of adult education towards what our communities and businesses need, working closely with all relevant providers and stakeholders. The impact of Covid-19 is being closely monitored and we have already implemented plans to ensure that the investment will support our region's recovery.

### During the first year of the devolved AEB we have:

**Awarded grants and contracts to 29 adult education providers** – Devolution of the AEB has allowed us to move from a system of numerous providers working in competition, to fewer providers more actively engaged in local collaboration, and with common agreement to address local need.

**Secured delivery plans to unlock 37,500 learning opportunities** – These opportunities will enable residents to gain qualifications, progress through their learning journey at different levels and access employment opportunities. Provision is also focused on upskilling employed residents in lower skilled, lower paid jobs to enable achievement of skills such as English, maths and digital, together with the higher-level vocational training required by employers.

**Aligned the geographical spread of provision to travel to learn patterns** – Devolved AEB aligns with travel to learn patterns in NTCA to ensure that residents in rural parts of Northumberland and North Tyneside have access to local provision.

**Rebalanced the proportion of low-level provision** – Prior to devolution AEB delivered a significant proportion of enrolments below Level 2. Devolution has enabled us to work with providers to address the balance of low-level non-technical provision to ensure that there are more progression opportunities to valued provision at Level 2 and above.

### The devolved AEB continues to prioritise funding for:

- Those aged 24+ who are unemployed if one or more of the following apply: Employment and Support Allowance; Universal Credit; Jobseekers Allowance including those receiving National Insurance Credits Only.
- English for speakers of other languages (ESOL) if unemployed, co-funded if employed.
- Learning aims up to and including Level 2 if the resident is unemployed and has already achieved a First Full Level 2 or above.
- Low wage eligibility providing full funding for adults who earn less than the 'real' living wage\*. The aim is to help increase adult education participation and lift social mobility barriers to learning for those who would not otherwise engage due to course fees being unaffordable. It will also support those who are in low paid employment and are wanting to further progress in work and their chosen career.

### Statutory entitlements

As part of the AEB, we fund statutory entitlements. These entitlements include:

- Those aged 19 to 23 to be fully funded if they study for a first qualification at Level 2 or Level 3.
- Those aged 19+, who have not previously attained a GCSE Grade C or Grade 4, or higher in English language and mathematics, to be fully funded if studying GCSE English language or mathematics or one of the stepping-stone qualifications.
- Information technology ('digital') skills, up to and including Level 1, for individuals aged 19 and over, who have digital skills assessed at below Level 1.



\* The 'Real Living Wage' promoted by the Living Wage Foundation is £9.50 per hour across the UK and £10.35 per hour in London (Nov 2020)



## SECTION 14: AEB STRATEGIC APPROACH



### Maintaining stability

**Devolution of AEB provides an opportunity to make commissioning decisions on an area focused and forward-looking basis. Our ambition is to improve the impact of AEB in the NTCA area and we will continue our approach to strategic relationship building and partnership working to develop localised, flexible, high quality provision that responds to the needs of our residents and employers.**

We will maintain stability in the system in the following ways:

- We will continue to monitor the effectiveness of all providers against their delivery plans and support flexibilities where possible to maintain delivery throughout the Covid-19 crisis and into recovery.
- We will respond flexibly and rapidly to address emerging needs and changes to the labour market.
- We will continue to fund the statutory requirements which provide adults with skills that are core to their employability and personal development.
- We will work with our provider base to understand the barriers to learning and employment that our residents face and support the development of programmes which meet individual and employer needs across the NTCA area.

We will monitor the effectiveness of all providers against their delivery plans and the alignment to our skills strategy. As outlined above, responding flexibly and rapidly will allow us to address emerging needs and changes to the labour market. We will utilise data analysis, performance management, growth opportunities and future procurement rounds to continually evaluate and align the AEB funding allocation against strategic priorities and local needs.

