



Community  
Foundation

# Northumberland's Vital Issues 2017

Work

## 1 Work

### 1.1 Overview

The service sector is the dominant area of employment within Northumberland. This includes retail and tourism, but also the public sector. It should be noted, however, that the county's workforce is also highly dependent on employment opportunities located outside of the county, notably in Tyneside. This presents a challenge, in that a failure to maintain a balance between local and commuting-based employment could diminish the local economy and leave its prosperity largely at the mercy of wider regional developments.

The Northumberland Economic Strategy (2015) identified two key areas of need: firstly to extend employment opportunities to those excluded from the workforce and address the needs of those on low wages and secondly the importance of skilling up the workforce to meet the needs of employers. As we will see below, this is a response to some key deficiencies in the local labour market.

### 1.2 Patterns of employment

The percentage of jobs per employment sector within Northumberland is set out below.

**Table 8 - % of workforce employed by each industry in Northumberland<sup>i</sup>**

Industry	Northumberland	Great Britain
Health	17.7	13.2
Manufacturing	12.2	8.2
Retail	11	9.9
Accommodation and food services	10.8	7.2
Education	10.3	9.2
Professional , scientific and technical	6.2	8.3
Construction	5.3	4.5
Arts, entertainment and recreation	5	4.4
Business administration and support services	4.4	8.8
Public administration and defence	3.4	4.4
Transport and storage	3	4.6
Wholesale	2.6	4
Motor trades	2	1.8
Mining, quarrying and utilities	1.9	1.3
Information and communication	1.73	4.2
Property	1.5	1.7
Financial and insurance	0.8	3.5
Agriculture	0.1	0.8

The continued importance of the public sector as an employer in Northumberland is highlighted by the proportion of the workforce in health, education and public administration and defence: 31.4% as opposed to 26.8% for the country as a whole. A major issue affecting the Northumberland workforce has been the impact of cuts in public expenditure since 2010. For example, the ONS annual civil service survey shows the number of civil servants as a percentage of the county workforce falling from 1.5% to .3% since 2010, whilst the number of people in permanent local authority employment fell from 9,414 in 2012 to 8,620 in 2017<sup>ii</sup>. With more cuts to

come, a key challenge for the workforce is to make the transition into employment in other sectors: always assuming that jobs are there to be had.

Are there jobs available for those that want them? Job density is a general indication of the availability of local employment. A job density score is calculated by taking the total number of jobs in an area and dividing it by the working age population. The data includes jobs from employers, self-employed, HM Forces, and Government training schemes. In 2015 it was .66 compared to .83 for the UK as a whole, suggesting a significant lack of employment opportunities within the local economy. This may explain high rates of longer term unemployment, with Job Seeker's Allowance claims over 12 months standing at 2.8% in 2015, compared to 1.7% nationally<sup>iii</sup>.

A further issue is the quality of the jobs that local people are able to take up, for which a key indicator will be rates of pay. Compared to Great Britain as a whole, a larger proportion of the work force is employed in the lower skilled job categories. Consequently gross weekly earnings in Northumberland are £410.60, which is £116 less than for Great Britain. This raises the issue of in-work poverty. This has been a growing problem in recent years, and is something of an inconvenient truth for politicians – from all parties – who have hailed work as the best route out of poverty. While it remains the case that families with no work face the greatest risk of poverty, families where at least one adult is in work are now the largest group experiencing poverty in the UK.

### 1.3 Economic activity and unemployment

The economic activity rate refers to the percentage of the population, both employed and unemployed, that constitutes the labour market. The latest data on this for Northumberland, the North East and Great Britain is given below:

**Table 9 - Economic activity rates, 2017<sup>iv</sup>**

	All people aged 16-64:			
	Economic activity rate	Employment rate	% who are employees	% self employed
Northumberland	74.8	70.5	60.2	9.9
North East	75.4	69.8	62.2	7.2
GB	78	74.2	63.2	10.6

The data shows a relatively low rate of economic activity, largely accounted for by the large number of retired people resident in the county. Over time, the economic activity rate will be further affected by demographics. If jobs can be created there may be a challenge in attracting younger workers into the county to take them up. However, rates of employment and self-employment also reflect the circumstances of local communities: they are lowest in the South East of Northumberland. This points to the challenge of bringing those excluded from employment or self-employment into the labour market.

