

Title: Economic Inactivity Trailblazer Programme
Report of: Charlotte Carpenter, Director Skills, Inclusion and Public Service Reform
Portfolio: Home of Real Opportunity

Report Summary

In December 2024, the North East Combined Authority (North East CA) were identified as an Economic Inactivity Trailblazer, bringing together health, employment, and skills services to improve the support available to those who are inactive due to ill health and help them return to work. This included an award of £10m for delivery in 2025/26.

In January 2025, Cabinet delegated responsibility to the Chief Executive, in consultation with the Director of Finance and Investment, Monitoring Officer and relevant Cabinet Member to approve project applications and contracts brought forward through the approved Economic Inactivity Trailblazer Delivery Plan, in line with the North East Single Assurance Framework.

This report provides specific details of the Economic Inactivity programme including a summary of the investment activities, proposed commissioning approach, scope of activity and associated outputs and outcomes. All individual funding awards will be confirmed in line with the delegations set out in the Single Assurance Framework.

Recommendation

The Chief Executive is recommended, to approve the Economic Inactivity Trailblazer Delivery Plan, proposed approach and associated outputs and outcomes.

A. Context

1. Background

- 1.1 In December 2024 the North East CA were identified as one of eight Economic Inactivity Trailblazers, receiving £10m to bring together health, employment, and skills services to improve the support available to those who are inactive due to ill health and help them return to work. Removing barriers to employment is a key component of our ambition to make the North East the home of real opportunity and delivering the draft Local Growth Plan.
- 1.2 This £10M investment will provide us with the opportunity to develop and test new and innovative ways to address the persistent challenges of economic inactivity. Our aim for this activity is to harness untapped human potential to help grow our economy, raise living standards, reduce child poverty and create opportunities from which everyone can benefit. The Economic Inactivity Trailblazer investment will deliver three key objectives:
- Maximise the reach, effectiveness and impact of the range of existing services that could support people who are economically inactive to participate in the labour market, by transforming how partners and services work together locally.
 - Test new and innovative approaches to identifying and engaging people who are economically inactive, and supporting people who are economically inactive to participate in the labour market by addressing gaps and responding to local needs; and
 - Provide a platform for longer-term systems reform, to deliver a coherent, joined-up local work, health and skills offer.

2. Our Approach and priorities

- 2.1 The Economic Inactivity Delivery Plan has been developed at pace and designed to accelerate delivery with a focus on achieving specific outcomes. We have created a mission-led approach, working across portfolios to align delivery to our strategic ambitions, including the Local Growth Plan, New Deal for NE Workers (employment and skills strategy) and Public Service Reform. Our proposal has been informed by robust evidence led labour market analysis, an evidence-base of activities we know work, engagement with our constituent local authorities and ensuring the principles of the programme aligned with the Single Assurance Framework (SAF).
- 2.2 The development of the Trailblazer Delivery Plan has been an iterative, fast-paced process, working closely with DWP colleagues at a national, regional and local level, with the final version signed off by the DWP Programme Board on the 10th April 2025. The following three priorities are the focus of investment and activity:

Priority 1: Better pathways into employment. Build upon local infrastructures, developing further an approach that seeks to provide an enabling environment and dedicated resources to bring together, coordinate and maximise the coherence and collective impact of existing and emerging employment support interventions.

Priority 2: New ways of working through market innovation. Invest in new provision, with the aim to stimulate market innovations that address recognised market challenges. By exploring models such as open innovation and challenge led innovation, we will invest in radical but practical solutions to the region's support ecosystem which provide learning and the opportunity for future scale-up.

Priority 3: Systems Reform - integrated approach to health and employment. Establish radical and ambitious ways of working which break down barriers and reimagine processes in a way which creates best-in-class services for our residents across employment, skills and health. Through this work, we will seek to better understand different cultures and approaches in order to support integration and change that extends beyond short-term initiatives to long-term sustainability, with systems redesigned for lasting impact.

Collectively, the programme is expected to support over 1,350 economically inactive residents overcome health barriers and move closer to employment.

3. North East and North Cumbria Integrated Care System

- 3.1 Running alongside the development of the Trailblazer, the North East and North Cumbria Integrated Care System (NENC ICS) has been confirmed as a Health and Growth Accelerator and will receive just under £20M of funding in 2025/26 to deliver a programme of activity focused on improving population health outcomes and increasing economic growth by reducing health-related labour market inactivity. The principal objective of the Health and Growth Accelerator is to support 2,073 more people to be economically active through health-orientated interventions, compared to a do-nothing scenario, and take a new system-wide approach to learning and testing new ways of working at scale.
- 3.2 To ensure alignment of both the Health and Growth Accelerator and Trailblazer activity, a dedicated group has been established to oversee the development, implementation, and delivery of both programmes. The group comprises of representatives from NENC ICS, North East CA, DWP and Public Health.