### Strengthening collaboration

The North of Tyne Combined Authority has built extensive collaborative partnerships with colleges, universities, training providers, employers, community organisations and local authorities to develop programmes that tackle skills gaps and address disadvantage across and within the districts. The devolved AEB allows us to build on these relationships and improve the impact of the funding spent in the NTCA area.

In terms of strategic planning for AEB we will continue to build strong links across stakeholders and providers and drive collaborative working. This will include developing local supply chains to ensure provision is more responsive to individual and business needs.

### Community learning

NTCA recognises the value and positive impact that community learning can have on our residents' health and well-being. Recovery from the Covid-19 crisis will require outreach into disadvantaged communities, wrap around support to re-engage our residents, build confidence and breakdown barriers to work.

We will continue to invest in community learning activity that has the primary aim of engaging hard to reach residents, providing basic skills and progression to further learning and/or work. Key target groups for this are hidden NEETs, the long-term unemployed and the economically inactive with significant barriers to work, such as physical or mental health conditions. This delivery should add value to, rather than duplicate, other services targeting these cohorts.

### Subcontracting

NTCA is committed to widening participation, supporting the most vulnerable and engaging in new and emerging markets to meet the regional and local economic development agenda.

Subcontracting and collaborative partnerships have an important role to play in AEB. They allow smaller providers offering niche provision to access funding and to benefit from economies of scale, while enabling residents to access provision in locations and via delivery models which best suit their needs.

NTCA require AEB providers to outline plans for subcontracting arrangements in advance of being awarded funding with a clear rationale demonstrating how these would add value, with approval required for any in-year changes.



### Online learning

NTCA recognises the value of online learning for some residents, in that it offers flexibility and accessibility to learning around work and home life. Flexibilities are also important in terms of the pace of study and as such, online learning has a key role to play in the delivery of adult skills and training that can lead to career advancements, development and attainment.

In response to Covid-19, our AEB providers have been remarkable in rising to the challenge of providing online learning. They have found innovative and creative ways to engage and, after years of trying to nudge educators into using technology, made a gargantuan shift.

NTCA will work with providers to build on the online learning opportunities available, making these even more accessible post Covid-19, particularly in our rural areas.

We will closely monitor this learning activity in order to evaluate how it is meeting the strategic and economic needs of NTCA, residents and employers. The advantages of this method must be balanced alongside resident needs in terms of support and access to equipment – i.e. digital capabilities and resources.



### Career pathways

Our ambition of a high-quality skills provision which leads to positive outcomes for individuals to access the local labour market and future economic development opportunities must be underpinned by strong Careers Information, Advice and Guidance (CIAG) that has clear local relevance and skills opportunities that have clear line of sight to a job.

NTCA residents have access to CIAG through our AEB providers and a range of other skills and employability services, as well as individualised advice on training and careers through the National Careers Service (NCS).

We also welcome the additional support the government recently announced in its Plan for Jobs to ensure more people will get tailored support to help them to find work. People in the Intensive Work Search group on Universal Credit will benefit from a significant expansion of support offered through the Department for Work and Pensions (DWP) Jobcentres, including doubling the number of work coaches and additional intensive support to those who have been unemployed for at least three months.

NTCA will establish strong links with stakeholders involved in the delivery of CIAG services. We support a collaborative approach to ensure residents benefit from advice and guidance that is based on local analysis of skills demand and provides a better understanding of the career pathways arising from local economic trends.

### Testing new flexibilities and innovation

NTCA will make use of the flexibilities afforded by devolution of the AEB in relation to its funding rules, rates and eligibility criteria to ensure funding can be targeted to where it is needed most. We will make provision for pilot activity and ‘test and learn’ projects which will include (but are not limited to):

- Units and modules of Level 3 or 4 qualifications, which support progression to higher levels skills in areas with gaps.
- Qualifications / certification desired by local employers which are not approved on the Hub.
- Flexible delivery models which reflect changing attitudes and modes of learning.
- Innovative programmes to support social enterprise.
- Programmes to support small business resilience and growth.

