



**Identifying the Opportunities for County Durham and
North Yorkshire Presented by a Tees Valley City
Region**

Final Report

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Executive Summary

Introduction and Context

i) This report presents the findings of a study commissioned by LSC North East to explore the Opportunities for County Durham and North Yorkshire presented by a Tees Valley City Region. The research was undertaken during the Spring of 2008. It resulted from the desire of the city region partners to ensure that stakeholders in County Durham and North Yorkshire are fully engaged with the city region and aware of the opportunities it presents for residents in their areas.

ii) The study builds on a number of earlier pieces of work and has been undertaken as the structures being put in place to deliver the economic opportunities identified in the City Region Development Programme are being finalised. It therefore provides an important input to the development and improvement of cross-boundary working, policy co-ordination and governance arrangements, and is intended to raise awareness of the benefits which could be achieved for all the city region's residents if this was maximised.

iii) The development of plans and strategies for the city region has largely been driven to date by the five Tees Valley authorities: Darlington; Hartlepool; Stockton-on-Tees; Middlesbrough and Redcar & Cleveland. The impact that the city region will have on the wider hinterland of County Durham and North Yorkshire has been less well-developed, although the city region's sphere of influence stretches from Peterlee in the north to Northallerton in the south and from Richmond in the west to Whitby in the east.

iv) In recent years the economy of the Tees Valley City Region has experienced significant growth, although GVA per head in Tees Valley is only 76% of the UK average and, since 2000, has also fallen below the regional average. Whilst the numbers in employment have increased recently, the decline in manufacturing jobs since the 1970s has yet to be fully replaced by the growth in service sector employment¹. Despite the recent re-structuring of the economy, the city region still has a higher proportion of manufacturing employment and a lower proportion of employment in the service sector than either the region or Great Britain as a whole and continues to have a very strong chemicals and pharmaceutical industry which is amongst the most productive in the UK and makes a major contribution to national exports.

v) The city region faces a number of economic challenges, including maintaining the increase in employment, growing the higher value service sector, including financial and business services and raising the proportion of the workforce with higher level skills. Raising

¹ The Tees Valley City Region Development Programme, 2006

productivity and innovation in the manufacturing sector would also contribute to closing the gap in levels of GVA per head.

Existing Linkages within the Tees Valley City Region

Population

vi) The population of the Tees Valley City Region (using the definition of the five Tees Valley authorities plus Sedgfield BC) was estimated to be just under 750,000 in 2006². In addition to this core population, the Tees Valley City Region labour market draws on workers from County Durham, North Yorkshire and beyond. However, both County Durham and North Yorkshire are rural in nature and relatively sparsely populated. Compared to city regions such as those centred on Manchester and Leeds, the Tees Valley has a considerably smaller population to draw on for employment and to support a thriving market for local businesses. There is overlap between the housing markets in Tees Valley, North Yorkshire and County Durham, with North Yorkshire acting as the location of choice for some of the city region's most highly paid employees, and Tees Valley providing more affordable housing for those employed on lower wages in North Yorkshire.

Employment and Travel to Work Patterns

vii) Nearly 300,000 people are employed in the Tees Valley City Region (including Sedgfield), 90% of whom also live in the city region. Just under 15,500 workers travel in from County Durham and nearly 10,000 from North Yorkshire, together representing nearly 9% of the city region's total workforce. Travel to work patterns reflect both proximity and transport links, with Middlesbrough attracting the highest number of in-commuters (including from other parts of the Tees Valley) and Hartlepool relatively few. Twenty-eight per cent of in-commuters are employed in the manufacturing and energy industries, indicating the importance of the labour force in the wider city region hinterland to these key sectors. Over half of those travelling into the city region to work are employed in managerial, professional and associate professional occupations, which demonstrates the importance of the city region as a source of higher level jobs.

viii) Over 290,000 Tees Valley residents are in employment, 88% of whom work within the Tees Valley City Region. Over 35,000 are employed outside the city region, including nearly 13,000 in County Durham, particularly Durham City, Wear Valley and Easington, and over 7,000 in North Yorkshire, the vast majority of whom are employed in Hambleton. In many cases out-commuters are travelling to access employment in the public administration and defence sector, including with the Passport Agency, and Durham and North Yorkshire County Councils.

² Mid-Year Population Estimates, ONS, NOMIS

ix) Travel to work patterns are determined by the dislocation between the location of employment and the location of housing; the transport infrastructure and historical and cultural ties. The limited housing choice in Middlesbrough and Stockton-on-Tees, particularly a lack of family and executive type homes, means that many workers, particularly the higher skilled and better paid, choose to live in the hinterland and commute into the urban core for employment. The designation of TVCR as a housing growth point and provision of a wider choice of housing in the centre could act to reduce this type of commuting.

x) Patterns of commuting are also clearly based around the existing transport corridors, with the most remote parts of the city region benefiting from fewer in-commuters. Proposals for an integrated rail and public transport network and additional park and ride stations could act to encourage a greater level of in-commuting to TVCR. Historical and cultural ties also play a part in explaining travel to work patterns. There are close links between Darlington and the northern parts of North Yorkshire and southern parts of County Durham, and Darlington attracts a high number of in-commuters from both areas. Conversely areas such as Hartlepool are more isolated and more self-contained in terms of employment.

Skills and Learning

xi) Demand for highly skilled workers is expected to increase as the economy of the Tees Valley City Region develops. One quarter of economically active people in the city region hold qualifications at level 4 or above. Whilst the numbers can be boosted by drawing on the pools of highly qualified people in both County Durham and North Yorkshire, these people have access to a range of employment opportunities in addition to those in Tees Valley. Whilst there is a clear need to train people to meet the demand for the additional workers that will be required if the Tees Valley economy grows as expected, there will continue to be a high level of replacement demand, particularly in those industries with an ageing population, some of which, such as engineering and the chemicals sector, are of great importance to the city region.

xii) Meeting this demand for skilled workers will be a key challenge for the network of private, FE and adult and community learning providers across the city region and beyond. There is already evidence of a considerable amount of cross-border travel to learn between the five Tees Valley authorities, County Durham and North Yorkshire. The patterns of travel to learn vary greatly depending on the location of the provider and reflect expectations, historical links and transport infrastructure. Darlington has the highest in-flow of learners, with fewer than half of its learners resident in Darlington. Over half (54%) of learners travel from County Durham (15%) and North Yorkshire (39%). Darlington College has a centre at Catterick and many of the North Yorkshire-based learners are Army personnel. Middlesbrough also has a high in-flow of learners, mainly from the other Tees Valley authorities, whilst the majority of learners in Hartlepool, Redcar & Cleveland and Stockton-on-Tees live in the area in which they study.

Key Issues for the Study

xiii) Defining the boundaries of an economic entity such as a city region presents a number of challenges. The actual influence of the city region varies – the labour market, the learning market, housing market and leisure market all have different patterns and different linkages with County Durham and North Yorkshire. In practice the **city region's boundaries are 'fuzzy'**. Rather than focussing on a 'line on a map', the study has taken a flexible approach to the definition of the city region, allowing respondents' own understanding to shape the identification of opportunities and issues.

xiv) The city region and the surrounding areas are interdependent in terms of employment. At the time of the 2001 Census, a larger number of people commuted out of the Tees Valley City Region to work than commuted in. Whilst the recovery of the Tees Valley economy means that this may no longer be the case, it is clear that there are **two-way linkages** between the Tees Valley City Region and parts of County Durham and North Yorkshire, rather than County Durham and North Yorkshire being dependent on the core of the city region for employment. The study therefore considered linkages and opportunities both in terms of how County Durham and North Yorkshire can benefit from development in the city region, but also in terms of the opportunities that each area is generating, and how the city region can benefit from these.

xv) There are clear differences in the city region's relationships with the economies of County Durham and North Yorkshire, reflecting the **different economic issues and challenges** faced by each area. For example, in relation to housing, the development of more higher value homes in the core Tees Valley area may ease pressure on the North Yorkshire housing market, but the concentration of housing development in urban areas is viewed with more concern in County Durham where the priority is to revitalise existing settlements and reverse a long period of population decline. In terms of commuting, North Yorkshire provides a significant proportion of the Tees Valley's higher skilled workforce whilst in County Durham the concerns are with the large numbers who remain out of the labour market despite a long period of national economic growth. There are also clear differences in terms of education and learning, with very limited provision in the northern part of North Yorkshire whilst southern County Durham has a range of post-16 provision but a greater challenge in terms of raising aspirations and motivating learners to travel to access learning.

Economic Opportunities for the City Region

xvi) In recent years the Tees Valley economy has shown clear signs of revival. The local authorities have developed a strategy which is based on building on the city region's existing economic assets and simultaneously improving the urban competitiveness of the Tees Valley including the business environment, skill base and physical, social and cultural infrastructure, in order to develop a city region with a sustainable economy and community.

xvii) The economic assets which will underlie the future growth of the Tees Valley economy include the petrochemical industry, Teesport (the second largest by volume in the UK), the CATS gas pipeline which brings in North Sea gas to be processed on Teesside and the energy sector which accounts for 10% of the UK's energy generation. The Tees Valley is also well-positioned to develop a number of key sectors to strengthen the overall economic base.

xviii) Advanced engineering is already a key element of the Tees Valley economy and links closely to the chemical, energy and steel sectors. Despite the specialist engineering provision within schools, colleges and the University of Teesside, the sector faces a continuing difficulty in recruiting appropriately skilled workers. There is a significant logistics cluster developing, based on the region's good transport links and development plans for the airport and Teesport. The tourism sector has grown significantly in recent years and has the potential to contribute to re-shaping the Tees Valley as an attractive place to invest. The high value services sector, including finance, business and professional services, has traditionally been under-represented in the Tees Valley. However, the development of high quality modern office space is expected to attract businesses and create employment in the future.

xix) In the wider city region, key catalytic projects include the development of NETPark, a regional science / technology park in Sedgefield. Phase 1 is already home to a research institute, incubator space and the Plastic Electronics Technology Centre. One thousand jobs are expected to be accommodated over the next five years and NETPark will act as a beacon for the knowledge economy within the city region. The re-development of Catterick Garrison in Richmondshire also has the potential to have a significant impact on the city region. Although the exact nature of the plans has not been finalised, the existing army base is expected to be transformed through the development of additional military facilities, housing units and shopping and leisure facilities, supporting a town of up to 25,000 people.

xx) A key element of the strategy for the city region is to transform its urban competitiveness to create a place where people want to live, work and visit, developing the environment which will attract and retain the skilled and entrepreneurial people needed to make the city region a success and develop the sustainable communities to allow all its residents to benefit from the opportunities being created. Investment to develop an environment conducive to a diverse economy is focussed on three spatial priorities – the Stockton Middlesbrough Initiative, the Darlington Gateway and the Coastal Arc – where key regeneration sites provide a focus for future employment opportunities.

xxi) These proposed development and economic opportunities provide an optimistic outlook for the Tees Valley economy, but there are a number of uncertainties relating to development timetables and the degree to which employment created would be additional, transferred from elsewhere, replacement demand to replace existing workers or temporary

during the construction phase. Each has a different impact on the labour market and different implications for organisations involved in the provision of learning, training and employment support activities. There is also a need to understand the distribution of jobs between sectors and at different levels within the sectors, so that appropriate skills training can be provided.

Responding to Opportunities – the Challenges for Supply Side Organisations

xxii) There is a need for a programme of awareness-raising and information provision to explain more fully the city region concept and the opportunities arising from the investments being made in the Tees Valley City Region. However, there is general enthusiasm amongst supply side agencies for close collaboration and more joint working across city region boundaries. This could cover a range of issues including progression routes into higher levels of learning across the city region, the alignment of planned activity, a coherent approach to delivery and a partnership approach to addressing the issues arising from the re-organisation of provision for 14-19 year olds.

xxiii) To achieve a more integrated city regional labour market, which will provide individuals with a greater range of employment opportunities and employers with a larger pool of labour to draw on, there is a need for economic development organisations and supply side agencies to work together to:

- provide better information on what opportunities are available and are expected to be created in future years;
- provide improved access to opportunities across the city region (including through transport improvements); and
- identify how on-going support can be provided to those moving (back) into employment throughout the city region.

xxiv) In general, the development of city region level working provides an opportunity for supply side agencies from the Tees Valley, County Durham and North Yorkshire to come together to identify the barriers which act to hinder the effective working of the labour market. A joint approach to tackling these issues, and identifying the freedoms and flexibilities from government and funding body rules and regulations which would help to address them, would provide significant weight of evidence if the city region were to pursue a Multi Area Agreement relating to skills and learning. Whilst the wider partnerships in County Durham and North Yorkshire might not choose to participate in such a Tees Valley City Region MAA, their engagement and support for the requests made to government would lend additional weight to any approach from the Tees Valley partners.

Opportunities and Linkages with County Durham

xxv) Linkages between the Tees Valley City Region and County Durham provide a number of opportunities which have the potential to benefit both areas. These include:

- Ensuring that the unemployed, economically inactive and young people in County Durham can benefit from the employment being created in Tees Valley through a series of measures to improve joint working between organisations in the two areas;
- Working to improve the number of residents with higher level skills, by encouraging employers to see the value of investing in their workforce, building on existing good practice and encouraging greater integration between colleges and higher education providers;
- Improving transport links between the two areas to remove some of the barriers to cross-border travel to learning and employment opportunities;
- Joint working to develop the logistics sector in County Durham and Tees Valley and increase its ability to provide entry level jobs for those who have been out of the labour market;
- Opening up the opportunities being created at NETPark to the workforce in the wider city region and ensuring school and college students in Tees Valley have the opportunity to benefit from the type of educational links being developed with County Durham schools;
- Raising awareness and the engagement of County Durham partners in the development of the city region and promoting a wider understanding of how the city region developments can benefit people and businesses within the county.

Opportunities and Linkages with North Yorkshire

xxvi) The relationship between the Tees Valley City Region and North Yorkshire is very different to that with County Durham and the economic opportunities relevant to the two areas are therefore very different. Opportunities relating to North Yorkshire include:

- Ensuring the benefits of an enlarged Catterick Garrison are captured within the city region, through better integration of the dependants of armed forces personnel into the city region workforce and enhanced support for those leaving the armed forces to retain their skills in the local area;
- Closer joint working between economic development authorities in North Yorkshire and Tees Valley to harness the economic benefits of tourism in the two areas;

- Greater involvement of North Yorkshire partners in the developments at Durham Tees Valley Airport, to maximise local benefits and mitigate against potential damaging impacts, such as increased traffic levels;
- Improved transport linkages and transport planning between North Yorkshire and Tees Valley, to increase access to employment opportunities, and avoid the problem of increased congestion associated with economic growth;
- Improved information sharing and closer joint working in relation to housing developments in the two areas, to ensure that housing market re-development in Tees Valley provides the greatest possible benefits to North Yorkshire.

Conclusions and Recommendations

xxvii) Considerable progress has been made in addressing economic development issues at the appropriate geographical scale since the development of the city region concept. There is now a need to more fully engage with a wider range of partners across both County Durham and North Yorkshire to ensure the benefits of the approach are maximised. Further work is required to understand the labour market implications of the planned developments and explore with employers their skills and training needs. Whilst there is scope to work collaboratively across Tees Valley, County Durham and North Yorkshire on some issues, in other circumstances a bi-lateral approach is required. The city region structures should be flexible enough to accommodate both approaches.

xxviii) An action plan has been developed setting out activity relating to the opportunities identified during the study. In addition to these specific actions, two recommendations relate to issues which cut across the city region as a whole: **structures and organisation** and **awareness raising and data management**:

- Representation on **partnership structures** in the Tees Valley, County Durham and North Yorkshire should be appropriate with representatives feeding back into their own partnership structures to increase levels of engagement with the city region.
- **Raising awareness** of the city region's aims and activities and the implications for the labour market across the TVCR and its hinterland will help partners to re-shape their activities in ways which best meet the needs of the local economy, local businesses and local learners.

The detailed recommendations are set out in the action plan which accompanies the full report. This is designed to offer pragmatic and achievable actions under a set of relevant themes.

