

Employability and inclusion

Why is this important?

It is important to minimise economic inactivity and unemployment which act as constraints on economic growth.

Unemployment can also be detrimental to the individual with a wide body of research showing that unemployment has impacts on short, medium and long term health, wellbeing and quality of life.

What are the key findings from the data?

- Both the economic inactivity rate and the unemployment rate have

declined over the last 3 years. The unemployment rates for young people (aged 16-24) and older workers (aged 50-64) have also decreased over this period

- Despite these improvements, the economic activity rate and unemployment rates (for 16-64, 16-24 and 50-64 populations) all remain above the England excluding London rates
- As the national rates of unemployment have declined more quickly, the gap with England excluding London has

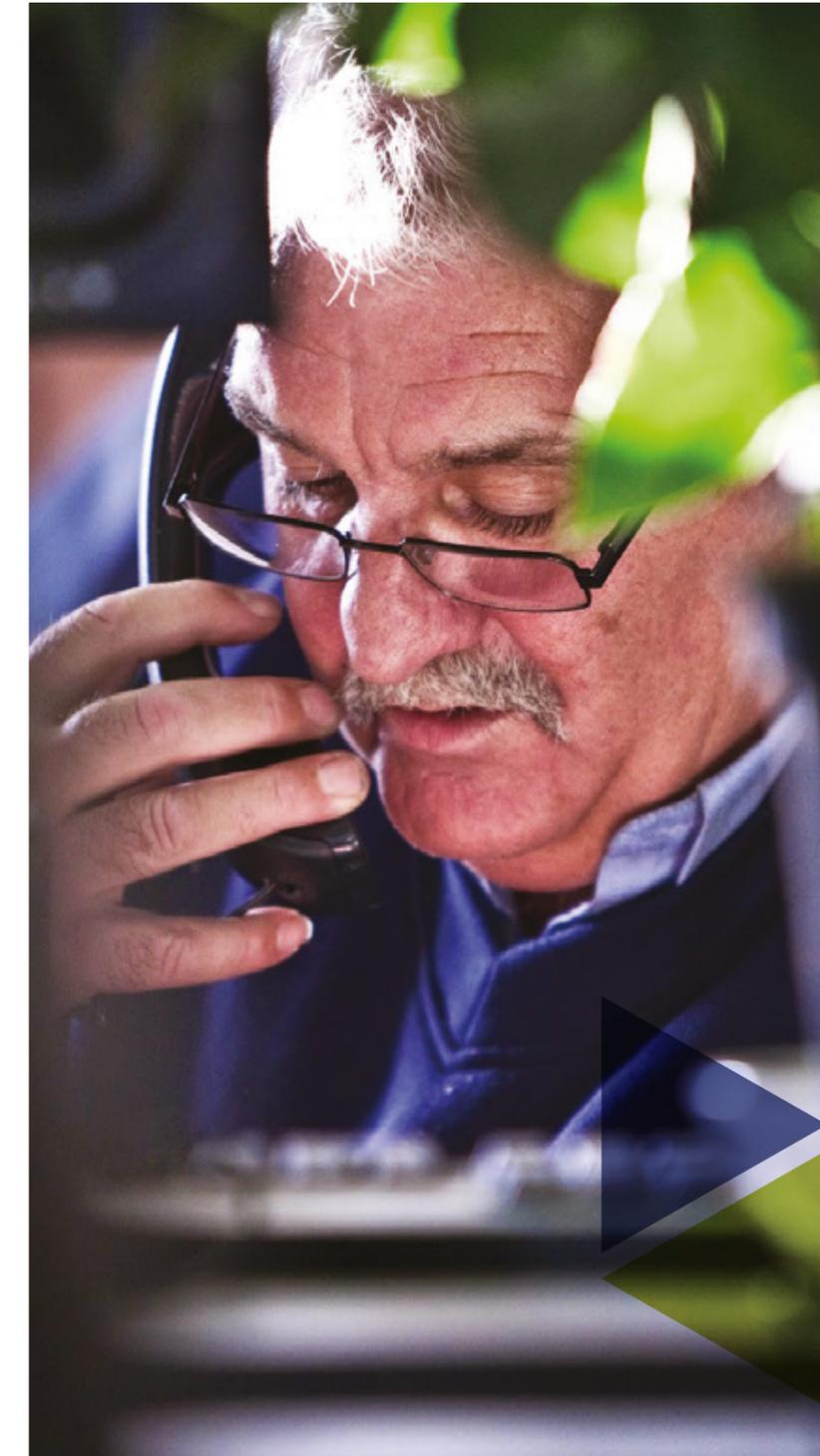
widened. However, more recent trends suggest that the North East has begun to close the gap

- Average (median) wages are below the English average. However, living costs are also lower within the North East. Whilst wages have increased since 2014, the gap with England has not changed.

