



Community  
Foundation

# Tyne & Wear's Vital Issues 2017

Work

## Work

### 1.1 Overview

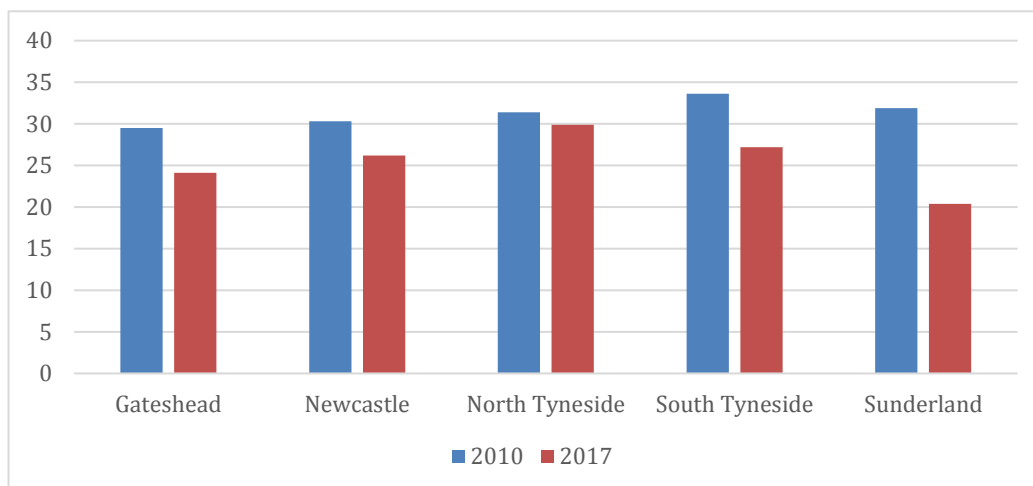
It is almost a tradition to start any discussion of work in Tyne & Wear with a discussion about the decline of traditional industries, but it is worth perhaps shifting this focus to the period 2000-2008 where there was significant growth in employment across the sub-region with the exception of South Tyneside. This started a rebalancing between public and private sector employment, in favour of the latter. There were problems here in terms of the quality of the jobs created within the services sector, but some industries such as creative and digital showed their potential to generate high value employment opportunities.

The recession set back this process of reconfiguring the sub-regional economy. However, as we emerge from a period of economic uncertainty there is therefore something to learn from this early boom about creating good quality jobs. Services will inevitably remain a significant employment sector, but the area needs to focus beyond itself, and look at creating more products and services of relevance to the wider national and global economy. This will involve building on existing assets: its Universities; its advanced manufacturing and processing capacity in areas such as automotive and renewable energy and its creative and digital industries.

This poses a series of challenges in terms of the local labour market: notably around raising skills levels and productivity (see sections on Learning and Local Economy below); creating opportunities that will enable the area to retain more of its brightest people and engaging those traditionally excluded from the labour market.

### 1.2 Patterns of employment

Table 18 below shows the % of the workforce employed by industry within the sub-region. The continued importance of the public sector is highlighted by the proportion of the workforce in human health and social work, education and public administration which is 31% compared to 27% nationally. A major issue affecting the workforce has been the impact of cuts in public expenditure since 2010. The chart below shows the number of people employed in the public sector as a % of all employees in Q1 2010 compared to Q1 2017<sup>i</sup>:



**Table 18 – Employment by industry<sup>ii</sup>**

	Gateshead	Newcastle	N.Tyneside	S.Tyneside	Sunderland	T&W	GB
Human Health And Social Work Activities	11.2	17.7	13.8	17.8	13.4	14.78	13.3
Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	18.4	11	13.8	13.3	12.6	13.82	15.8
Manufacturing	12.2	5	8.8	11.1	17.6	10.94	8.3
Education	9.2	11.6	7.5	11.1	10.1	9.9	9.2
Administrative And Support Service Activities	11.2	7.2	12.5	10	6.7	9.52	8.9
Accommodation And Food Service Activities	6.1	8.3	5.6	7.8	6.7	6.9	7.2
Public Administration And Defence; Compulsory Social Security	6.1	9.4	5	4.4	6.7	6.32	4.4
Professional, Scientific And Technical Activities	5.1	7.7	7.5	5.6	3.8	5.94	8.4
Construction	6.1	2.8	5.6	5	3.8	4.66	4.6
Transportation And Storage	4.6	3.9	2.2	5	4.2	3.98	4.7
Information And Communication	4.1	5	6.2	1.6	2.5	3.88	4.2
Financial And Insurance Activities	1.3	3.3	2.8	0.8	4.2	2.48	3.6
Arts, Entertainment And Recreation	1.8	2.8	1.9	2.8	1.5	2.16	2.4
Other Service Activities	1.3	2.8	2.2	2.2	1.5	2	1.9
Real Estate Activities	1.5	1.9	1.2	2	1.5	1.62	1.7
Electricity, Gas, Steam And Air	0.1	0	0.4	0.1	2.5	0.62	0.4