1 Introduction

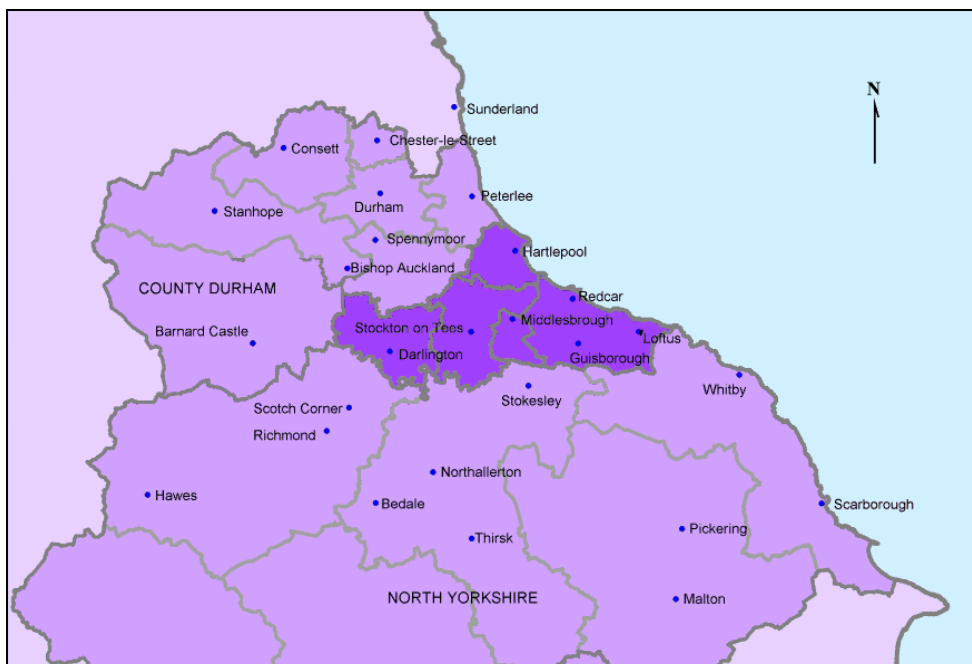
1.1 This report presents the findings of a study commissioned by LSC North East to explore the Opportunities for County Durham and North Yorkshire presented by a Tees Valley City Region. The research was undertaken during the Spring of 2008. It resulted from the desire of the city region partners to ensure that stakeholders in County Durham and North Yorkshire are fully engaged with the city region and aware of the opportunities it presents for residents in their areas.

1.2 The study builds on a number of earlier pieces of work and has been undertaken as the structures being put in place to deliver the economic opportunities identified in the City Region Development Programme are being finalised. It therefore provides an important input to the development and improvement of cross-boundary working, policy co-ordination and governance arrangements, and is intended to raise awareness of the benefits which could be achieved for all the city region's residents if this was maximised.

The Aims of the Study

1.3 The development of plans and strategies for the city region has largely been driven to date by the five Tees Valley authorities: Darlington; Hartlepool; Stockton-on-Tees; Middlesbrough and Redcar & Cleveland. The impact that the city region will have on the wider hinterland of County Durham and North Yorkshire has been less well-developed, although the city region's sphere of influence stretches from Peterlee in the north to Northallerton in the south and from Richmond in the west to Whitby in the east.

Map 1: The Tees Valley City Region in relation to its Sphere of Influence



1.4 The overall aim of the study is to identify how to maximise the cross-border opportunities which the city region will create, and encourage a greater level of involvement in and commitment to city region-level working on the part of stakeholders in County Durham and North Yorkshire.

1.5 The specific aims of the research are to:

- Describe the current reality – the existing scale of cross border movement between County Durham, North Yorkshire and the Tees Valley with regard to learning, skills and employment;
- Identify opportunities - explain how County Durham and North Yorkshire can benefit from economic linkages with the city region, covering both employability and workforce development;
- Develop new ways of looking at the labour market to support these linkages, including identifying barriers;
- Set out what action needs to be taken in different locations to develop a true city region labour market.

1.6 The study seeks to explore the labour market requirements which will flow from the expected development of the Tees Valley economy, including the series of developments proposed for the area outlined in the Development Programme and Investment Plan, and identify how partners in County Durham and North Yorkshire can help to meet these requirements, for the benefit of all residents in the city region.

Research Methods

1.7 The study comprised a variety of research methods. These include:

- A **desk review** of existing research reports and analysis of data on employment and learner flows to provide an understanding of the current picture with regard to cross-border travel for work and learning;
- **Stakeholder consultations** with two groups of key contacts. The first focused on identifying the emerging economic opportunities which will generate demand for labour in the city region, and were undertaken with senior officers responsible for economic development activity in local authorities, employer bodies and strategic bodies across the city region. The second involved talking to providers of learning and training opportunities, including colleges, universities and Jobcentre Plus, to explore the support their clients will need to access the opportunities identified;

- A series of **focus groups** to discuss the opportunities and potential barriers to achieving them, and identify what action is needed to ensure these barriers can be overcome.

Structure of the Report

1.8 The remainder of the report is structured as follows:

- **Chapter 2** provides a brief overview of the context in which the research was undertaken, including a summary of city region activity to date, and provides headline findings on the current pattern of cross-border traffic for learning, skills and employment.
- **Chapter 3** identifies some of the major opportunities identified during the research programme which have the potential to provide significant labour market opportunities for County Durham and North Yorkshire.
- **Chapter 4** highlights the implications of the city region developments identified during the consultation phase and identifies potential barriers to achieving these opportunities.
- **Chapter 5** outlines some of the opportunities and issues identified by stakeholders in County Durham, and identifies some areas for joint working.
- **Chapter 6** provides the same summary for North Yorkshire.
- **Chapter 7** draws together the conclusions of the study and presents a series of recommendations and an action plan for the LSC and its partners to take forward to ensure that the linkages identified are capitalised upon.

2 Existing Linkages within the Tees Valley City Region

Tees Valley City Region Context

2.1 The Tees Valley City Region is one of eight identified as the building blocks of the northern economy in the Northern Way Growth Strategy³. In recent years the economy has experienced significant growth. The Tees Valley economy produced output (gross value added) of some £8.6bn in 2004, although GVA per head in Tees Valley is only 76% of the UK average and, since 2000, has also fallen below the regional average. Whilst the numbers in employment have increased recently, the decline in manufacturing jobs since the 1970s has yet to be fully replaced by the growth in service sector employment⁴. The new jobs created are more likely to be part-time and less well-paid than those lost in heavy industry, contributing to the lower levels of GVA and household income. Despite the recent restructuring of the economy, the city region still has a higher proportion of manufacturing employment and a lower proportion of employment in the service sector than either the region or Great Britain as a whole.

2.2 Whilst employment and economic activity rates are below the national average, they have risen considerably in recent years, and the number of people claiming benefits has fallen. The workforce is relatively well qualified although the proportion that hold level 4 qualifications is below the national average. The city region continues to have a very strong chemicals and pharmaceutical industry which is amongst the most productive in the UK and makes a major contribution to national exports.

2.3 The city region faces a number of economic challenges, identified in the City Region Development Programme. These include continuing the increase in employment and particularly growing the higher value service sector, including financial and business services. Raising the proportion of the workforce with higher level skills and reducing the number with no qualifications will be important to ensure that the city region's employers can remain competitive. Raising productivity and innovation in the manufacturing sector would also contribute to closing the gap in levels of GVA per head.

Plans and Strategies

2.4 The Tees Valley City Region Delivery Programme and Business Case for Delivery set out proposals to improve the economic performance of the Tees Valley. This will be delivered by building on the city region's economic assets – the world class chemicals industry and research base, Teesport, Durham Tees Valley Airport, the area's potential as a logistics hub, the research potential of the Universities of Durham and Teesside and Defence Estates'

³ The Northern Way: Growth Strategy, 2004

⁴ The Tees Valley City Region Development Programme, 2006

proposals to double the size of Catterick Garrison. The urban competitiveness of the city region will also be improved to create a place which will attract and retain competitive, high growth businesses and a creative, highly skilled and entrepreneurial workforce.

2.5 The proposals outlined in the CRDP are one part of a suite of activity being undertaken by a range of organisations with the ultimate aim of improving the economic performance of the city region. Together these amount to the most significant investment seen in the Tees Valley for many years, and include the £1.5bn investment programme being delivered by Tees Valley Regeneration and the housing market renewal programme delivered by Tees Valley Living.

City Region Structures and Work to Date

2.6 A considerable amount of work has been undertaken to develop the Tees Valley City Region, with the publication of a City Region Development Programme, Investment Plan and Business Case since 2005. The priority has been on responding quickly to changing government policy agendas by getting activity underway within the city region under the auspices of existing partnerships. Given the long history of the Tees Valley local authorities working together, they have driven the development of city region activity to date.

2.7 The Tees Valley Unlimited Leadership Board and Executive Board are responsible for taking forward the activities set out in the City Region Business Case. A number of Sub-Boards have been established covering Planning and Economic Strategy, Transport for Tees Valley, Housing, Tourism and Employment and Skills. The Employment and Skills Sub-Board is overseeing the development of a sub-regional skills strategy and the preparation of an Employability Strategy. In addition a City Region Policy Forum has been set up and a Multi-Area Agreement (MAA) is being developed. The former will provide a Forum to address a series of City Region-wide issues once it is fully established later in 2008. The latter will provide increased funding flexibilities and scope for closer joint working between the Tees Valley authorities to drive forward the development of the City Region.

Population and Housing

Population

2.8 The population of the Tees Valley City Region (using the definition of the five Tees Valley authorities plus Sedgefield BC) was estimated to be just under 750,000 in 2006⁵. Whilst the area contains one quarter of the North East's population, compared to the other northern city regions⁶, the Tees Valley is relatively small (eighth of eight in terms of population

⁵ Mid-Year Population Estimates, ONS, NOMIS

⁶ Tyne and Wear, Leeds, Sheffield, Hull and the Humber Ports, Greater Manchester, Liverpool and Central Lancashire

size). In addition to this core population, the Tees Valley City Region labour market draws on workers from County Durham, North Yorkshire and beyond. However, both these areas are rural in nature and relatively sparsely populated. Compared to city regions such as those centred on Manchester and Leeds, the Tees Valley has a considerably smaller population to draw on for employment and to support a thriving market for local businesses.

Housing

2.9 Parts of the Tees Valley have been designated a Housing Market Renewal area (HMR)⁷. This reflects that the housing stock in many of the older urban communities within the Tees Valley does not meet the needs of modern communities. 5,000 new homes are planned in these areas with a further 2,700 to be improved. Without these actions (being undertaken by Tees Valley Living, the HMR Partnership), the mismatch between demand and supply would be exacerbated by the growth plans for Tees Valley City Region. The proposals to create thousands of higher skilled jobs are likely to generate significant demand in the housing market, which cannot be met by some of the existing housing stock. The recent Housing Growth Point bid recognised that “*the Tees Valley housing offer ... does not meet (the) needs and aspirations*” of those filling “*high skill, high wage, knowledge economy jobs*”⁸ and sets out the case for accelerated economic and housing growth.

North Yorkshire

2.10 There are close linkages between the housing markets in the Tees Valley and parts of North Yorkshire on the fringes of the conurbation. North Yorkshire acts as the housing location of choice for some of the most highly paid employees within the City Region. This leads to high levels of demand, making housing in some parts of North Yorkshire very expensive relative to local wages, and causing severe affordability problems for local people⁹. For example, in Ryedale in 2004 average household earnings were £26,018 whilst the average house price was £166,555, generating a house price to income ratio of 6.4. However, the Tees Valley provides a source of relatively cheap housing for those on lower wages employed in North Yorkshire. For example, the food processing industry in parts of North Yorkshire (e.g. Leeming Bar) is known to employ migrant workers who live in cheap accommodation in Tees Valley.

⁷ Parts of central Middlesbrough, central Hartlepool, central Stockton and the South Bank.

⁸ Tees Valley Growth Point Proposal, chapter 1

⁹ In 2004 the house price to income ratio in Ryedale (6.4), Richmondshire (5.7) and Hambleton (5.4) was greater than in the south east of England (4.6) (York and North Yorkshire Strategic Economic Assessment, 2006)

County Durham

2.11 County Durham has a dispersed settlement pattern with a large number of medium-sized and small towns distributed across the County. Over 60% of the population live in settlements of fewer than 10,000 people and the largest town is Durham City, with 37,000 residents. Many of the County's settlements suffer from high levels of deprivation which is exacerbated by their relative distance from major centres of employment.

2.12 After a long period of decline, the population in the County is expected to remain relatively stable over the next twenty five years, implying considerable growth in the number of households as the average household size falls. The County Council estimates that 1,300 homes per year are needed to maintain the population at its current level¹⁰. There has been considerable concern in the County that the housing guidelines set out in the Regional Spatial Strategy will not be sufficient to meet this need, to sustain existing settlements and to enable the Durham economy to grow (although the final revision of the RSS is expected to respond to this concern to some extent). Whilst there are clear benefits for North Yorkshire from the housing growth point bid, the implications for County Durham are less clear cut.

Employment and Travel to Work Patterns

Current and Forecast Employment

2.13 Nearly 300,000 people are employed in the Tees Valley City Region, approximately 270,000 of whom work in the five Tees Valley districts¹¹. A further 141,000 are employed in County Durham (excluding Sedgefield) and 348,000 across North Yorkshire. Within North Yorkshire 55,000 are employed in Richmondshire and Hambleton.

2.14 The structure of employment in the city region continues to reflect the employment base in industry – with 13.5% of all employees working in the manufacturing sector – over 40,000 people¹². This is high compared to many other city regions but reflects a substantial fall of over 10,000 jobs since 2001. There has been substantial growth in business services over the same period, although employment in financial intermediation still accounts for a relatively small proportion of the overall total in the city region (2.1% in 2006). More than three in ten employees in the city region work in the public sector and there are nearly 50,000 jobs in the wholesale and retail sector.

2.15 It is difficult to provide accurate employment forecasts for the Tees Valley City Region as existing models may not pick up on the latest developments 'on the ground'. Forecasts

¹⁰ Helen Goodman MP, House of Commons debates, Thursday, 14 June 2007

¹¹ See Table A.1, p61

¹² See Table A.2, p61

from the LSC's Working Futures model¹³ suggest that the main areas of employment growth in the Tees Valley will be in transport, storage and communications (17% growth between 2004 and 2014), real estate, renting and business activities (15% growth) and hotels and restaurants (10% growth). Employment growth in transport, storage and communication reflects anticipated growth in logistics as companies such as PD Ports expand. Growth in employment in real estate and renting might be expected as new housing developments are completed across the city region, whilst growth in employment in business activities may be accounted for by growth in knowledge intensive industries as the regeneration programmes across the city region result in the development of new, high quality office space. Growth in hospitality and leisure might be expected as physical developments such as Middlehaven at Middlesbrough are completed and the city region develops its tourism offer more fully.

Travel to Work Patterns

2.16 The census provides detail on the place of residence of those people employed in the city region¹⁴. The map overleaf shows all those areas where over 1,000 residents work in the city region. Nearly 90% of those who work in Tees Valley City Region (including Sedgefield) also live in the city region. Over 5% travel in from County Durham, 3.5% from North Yorkshire and 2% from elsewhere, including nearly 2,000 from Sunderland¹⁵.