The proportion of people aged 16-59/64 (women/men) claiming Job Seekers Allowance or National Insurance Credits is 1.6%, compared to 1.1% nationally, placing the county in the worst 20% of comparable areas. Since 2010, the government has emphasised its desire to get as many people into work as possible,

with changes to benefits and the welfare state designed to provide incentives for those with families to work rather than claim benefits, and to make it increasingly difficult for single people to claim, and survive on, benefits. A report by Northumberland Advice Network (2014) threw up the startling statistic that there had been 1.4 sanction referrals per JSA claimant during 2013-2014 and highlighted the problems this could present to individuals and families<sup>v</sup>. This has particular implications for those neighbourhoods where suitable work is hard to find, and 42 out of 67 wards in Northumberland have higher than average number of people who would like to work but are unable to do so due to unemployment, sickness or disability, or caring responsibilities<sup>vi</sup>.

#### 1.4 Young people

The number of young people aged 16-24 claiming benefits in Northumberland is markedly higher than for Great Britain as a whole<sup>vii</sup> and the number of young people not in employment, education and training is also a concern. In total 5% of young people aged 16-18 were NEET in 2015 compared to 4.2% nationally, and the county ranked 38 out of 152 comparable areas<sup>viii</sup>.

There is clearly a role here for the community and voluntary sector – as a major provider of youth work - to support young people in partnership with others. As the Local Government Association stated in 2013:

*“No one agency alone can tackle youth unemployment. It requires co-ordinated action from a range of organisations, including: policy makers; educators and training providers; employment support agencies; voluntary and community organisations; business representative organisations and businesses themselves.”*

#### Potential roles for philanthropy

- There is clearly a link between philanthropic interventions designed to promote a more vibrant local economy and this theme. There are shared priorities around the creation of good quality local jobs; enhancing the employment skills of local people and enabling those excluded from work to access employment that could form the basis for cross sectoral partnerships.
- South East Northumberland is clearly a priority area for action, although there are a number of other neighbourhoods across the county where the figures for employment deprivation suggest a need for action. Support for organisations working to address unemployment in these areas would be valuable.
- The numbers of young people not in education, employment or training are a concern, so additional support could be provided to enable increased engagement, particularly to prevent young people becoming NEET. This could be linked to work with young people more generally to raise aspirations and encourage ownership of decision-making around life choices.

- Support for those both in low paid work and on benefits who experience hardship remains a priority, with support for foodbanks a clear priority.

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<sup>i</sup> **Office of National Statistics (2016)** *The Business Register and Employment Survey (BRES)*

<sup>ii</sup> **Office of National Statistics (2017)** *Quarterly Public Sector Employment Survey*

<https://www.local.gov.uk/ons-quarterly-public-sector-employment-survey>

<sup>iii</sup> *NOMIS Labour Market Statistics for Northumberland* at

[http://www.labourmarketnortheast.co.uk/app/assets/files/areaprofiles/northumberland\\_profile.pdf](http://www.labourmarketnortheast.co.uk/app/assets/files/areaprofiles/northumberland_profile.pdf)

<sup>iv</sup> **Office of National Statistics (2016)**, *Annual population survey*, from: <https://www.nomisweb.co.uk> 20/6/17 10:03

<sup>v</sup> **Northumberland Advice Network**, *Benefit Sanctions: Helping People into Work? (2014)*

<http://advice servicetransition.org.uk/wp-content/uploads/2014/07/Dawn-Advice-JSA-sanctions-discussion-paper.pdf>

<sup>vi</sup> **Grant Thornton Analytics**, *IMD Employment Score (2015)*

<sup>vii</sup> *Area Profile for Northumberland* at <https://www.nomisweb.co.uk>

<sup>viii</sup> *NEET Data by Local Authority* at <https://www.gov.uk/government/publications/neet-data-by-local-authority-2012-16-to-18-year-olds-not-in-education-employment-or-training>