## SECTION 15: AEB COMMISSIONING PRINCIPLES



**We want to ensure that a greater focus on the economic and social outcomes is secured through the devolved AEB rather than just the outputs in terms of qualifications delivered. This underpins our commissioning approach to secure provision which is increasingly focused on outcome; such as securing employment, progressing to higher levels of learning and progressing in employment.**

We will continue to work closely with providers to ensure a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

We will maintain effective, high trust relationships with AEB providers to deliver positive long-term impact for North of Tyne residents. We will continue to expect providers to develop a place-based curriculum offer and wrap-around support with a clear focus on progression.

### **Our core set of commissioning principles will:**

- Support the core conditions contained within the AEB devolution deal.
- Take into account the various needs of our residents in different local communities within the NTCA.
- Support ongoing engagement with a range of stakeholders, building upon current relationships and developing new relationships.
- Put outcomes for residents at the heart of the approach to commissioning.
- Map the fullest practical range of providers with a view to understanding their current and potential to delivering our strategic ambitions.
- Invest in the capacity of the provider base, particularly those working with hard-to-reach groups.
- Ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including sub-contracting and consortia building, where appropriate.
- Enable longer-term contracts and grant allocations as ways of achieving efficiency and effectiveness.
- Seek feedback from residents, communities, employers and providers to inform the commissioning process to ensure it continues to meet local needs.

## SECTION 16: THE WIDER SKILLS SYSTEM



**We are clear that the devolved AEB is a cornerstone of investment in the skills system and has a significant role in providing skills that are essential to a successful and sustainable economy in the NTCA area.**

Our commissioning will consider AEB delivery alongside the wider investment in the skills system which continues to be managed by the Department for Education and Education and Skills Funding Agency: Careers Services, Apprenticeships, Adult Learner Loans, Traineeships and T Levels.

### Apprenticeships

Apprenticeships are an integral part of the government's Plan for Jobs policy with increased incentives for employers to take on apprentices (£2000 for under 25, £1500 over 25 year olds).

The Apprenticeship system is built around the concept of employers in the driving seat, however as a result of Covid-19 this has fundamentally fallen apart, with declining participation across our region and employers no longer taking on staff.

Re-booting the apprenticeship offer will be fundamental to our economic recovery. We need to ensure that mechanisms are in place to support apprenticeship opportunities for our young people and recruit locally. Our challenge will be to maintain a provider base to support training and assessment while also aligning opportunities for apprentices in the sectors that are more likely to bounce back quickly: Product Development, Engineering, Technology and Healthcare.

We have a role to play in maximising the Apprenticeship Levy in our region and as part of this Strategic Skills Plan, we will build on our Apprenticeship Hub, supporting a joined-up approach across our providers and employers and matchmaking potential apprentices to apprenticeship vacancies.

### Traineeships

The government announced an extra £20m for providers to support the Traineeship programme with employer incentive payments of £1000 for employers offering traineeship work placements in 2020/21.

We must consider the role of traineeships in our economic recovery. A recent report by the Learning & Work Institute 'Traineeships – A Framework for Local Growth'<sup>33</sup> suggests that combined authorities and other local strategic stakeholders have a key role to play in shaping the growth and delivery of traineeships in response to local priorities.

A key aspect of strengthening traineeship provision and promoting growth is the integration of programmes with wider local economic and labour market priorities. A range of local stakeholders need to work together to enable traineeships to flourish. We will consult with key local stakeholders in their development of plans for traineeships not only to secure their support, but also because they are likely to have insights and wider relationships that can help to inform and strengthen the Traineeship programme.

We will facilitate engagement and consultation through existing channels such as provider network meetings, or through specially commissioned activities. Employer engagement will also be vital to ensure that provision meets the needs of the local labour market and that high-quality work placements can be provided for trainees.

<sup>33</sup> <https://www.learningandwork.org.uk/wp-content/uploads/2017/02/Growth-Report-Exective-Summary-V1.pdf>

## T Levels

T Levels are new Level 3, two year courses for young people aged 16–19 that combine classroom learning with on the job learning in industrial placements.