2.17 As would be expected there are clear spatial differences in the patterns of travel to work recorded in the individual districts, reflecting both proximity and transport links:

- Darlington benefits most from workers resident in Sedgefield, Stockton-on-Tees, Richmondshire, Wear Valley and Teesdale;
- Hartlepool has a much lower number of in-commuters, with Stockton-on-Tees and Easington the most common places of residence;
- Middlesbrough has the highest level of in-commuters with only 51% of workers resident in the borough. It attracts significant numbers from Redcar and Cleveland and Stockton-on-Tees and much smaller numbers from Hambleton, Hartlepool and Darlington;

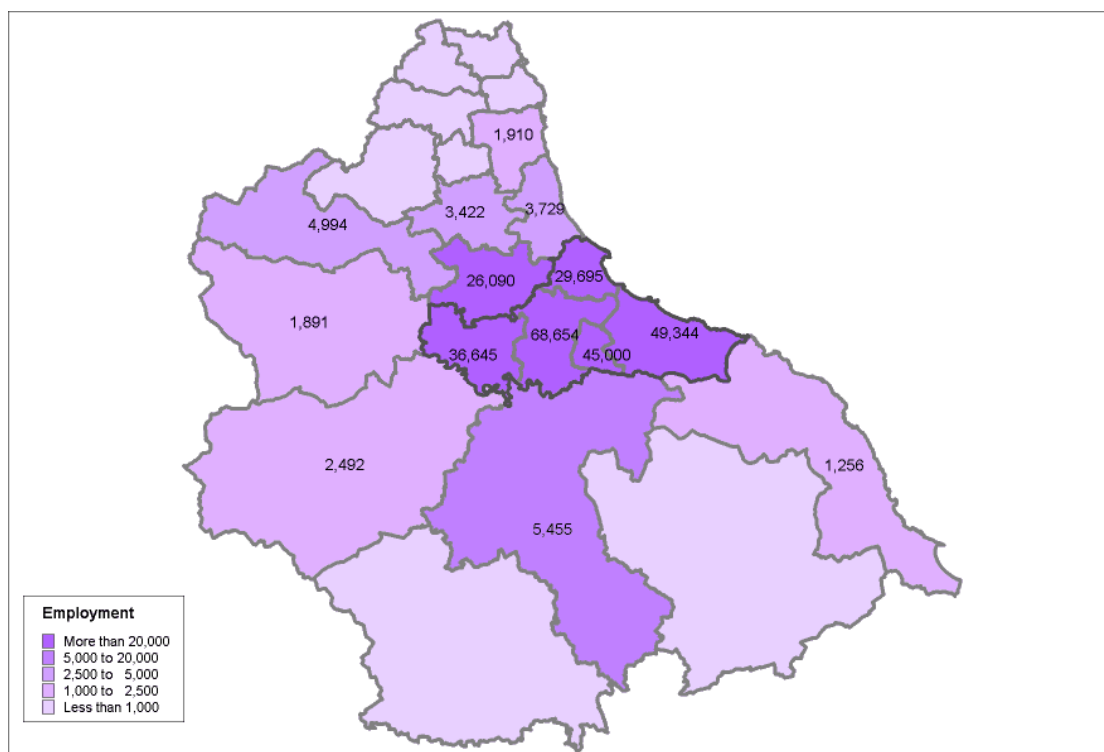
¹³ See Table A.3, p62

¹⁴ Whilst the Census data is now seven years old it is the only comprehensive source of Travel to Work data at local level. The expectation amongst economists is that since 2001, Travel to Work flows have increased both into and out of the City Region, i.e. people are now more likely to travel further to work. The difference in the employment totals between the Census and Annual Business Inquiry data is explained by the growth of employment in the Tees Valley City Region since the Census was undertaken in 2001.

¹⁵ See also Table A.4, p62

- The vast majority of in-commuting to Redcar and Cleveland originates from within the city region itself, with Middlesbrough and Stockton-on-Tees being the most significant sources. Over 1,000 commute in from Hambleton;
- The majority of in-commuters to Sedgefield are from other parts of County Durham (Wear Valley and Durham City). Over 2,000 travel in from Darlington, many of whom are likely to be employed on the Aycliffe Industrial Estate;
- Stockton-on-Tees benefits from significant levels of in-commuting from all parts of the city region. Hambleton is the only district outside the city region which provides over one thousand commuters to Stockton-on-Tees.

Map 2: Employment in the Tees Valley City Region by Location of Residence

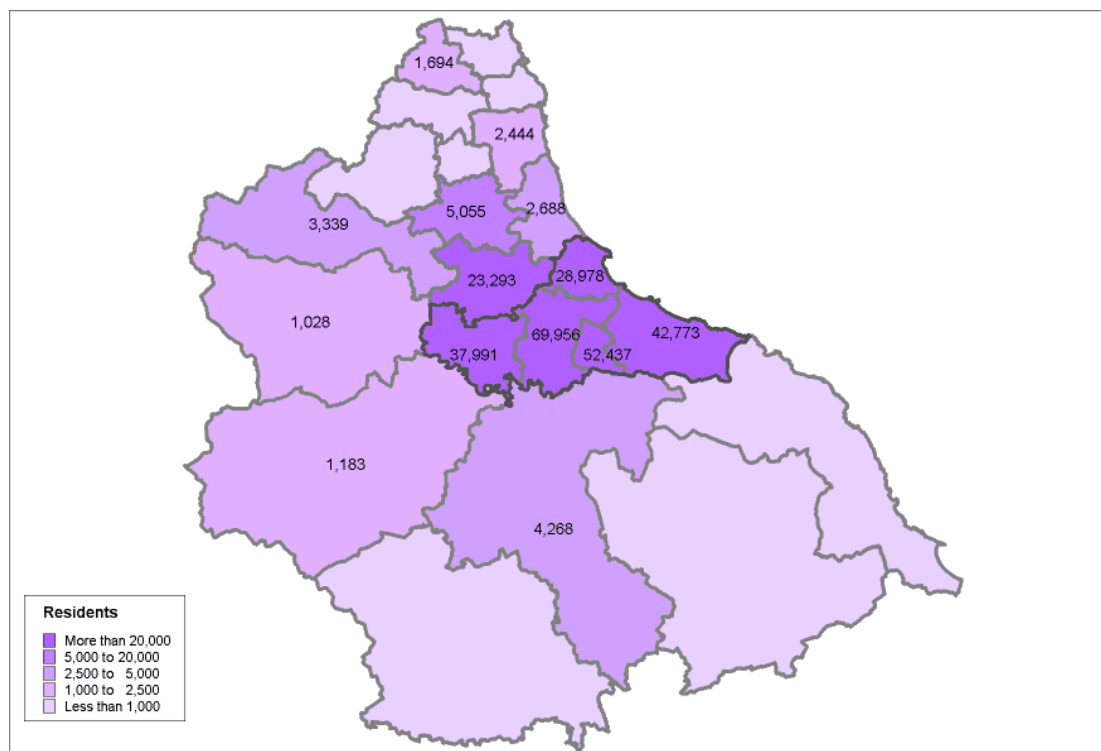


Source: Census 2001

2.18 The map below shows the place of work of people who live in the Tees Valley City Region¹⁶. Again, the vast majority work within the city region itself. However, over 35,000 are employed outside the city region, including nearly 13,000 in County Durham and over 7,000 in North Yorkshire.

¹⁶ See also Table A.5, p63

Map 3: Residents of the Tees Valley City Region by Location of Employment



Source: Census 2001

2.19 Again there are differences in the patterns of travel to work. In Sedgefield only 72% of residents work in the city region, reflecting its links to other parts of County Durham. Of these, the majority work in Darlington and Stockton; very few residents appear to travel to Hartlepool, Middlesbrough or Redcar and Cleveland for work purposes. In the five Tees Valley boroughs, the proportion who work within the city region ranges from 86-92%. Looking at travel to work outside the city region, Hartlepool's strongest link is with Easington, whilst Middlesbrough, Stockton-on-Tees and Redcar and Cleveland all have their highest number of out-commuters travelling to Hambleton. In Sedgefield, the highest number of commuters outside the city region travel to Durham City and Wear Valley.

2.20 A sectoral analysis reveals the industries which attract the largest number of in-commuters to the Tees Valley City Region¹⁷. Twenty-eight per cent of those who commute into the TVCR are employed in the manufacturing and energy industries (6,300 people), nearly double the proportion of total city region employment in this sector (14.5%). This suggests that the proportion of in-commuters does not always match the industrial structure of the region. Other important attractors are health and social work (2,800 or 13% of in-commuters), wholesale and retail (2,400 or 11%) and the education sector (2,400 or 11%).

¹⁷ See Table A.6, p64

2.21 The total number of commuters travelling out of the TVCR to employment in County Durham and North Yorkshire is around 5,000 less than the number who travel in¹⁸. Those who travel out of the city region to work are also likely to be employed in manufacturing and energy (although a much smaller proportion of total out-commuters; 22% or 3,800 people). A significant number also travel out of the city region to jobs in the public administration and defence sector, mainly to large public bodies in Durham (including Durham County Council and the Passport Agency) and Hambleton (including North Yorkshire County Council).

2.22 Overall nearly 50% of those who commute into the Tees Valley City Region to work are employed in managerial, professional and associate professional occupations, compared to one third of people employed in the city region¹⁹. Fewer than 40% of those who commute out of the city region to work are employed in these higher level occupations, demonstrating the importance of the city region as a source of highly skilled and better paid jobs to the wider hinterland²⁰.

2.23 There are clear distinctions between the nature of in-commuters from different parts of the city region's hinterland. Nearly 70% of those commuting from Hambleton to work in the city region are employed in higher level occupations, compared to only 35% of in-commuters from Easington and 32% from Wear Valley.

2.24 During the consultation phase, three main reasons for the travel to work patterns observed were cited: the dislocation between the location of employment and the location of housing; the transport infrastructure; and historical and cultural ties.

2.25 Middlesbrough and Stockton are the economic heart of the city region and the location of 48% of all jobs. However, the **housing choice** in the urban core of the city region is limited, with a concentration of small terraced houses and a lack of family and executive-type homes²¹. This results in many workers, particularly the higher skilled and better paid, commuting into the urban core. This is a particular feature of commuting into the city region from North Yorkshire, where the quality of life offered by the area's rural villages is a key attraction for better paid workers.

2.26 The designation of TVCR as a housing growth point could potentially act to reduce travel to work flows from outside the city region, by providing a wider choice of (family and middle income) housing within the urban core, reducing the push factors which encourage better paid workers to live in rural North Yorkshire or County Durham rather than within the five Tees Valley authorities. However, housing choice is only one of a number of factors

¹⁸ See Table A.7, p65

¹⁹ See Table A.8, p66

²⁰ See Table A.9, p66

²¹ Tees Valley Growth Point Proposal

which determines place of residence, and discussions with the North Yorkshire consultees indicated an expectation that many of the higher level jobs being created within the city region will continue to be filled by residents from North Yorkshire, either by those already living in the area, or by people moving to take up jobs in the city region and choosing North Yorkshire as a place to live. The housing growth plans could help offset the perceived 'overheating' of the North Yorkshire housing markets and provide accommodation for the next generation of the workforce. Parts of North Yorkshire which are closer to the city region border, such as Hambleton, are also developing strategies to retain more highly skilled workers within the district boundary in higher quality and sustainable employment, e.g. through the development of Leeming Bar business park.

2.27 A second explanation of the existing patterns of travel to work is the **transport infrastructure** which exists within the city region. The Tees Valley has a relatively free-flowing urban transport network²² and patterns of inter-borough commuting are clearly based around the transport corridors: between Darlington, Middlesbrough and Stockton; between Darlington and Richmondshire; between Darlington and the southern parts of County Durham; and between Hartlepool, Easington and Sunderland. The transport infrastructure is weakest in the most remote parts of the city region, reducing the opportunities for enhanced connections between for example Hartlepool and other parts of the city region. Proposals have been developed for an integrated rail and public transport network (including an ambitious Tees Valley Metro project). There are also proposals for Park and Ride stations at Nunthorpe Parkway, Darlington and Wynard which could provide 'gateways to TVCR' from North Yorkshire (given the proximity of Great Ayton, Stokesley and Guisborough), Bishop Auckland (also Teesdale and Wear Valley) and Sedgefield respectively.

2.28 **Historical and cultural** ties shape people's expectations of where they will access a range of services and opportunities, including employment. As the urban heart and 'city centre' of the city region, Middlesbrough and Stockton offer a high proportion of the city region's employment opportunities, particularly in higher level occupations and important services such as the financial industries. Darlington has historical ties with both North Yorkshire and the southern parts of County Durham and, as the largest town between York and Durham, provides services including employment to a wide hinterland. Darlington provides strong transport links (both road and rail) with County Durham. There is less of a tradition of cross-boundary travel to work in areas such as Hartlepool, which are more geographically isolated and more self-contained in terms of employment.

Skills and Learning

2.29 The successful implementation of the plans and proposals for the Tees Valley City Region will depend on and increase demand for highly skilled workers in the area. This will

²² Tees Valley Growth Point Proposal

intensify the importance of having a qualified workforce to respond to changing demand and remaining globally competitive as highlighted in the Leitch Review²³ – it is expected that by 2020, 40% of adults will require a Level 4 (degree level) qualification. Given that 70% of the 2020 workforce has already left compulsory education, the skills profile of the existing workforce will have a major influence on how the Tees Valley City Region is able to respond to this demand for skilled workers.

Workforce Skills and Occupational Change

2.30 Currently one quarter of economically active people of working age in the Tees Valley City Region hold Level 4 qualifications²⁴. This is on a par with the population in County Durham but considerably lower than the England average of 31%. The proportion holding Level 4 qualifications is higher in North Yorkshire (29%) and certain parts of County Durham (analysis of skills levels at the district level in County Durham identifies concentrations of higher skilled populations in Durham City, Chester-le-Street and Teesdale²⁵). These people represent a potential supply of higher level skills to meet the demand in the Tees Valley, although some will already work in the city region and they will also be able to access opportunities elsewhere (e.g. Leeds and Tyne & Wear City Regions).

2.31 Overall, employment in the Tees Valley is forecast to increase by 1.6% by 2014²⁶. Employment growth in the higher level occupations – managers and senior officials, professional occupations and associate professional and technical occupations – will be more than double this rate at 5.2% over the same period. Significant growth is also anticipated in sales and customer service and personal service occupations. This growth will relate closely to planned and recently completed retail and office developments across the TVCR and the development of related leisure opportunities in the hotels and restaurants sector²⁷.

2.32 In addition to the absolute growth anticipated in employment in the TVCR, a further consideration is the high level of replacement demand which is likely to arise in the future, particularly in those industries with an ageing population. This is likely to exceed the level of new jobs and will be significant in those sectors, which currently appear to be declining in employment terms.

²³ Leitch Review of Skills, Prosperity for all in the global economy - world class skills, 2006

²⁴ See Table A.10, p67

²⁵ County Durham Labour Market Patterns Assessment (2005), Roger Tym and Partners.

²⁶ See table A.3, p62. As noted previously, a limitation of economic forecasting models is that they do not always reflect what is known to be happening on the ground. The LSC's Working Futures model is a national model and so does not fully incorporate the expected impact of the investments planned and being made in the Tees Valley City Region. However, it does provide an indication of the likely change in employment in key occupational areas over the coming six years.

²⁷ See Table A.11, p67

2.33 These changes in the labour market will have implications for providers of education and training. For example, forecast growth in sales and customer service occupations of over 5,000 jobs might require sector specific training e.g. second NVQ 2 qualifications in retail and / or customer service in order that growth in the sector remains as competitive as possible and can match investment made in the sector in other regions. Forecast growth in higher level managerial occupations will require a greater supply of higher level skills than is currently available in the city region labour market. This might require approaches such as promoting new opportunities to highly skilled individuals who work outside the TVCR and / or upskilling the existing city region workforce.

2.34 In addition, consideration needs to be given to the on-going need for training arising from the level of replacement demand. Authorities in the city region will need to ensure that there is an adequate level of training provision which focuses on developing specialist skills even in those sectors which appear to be declining or static in terms of the numbers in employment.

Learning Provision

2.35 A supply of appropriate learning provision in the city region is very important given the increased need for highly skilled workers (and demand for more skilled and qualified labour at all levels). The city region benefits from the presence of the University of Teesside and the Stockton Campus of the University of Durham, and draws on graduates from other higher education institutions across the country. The University of Teesside also offers courses through partner FE Colleges in Tees Valley. There is a network of private provision, FE and adult and community learning provision.

FE Provision

2.36 FE colleges are located in each of the five Tees Valley districts and a network of other FE providers and sixth form colleges provides a relatively even spread of FE provision across the core Tees Valley area²⁸. There is a larger number of FE outreach centres in Redcar and Cleveland, which is indicative of the relative size of this district and the dispersed nature of its conurbations compared to the other four districts.

2.37 FE+ is a partnership of the six general FE providers in the Tees Valley. It formed in 2000 with the aim of developing a more collaborative approach to FE and training in the Tees Valley. The focus of the partnership is to increase the influence of FE providers at the sub-regional and regional level within the skills and economic development context. As the Tees Valley City Region develops, expanding existing partnerships like FE+ to cover the wider city region geography may be appropriate in order to enhance access to learning provision and

²⁸ See Annex 2, p69

respond to skills gaps or geographic gaps in existing provision as labour market skills needs change.