Employability and inclusion in the North East LEP economy

Indicator	Most recent data	Change since 2014	NE as % of England excl. London	Gap closing with England excl. London
% of 16-64 population that are economically inactive	23.9 (Oct 2016 to Sep 2017)	Decreased by 1.6 percentage points	111	Yes
% of 16-64 economically active population that are unemployed	6.4 (Oct 2016 to Sep 2017)	Decreased by 2.2 percentage points	146	No - widened
% of 16-24 economically active population that are unemployed	15.6 (Oct 2016 to Sep 2017)	Decreased by 5.1 percentage points	130	No - widened
% of 50-64 economically active population that are unemployed	4.7 (Oct 2016 to Sep 2017)	Decreased by 1.4 percentage points	162	No - widened
Median gross weekly wages of full-time workers (£)	£506.2 (2017)	Increased by £27.50 (2014)	91 (England)	No change (England)

Sources: Annual Population Survey (Nomis) and Annual Survey of Hours and Earnings (Nomis)
 Notes: 1. To ensure that seasonal factors are not affecting comparison, the same time periods are used for both the most recent year and the 2014 benchmark year for each indicator. For example, the most recent Annual Population Survey data is for the period July 2016 to June 2017 – so July 2013 to June 2014 is used as the comparator. 2. Unemployment rates use the ILO measure



Wider commentary

Economic inactivity

Economic inactivity measures those that are not in work or actively seeking employment. Individuals can be economically inactive for a wide range of reasons including that they are in education, have health issues or disabilities that prevent them from work, have caring responsibilities or have retired. Between October 2016 and September 2017, 23.9% of the North East LEP's working age population was economically inactive.

- This is above England excluding London rates (21.6%) and around

mid-table (5th out of 8) for the core city LEPs

- The North East's economic inactivity rate has decreased from 25.5% in 2013/14. This is a larger decline than England excluding London and second largest decline amongst the core city LEPs.

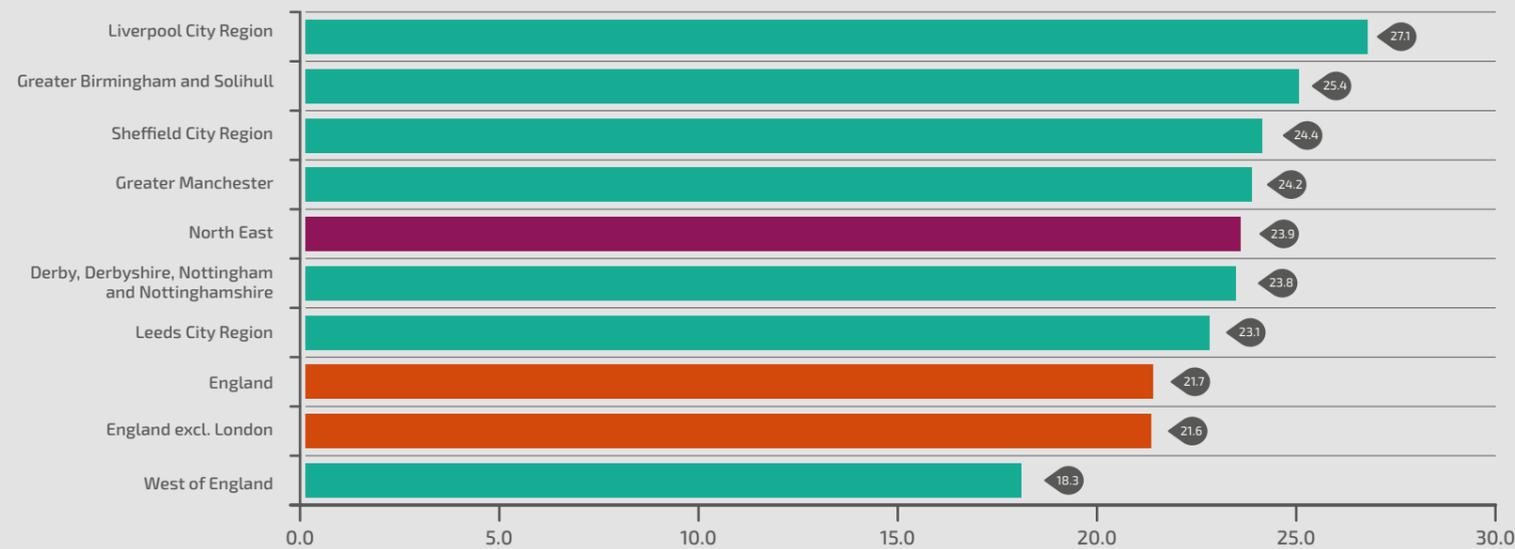
Looking at economic inactivity in the North East LEP area in more detail:

- Some groups are much more likely to be economically inactive than others. 49.4% of 16-64 year olds with a core or work-limiting disability are economically inactive, compared to 16.6% of those without a disability. Similarly, 53.9% of those with a health

condition or illness lasting 12 months or more are economically inactive

- The largest group within the economically inactive are those with long-term sickness (28.0%), followed by students (25.0%), those looking after family or home (22.0%) and retired (15.0%). The proportion of the economically inactive that are long-term sick is much higher in the North East LEP area (28.0%) than across England excluding London (22.0%)
- Only 24.7% of those in the North East LEP area who are economically inactive want a job. This is a slightly higher proportion to England excluding London (22.8%).

Economic inactivity rate (% of 16-64 population), North East LEP, Core City LEPs, England excluding London and England, October 2016 to September 2017



Source: Annual Population Survey (Nomis)

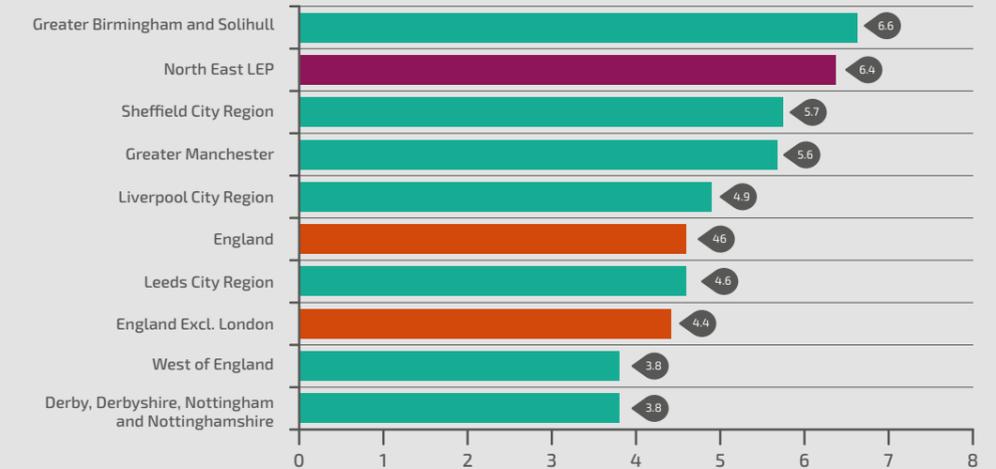
Unemployment

The International Labour Organisation (ILO) unemployment rate measures the proportion of the working age population that are out of work and actively seeking work.

The ILO unemployment rate for 16-64 year olds in the North East between October 2016 and September 2017 was 6.4%.

- The North East's unemployment rate has decreased from 8.6% in 2013/14
- The unemployment rate has experienced a similar decrease in the North East (2.2 percentage points) as England excluding London (2.1 percentage points). However, all of the other core city LEPs experienced larger declines.

Unemployment rate (% of 16-64 economically active population), North East LEP, Core City LEPs, England excluding London and England, October 2016 to September 2017



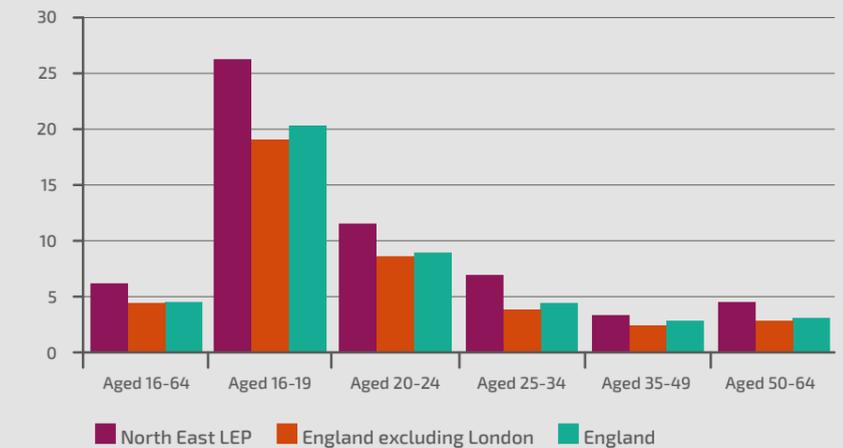
Source: Annual Population Survey (Nomis)

The SEP highlights the need to tackle youth unemployment and unemployment amongst the 50+ population.