4. Mobilisation and delivery

- 4.1 This investment has only been confirmed for the financial year 25/26, therefore the proposed approach to mobilisation and delivery is intended to allow us to operate at pace while embodying the programme principles of test and learn. It is proposed that most of the activity within the Delivery Plan is commissioned via an Open Calls process (Appendix 1). A phased approach has been used to administer the Open Calls, with the first two calls going live on 2nd June 2025. Specifications for each activity include the purpose of the call, alignment with the strategic context set out in the Combined

Authority vision and missions, rationale for the intervention, key objectives and primary benefits associated with the intervention.

4.2 Following the call process individual funding awards will be confirmed in line with the delegations set out in the Single Assurance Framework:

- Less than £500k: via Delegated Decision Report
- Between £500k to £1M: via TOG, then Delegated Decision Report
- Over £1M: via TOG, Finance and Investment Board, then Delegated Decision Report

4.3 Some activity within the Delivery Plan will be established through a contract for service, including where there is need for a subject matter expert or capabilities to support system reform ambitions. Specifications for these services will be designed and administered in line with procurement regulations and brought forward again for approval under delegations set out in the Single Assurance Framework.

4.4 Financial allocations and intended outputs and outcomes for each activity within the three priorities are detailed within the Delivery Plan (Appendix 1).

B. Impact on North East Combined Authority Objectives

At the heart of the mayor's manifesto promises was an ambition to create opportunities for all, with an economy that works for the whole region and delivers sustainable growth. However, the North East faces a range of deep-rooted challenges including skills, productivity and GVA which fall behind national averages, poor indicators of health, including healthy life expectancy, and some of the highest levels of economic inactivity across the country. The Trailblazer offers us the opportunity to develop and test new and innovative ways to address the persistent challenge of economic inactivity – with the aim of harnessing untapped human potential to help grow our economy, raise living standards, reduce child poverty and create opportunities from which everyone can benefit.

C. Key risks

An integrated Economic Inactivity Trailblazer and Connect to Work Strategic Risk Register has been developed and is a standard agenda item at the joint Connect to Work and Economic Inactivity Trailblazer Implementation Group.

D. Financial and other resources implications

As set out in the Cabinet Report January 2025.

E. Legal implications

The comments of the Monitoring Officer have been included in this report.

F. Equalities implications

The programme's commissioning approach has been designed to increase opportunities for residents most at risk of poor social and economic outcomes including women and girls, young people, social housing tenants. The programme's delivery model will be designed to support the North East CA's equality objective to work with partners and other funders to ensure our funding opportunities are accessible to organisations working with some of our most under-represented residents.

G. Consultation and engagement

Extensive consultation to support the design and development of this new programme has taken place with a range of key stakeholders including DWP, North East and North Cumbria ICB, members

of the North East Regional Labour Market Partnership (including VONNE and employer representatives), Mayoral Combined Authorities and the 7 constituent local authorities.

H. Appendices

Appendix 1 – Economic Inactivity Trailblazer Delivery Plan

I. Background papers

Cabinet Report January 2025

J. Contact officers

Ruth Gaul, Principal Programme Manager
ruth.gaul@northeast-ca.gov.uk

K. Glossary

DWP	Department of Work and Pensions
SAF	Single Assurance Framework
NENC ICS	North East and North Cumbria Integrated Care System
GVA	Gross Value Added
TOG	Technical Officer Group

L. Sign-off

1) Cabinet Member: Yes	2) Head of Service: Yes	3) Director of Finance and Investment: Yes	4) Monitoring Officer: Yes
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Economic Inactivity Trailblazer - Delivery Plan

Total Budget	£10,000,000.00
Management Budget	£450,000.00
Priorities Allocation	£9,550,000.00
Priority 1	£1,750,000
Priority 2	£5,950,000
Priority 3	£1,750,000
Evaluation	£100,000