2.38 There are significant learning and training opportunities presented by capital investment in FE colleges across the Tees Valley City Region. Middlesbrough College is currently being relocated to a £68m purpose-built college at Middlehaven, one of the core regeneration areas in Middlesbrough. The new college is due to open in September 2008 and will provide new learning opportunities and modern facilities. Other capital projects include the Education Village in Darlington which has brought together provision for young people aged 2 to 19 in an innovative project to create a £37.3m 'learning campus'. The Building Schools for the Future Programme means that over the short to medium term all schools and related colleges will be re-built or refurbished with new, up to date learning facilities. Several schools and colleges have already been re-built or refurbished in the Tees Valley under the first phases of the BSF Programme.

2.39 The four FE Colleges in County Durham are located in Durham City, Consett, Peterlee and Bishop Auckland. East Durham and Houghall Community College (Peterlee) and Bishop Auckland College have the closest geographical links to the Tees Valley City Region but the nature of their catchment areas means that relatively few learners from these two colleges travel to access further learning or employment opportunities in the Tees Valley. County Durham learners also have close links to providers in Darlington – specifically Darlington College and Queen Elizabeth Sixth Form College, which serve the southern parts of the County. The education infrastructure in County Durham is also benefiting from major capital investment, with a new college and school campuses being developed with new and enhanced facilities, e.g. through Building Schools for the Future.

2.40 There are no FE Colleges in the northern part of North Yorkshire but outreach centres are based in several areas across the sub-region including the Darlington College centre in Catterick (Richmondshire) and the Askham Bryan Centre in Bedale (Hambleton). There is another Askham Bryan outreach centre in Guisborough, which serves many North Yorkshire learners, indicating that cross boundary travel is a characteristic of participation in learning in North Yorkshire²⁹.

Adult and Community Learning

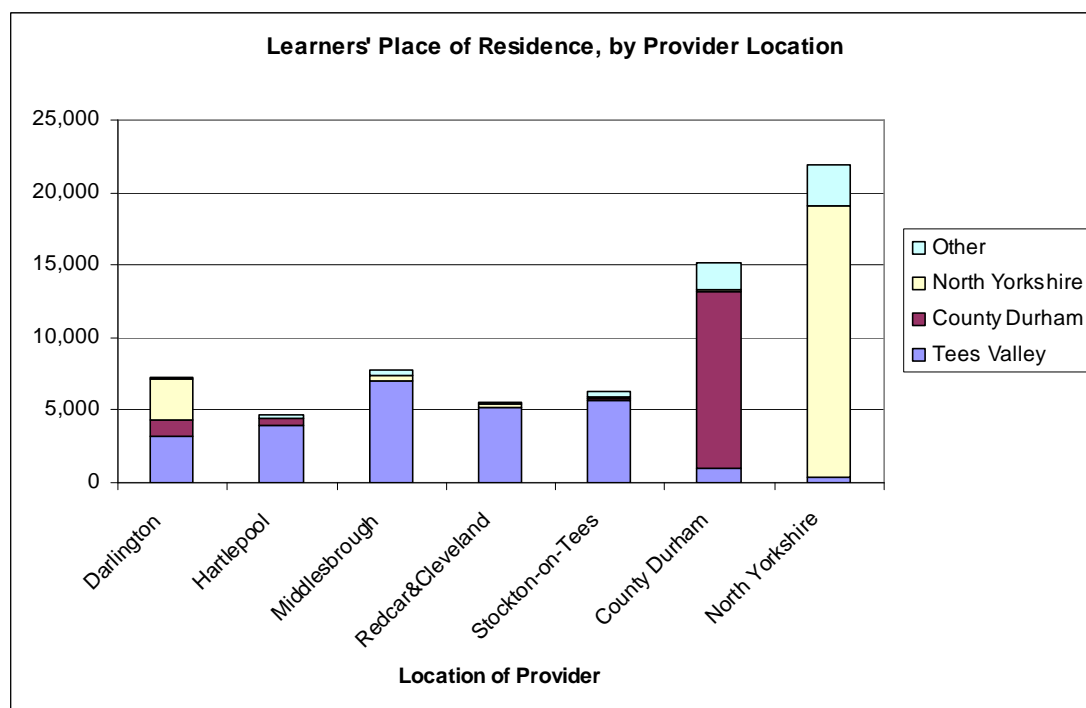
2.41 Adult and community learning in TVCR, County Durham and North Yorkshire is delivered through a range of out-reach centres and local schools. Out-reach learning is increasingly important for the city region particularly in the more rural areas e.g. eastern parts of Redcar and Cleveland and / or areas where there are higher concentrations of long-term unemployment such as Grangetown (located between Redcar and Middlesbrough) to assist

²⁹ See York and North Yorkshire Strategic Economic Assessment, 2006 (EKOS).

more people into learning, training and ultimately employment. A key issue for the city region is how to ensure that those supported to enter learning through adult and community learning provision in County Durham and North Yorkshire are able to progress and access further provision within the core of the city region.

Travel to Learn

2.42 The Individualised Learner Record (ILR) provides details of the learner place of residence and the location of the provider at which they study³⁰. This allows for analysis of the current learner flows within the Tees Valley City Region and between the five main Tees Valley authorities, County Durham and North Yorkshire³¹. The chart below shows the place of residence of learners at FE providers across the Tees Valley, County Durham and North Yorkshire.



Source: Individualised Learner Record 2007/08, LSC

2.43 The patterns of travel to learn vary greatly depending on the location of the provider and reflect expectations, historical links and transport infrastructure³². Darlington has the highest in-flow of learners, with less than half of its learners resident in Darlington. Over half (54%) of learners travel from County Durham (15%) and North Yorkshire (39%). The majority of those which travel from North Yorkshire are from Richmondshire (87%) and Hambleton

³⁰ This study used Individualised Learner Record data for 2007/08

³¹ The ILR data does not include school sixth forms which are an important part of post-16 provision in County Durham and North Yorkshire.

³² See Tables A.12 and A.13 , p68

(11%). Darlington College has a centre at Catterick and many of the Richmondshire-based learners are Army personnel.

2.44 Middlesbrough also has a high in-flow of learners, although the large majority (44%) are from the other Tees Valley authorities, including 18% from Redcar & Cleveland and 17% from Stockton-on-Tees.

2.45 In contrast, the majority of learners at providers in Hartlepool (70%), Redcar & Cleveland (77%) and Stockton-on-Tees (76%) live in the area in which they study. With regards to learner in-flows each of these areas has varying patterns;

- Of these three areas, Hartlepool is the only one which has a significant flow of learners from County Durham (12%), mainly the eastern parts of the County particularly Easington. A similar proportion travel from Stockton-on-Tees (10%);
- The only significant learner flow to Redcar & Cleveland is from Middlesbrough, which accounts for 13% of the total learners;
- 15% of the learners in Stockton-on-Tees are from the surrounding Tees Valley authorities, over half of whom are from Middlesbrough.

2.46 Providers in County Durham and North Yorkshire all attract in-flows of learners from the Tees Valley; however they account for small proportions of the total learners, 7% and 1% respectively. The majority of learners who travel to County Durham from Tees Valley are from Darlington (9%) and Hartlepool (6%). Whilst these proportions are slightly lower than those travelling to Darlington and Hartlepool from County Durham, they represent a two way flow between these areas. In contrast the flow of learners from North Yorkshire to Darlington is not reciprocal, with only a very small number (27) of learners travelling from Darlington to North Yorkshire to learn.

Types of Learning

2.47 Learner flows were analysed in relation to type of study, level of study and the sector of study. In most cases the type of study had very little or no bearing on the learner flow. However, over half (54%) of the learners from Tees Valley, North Yorkshire and County Durham that study full time, part year do so at Darlington and the majority of these learners (96%) are from Richmondshire. This reflects the pre-dominance of Army learners on this type of provision.

2.48 Perhaps surprisingly, the proportion of learners travelling to learn does not vary greatly by the level being studied (it might be expected that those studying at higher levels would be more willing to or might need to travel outside their home area to access specialist provision). There are two main exceptions to this. Again the influence of the Army is seen in the fact that 63% of Darlington learners studying at level two live in Richmondshire. Secondly, providers in County Durham, Hartlepool and York attract almost two thirds (64%) of

the learners studying at level four or above from Tees Valley, North Yorkshire and County Durham. Almost a third (32%) of these learners study at providers in County Durham, with 16% travelling from the core Tees Valley area. Hartlepool has 14% of the learners studying at level four or above of whom 29% live in County Durham.

2.49 In relation to the travel to learn patterns by sector, the sectors with the highest number of learners in Tees Valley, County Durham and North Yorkshire, in order, are Preparing for Work and Life; Health, Public Services and Care; Arts, Media and Publishing; Business, Administration and Law and Retail and Commercial Enterprise. In most cases the sectors being studied have little or no influence on travel to learn patterns. The main exception is again associated with inflows of Army personnel to study at Darlington College. Almost three quarters (72%) of the learners within the Health, Public Services and Care sector studying at Darlington are from Richmondshire.

2.50 **Expectations, historical links and transport infrastructure** were highlighted by consultees as contributing to patterns of travel to learn. This is also greatly influenced by the **availability** or otherwise of local provision, with large parts of northern North Yorkshire not benefiting from a local provider of further or vocational education, in effect forcing people to travel to the Tees Valley to access provision. Residents of parts of North Yorkshire and southern parts of County Durham reportedly expect to travel to Darlington to access specialist education – Darlington is seen as the location of further education in the same way that it is the location of major retail facilities – although the LSC in North Yorkshire expressed concern that the low population levels limit the choice of learning opportunities that they are able to offer locally. There are concerns over what impact this will have on the introduction of Diplomas for young people.

2.51 Darlington is able to attract non-residents into its learning provision as a result of its excellent transport infrastructure, which provides road and rail access from both North Yorkshire and County Durham, as well as the rest of the Tees Valley. The new college campus has a network of bus links and provides an attractive environment which also helps to attract learners from a wide hinterland.

Issues for the Study

City Region Boundaries

2.52 Defining a city region presents a number of challenges. The definition of the Tees Valley City Region used in this report is the five Tees Valley authorities, plus the Borough of Sedgefield, as set out in the City Region Business Case. Amongst many stakeholders, the understanding is that the city region comprises only the five Tees Valley authorities (see section four). The Business Case notes that the city region's sphere of influence extends north to south from Peterlee to Northallerton and west to east from Richmond to Whitby.

2.53 The actual influence of the city region varies – the labour market, the learning market, housing market and leisure market all have different patterns and different linkages with County Durham and North Yorkshire. In practice the city region's boundaries are 'fuzzy'. Rather than focussing on a 'line on a map', the study has taken a flexible approach to the definition of the city region, allowing respondents' own understanding to shape the identification of opportunities and issues.

Two-Way Linkages

2.54 The maps on pages 20 and 21 illustrate the extent to which there are interdependencies between the city region and the surrounding areas in terms of employment. At the time of the 2001 Census, a larger number of people commuted out of the Tees Valley City Region to work than commuted in. Whilst the recovery of the Tees Valley economy means that this may no longer be the case, it is clear that there are two-way linkages between the Tees Valley City Region and parts of County Durham and North Yorkshire, rather than County Durham and North Yorkshire being dependent on the core of the city region for employment.

2.55 It is therefore important that linkages and opportunities are considered both in terms of how County Durham and North Yorkshire can benefit from development in the city region, but also in terms of the opportunities that each area is generating, and how the city region can benefit from these. This is the approach adopted in this study.

Distinctive Economic Challenges

2.56 The review of existing linkages reported in this section and the consultation with stakeholders highlight the differences in the city region's relationships with the economies of County Durham and North Yorkshire, reflecting the different economic issues and challenges faced by each area. For example, in relation to housing, the development of more higher value homes in the core Tees Valley area may ease pressure on the North Yorkshire housing market, but the concentration of housing development in urban areas is viewed with more concern in County Durham where the priority is to revitalise existing settlements and reverse a long period of population decline.

2.57 With regard to labour and employment there are distinct differences between the patterns of commuting with North Yorkshire providing a significant proportion of the Tees Valley's higher skilled workforce whilst in County Durham the concerns are with the large numbers who remain out of the labour market despite a long period of national economic growth. There are also clear differences in terms of education and learning, with very limited provision in the northern part of North Yorkshire whilst southern County Durham has a range of post-16 provision but a greater challenge in terms of raising aspirations and motivating learners to travel to access learning.

3 Economic Opportunities for the City Region

3.1 With a growing GVA, 20,000 jobs created in the last four years, employment at 1970s levels (employment rates rising from 63% in 1999 to 71% in 2006) and net in-migration the Tees Valley economy appears to be showing signs of revival. The local authorities have developed a strategy which is based on building on the city region's existing economic assets and simultaneously improving the urban competitiveness of the Tees Valley including the business environment, skill base and physical, social and cultural infrastructure, in order to develop a city region with a sustainable economy and community.

Some Major Economic Assets to Build On

3.2 Many of the economic opportunities facing the city region build heavily on existing economic assets: these include its significant petrochemical industry, Teesport (second largest by volume in the UK), a CATS gas pipeline³³ and 10% of the UK's energy generation. One of the strengths of these assets is that they are integrated in the largest UK petrochemical/energy/port complex with deep water, spare land and associated infrastructure. NEPIC (North East Process Industry Cluster) has identified that £1.1 billion will be invested in new and existing chemicals, biofuels and energy projects creating over 1,300 jobs during the construction phase.

3.3 Consultees spoken to as part of the study also highlighted the current 'security of supply' within CORUS Teesside Cast Products (TCP), provided by the number of export orders for its steel slab. This demand supports some 3000 employees in three locations³⁴. The scale of some of the developments which have been announced in the city region is quite immense (although the number of direct jobs which will be created is modest), including the world's largest polyethylene plant at SABIC (£300m creating some 200 jobs) and bioethanol plant at Wilton (£200m, 200 jobs) and Europe's largest bio diesel facility at Seal Sands (£80m).

3.4 Other major economic opportunities for the city region include:

- Developing Teesport to meet the continued growth in deep-sea container traffic over the coming decade. PD Ports have proposed a £0.4bn 5000 jobs **Northern Gateway Container Terminal and Warehousing** development following an increase in

³³ The Central Area Transmission System (CATS) is a 408 kilometre pipeline that links a riser platform adjacent to the North Everest development in the Central North Sea, with the gas processing terminal at Teesside.

³⁴ Redcar where the iron-making process takes place, Lackenby known for its steel making and beam mill capabilities and Cleveland's coke ovens.

container volumes³⁵. The first phase will be complete by 2010 with the rest of the development occurring by 2015.

- A new **paper recycling plant** (Ecco Newsprint) employing 170 direct staff, at Wilton International, near Redcar (at the peak of construction, 1,500 building workers could be deployed on the project). The plant will manufacture newsprint - paper used for printing newspapers - from recycled newspapers and magazines.
- Peel has plans for a £110m business park to be built near **Durham Tees Valley Airport**, with the capacity to accommodate at least 3,500 jobs over the next 10 years. The 250 acre Skylink International Business Park development will be built on land next to the airport providing 2 million sq ft of space to airport-related / large-scale industrial and freight firms. By 2015 it is intended that the airport will be able to accommodate three million passengers a year, benefiting local businesses, encouraging inward investment and supporting the growing tourism sector.
- **SeaDragon Offshore** has chosen the Tees Alliance Group to build a £300m state-of-the-art floating drilling platform for the oil and gas sector bringing an estimated 400 jobs. The company has also announced plans to build two more identical vessels with Tees Alliance Group. It will be the biggest non-military marine fabrication project in the UK, and will bring one of the country's largest shipyard facilities, Haverton Hill near Billingham, back into use. The first rig is expected to be delivered in 2009.

Growing Key Sectors

3.5 The Tees Valley City Region is also well-positioned to develop a number of key sectors to strengthen the overall economic base. These include the advanced engineering sector; logistics; tourism; and the finance, professional and business services sector.