It's more important than ever that colleges and industry work together to help our young people gain the skills needed to work in sectors which will support our economic recovery.

Our aim is to improve the dialogue and collaboration between providers and employers, promoting the roll out of T Levels alongside other related vocational qualifications and creating entry points for our young people to develop their skills and work-based training.

Our 'Youth Employment Partnership' will provide access to information and digital support on the opportunities available for our young people and help them make informed decisions about their future.

## Further Education Reform

The government published its Skills for Jobs White Paper on Further Education Reform in January 2021. The document sets a number of key measures to reform the post-16 education sector which include:

- Business groups, including Chambers of Commerce working with further education colleges and other providers to develop new Local Skills Improvement Plans (LSIP) to shape technical skills provision so it meets labour market needs.
- Investment in higher level technical qualifications that provide an alternative to a university degree.
- Giving employers a central role in designing almost all technical courses by 2030.
- Implementation of the Lifetime Skills Guarantee to support adults to achieve their first full Level 3 qualification from April 2021.
- Continue to grow and improve apprenticeships.
- Improve traineeships to better support young people to transition to apprenticeships and employment.
- Continue to support participation in English, maths and digital to meet employers' needs.
- Continue to roll out T Levels.
- Implement a flexible Lifelong Loan Entitlement from 2025.
- Investment in the further education workforce.

We welcome the government's commitment to put skills at the heart of its recovery plans and look forward to working collaboratively with government colleagues to influence the shape of the skills reforms announced in the White Paper.

The Combined Authority has a clear strategic leadership role with regard to the local skills system and ensuring that skills investment is driven by local employer needs and the current and future profile of labour market opportunities.

We will continue to lobby for devolution of central budgets for skills that will help to align provision with our region's economic and social priorities and we will build on our existing partnership and networks, working closely with the Department for Education, the Department for Work and Pensions and other stakeholders to deliver positive long-term impact for NTCA residents.

## SECTION 17: NEXT STEPS



**We know this skills plan is ambitious and challenging to deliver at a time of significant change and unprecedented uncertainty. It is a plan that puts resilience, ambition and employability at the heart of what we're doing to support a strong and inclusive economy.**

The priorities we have set out in this plan will require input from many partners to deliver. Working together across NTCA, constituent local authorities, the North East LEP, employers, colleges, training providers, universities, and the voluntary, community and social enterprise (VSCE) sector, we have made great progress but there is more to be done.

We recognise that our economic landscape is likely to change and we will need to be flexible to adapt to that change. We have put in place the fundamentals of skills devolution and are co-creating investable propositions in back-to-work services that are proving what close collaboration with central government can do. We intend to build on our approach of creating close collaborations to test, trial and co-develop projects and programmes that add value and secure positive outcomes for our residents.

To support the aspirations of our residents, employers, and our local economy we need a collaborative model of skills provision. This means local skills providers and employers working in partnership to deliver on skills needs analysis, collaborating to make the most of specialist strengths and sharing resources where appropriate.

We also need to be realistic about the challenges we face and our baseline position and focus on areas that will add value and maximise the impact of skills initiatives. Specifically, we need to construct a skills system that is joined up so that the efforts of employers, colleges, training providers, local commissioners and the VSCE sector can fully complement each other.

It is essential that we continue to maximise the funding we receive and ensure that the skills infrastructure is more closely aligned to our high employment and growth sectors and that those currently in the education system are being equipped with the skills and attributes that employers require.

We also need to support our employers to recognise their role and responsibility in developing the skills of both their current and future workforce by clearly articulating the skills they require both now and into the future.

With a clear focus on our challenges and strong partnerships we can co-ordinate action to strengthen labour market performance. By leveraging demand from key growth sectors, driving improvements in English, maths and digital core skills, cultivating the enterprise of our residents and improving employment rates, NTCA can become an inclusive, high skill, high productivity and high earnings economy.