	Activity	Description	Amount (£)	Geography	Approval Process	Total number of residents supported	Indicative Milestones	Trailblazer Outcome
Priority 1: Better Pathways into Employment	Local Infrastructure	Providing a coordinated point of entry to the system, and streamlining referral pathways so residents receive the support that best meets their needs.	£ 1,400,000	LA7	This element of activity is being discussed with the LA 7 Economic Directors, the outcome will be submitted to a future TOG meeting, F&I Board followed by DD Report	200	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - May 2025 • Programme Start - July 2025 	Provide a consistent level of support across the region for economically inactive residents. Supports effective pathways into employment support. Builds capacity and capability for effective employment support system.
	Mayor's Childcare Grant: match fund current grant fund	Work with current Childcare Grants programme to target parents with health conditions.	£ 350,000	LA7	DD Report	45	<ul style="list-style-type: none"> • Programme Start - Aug 2025 • Initial Childcare disbursement - Aug 2025 	Testing new approaches to supporting economically inactive parents with health conditions move towards or progress into work by removing the financial barrier of childcare, contributing to the evidence about what works.
Priority 2: New ways of working	Activity	Description	Amount (£)	Geography	Approval Process	Total number of residents supported	Milestones	Trailblazer Outcome
	Paid work and support placement programme Young Adults 16 - 24	The project will offer subsidised work-placement opportunities to young people, complemented by wrap-around employment support.	£ 950,000	LA7	TOG followed by DD Report	190	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - May 2025 • Programme Start - July 2025 	Provide a consistent level of support across the region for young people, filling gaps in areas where there is no current provision
	Paid work and support placement programme neurodiverse residents	The project will offer subsidised work-placement opportunities to neurodiverse residents, complemented by wrap-around employment support.	£ 875,000	LA7	TOG followed by DD Report	175	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - May 2025 • Programme Start - July 2025 	Provide a consistent level of support across the region for neurodiverse residents, filling gaps in areas where there is no current provision
	Women	Encourage innovation and engagement to support women, looking to fund new approaches to supporting economically inactive residents with a health condition to access work, or to prevent residents with health conditions becoming economically inactive	£ 925,000	LA7	TOG followed by DD Report	100	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Aug 2025 	Participants would be directly supported, providing integrated support. Trailblazer funding will provide support over and above current activity.
	Social Housing Tenants	Work with local authorities and social housing providers to develop an approach to supporting economically inactive residents (particularly those with health conditions) to access and sustain employment.	£ 875,000	LA7	TOG followed by DD Report	150	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Sept 2025 	Testing new approaches to supporting economically inactive residents in social housing, contributing to evidence about what works
	Primary care mental/and or physical health pilot	Testing employment support with residents who have a mental or physical health barrier or both, including getting residents into work and sustaining work.	£ 500,000	2 local areas	DD Report	60	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - May 2025 • Programme Start - July 2025 	Testing new approaches to supporting economically inactive residents in secondary mental health provision, contributing to evidence about what works
	VCSE Small Grant Programme	Hyper-local VCSE activity to engage with hard to reach economically inactive residents, especially those with diagnosed and undiagnosed health conditions.	£ 950,000	LA7	TOG followed by DD Report	300	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Aug 2025 	Targeted support to engage economically inactive residents and provide improved pathways towards and into work.
	Employers	Encourage innovation and engagement from employers, looking to fund new approaches to supporting economically inactive residents with a health condition to access work, or to prevent residents with health conditions becoming economically inactive	£ 875,000	LA7	TOG followed by DD Report	150	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Aug 2025 	Testing new approaches to supporting residents with health conditions and disabilities who are at risk of becoming economically inactive to remain in work, contributing to the evidence about what works.
Priority 3: System reform- integrated approach to health and employment	Activity	Description	Amount (£)	Geography	Approval Process	Total number of residents supported	Milestones	Trailblazer Outcome
	Local service re-design: System integration between health, employment and public health services. This includes dedicated activities to understand the role of VCSE sector and Carer networks in providing integrated, holistic support to economically inactive residents	Explore ways to improve local system integration between health, employment and other public health services.	£ 1,200,000	LA7	TOG, F&I Board followed by DD Report	n/a	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Aug 2025 	Build capacity and capability, and test new approaches for service integration between health, employment services, public services, the VCSE sector and carer networks.
	Carers & VCSE	Invest in shared capacity across regional carer organisations, and the VCSE sector to scope their role in service integration and tackling economic inactivity	£ 200,000		DD Report	n/a	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Aug 2025 	Build capacity and capability, and test new approaches for service integration between health, employment services, public services, the VCSE sector and carer networks.
Evaluation	System LMI Hub and data sharing: ICB, public health, DWP, LA's and CA. Knowledge creation, exchange/data infrastructure, jobs platform.	Joint CA/ICB/Public Health/DWP quality and consistent LMI across the region to better enable employment support provision and employers to develop provision which meets the needs of residents and the economy.	£ 350,000	LA7	DD Report	n/a	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - June 2025 • Programme Start - Sept 2025 	Build consistent capacity and capability to support employment services across the region, and test new approaches to sharing intelligence including data.
	Procure an external evaluation to independently evaluate the Trailblazer programme	In addition to measuring delivery through outputs and outcomes, procurement of an external evaluator to provide a process and impact evaluation	£ 100,000	LA7	DD Report	n/a	<ul style="list-style-type: none"> • Specification Dev- May 2025 • Calls for proposals - May 2025 • Evaluation Process Start - June 2025 	Independent evaluation