3.6 **Advanced Engineering.** This sector is already a key element of the Tees Valley economy and links closely to the chemical, energy and steel sectors. The city region is home to world class expertise in plant design, construction and maintenance and this will need to be drawn on as the investments listed above come forward. Research by the Tees Valley Engineering Partnership has highlighted the need to increase the number of highly qualified engineers within the sector and, whilst learning provision within the city region ranges from schools with specialist engineering status to degree and post-graduate courses at the University of Teesside, there is a continuing difficulty with recruiting appropriately-skilled and qualified graduates. Other priorities include improving innovation and access to new technologies and developing new markets for the city region's existing expertise.

³⁵ Load-on, load-off container volumes at Teesport increased by 7% following the addition of new feeder services which carry products unloaded from larger vessels elsewhere.

3.7 Logistics. Tees Valley City Region and adjacent areas in County Durham are emerging as an attractive location for logistics companies. Combined with the development plans of the Airport and Teesport, there is a significant logistics cluster developing. Companies are attracted by the relative lack of congestion on key transport routes in the area. The sector potentially provides a route into employment for those who have lower level skills or who have been out of the labour market for a significant period of time. The logistics sector can play a key role in supporting other sectors within the city region.

3.8 Tourism. The importance of the tourism sector in the Tees Valley has grown significantly in recent years and the City Region Business Case highlights that the sector is now worth around £340m to the local economy each year, supporting the equivalent of nearly 5,500 jobs. The tourism sector is also important in creating business dynamism (as a relatively easy sector for new businesses to enter) and provides an entry route to the labour market for less well-qualified individuals. There are a number of tourism assets within the Tees Valley City Region, and in several cases there are close links to the tourism offer in adjacent parts of County Durham and North Yorkshire, for example in relation to railway heritage, the North York Moors and the Coast. The tourism sector also has the potential to make an important contribution to the improvement of urban competitiveness in the city region – helping to re-shape the Tees Valley as a place where people want to live, work and visit.

3.9 Finance, Professional and Business Services. This nationally important sector has traditionally been under-represented in the Tees Valley. However, there is evidence that creating an appropriate business environment, through the provision of modern office space, can help to attract businesses and create employment. The regeneration projects outlined below under Creating Sustainable Communities include the development of a significant amount of high quality office space suited to modern, high value service sector businesses.

Catalytic Projects in the wider City Region

3.10 There are two major projects on the edge of the city region which have the potential to generate significant economic benefits:

- **NETPark** will involve the further development of a *regional* science/technology park in Sedgefield for high-value added knowledge based businesses. Phase 1 is complete and houses a research institute, incubator space supporting science and R&D businesses and PETeC, the Plastic Electronics Technology Centre. Target users include 'novel electronics' and the next phase of manufacturing advanced instrumentation, nano-technology, bio-informatics and photonics. The RSS provides a framework for a doubling of NETPark's current size, and it is envisaged as a long term development which is still in its very early stages. In volume terms it is quite modest with the capacity to create more than 1,000 jobs over the next five years. However the significance of NETPark is in its role as a beacon for the knowledge

economy within the city region. NETPark offers a potentially rich source of employment right across the city region for higher level skills employees including graduates.

- o **Catterick Garrison** is the Army's largest base, embracing 7,500 regular soldiers, 1,900 recruits and 2,000 civilian contract staff. It has a Long Term Development Plan for the next 15-20 years. Over the next 20 years a town population of 25,000 or so is anticipated, with additional military facilities, 2,500 additional housing units, and shopping and leisure facilities. A consultation on the LDF Area Action Plan Issues and Options paper for Richmond and the Catterick Garrison Area, looking at the development of town centres (e.g. through retail), housing growth and existing and new employment centres, concluded in April 2008. The continued growth of the area is unquestionable although the mix of final uses is likely to be subject to some debate following the LDF process.

3.11 In addition to these major opportunities, there are a number of smaller developments on the periphery of the city region which will have a significant impact on local labour markets. These include the expansion of the Leeming Bar business park in North Yorkshire, which is likely to produce more opportunities for food-based businesses. Aycliffe Industrial Park in Sedgefield is an important employment location in the north of the city region, accommodating over 8,000 jobs in 250 businesses. Sustaining this employment base is an important priority and an improvement programme involving corridor enhancement, property improvement and demolition has been developed.

Creating Sustainable Communities – The Transformation of the City Region

3.12 The second key element of the strategy set out in the city region's business case is to improve the urban competitiveness of the Tees Valley to create a place where people want to live, work and visit. This economic and social regeneration is focussed on a number of spatial priorities which have the potential to transform the city region's urban competitiveness and develop the sustainable communities which will enable the Tees Valley City Region to attract and retain the skilled and entrepreneurial people needed to support its economic revival.

3.13 The focus is on developing an environment conducive to the development of knowledge based sectors and a diverse economy, providing job opportunities and the means to access them to those in deprived communities and creating attractive places which offer leisure, cultural, shopping and learning opportunities. There are three spatial priorities: the Stockton Middlesbrough Initiative, Darlington Gateway and the Coastal Arc. Within each, activity is focussed on a number of key regeneration sites, providing a focus for future employment opportunities. A summary of the opportunities being developed in each area is provided below.

3.14 **Stockton-Middlesbrough Initiative.** This is a 20-year vision for the urban centre of the Tees Valley primarily focused on Stockton and Middlesbrough and the land on both banks of the Tees between the two towns. It includes the development of financial and business services in Teesdale, the revival of Middlesbrough Town Centre (cultural, retailing and leisure), the continued expansion of the University of Teesside (Digital City and incubation project) and FE facilities, and an improved Stockton-Middlesbrough housing offer. **Middlehaven** includes some 2,500 residential units, a new college campus and up to 3,000 new jobs and **Stockton North Shore** includes office and university expansion, creating more than 2,500 permanent jobs. The improved attractiveness of the heart of the Tees Valley City Region will enhance its image as an employment and leisure location for those within the core area and beyond (Durham and North Yorkshire).

3.15 **Darlington Gateway.** Darlington is a gateway historic market town, a retail, leisure and cultural centre serving a large part of North Yorkshire and South Durham. The Darlington Gateway Development Framework aims to boost medium sized industrial provision (900 to 10,000 sq m) to accommodate large distribution and logistics operations and enhance prestige office accommodation building on its financial and business services sector (AMEC, Capita, Darlington Building Society). The 30 ha **Central Park** has the capacity to incorporate 600 homes, office accommodation, hotel, community facilities, leisure space and a new £30 million campus for Darlington College of Technology (with the potential to generate up to 2,000 jobs and stimulate over £170 million of investment over a seven year period). Other projects include:

- The completion of the Morton Palms Business Park creating over 35,000 sq m of office space for high value service sector and has the potential to create 1,000 jobs;
- The development of the 60 ha site at Faverdale East Business Park for the logistics and distribution sectors including the recent Argos development.

3.16 **Coastal Arc.** It is anticipated that the development of a number of tourism assets (the heritage coast, Teesmouth and Hartlepool marina and traditional coastal settlements) has the potential to improve economic performance. The development of the Marina, the Historic Quay and regeneration in Hartlepool town centre has helped to improve the prospects for the town. This has been reinforced by waterfront, office, residential and leisure developments with a focus on its maritime heritage through Hartlepool Quays and the proposed **Victoria Harbour** (a 133 ha site of waterfront development). The harbour includes a 20 year strategy including 3,500 residential units; 60,000 sq m of commercial and mixed use; some 20,000 sq m of retail, community and commercial space; new public realm; and a new bridge at the harbour entrance.

3.17 In Redcar it is anticipated that the £55m Coatham Enclosure Project will develop the tourism potential of Redcar and contribute to providing a vibrant housing market in Coatham.

It includes a new pool, performance centre and major lifestyle sports venue, commercial elements and 285 new houses and seafront apartments. Revival of the Coastal Arc is likely to boost the critical mass of visitors to the city region, employment within tourism and certain service sectors and the supply of labour through increased housing choice. There is also the potential to link development activity further along the coast into North Yorkshire. Whitby and Scarborough are important centres for tourism and Scarborough has recently benefited from significant public and private sector investment to improve the physical and built environment and rejuvenate its tourism industry.

Implications for the Labour Market

3.18 The proposed developments and economic opportunities outlined above demonstrate the growing sense of confidence and optimism in relation to the economy of the Tees Valley City Region. Following a period of steady growth, the City Region Business Case sets out a strategy to improve economic performance and tackle barriers to economic growth. The consultations undertaken for this study highlighted the growing belief that the city region is about to embark on a major economic expansion, creating jobs, generating new businesses and increasing income for local residents.

3.19 However, whilst the overall picture is very positive, a considerable amount of uncertainty remains. Firstly, in many cases timetables for development are either unclear, very long-term (up to a decade or more) or dependent on factors beyond the control of city region organisations. In the context of the current economic climate, development timetables may be further affected as changing market conditions may lead to some developments taking longer to deliver than originally planned. Secondly, whilst announcements of jobs being created are very welcome, there is a need for clarity to distinguish between truly additional employment, jobs created during the construction phase of major projects, jobs being transferred from elsewhere (within or outside the city region) and replacement demand for labour to replace workers who are retiring or moving to other opportunities within the labour market. Each has a different impact on the labour market and different implications for organisations involved in the provision of learning, training and employment support activities. Finally there is a need to understand better the mix of jobs between the key sectors identified above and at different levels within these sectors, in order to ensure that the need for skills development within the city region can be identified and met.

3.20 The next section of the report identifies some of the key issues facing supply side agencies within the Tees Valley City Region labour market, in responding to the emerging economic opportunities and meeting labour market needs.

4 Responding to Opportunities – the Challenges for Supply Side Organisations

Introduction

4.1 The term 'supply side organisation' refers to a very broad range of agencies, providing support to individuals ranging from highly qualified and motivated young people to those who have been out of the labour market for many years and will require intensive support to re-enter employment. The organisations consulted as part of this study included FE colleges, private training providers, Jobcentre Plus, the University of Durham and the Learning and Skills Council in both the North East and Yorkshire and Humber.

4.2 These organisations vary considerably in their organisational objectives, their range of experience, and the target groups with which they work. It is also important to note that the consultations included representatives of different supply side sectors (e.g. FE colleges, Higher Education institutions, private training providers) but did not attempt to survey all organisations within these sectors. Rather than attempting to draw general conclusions which apply across the supply side, this section highlights labour market issues which the city region partners will need to address if the full benefits of the economic opportunities being created are to be achieved.

4.3 Supply side agencies within the skills and training system are working within an increasingly demand-led environment. The move to this approach has been on-going for a number of years and has been hastened by the findings of the Leitch Review³⁶. The intention is that the majority of public funding for adult skills should be routed through Train to Gain (determined by employers) or Learner Accounts (determined by individuals) in the future. This represents a significant shift from the previous system of block funding allocated to learning providers based on estimates of demand. The new system will provide employers with a greater influence over what is provided, which should lead to provision which better meets their skills needs and enhances productivity and competitiveness. Enabling employers to exercise choice more directly in the learning which they access for their staff puts them at the heart of the skills and training system. However, some providers have concerns about the extent to which employers are able to identify and articulate their training needs. The implications of this are explored in more detail below (see paragraph 4.13).

Understanding City Region Opportunities

4.4 Supply side agencies tend to associate proposals for development in the Tees Valley City Region with employment growth in specific business sectors. Their understanding is that the Tees Valley City Region is linked with initiatives to attract new business and investment to

³⁶ Prosperity for All in the Global Economy: World Class Skills, December 2006

the area by working together across the five Tees Valley districts to bring sustainable change and making the area a more attractive place to live and work. One supply side representative linked the development of the TVCR with a revival, growth and reinvention (through innovation) of the more traditional industrial sectors which had declined in the area during the 1980s and 1990s.

4.5 The level of understanding depends largely on the level and nature of involvement in the development of the city region. Where supply-side representatives have been and are directly involved in the 'mechanics' and administration of the city region there is a much deeper understanding of related issues and implications. As an example, one consultee at Jobcentre Plus is a member of the Employment and Skills Board whose work dovetails with the development of the TVCR multi-area agreement (MAA). **To ensure that the labour market implications of opportunities within the city region are identified and addressed, active engagement of a wide range of learning and skills stakeholders in local structures is important.**

4.6 Understanding of the geographic boundaries of the city region appears to be mixed. The majority of supply-side representatives who were consulted (from both inside and outside the five Tees Valley local authorities), including those more directly involved in administrative arrangements for the TVCR, consider the city region to comprise the five Tees Valley districts, and many were not aware of the concept of 'fuzzy boundaries' which mean that the city region incorporates parts of County Durham and North Yorkshire. **This is a perception issue that will need to be overcome if the TVCR ambitions are to come to fruition.**

4.7 The majority of supply side organisations see strong opportunities arising from the development of the TVCR such as enhanced partnership working and collaboration. From the supply perspective this could manifest itself in the development of clearer progression routes for learners across the TVCR. **A key aspect of the development of the TVCR was therefore associated with the need to formalise and facilitate partnership working, building on existing lines of (often informal) communication between education and training providers.** As an example the Adult Education department in North Yorkshire County Council envisages the potential to support learners who complete learning through the service to progress to learning opportunities in the TVCR in FE and HE.

4.8 Related to the above, there are examples of strong partnership working and new ways of working which have been developed in response to the creation of the TVCR. The University of Teesside is developing Higher Education (HE) provision in HE Centres based in FE colleges in each of the five Tees Valley districts. The University is also investing in a second campus at Darlington College (due for completion in September 2010) which will include delivering HE provision from the college's centre at Catterick Garrison in North Yorkshire. Providers are therefore working to increase accessibility to learning from all areas

of the TVCR and North Yorkshire and County Durham. In this respect providers demonstrate an understanding of the TVCR as the catalyst for partnership working, enhanced access to learning and wider participation in HE in order to address higher level skills needs in the local, city region economy.

4.9 Across the city region, there has been significant capital investment in the education infrastructure (see section 2.36 and 2.38), providing world class facilities within schools and colleges. This provides an environment which will encourage higher levels of take up of learning opportunities. The co-location of FE and HE provision will support progression routes and inspire more people within the city region to acquire the higher level skills which will be needed to meet future economic demands.

The Implications of City Region Development

4.10 The implications of continued and new growth in employment opportunities within the TVCR identified by supply side representatives are set out below.

4.11 **A responsive approach** - as employment opportunities expand there will be a need for the development of more flexible approaches to training and employability support services. Examples of approaches that are currently underway were put forward by NETA which is developing company-specific approaches to training. NETA is working with PD Ports to explore options for creating an on-site training facility that would provide opportunities for technical skills development through simulation. In the more rural areas of the city region more flexible approaches to learning e.g. through the increased use of outreach centres and e-learning (particularly from FE and HE providers) would help to overcome some barriers to accessibility. **Many of the key sectors / employers (construction and process industries for instance) in the Tees Valley lend themselves well to on-site flexible provision.**

4.12 **Employer-led provision** – linking provision to demand generated by employment growth associated with the development of the TVCR more effectively will require collaborative working and enhanced communication with employers across the Tees Valley. Hartlepool College provided an example of involving employers in the design of new provision. As part of the College's £60m capital investment for a new building on the college campus local employers have been consulted to ensure that the building can be designed for provision that will support growth in the local economy. To support growth in the city region-wide economy it will be important that future developments take into account employer needs from the TVCR, including County Durham and North Yorkshire. **Making sure that HE and FE assets and provision relate to or are informed by (where appropriate) the emerging CR opportunities is a challenge for the coming years.** The fact that much of the new infrastructure forms part of regeneration plans for many of the urban centres (in Stockton and Middlesbrough for instance) is encouraging. **From a city region perspective the more**

locally relevant research centres, regional sectoral specialisms (working with local employers) and relevant qualifications that are offered the better.

4.13 **Employer articulation of need** – supply side partners will require more information from employers on the types of jobs and skills that will be needed in the future. In this context there will be scope for providing support to employers, particularly smaller employers, to articulate their skills and employment needs. The Employment and Skills Board is exploring options for supporting employers with this. **Linked to this, the quantification of expected regeneration and sectoral opportunities by occupational category over time would be useful.**

4.14 **Alignment with TVCR** – supply-side partners recognise the implications of a TVCR for existing delivery structures and administrative boundaries. As an example, Jobcentre Plus has recently been restructured around the Tees Valley (five districts) boundary. **Providing opportunities for cross-referral across the whole city region i.e. including parts of County Durham and North Yorkshire, would enhance resource alignment and communication.** At present there is little cross-boundary working between Jobcentre Plus in the Tees Valley districts, County Durham and North Yorkshire due to resource and time constraints.