Two broad trends can be observed:

- Unemployment rates are highest for young people and decline with age. The exception to this is the 50-64 age band which has a higher unemployment rate than the 35-49 age band
- For each age band, the unemployment rate is higher in the North East LEP area than in England excluding London.

Unemployment rate by age band (%), North East LEP, England excluding London and England, October 2016 to September 2017



Data source?

Inclusion

Looking at household poverty, between 2013/14 and 2015/16:

- 18% of households in the North East region were living below 60% of median household income before housing costs, compared to 16% across England as a whole. Using this measure, approximately 500,000 individuals in the North East are living in households in poverty
- 22% of households in the North East region were living below 60% median household income after housing costs. This is the same proportion as England as a whole and is equivalent to 600,000 individuals in the region living in households in poverty
- 20% of children in the North East region were living in households with less than 60% of household income before housing costs (compared to 18% across England). The equivalent figure for after housing costs was 28% - the same percentage as England as a whole
- 18% of working age individuals in the North East region were living in households with less than 60% of household income before housing costs (compared to 14% across England). Looking at the proportion after housing costs, the rates were 23% in the North East compared to 21% across England.

Whilst, the reasons for poverty are complex, a number of sources including from the Annual Survey of Hours and

Earnings and the Family Resources Survey provides some insights into potential reasons for higher rates of household poverty in the North East including:

- Average wages for a full-time worker in the North East LEP area are below the English level (£506.20 per week, compared to £555.80) and are the second lowest in amongst the core city LEPs. Whilst wages have increased by 5.7% over the period 2014 and 2017, this is below the rate of growth observed nationally and similar to that in other core city LEPs. In addition, inflation has been relatively high over this period meaning the increase in wages will have been offset by increases in the costs of goods and services
- Wages and salaries (58%) and income from self-employment (6%) account for a smaller percentage of total household income in the North East region than across England as a whole (63% and 8% respectively). In contrast pension income and benefits account for a larger proportion of household income than across England
- The incidence of disability is higher in the North East region than England, with 25% of the North East population having a disability, compared to just 20% across England. A person is considered to have a disability if they have a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities.

Quality of employment opportunities

A final topic worth considering in this chapter is the quality of employment opportunities in the North East.

- Between October 2016 and September 2017, 5.2% of those living in the North East LEP area and in employment were in a temporary job. This is above the England excluding London rate (4.8%) but is mid-table amongst core city LEPs (joint 4th out of 8)
- Over the same time period, 73.1% of those living in the North East LEP area and in employment were working full-time. This is below the England excluding London rate (74.0%) and the third lowest rate amongst the core city LEPs
- Between April and June 2017, 45,000 individuals in the North East region were employed on a zero-hours contract. This is equivalent to 3.7% of those in employment – the highest rate amongst English regions
- It is estimated that 17,000 jobs in the North East region in 2017 paid below the National Minimum Wage (NMW) or National Living Wage (NLW). This is equivalent to 1.6% of all jobs in region – again, the highest rate amongst English regions
- Between October and December 2016 (most recent data), 9.9% of jobs in the North East region were paid less than or close to the relevant NMW or NLW for the individual's age (defined as jobs that pay less than 1.02 times the relevant minimum or living wage). Again, this is the highest rate amongst English regions.



Median gross weekly wages of full-time workers (£), North East LEP, core city LEPs and England, 2014 and 2017

	2014	2017	% Change 2014 to 2017
Greater Birmingham and Solihull	494.2	536.6	8.6
Greater Manchester	481.6	515.4	7.0
England	523.5	555.8	6.2
Leeds City Region	479.5	508.3	6.0
North East	478.7	506.2	5.7
Sheffield City Region	474.2	499.8	5.3
West of England	522.6	550.0	5.2
Derby, Derbyshire, Nottingham and Nottinghamshire	488.3	510.3	4.5
Liverpool City Region	492.6	513.8	4.3

Source: Annual Survey of Hours and Earnings (Nomis) Notes: 1. Earnings in workplaces in the selected geographies 2. Data is not available for England excluding L

What next?

Both the economic inactivity and unemployment rates have declined in North East LEP area over the last three years. However, they remain higher than across England excluding London. Priorities for the North East are to:

- Continue to reduce unemployment and economic inactivity. As there are particular issues in relation to the 16-24 and 50-64 populations, the North East LEP has focused its work with partners on supporting these two groups. Approaches include:
 - Generation NE, a region-wide project to get young people into sustained employment. A digital service has been launched to complement the support available through Generation NE on a face-to-face basis. This service is testing innovative approaches to engaging and supporting young people
 - Working with partners to pilot approaches to 'retrain, regain and retain' workers aged 50 and over in the labour market.
- Improve links between health and employability provision. A key project is the Mental Health Trailblazer, which provides integrated employment support and psychological therapy.