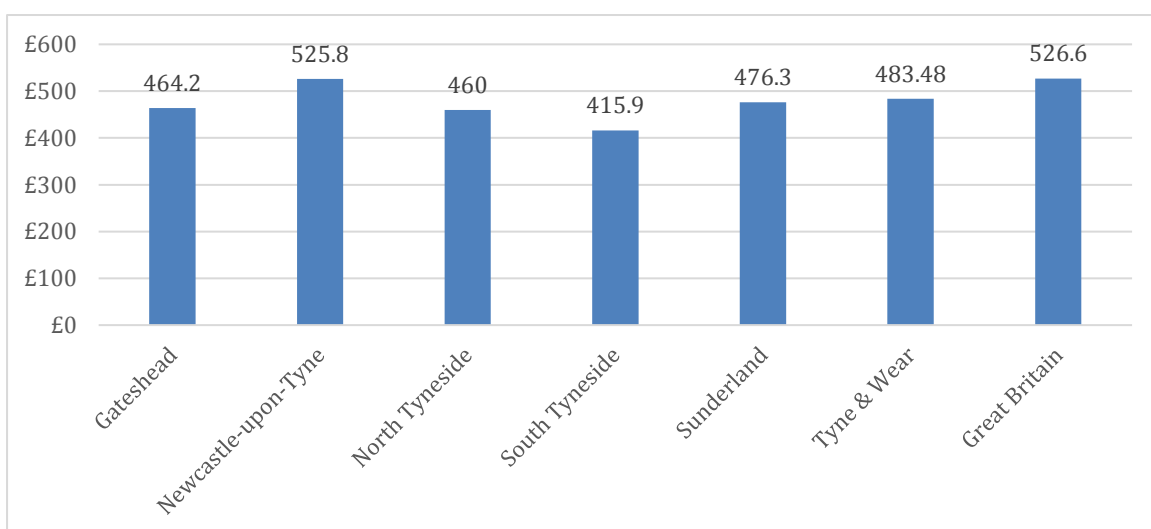
Conditioning Supply							
Water Supply; Sewerage, Waste Management And Remediation Activities	0.5	0.1	0.3	0.4	0.6	0.38	0.7
Mining And Quarrying	0	0	0	0.1	0	0.02	0.2

A major challenge has been to grow the private sector to replace the public sector jobs that have been lost. Has this been achieved? 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 the figures for Tyne & Wear were<sup>iii</sup>:

Gateshead	.84
Newcastle	.99
North Tyneside	.7
South Tyneside	.55
Sunderland	.73
UK	.83

Only one area is doing better than the national average, whilst South Tyneside is doing particularly badly.

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. It seems doubtful that the jobs created in the sub-region within the private sector would offer comparable terms and conditions to those lost in the public sector. This contributes to a long-term issue of low pay in the area. The chart below shows how gross weekly earnings compare with those for Great Britain<sup>iv</sup>:



Only Newcastle comes close to the national average. 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 Tyne & Wear, the North East and Great Britain is given below:

**Table 19 - Economic activity rates, 2017<sup>v</sup>**

	All people aged 16-64:			
	Economic activity rate	Employment rate	% who are employees	% self employed
Gateshead	77	72	64	8
Newcastle	72	66	58	8
North Tyneside	80	75	68	7
South Tyneside	74	68	62	6
Sunderland	76	69	63	6
GB	78	74	63	11

The data shows a relatively low rate of economic activity, and employment, with the notable exception of North Tyneside. Rates of self-employment are low across the sub-region, underlining concerns about a lack of local entrepreneurialism.

The figures for those claiming unemployment benefits reflects this rather gloomy picture:

**Table 20 – Unemployment levels<sup>vi</sup>**

Area Name	Unemployment rate (Claimant Count) (July 2017)	Long term unemployment (1yr+) (July 2017)
Gateshead	1.7	31
Newcastle-upon-Tyne	1.1	53.2
North Tyneside	1.6	32.8
South Tyneside	3.1	37.7
Sunderland	2	38.3
Tyne & Wear	2.13	32.19
North East	1.9	38.2
Great Britain	1.1	32.7

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. Figures from Tyne & Wear reported to Parliament from 2011-12 show one sanction being imposed for every 4 claimants and it seems unlikely the figure has not increased since.