4.15 Of note, in the future it will be essential to align and coordinate Jobcentre Plus and the Learning and Skills Council's activity across institutions and across administrative boundaries. The two organisations have a key role to play in the implementation of the new ESF programme, which makes closer joint working crucial if the benefits of this funding stream are to be maximised, for example by providing employability skills and responding to redundancies.

4.16 **Collaborative working** – there is a strong understanding amongst supply-side partners that the development of the TVCR and promoting access to its associated employment opportunities will require more collaborative working. To avoid disengagement in learning and / or employment, supply-side agencies (e.g. Jobcentre Plus, Business Link North East, FE Colleges and sectoral training providers) will need to work together in preparing the individual for learning / employment and preparing the employer for taking on individuals who may have been out of work for some time or who may need support with skills development. Jobcentre Plus identified a need to work with FE providers in the future to ensure seamless progression from basic skills learning to intermediate and higher level skills development and ultimately into better paid, more sustainable job opportunities. It was also stressed that the relevant SSCs should work together (Cogent, EU Skills and Improve for instance) on areas of joint interest for the city region (such as process industries).

Challenges and Barriers

4.17 Supply side representatives identified a range of barriers and challenges that might prevent the opportunities presented by the city region being fully maximised. They include:

- **Cross-boundary travel** – travel to learning and employment opportunities across the TVCR, particularly from more isolated, rural areas (e.g. County Durham and parts of Redcar and Cleveland) tends to be influenced by local culture, perceptions and accessibility;
- **Employer perceptions** – The Tees Valley is characterised by large employers from traditional sectors whose perceptions towards training and workforce development are still influenced by a pressure to maintain a productive workforce and a focus on the impact of training on productivity in the short-term. Employers and learners need to be encouraged to recognise the long-term benefits of investing resources and time in training – for company performance and career progression / professional development. This will require a proactive employer engagement strategy;
- **Working within a demand-led system** - whilst the investments and regeneration activity planned within the city region are expected to lead to increased demand for skilled labour, supply side agencies report limited *actual* demand for higher levels of training / apprenticeships to date. With funding for training now 'following the learner', they are not in a position to be able to create a stock of skilled people in advance of employment opportunities being created, so there is a need to engage with employers to operationalise the forecast demand for skilled labour and ensure that training places are created and taken up;
- **Understanding of the city region** – a sectoral training provider identified a lack of understanding of the TVCR, the 'machinery' of a TVCR in political terms and what it would 'look' like. At present employers may not be aware of what the concept of a city region means to them and what economic / business opportunities this might bring. There is arguably a need for profile raising amongst some aspects of the supply side;
- **Re-organisation of the supply side** – the responsibility for funding 14-19 year olds' provision is shortly to be transferred to local authorities. Consultation is currently underway on the implications of this and how local authorities should work together to ensure the needs of local young people are met. FE Colleges, especially those which experience high levels of cross-boundary travel to learn, highlighted the danger of too great a focus on the needs of the 'home' local authority as opposed to the wider labour market.
- **Changes to local authority structures** – there is a particular issue in County Durham where the move towards unitary status gives rise to two implications. In the short term, there is a danger of a lack of engagement on the part of the Durham partners, as a result of the time and resource implications of the re-organisation. In

the longer term, there is concern that unitary status may lessen the opportunities for the southern parts of the County to play a full role in the development of the Tees Valley City Region, as a unified, county-wide approach is taken to the TVCR.

4.18 Supply side representatives also identify potential risks associated with the development of the TVCR. If services are not joined-up and plans are not put in place in the medium to long-term for providing advice and guidance to young people in particular (careers / training advisers) individuals are more likely to disengage from learning / employment and skills gaps will continue to be an issue. If employers are unable to find the skills they need supply side representatives identified the risk that companies could relocate elsewhere. In other words, **the volume of opportunities emerging from the Tees Valley City Region will require an intensive and proactive response from employers and the supply side which engages not just those from 'heart of the city region' but stakeholders from North Yorkshire and County Durham.**

Conclusions

4.19 The consultation programme with supply side organisations demonstrated a need for a programme of awareness-raising and information provision to explain more fully the city region concept and the opportunities arising from the investments being made in the Tees Valley City Region. This finding was supported by the consultations with a broader range of County Durham partners reported in section six of this report.

4.20 Despite a lack of understanding of some of the finer details of the city region programme, there was general enthusiasm amongst supply side agencies for close collaboration and more joint working across city region boundaries. This could cover a range of issues including progression routes into higher levels of learning across the city region, the alignment of planned activity and a coherent approach to delivery and a partnership approach to addressing the issues arising from the re-organisation of provision for 14-19 year olds. To achieve a more integrated city regional labour market, which will provide individuals with a greater range of employment opportunities and employers with a larger pool of labour to draw on, there is a need for economic development organisations and supply side agencies to work together to:

- provide better information on what opportunities are available and are expected to be created in future years;
- provide improved access to opportunities across the city region (including through transport improvements); and
- identify how on-going support can be provided to those moving (back) into employment throughout the city region.

4.21 In general, the development of city region level working provides an opportunity for supply side agencies from the Tees Valley, County Durham and North Yorkshire to come together to identify the barriers which act to hinder the effective working of the labour market. A joint approach to tackling these issues, and identifying the freedoms and flexibilities from government and funding body rules and regulations which would help to address them, would provide significant weight of evidence if the city region were to pursue a Multi Area Agreement relating to skills and learning. Whilst the wider partnerships in County Durham and North Yorkshire might not choose to participate in such a Tees Valley City Region MAA, their engagement and support for the requests made to government would lend additional weight to any approach from the Tees Valley partners.

4.22 In addition to the shared opportunities and issues which apply to supply side agencies working in all parts of the city region, a number of factors are of particular concern in particular parts of the city region geography. The following two sections of the report consider opportunities for closer joint working with County Durham and North Yorkshire partners in turn, focussing on specific issues of interest to each area.

5 Opportunities and Linkages with County Durham

5.1 Linkages between the Tees Valley City Region and County Durham provide a number of opportunities which have the potential to benefit both areas. This chapter outlines the key opportunities identified during the study, and sets out the actions which will be required to ensure they are achieved.

Employability and Young People

5.2 Employability remains a major priority in County Durham, where 5.2% of the working age population are unemployed (12,400) and 15% claim incapacity benefit (36,080)³⁷. Given the proposed economic developments, the Tees Valley is an important source of employment opportunities for those living in the southern parts of County Durham (both young people and adults) – although there will continue to be a significant number of jobs available within parts of County Durham e.g. at Aycliffe Industrial Estate. A significant number of County Durham residents already work within the Tees Valley City Region and it is important that the structures in place to help people into work recognise that the labour market is not constrained to administrative boundaries.

5.3 Helping those who are unemployed or economically inactive (back) into work is a resource-intensive task involving a wide range of organisations including Jobcentre Plus, FE Colleges, voluntary and community organisations and local authorities, amongst others. These organisations need to be assisted to work together across the Tees Valley and County Durham, in order to provide the best possible service to their clients.

5.4 A key element of supporting people back into work is engaging and working with employers to encourage them to provide suitable opportunities. This also applies to providing work experience for school pupils. In recent years, a significant number of agencies have been performing this role, with no coherent structure in place to target activity. This has on occasion resulted in employers being contacted by more than one organisation, requesting different types of support in terms of work placements, work experience for school pupils and subsidised employment posts.

5.5 Young people in County Durham should be encouraged to see the Tees Valley City Region as a potential location for their future career development. To achieve this, linkages need to be made between educational establishments (schools and colleges) in County Durham and employers and industries within the Tees Valley. Previously, this has been hindered by the way in which Education Business Partnerships operate within local authority boundaries.

³⁷ NOMIS, Autumn 2007

5.6 In order to ensure that the unemployed and economically inactive in County Durham, as well as young people in the County, benefit from the employment being created in the Tees Valley, the following actions should be taken:

- Via the Tees Valley Policy Forum, agencies in the two areas should discuss where and how they could work more closely together to ensure that County Durham residents are able to access the new employment opportunities being created within the city region. This could include the flexible use of the Working Neighbourhoods Fund across administrative boundaries, creative transport solutions to help people access employment further from their homes or cross-border approaches to providing support to those who have moved back into employment;
- Via the Employment and Skills Board, relevant agencies should explore the feasibility of agreeing a coherent structure through which employers can be engaged in employability projects and programmes in order to provide higher levels of support to employers, increase employer engagement and reduce the burdens on the local business community;
- The LSC should facilitate closer working between the Education Business Partnerships in each area, in order to ensure that young people in County Durham are able to benefit from opportunities provided by employers in the Tees Valley, and see the area as a potential source of employment in future (and vice versa).
- The movement of responsibility for 14-19 year olds' provision to the local authorities in each area should be used as a prompt to encourage closer working relationships between the learning partnerships in County Durham and the Tees Valley authorities to ensure provision meets the needs of young people across the city region and beyond.

Higher Level Skills

5.7 Whilst employability is a major issue in County Durham, there is widespread recognition that improving the performance of the economy and income levels of local people depends not only on getting people into work but in raising skill levels, of both adults and young people. Demand for higher level skills within the Tees Valley City Region is expected to increase significantly over the next ten years as the planned developments and investments take place. This provides an important opportunity for County Durham to retain more highly skilled people (both local people and those who have studied at the University of Durham) and attract back local people who have moved away after studying elsewhere.

5.8 It should also act as an incentive for local people to invest in skills and training as they see that relevant jobs are available (providing that any reluctance to travel to the Tees

Valley for employment can be overcome). Many employment opportunities available within County Durham are at relatively low skill levels, which acts to deter individuals from investing in their own education and training. At the same time, local employers adapt production processes to the skills of the workforce. The economy therefore settles into a 'low skills equilibrium'.

5.9 Seizing the opportunity provided by the growth in the number of higher level jobs in the Tees Valley City Region to tackle this would have significant benefits for County Durham. Income levels would be likely to rise as people accessed more highly paid employment (even if some of their earnings were spent outside the County in the location where they were employed). Those attracted back to Durham, retained in the area or encouraged to improve their skills levels would provide a source of skilled labour for Durham employers as well as those in the Tees Valley.

5.10 A number of actions will need to be taken if the skills levels of the workforce in the city region are to be increased. These apply across the area but are particularly relevant to those parts of County Durham and the Tees Valley where skills levels are poor. Actions to address these issues include:

- Encouraging employers to see the value of higher level training. This is already a major area of work for a variety of agencies including Sector Skills Councils and the Learning and Skills Council and is particularly important in the context of a demand-led skills and training system. At the city region level, the Employment and Skills Board should co-ordinate efforts to raise the awareness of employers of the value of higher level training.
- Building on existing good practice in the provision of higher level skills. For example, the University of Teesside has recognised strengths in the field of engineering and has a long track record of working closely with employers to meet their training and staff development needs. Hartlepool College has engaged local employers in the design of its new building to ensure that provision will meet the future needs of the economy. Individual learning providers should ensure that their provision responds to the needs of the city region economy, and work to further develop the sectoral specialisms which will ensure appropriate skills and qualifications are provided locally.
- Modular degrees and Higher Education in an FE setting provide a route to deliver higher level skills training to those who are already in the workforce. The University of Teesside is already working closely with colleges across the Tees Valley to deliver HE to students in a range of settings. County Durham colleges are developing their own partnerships with HE providers, particularly the University of Sunderland. Colleges in County Durham should be encouraged to learn from the experiences of

their Tees Valley counterparts in order to provide the best opportunities to their learners.

Transport and Access

5.11 Already a considerable number of people travel from County Durham into the Tees Valley City Region every day to access employment and learning. Darlington in particular, as a result of its historical ties and relatively good transport links, attracts a large number of learners from south west Durham.

5.12 However, there is a continued reluctance within some communities in County Durham to travel to access employment or training. This is not entirely a result of transport difficulties, with aspirations and attitudes also playing a part. However, consultees were clear that addressing problems in the transport system which act as barriers to cross-border travel is vital if the opportunities presented by the development of the city region are to be achieved.

5.13 The improvements being planned for the transport system in the Tees Valley provide an opportunity for this to be achieved. To ensure this is the case, the following actions should be undertaken:

- The Tees Valley Bus Network Improvement project and proposed metro scheme provide an opportunity for the Integrated Transport Authorities in County Durham and the Tees Valley to identify particular barriers and bottlenecks. The Tees Valley Joint Strategy Unit should ensure that planning and implementation of the schemes occurs in the context of the wider economic geography of the city region.
- The FE Colleges in the Tees Valley (through their FE Plus body) are studying existing patterns of access to colleges. This study should be extended to include linkages to colleges in County Durham.

Logistics

5.14 The logistics sector is a key source of employment growth within the Tees Valley and is also strategically important to South West Durham. The area has good transport linkages, including the A1(M), A19 and East Coast Mainline, and is set to benefit from the significant developments at Durham Tees Valley Airport (including the Skylink International Business Park) and at Teesport. There are also potential linkages to the bio-fuels industry within the Tees Valley, particularly given the continuing concerns over the high oil price. Given the continuing level of worklessness in the area, the logistics sector also provides an important potential source of entry level employment.

5.15 Working more closely together, the southern parts of County Durham and the Tees Valley have the opportunity to develop a stronger logistics cluster, by making linkages

between the developments occurring on either side of the county border. The following actions should be taken to ensure that this is achieved:

- The Logistics sector study due to be undertaken in the Tees Valley should be extended to cover South West Durham. The Tees Valley Joint Strategy Unit should lead the study, with Sedgefield BC acting as the lead for the County Durham input.
- The study should explore the scope for the sector to provide entry level jobs and consider the skills and employability requirements of logistics sector employers. The findings should be used as the basis for future joint working between relevant supply side bodies in County Durham and the Tees Valley (e.g. FE Colleges, training providers, the LSC, Jobcentre Plus) to maximise this opportunity, with the TVCR Employment and Skills Board overseeing activity.

NETPark

5.16 NETPark is an important regional asset and provides a number of opportunities for the Tees Valley City Region. Over a long time period (up to thirty years), and subject to planning approval, the intention is to create a scientific research and development community undertaking high value added activities, generating new and growing companies and providing a significant number of highly skilled jobs. In addition considerable employment will be generated through the supporting infrastructure required and companies developed at NETPark are expected to relocate to other parts of the region as they grow and develop.

5.17 NETPark is significant to County Durham and the Tees Valley City Region economy for a number of reasons. It is already providing employment opportunities for highly skilled individuals and the number of such jobs is growing. This is helping both to retain talented graduates in the region and attract highly qualified scientists to the area. The leading edge research undertaken within the region's five universities is being commercialised at NETPark and is generating wealth for the local economy. NETPark is an important component of the drive to re-focus the County Durham economy on knowledge-intensive activities.

5.18 The focus of the research and development work undertaken at NETPark means it is significant for some of the Tees Valley's key industries. NETPark is home to PETeC, the national centre of excellence for printable electronics, which is run by the Centre for Process Innovation and has close links to the area's chemicals industries. These linkages are enhanced by the fact that the Chair of NETPark's governing body is also the Chair of NEPIC and the CPI. The local chemicals industry therefore has easy access to leading edge research.

5.19 The developments at NETPark therefore have a number of potential benefits for the Tees Valley City Region economy, as well as for County Durham and the region as a whole.

The research and development being undertaken there is helping to move the local economy up the value chain. Enhancing the existing linkages to the local business community could increase this effect. The County Durham Development Company has used NETPark to encourage Durham companies to think about the business environment in which they will be operating in the future, demonstrating leading edge technologies such as nano-milling. This foresighting activity could be extended to companies elsewhere in the city region, helping them to become pro-active in the face of changing technology, rather than reactive.

5.20 NETPark has also worked with the education system in County Durham to try and enthuse young people about science and ensure that local schools and colleges are producing young people with the appropriate skills and aptitudes to meet the future needs of NETPark (both in terms of higher level and intermediate level jobs). This has included working to develop the Regional Science Learning Centre within a County Durham school and ensuring there are enhanced facilities for science at other County Durham schools which are being re-built. NETPark has also hosted a science festival for young people – Science Live – which was organised through the SETPOINT organisation at the University of Teesside.

5.21 To ensure that the opportunities presented by NETPark are achieved for the whole of the city region, the following actions should be taken:

- Contacts between NETPark, CDDC and local authority economic development units within the Tees Valley should be re-established to provide an update on developments and explore levels of interest in facilitating visits to NETPark by companies from outside County Durham.
- Links between NETPark and education authorities in the Tees Valley should be established (facilitated by the LSC and Education Business Partnerships) to provide young people from across the City Region with access to NETPark's facilities.
- The feasibility of running a follow-up to the Science Live festival should be explored with SETPOINT and the University of Teesside.

Engagement and Awareness

5.22 To date, relatively rapid progress has been made in the Tees Valley City Region, in comparison to other areas. This is reflected in the advanced position of the Tees Valley in negotiating its Multi Area Agreement with government covering a number of capital expenditure streams. The MAA covers the five Tees Valley authorities and will provide the city region with a number of important freedoms and flexibilities in the implementation of its plans and proposals. Whilst the five Tees Valley authorities are working together closely to

deliver the city region agenda, the approach to partners in County Durham and North Yorkshire has been one of engagement and information sharing, rather than joint working.

5.23 In County Durham, the current local government re-organisation means that a considerable amount of time and effort is being expended on planning and agreeing new structures and ways of working within the County. Less time has been available to fully engage with the developments occurring in the Tees Valley City Region. Whilst the County Durham Partnership is represented on the key TVCR structures, the County would benefit from a greater level of awareness of plans and proposals for the city region amongst the wider partnership. This would encourage a wider range of organisations and individuals within County Durham to become involved in city region activity where there is clear benefit to doing so, and ensure that the opportunities for County Durham resulting from city region developments are more widely appreciated.

5.24 In order to achieve this greater level of engagement and awareness within County Durham in the Tees Valley City Region, a number of actions are necessary:

- County Durham representation on the Tees Valley City Region structures should be kept under review during the local government re-organisation to ensure that the most appropriate members of the key County Durham partnerships are included.
- Key County Durham representatives on the TVCR structures should ensure that they feed back into the Partnership to disseminate TVCR plans and proposals as widely as possible. They should act as a contact point for interested individuals / organisations within County Durham to link into the TVCR structures.
- The TVCR Policy Forum should provide a venue for a wide range of County Durham partners to engage with the city region's plans, proposals and thinking about future priorities.
- Once the new County Durham structures are fully established, representatives of the Tees Valley City Region should be invited to present an overview of plans and activities to each thematic partnership and identify areas of joint interest and potential closer working.

6 Opportunities and Linkages with North Yorkshire

6.1 The relationship between the Tees Valley City Region and North Yorkshire is very different to that with County Durham and the economic opportunities relevant to the two areas are therefore very different. This chapter outlines the key opportunities identified during the study, and sets out the actions which will be required to ensure they are achieved.

Catterick Garrison

6.2 Catterick Garrison makes a major contribution to the economy of North Yorkshire, estimated at over £200m per annum, supporting between 12,000 and 15,000 jobs, of which over 11,000 are on the base itself. Whilst there is uncertainty over the timing and scale of future developments, the intention is to increase substantially the number of armed forces personnel based at the Garrison, as well as increasing the number of housing units, shopping and leisure facilities within Catterick Garrison town centre. Alongside this, armed forces personnel and their families will be located at the base for significantly longer periods of time, rather than being more frequently moved between bases, as is currently the case.

6.3 This presents an important opportunity for both North Yorkshire and the wider Tees Valley City Region. The proposed increase in population could be significant within this sparsely populated area of North Yorkshire, and will result in increased housing and facilities for local people as well as army personnel. Additional expenditure will be generated in the local economy, supporting existing and creating new employment opportunities.

6.4 A Garrison population which is more embedded in the local community will also bring a number of benefits. Firstly, the dependants of armed forces personnel based at the Garrison will provide a longer-term source of labour for businesses, both locally and within the Tees Valley, than is currently the case. Dependants who know they will be based at the Garrison for a longer period of time are more likely to seek employment, particularly higher level employment and that which offers opportunities for in-work progression, than is currently the case. Secondly, as people leave the armed forces, they are more likely to remain in the area if they and their families are embedded in the local community, rather than returning to their 'home' area, as many do now. This potentially provides a continuous flow of people with higher level skills in specific areas – engineering, logistics, communications – to meet the needs created by the developments within the Tees Valley City Region.

6.5 In order to ensure the potential benefits of the expansion and changes at Catterick Garrison are achieved, a number of actions should be taken:

- A representative from the Garrison should join the City Region Policy Forum to keep stakeholders updated on developments and plans at the Garrison;

- The skills of those leaving the armed forces at Catterick should be mapped and potential matches to skills needs arising from investments in the city region and North Yorkshire identified;
- Links should be established with the Regional Resettlement Centre at Catterick to ensure those leaving the armed forces are provided with information and support to help them access jobs within the city region.

Tourism

6.6 Tourism is a vital part of the North Yorkshire economy, and is a particularly important source of employment and income in the more remote rural areas. Within the Tees Valley, tourism is seen as part of the place-making agenda, with partners investing in regeneration and culture to create places that people want to visit and where they wish to live. The tourism and hospitality sector also has an important role to play with regard to employability, providing a route into employment for those who are less skilled.

6.7 There is an opportunity to increase the overall number of tourist visitors to the Tees Valley and North Yorkshire and increase the economic impact of tourism by making greater linkages between the tourist 'offers' which each area provides. There are a number of potentially complementary areas – the coast, the countryside, major outdoor events and cultural attractions – which provide a basis for joint working between the two areas. There is existing evidence of close links between the two areas in terms of tourism, with one third of day visitors to the North York Moors National Park originating in Cleveland³⁸.

6.8 In order to capitalise more fully on the potential economic benefits of the tourism sector in the Tees Valley and North Yorkshire:

- Relevant bodies from the two areas should meet to discuss the opportunities and how these can be maximised.
- In the first instance, these discussions should be led by those with responsibility for economic development in the two areas. At a later stage it may be beneficial to include those responsible for marketing and promoting the tourism industries in North Yorkshire and the Tees Valley.

Durham Tees Valley Airport

6.9 Durham Tees Valley Airport is significant both in its own right and for its potential impact on the tourism sector across Tees Valley City Region and beyond. The development of Skylink International Business Park is a £110m investment at the airport which will create

³⁸ Tourism Trends 2005:1, North York Moors National Park Authority

over two million square foot of office space and accommodate around 2,000 jobs, which will be within easy access of many residents in both the Tees Valley area and North Yorkshire. The airport offers a range of scheduled and charter services serving locations across Europe and therefore provides an access point for European visitors to North Yorkshire's tourism industry, a particularly important market given the current strength of the euro against the pound.

6.10 The developments at and around the airport could therefore have an important impact on the North Yorkshire economy. In order to maximise the potential benefits, and mitigate against potential damaging impacts (such as increased traffic), North Yorkshire partners (in the first instance the Planning Department at North Yorkshire County Council) should be kept informed of progress with the Skylink development and be invited to participate in relevant discussions about the plans. The wider community of North Yorkshire (and Tees Valley and County Durham) partners should be provided with regular updates on developments via the Tees Valley City Region Policy Forum.

Transport

6.11 One of the current strengths of the Tees Valley City Region is its relatively free-flowing urban transport network³⁹. There are relatively good linkages north and south between the Tees Valley and North Yorkshire, including the A1(M) and A19 trunk roads and the East Coast Mainline railway. However, there are issues regarding east – west linkages and public transport service levels (e.g. there are relatively few trains which call at Northallerton given the large number which pass through).

6.12 Better transport linkages between the two areas would make it easier for residents of North Yorkshire to work and study in the Tees Valley and vice versa. Improved public transport services could ensure that low levels of congestion are maintained in the context of the planned economic growth. There is an opportunity to extend the benefits of the proposed public transport improvements in the Tees Valley to residents of the northern parts of North Yorkshire, by providing park and ride schemes at key entry points into the urban core, and by linking to existing North Yorkshire bus services to provide easier access to employment and learning opportunities in the Tees Valley.

6.13 In order to achieve this, the following actions should be taken:

- North Yorkshire partners should be kept informed of the progress of the Tees Valley's submissions to government relating to improved bus services and a metro system via the Tees Valley City Region Policy Forum.

³⁹ Tees Valley Growth Point Proposal

- The Tees Valley Joint Strategy Unit should facilitate discussions between the two responsible transport authorities on specific issues e.g. relating to improved bus services to ensure the focus remains on the economic development of the City Region as a whole.

Housing

6.14 The housing market in parts of North Yorkshire is closely tied to the Tees Valley labour market, with many higher level professionals and managers working in the Tees Valley but choosing to live in North Yorkshire. As in many other attractive rural areas which are easily accessible to centres of employment, this has resulted in house prices in parts of North Yorkshire becoming increasingly unaffordable for people who work locally, with an inevitable impact on local people and the character of local villages.

6.15 The Housing Market Renewal programme and more particularly the Housing Growth Point bid submitted by the Tees Valley partners will address this issue. The Housing Growth Point bid (if accepted by the government – a decision is due shortly) will lead to the development of a significant number of higher value homes within the urban core. Although demand for this type of housing is likely to increase given the anticipated improvements in the Tees Valley economy, this will ensure that a greater proportion of demand can be met from within the Tees Valley itself, easing pressure on the North Yorkshire housing market.

6.16 To ensure that the impact of the Housing Growth Point bid is beneficial for North Yorkshire, the following actions should be taken:

- Partners should be kept informed of developments via the Tees Valley City Region Policy Forum;
- Where necessary, specific discussions should be undertaken between the planning and housing authorities in the two areas.

7 Conclusions and Recommendations

Conclusions

7.1 **Progress at the City Region Level.** Since the development of the city region concept, rapid progress has been made in the Tees Valley City Region. This is demonstrated in the comprehensive Business Case prepared by the city region partners, with its clear set of requirements from central government, and in the progress which has been made in negotiating and agreeing the Multi Area Agreement covering regeneration, housing market renewal and transport. The city region approach represents a real step forward in addressing economic development issues at the appropriate geographical scale – reflecting the operation of the real economy rather than administrative boundaries.

7.2 **Greater Involvement of Wider Partners.** This study was commissioned as a result of recognition amongst the city region partners that there was a need to involve more fully representatives from County Durham and North Yorkshire in city region discussions, particularly in relation to labour market issues. The research undertaken supported this view, with differing levels of understanding of and engagement in city region structures amongst the stakeholders consulted, and a very variable understanding of the labour market implications of the opportunities being generated through developments in the city region.

7.3 **Clarifying Labour Market Impact.** Whilst there is a considerable sense of optimism relating to the Tees Valley economy, with numerous developments either underway or in the later stages of planning, there remains a high degree of uncertainty over what this actually means in terms of the numbers of jobs likely to be created, the occupations in which people will be employed, and the skills and qualifications they will need to meet the requirements of employers. This presents difficulties for providers trying to plan for the future, and reinforces the need to engage and work with employers to identify skills and training needs. Consultations with supply side agencies and learning providers demonstrated willingness to work together and collaborate more closely across administrative boundaries to meet the labour market needs of the city region.

7.4 **A Flexible Approach to Collaborative Working.** The separate workshops focussing on County Durham and North Yorkshire identified different sets of opportunities and issues affecting each area. This demonstrates that whilst on some topics there is scope for partners to work together across the city region and its sphere of influence as a whole; on others a more bi-lateral approach is needed. The Tees Valley City Region structures need to be able to accommodate both approaches and ensure that all those who have an interest in an issue are able to participate in addressing it at the most appropriate geographical scale.

Recommendations

7.5 A series of recommendations arise from the study. Whilst most are specific to the opportunities and issues identified in consultation with partners from County Durham and North Yorkshire, there are two key areas which cut across the city region as a whole: **structures and organisation**, and **awareness raising and data management**.

7.6 **Structures and organisation** – the recommendations arise from the need to ensure that representation on partnership structures – in the Tees Valley, County Durham and North Yorkshire – is appropriate. It is important that partnership representatives feed back into their partnership structures the discussions in which they are involved. This will help to increase overall levels of engagement in city region processes and decision-making. There is also potential benefit in providing opportunities for Tees Valley Unlimited, as the overarching city region body, to be represented in economic development partnerships in County Durham and North Yorkshire, reflecting the two-way relationship between the city region and its hinterland.

7.7 **Awareness raising and data management** – the recommendations include a number of ways to ensure more people across the city region's wider sphere of influence are aware of its aims and activities and what this means for the labour market in their area. Increasing understanding of the labour market implications of the city region developments will help partners to re-shape their activities in ways which best meet the needs of the local economy, local businesses and local learners.

7.8 The recommendations are set out in detail below. In order to assist the LSC, the Tees Valley Joint Strategy Unit and their partners in taking the recommendations forward, they are presented in the form of an action plan. This has largely developed through consultations and the client team observations and is designed to offer pragmatic and achievable actions under a set of relevant themes.

Tees Valley City Region Action Plan

Topic Area	Action	Who?	By When?
1. Structures and organisations	Review partnership structures to ensure there is adequate representation of County Durham and North Yorkshire partners on Tees Valley Unlimited Boards, and that there is a reciprocal opportunity for Tees Valley Unlimited representatives to participate in economic development partnerships in County Durham and North Yorkshire	TV Unlimited, County Durham Economic Partnership, York & North Yorkshire Partnership Unit, Hambleton / Richmondshire District Councils	On-going
	Engage strategic bodies in County Durham / North Yorkshire to explore potential benefits / willingness to develop MAA for skills and employability alongside TVJSU	TVJSU, LSC NE, LSC NY, County Durham Learning, Skills and Employment Partnership, Y&NYPU	Longer-term
	Develop closer working relationships between learning partnerships in the 3 areas to guide the development of 14-19 provision	TVCR E&SB, CDLS&EP, Y&NYPU	
	Use LEADER Programme structures as a basis for developing further cross-regional boundary delivery where this is identified as beneficial	n/a	n/a
	Ensure County Durham and North Yorkshire representatives on TVCR structures represent the local partnerships as well as the local authorities and provide feedback into the appropriate partnership network	County Durham Economic Partnership and partners, Y&NYP and partners	By Autumn 2008

Opportunities Presented by a Tees Valley City Region

Topic Area	Action	Who?	By When?
2. Awareness Raising and Data Management	Present overview of TVCR regeneration plans and activities to new County Durham Learning, Skills and Employment Partnership once established	TVJSU	September 2008
	Improve data sharing and collection across County Durham and North Yorkshire, e.g. around forthcoming employment opportunities		On-going
	Identify opportunities for spreading best practice in labour market / skills projects across the regional / sub-regional boundaries, e.g. disseminating the work of the Construction Integrator project in the Tees Valley	LSC to co-ordinate identification of relevant projects, potential dissemination methods to be discussed within the TV E&SB	Autumn 2008
3. Catterick Garrison	Ensure a representative of the Garrison is included on the TVCR Policy Forum to keep CR stakeholders updated on developments and act as a key point of knowledge for potential linkages	TVJSU to ensure that a Garrison representative is included when Policy Forum re-established	Summer 2008
	Map skills of armed forces leavers to the needs of the TVCR and North Yorkshire (build on existing research)	LSC NE and LSC NY, MoD	October 2008
	Link Regional Resettlement Centre at Catterick to employment networks in the TVCR	TVJCP, work via Garrison representative on the TVCR Policy Forum	Initial meeting by September 2008
4. Logistics	Extend planned Tees Valley Logistics sector study to incorporate South West Durham, particularly Newton Aycliffe Ensure coverage includes skills and employability dimensions and scope for sector to provide entry level jobs	TVJSU, Sedgefield BC to lead on behalf of South West Durham	