This has particular implications for those neighbourhoods where suitable work is hard to find, and all the local authorities in the sub-region have high numbers of these with the exception of North Tyneside. In the worst, South Tyneside, there is only one ward that does not have a higher than the UK 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>vii</sup>.

#### 1.4 Young people

The proportion of young people aged 16-24 who are unemployed in Tyne & Wear ranges from 11% in Sunderland to 19% in South Tyneside<sup>viii</sup>. The number of young people not in employment, education and training is shown in the table below.

Table 21 - NEETs<sup>ix</sup>

	No 16-18 yr olds	NEET	% NEET
Gateshead	6,300	330	5.3%
Newcastle	8,640	490	5.7%
North Tyneside	6,800	260	3.8%
South Tyneside	5,130	290	5.7%
Sunderland	9,750	580	6.0%

#### 1.5 Barriers to employment

**Those furthest from the labour market:** The Work Programme's large prime contractors have not performed well in this area, compounding the difficulty created by increased competition for available jobs from those better equipped to return to employment. For many marginalised and vulnerable people there will be more than one issue that leaves them far from the labour market. Problems such as homelessness, offending, drug use and poor mental health are often seen together. This suggests that funders should encourage a holistic and partnership based approach towards helping this group into employment.

**People with disabilities:** People with disabilities in Tyne & Wear face particular problems in finding work. The rate of employment for those who are registered disabled amongst the residents of working age within Tyne & Wear is the lowest for all English sub-regions at 24.6% compared to a national average of 33.7%. In addition:

- Disabled people are more likely to experience unfair treatment in work than non-disabled.
- The disabled/non-disabled pay gap is significant, especially for women.

Local authorities in Tyne & Wear have set a great example in relation to the employment of disabled people. However, this may mean that proportionately more disabled people's jobs have been at risk due to reductions in public expenditure.

**Over 50s:** We don't have up to date figures on the percentage of older people in employment for Tyne & Wear, but we do know that levels of economic activity are lower than the national average. The over 50s are more likely to be self-employed nationally, but disappointingly self-employment for all ages is low in the sub-region<sup>x</sup>.

**Black and Minority Ethnic (BME) Groups:** Data from the 2011 Census indicates that many people from BME communities are likely to be disadvantaged in the Labour Market in the North East.

**Table 22 -% of the population aged 16-64 in employment for selected ethnic groups by region<sup>xi</sup>**

White British	Gypsy and Irish Traveller	White Other	White and Black Caribbean	Indian	Pakistani	Bangladeshi	Black African	Black Other	All
68	44	69	54	69	52	48	50	52	67

One issue that has been explored in some detail by the Regional Refugee Forum is the barriers facing refugees and asylum seekers seeking to access employment that reflects their qualifications and experience.

### 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 skills of local people and enabling those at risk of exclusion from work to access employment that could form the basis for cross sectoral partnerships.
- 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.

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.”*

- Support for those both in low paid work and on benefits who experience hardship remains important.

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- <sup>i</sup> **Local Government Association** <http://lginform.local.gov.uk>
- <sup>ii</sup> **NOMIS Labour Market Profiles** <https://www.nomisweb.co.uk/reports/lmp/la/1946157067/report.aspx>
- <sup>iii</sup> **NOMIS Labour Market Profiles** <https://www.nomisweb.co.uk/reports/lmp/la/1946157067/report.aspx>
- <sup>iv</sup> **Grant Thornton Place Analytics (subscription service)** <http://gt-placeanalytics.com> The figures [are from](#) The Annual Survey of Hours and Earnings (ASHE) via NOMIS
- <sup>v</sup> **Office of National Statistics (2016)**, *Annual population survey*, from: <https://www.nomisweb.co.uk> 20/6/17 10:03
- <sup>vi</sup> **Grant Thornton Analytics**, the data is from NOMIS
- <sup>vii</sup> **Grant Thornton Analytics**, the data is from the *IMD Employment Score (2015)*
- <sup>viii</sup> **Grant Thornton Analytics**, the data is from the annual population survey
- <sup>ix</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>
- <sup>x</sup> **Grant Thornton Analytics**, the data is from NOMIS
- <sup>xi</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/culturalidentity/ethnicity/datasets/2011censusanalysisethnicityandthelabourmarket>