Opportunities Presented by a Tees Valley City Region

Topic Area	Action	Who?	By When?
5. Transport	Identify need for better linkages between County Durham and TVCR, e.g. whether there is a need for transport hubs related to Travel to Work Areas, such as park and ride facilities, including the potential to extend the proposed metro link to Bishop Auckland	Integrated Transport Authorities	On-going
	Explore possibility of extending FE+ study on access to FE colleges in TV to cover access for residents in County Durham / to colleges in County Durham	FE+, County Durham Learning Providers Network	Summer 2008
	Ensure improved bus services in TV also benefit County Durham and North Yorkshire residents accessing TV for learning and employment	Integrated Transport Authorities	Winter 2009
6. Employability and young people	Explore better ways of working together to help County Durham residents get (back) into work in jobs in the Tees Valley <ul style="list-style-type: none"> - could include use of WNF - could include creative transport solutions - need to consider how to provide support once people have entered employment 	Via TVCR Policy Forum once re-established (<i>NB will need to make sure the correct organisations / partnerships are represented on the Forum for this to be achieved</i>)	
	Develop coherent structure through which to engage actively employers on employability, work placements, LEP etc across the TVCR	Via TVCR E&SB: JCP (all areas), Education Business Partnerships	
	Enable schools and educational organisations in CD to make links to employers in TVCR through closer and cross-boundary working	LSC NE, Education Business Partnerships	November 2008

Opportunities Presented by a Tees Valley City Region

Topic Area	Action	Who?	By When?
7. Tourism	Meet to discuss joint economic opportunities arising from tourism developments in TVCR and North Yorkshire	TVJSU, NYCC, Hambleton DC, Y&NYP	July 2008
	Explore potential to replicate this approach in County Durham building on opportunities such as the shared railway heritage and Durham 20/20 Vision	TVJSU, County Durham Economic Partnership, County Durham Tourism Partnership	Autumn 2008
8. Housing and Regeneration	Include colleagues in North Yorkshire / County Durham in the proposed Housing Forum, and ensure regular updates on the Housing Growth Point and regeneration proposals, and implications for housing development elsewhere are provided to the wider partnership	TV Living	On-going from summer 2008
9. NETPark	Re-visit contacts within local authorities within the TVCR to provide an update on progress and plans at NETPark and identify potential implications for wider TVCR	NETPark, CDDC, local authority economic development units	Autumn 2008
	Revive joint working with SETPOINT at University of Teesside to enthuse young people about science and ensure cross-CR access to NETPark facilities	NETPark, LSC NE, CDDC	Medium-term: Spring 2009
	Develop working links between NETPark and wider educational infrastructure, e.g. TV schools, FE Colleges in CD and TV	NETPark, CDDC, LSC NE, Provider Networks, LEAs	Longer-term

Annex 1 Patterns of Travel to Work and Travel to Learn

Travel to Work Patterns

Table A.1 Employment in Tees Valley City Region and surrounding area, 2006*

Darlington	48,800
Hartlepool	32,800
Middlesbrough	63,700
Redcar and Cleveland	43,900
Stockton on Tees	80,600
<i>Tees Valley Total</i>	<i>269,800</i>
Sedgefield	27,800
<i>Tees Valley City Region Total</i>	<i>297,600</i>
County Durham (excluding Sedgefield)	141,000
Craven	25,800
Hambleton	39,578
Harrogate	71,820
Richmondshire	15,492
Ryedale	27,106
Scarborough	40,987
Selby	28,837
York	97,944
North Yorkshire	347,564

Source: Annual Business Inquiry, NOMIS

* Rounded to nearest 100

Table A.2 Employment in Tees Valley City Region by Sector* (2001-2006)

	2001		2006		% Change (No.s)
	No.	% of Total Emp'ment	No.	% of Total Emp'ment	
Agri and forestry	800	0.3%	700	0.2%	-13%
Fishing	100	0.0%	0	0.0%	-82%
Mining and quarrying	1,400	0.5%	1,200	0.4%	-13%
Manufacturing	51,600	18.1%	40,200	13.5%	-22%
Elect, gas and water supply	2,600	0.9%	1,800	0.6%	-29%
Construction	17,900	6.3%	22,00	7.4%	23%
Wholesale and retail	46,600	16.4%	47,400	15.9%	2%
Hotels and restaurants	17,600	6.2%	18,800	6.3%	6%
Transport, storage and communication	17,400	6.1%	17,800	6.0%	2%
Financial intermediation	6,200	2.2%	6,400	2.1%	2%
Real estate, renting and business activities	24,800	8.7%	38,300	12.9%	55%
Public admin and defence	15,300	5.4%	16,700	5.6%	9%
Education	26,200	9.2%	28,700	9.7%	9%
Health and social work	38,200	13.4%	42,600	14.3%	11%
Other community and personal services	18,200	6.4%	15,200	5.1%	-16%
Extra-territorial organisations	0	0.0%	0	0.0%	0%
Total	284,800	100.0%	297,600	100.0%	4%

Source: Annual Business Inquiry, NOMIS

* Rounded to nearest 100

Table A.3 Forecast Employment Change in Tees Valley City Region by Sector (2004-2014)

	2004	2008	2011	2014	% Change
Agri and forestry	1,428	1,318	1,302	1,274	-11%
Fishing	57	23	12	6	-89%
Mining and quarrying	1,709	1,438	1,384	1,356	-21%
Manufacturing	39,974	37,580	35,768	34,090	-15%
Elect, gas and water supply	2,391	2,716	2,716	2,672	12%
Construction	20,277	19,888	19,572	19,470	-4%
Wholesale and retail	46,572	47,944	48,700	49,306	6%
Hotels and restaurants	17,686	18,609	19,135	19,415	10%
Transport, storage and communication	16,453	16,903	17,780	19,247	17%
Financial intermediation	7,007	7,016	6,921	6,772	-3%
Real estate, renting and business activities	37,694	39,559	41,366	43,472	15%
Public admin and defence	16,018	15,941	15,748	15,466	-3%
Education	25,445	25,887	25,994	26,132	3%
Health and social work	38,384	39,439	39,762	39,832	4%
Other community and personal services	15,082	15,336	15,499	15,795	5%
Extra-territorial organisations	6	0	0	0	-100%
Total	286,182	289,597	291,660	294,305	3%

Source: Working Futures, LSC

Table A.4 –Workers in Tees Valley City Region, by place of residence, 2001

Residence	Number	%
Stockton-on-Tees	68,654	
Redcar and Cleveland	49,344	
Middlesbrough	45,000	
Darlington	36,645	
Hartlepool	29,695	
Sedgefield	26,090	
<i>Tees Valley City Region Total</i>	<i>255,428</i>	<i>89.1</i>
Wear Valley	4,994	
Easington	3,729	
Durham	3,422	
Teesdale	1,891	
<i>County Durham Total (excluding Sedgefield)</i>	<i>15,477</i>	<i>5.4</i>
Hambleton	5,455	
Richmondshire	2,492	
Scarborough	1,256	
<i>North Yorkshire Total</i>	<i>9,957</i>	<i>3.5</i>
Sunderland	1,910	
<i>Other</i>	<i>5,774</i>	<i>2.0</i>
Total	286,636	

Source: Census 2001, NOMIS

Table A.5 – Residents in the Tees Valley City Region, by place of work, 2001

Workplace	Number	%
Stockton-on-Tees UA	69,956	
Middlesbrough UA	52,437	
Redcar and Cleveland UA	42,773	
Darlington UA	37,991	
Hartlepool UA	28,978	
Sedgefield	23,293	
<i>Tees Valley City Region Total</i>	<i>255,428</i>	<i>87.9</i>
Durham	5,055	
Wear Valley	3,339	
Easington	2,688	
Teesdale	1,028	
<i>County Durham Total</i>	<i>12,784</i>	<i>4.4</i>
Hambleton	4,268	
Richmondshire	1,183	
<i>North Yorkshire Total</i>	<i>7,189</i>	<i>2.5</i>
Sunderland	2,444	
Newcastle upon Tyne	1,694	
Gateshead	1,150	
<i>Other</i>	<i>15,103</i>	<i>5.2</i>
Total	290,504	

Source: Census 2001, NOMIS

Opportunities Presented by a Tees Valley City Region

Table A.6 Industries in which commuters into TVCR from CD and NY are employed

Sector (workplace in TVCR)	Area of residence													
	Durham		Easington		Teesdale		Wear Valley		Hambleton		Richmond shire		Totals	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agri, hunting, forestry & fishing	10	0.3	9	0.2	14	0.7	35	0.7	29	0.5	19	0.8	116	0.5
Manufacturing & energy	1,138	33.3	1,198	31.9	510	26.8	2,015	40.2	1,034	19.0	379	15.3	6,274	28.5
Construction	224	6.6	304	8.1	105	5.5	393	7.8	283	5.2	156	6.3	1,465	6.7
Wholesale and retail	384	11.2	416	11.1	223	11.7	543	10.8	543	10.0	321	13.0	2,430	11.0
Hotels and restaurants	74	2.2	80	2.1	41	2.2	132	2.6	70	1.3	50	2.0	447	2.0
Transport, storage and comms	181	5.3	262	7.0	180	9.5	336	6.7	348	6.4	243	9.8	1,550	7.0
Financial intermediation	40	1.2	56	1.5	61	3.2	110	2.2	182	3.3	103	4.2	552	2.5
Real est., renting & bus. activities	238	7.0	262	7.0	150	7.9	299	6.0	713	13.1	312	12.6	1,974	9.0
Public admin and defence	216	6.3	246	6.6	134	7.0	256	5.1	374	6.9	161	6.5	1,387	6.3
Education	476	13.9	207	5.5	200	10.5	350	7.0	860	15.8	313	12.6	2,406	10.9
Health and social work	344	10.1	607	16.2	236	12.4	436	8.7	853	15.6	350	14.1	2,826	12.8
Other	91	2.7	106	2.8	50	2.6	107	2.1	165	3.0	69	2.8	588	2.7
Totals	3,416		3,753		1,904		5,012		5,454		2,476		22,015	

Source: Census 2001, NOMIS

Table A.7 Industries in which commuters out of TVCR to CD and NY are employed

Sector (resident in TVCR)	Area of workplace						
	Durham	Easington	Teesdale	Wear Valley	Hambleton	Richmond shire	Totals
Agri, hunting, forestry and fishing	31	16	12	12	118	42	231
Mining, manu, elect, gas and water supply	719	890	534	614	930	139	3,826
Construction	271	108	59	227	374	114	1,153
Wholesale and retail	564	301	61	592	756	145	2,419
Hotels and restaurants	230	41	48	99	277	98	793
Transport, storage and comms	212	405	41	163	210	52	1,083
Financial intermediation	150	69	16	88	92	10	425
Real estate, renting and business activities	427	242	43	190	355	95	1,352
Public admin and defence	857	148	72	236	477	279	2,069
Education	696	207	83	325	179	54	1,544
Health and social work	666	210	63	674	348	88	2,049
Other	208	50	29	122	162	59	630
Totals	5,031	2,687	1,061	3,342	4,278	1,175	17,574

Source: Census 2001, NOMIS

Table A.8 - Occupations in which commuters into TVCR from CD and NY are employed

Occupation (workplace in TVCR)	Area of residence						Totals
	Durham	Easington	Teesdale	Wear Valley	Hambleton	Richmond shire	
Large employers and higher managerial	195	139	108	197	636	241	1,516
Higher professional	339	187	116	236	879	237	1,994
Lower managerial and professional	1,183	982	574	1,167	2,176	969	7,051
Intermediate	264	443	247	545	578	348	2,425
Small employers and own account workers	81	90	68	110	256	129	734
Lower supervisory and technical	415	611	210	789	358	185	2,568
Semi-routine	377	562	264	817	280	199	2,499
Routine	502	638	257	1,085	219	151	2,852
Full-time student	75	70	32	57	74	37	345
Totals	3,431	3,722	1,876	5,003	5,456	2,496	21,984

Source: Census 2001, NOMIS

Table A.9 - Occupations in which commuters from TVCR into CD and NY are employed

Occupation (resident in TVCR)	Area of workplace						Totals
	Durham	Easington	Teesdale	Wear Valley	Hambleton	Richmond shire	
Large employers and higher managerial	277	154	59	94	189	72	845
Higher professional	348	135	75	108	215	43	924
Lower managerial and professional	1,511	806	341	988	1,065	380	5,091
Intermediate	894	513	99	511	430	129	2,576
Small employers and own account workers	134	65	25	106	174	41	545
Lower supervisory and technical	485	319	176	334	638	197	2,149
Semi-routine	589	380	96	577	696	129	2,467
Routine	682	279	123	533	697	185	2,499
Full-time student	133	43	28	66	158	22	450
Totals	5,053	2,694	1,022	3,317	4,262	1,198	17,546

Source: Census 2001, NOMIS

Table A.10 - Qualifications of Economically Active Population (Working Age)

Qualification	% of economically active population			
	England	TVCR	CD	NY
Level 4+	31	25	25	29
Level 3	16	19	19	17
Level 2*	22	25	28	24
Level 1	14	15	14	13
Other quals	9	6	6	6
No quals	9	9	9	10

Source: Annual Population Survey, 2006

*Level 2 includes Trade Apprenticeships.

Table A.11 - Current and Future Employment by Occupation in Tees Valley City Region

	2004	2008	2011	2014	% Change
Managers and Senior Officials	35,824	37,595	38,991	39,240	10%
Professional occupations	30,099	31,834	33,114	34,551	15%
Associate Professional and Technical	37,275	38,029	38,580	39,306	5%
Administrative and Secretarial	33,248	32,751	32,566	32,287	-3%
Skilled Trades Occupations	35,586	34,618	33,924	33,100	-7%
Personal Service Occupations	23,109	24,441	25,296	26,187	13%
Sales and Customer Service Occupations	27,026	29,072	30,324	32,468	20%
Machine and Transport Operatives	28,070	27,878	27,427	27,040	-4%
Elementary Occupations	36,467	33,676	31,731	30,446	-17%
All occupations	286,755	289,964	292,030	294,708	3%

Source: Working Futures, LSC

Travel to Learn Patterns

Table A.12 - Learner Flows by Provider Location

Location of Provider	Learner Place of Residence									
	TV		County Durham		North Yorkshire		Other		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Darlington	3,153	44	1,101	15	2,828	39	150	2	7,232	100
Hartlepool	3,885	83	580	12	13	-	197	4	4,675	100
Middlesbrough	6,992	90	87	1	263	3	395	5	7,737	100
Redcar & Cleveland	5,189	94	13	0.2	204	4	88	2	5,494	100
Stockton-on-Tees	5,662	89	186	3	71	1	408	7	6,327	100
County Durham	996	7	12,171	81	92	-	1,857	12	15,116	100
North Yorkshire	321	1	16	-	18,811	86	2,718	12	21,866	100

Source: Individualised Learner Record, LSC

Table A.13 - Learner Flows by Learner Place of Residence

Learner Place of Resident	Location of Provider									
	TV		County Durham		North Yorkshire		Other		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Darlington	3,205	9	347	9	27	-	171	5	3,750	100
Hartlepool	3,591	92	231	6	2	-	93	2	3,917	100
Middlesbrough	5,228	95	125	2	93	2	73	1	5,519	100
Redcar & Cleveland	5,905	95	84	1	130	2	75	1	6,194	100
Stockton-on-Tees	6,882	94	209	3	69	-	148	2	7,308	100

Source: Individualised Learner Record, LSC

Annex 2 Further Education Provision

Tees Valley

FE College	Location
Cleveland College of Art and Design	Middlesbrough, Hartlepool
Darlington College	Darlington, Catterick
Hartlepool College of Further Education	Hartlepool
Middlesbrough College	Middlesbrough
Redcar and Cleveland College	Redcar
Stockton Riverside College	Stockton-on-Tees

Source: FE+ (website)

County Durham

FE College	Town, Area
Derwentside College (Consett Campus)	Consett, Lanchester
East Durham & Houghall Community College	Peterlee, Durham, Seaham
New College Durham	Central Durham
Bishop Auckland College	Bishop Auckland

Source: Durham County Council (website)

North Yorkshire

FE College	Town, Area
Craven College	Skipton
Harrogate College, part of the Hull College Group	Harrogate
Yorkshire Coast College	Scarborough
Selby College	Selby
Askham Bryan College	York, Guisborough
York College	York

Source: LSC Overview Factsheet for York and North Yorkshire

Note – all three areas also contain a number of schools with 6th Forms, 6th Form Colleges and Work Based Learning providers offering post-16 education and training.