
Title: Economic Inactivity Trailblazer Programme – Priority 1 Local Infrastructure
Report of: Charlotte Carpenter, Director of 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. The North East CA will receive up to £10m for delivery in 2025/26.

On 27 May 2025, the North East CA Finance and Investment Board agreed the approach and the scope of activity within the Economic Inactivity Trailblazer Delivery Plan, apart from Priority 1 Local Infrastructure where further time was required to determine the scope of this activity.

The purpose of this report is to seek endorsement of the final proposal and associated investment for Priority 1, following the submission of delivery plans and a completed appraisal process for delivery in relation to the seven constituent local authorities.

Recommendations

- I. The Chief Executive is recommended to approve £1.4m of Economic Inactivity Trailblazer funding to deliver the Local Infrastructure activity as set out in Section 2 of this report.

1. Background

- 1.1 In December 2024, the Mayor secured the North East CA 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 £10m investment will provide us with the opportunity to develop and test new and innovative ways to address the persistent challenges of economic inactivity. The content of the Economic Inactivity Trailblazer Delivery Plan, proposed approach, scope of activity, call process and associated outputs/outcomes were agreed by Finance and Investment Board in May 2025. Further time was required to agree the activity and call process to deliver activity within Priority 1.

2. Priority 1: Local Infrastructure

- 2.1 This priority will develop approaches to provide an enabling environment and resources to bring together, co-ordinate and maximise existing service provision to enhance the coherence and impact of existing and emerging employment support interventions in each local authority area. This approach will build on and develop the existing infrastructure in each of the local authority areas.
- 2.2 This funding opportunity aims to develop and test a place-based approach that strengthens local pathways into employment for economically inactive residents. Projects will be expected to support a small number of individuals into work while building on and co-ordinating existing infrastructure, services, and partnerships across each area. The intention is to create a more enabling environment for employment support – aligning and enhancing existing provision, improving coherence, and reducing fragmentation. The focus is on building on and maximising the impact of what already exists rather than creating new standalone initiatives that are in isolation.

3. Call Process

- 3.1 Local Authorities were invited to submit delivery plans which clearly aligned with the objectives, activities and outcomes set out within the specification for this activity.

- 3.2 A grant allocation was set for each area by applying the following methodology: £100k allocated to each constituent local authority to develop/innovate their infrastructure. With the remaining balance of £700k allocated based on percentage of economically inactive people that each local authority is expected to work with. Please refer to Table 1 below.

Table 1

Local Authority	Infrastructure (development grant)	Total EI (% of regions total)	EI population allocations (support grant)	Total allocation
County Durham	£100,000	25.8%	£180,491	£280,491
Gateshead	£100,000	8.4%	£58,714	£158,714
Newcastle	£100,000	18.9%	£131,998	£231,998
North Tyneside	£100,000	10.6%	£74,153	£174,153
Northumberland	£100,000	15.9%	£111,339	£211,339
South Tyneside	£100,000	8.7%	£60,888	£160,888
Sunderland	£100,000	11.8%	£82,417	£182,417
	£700,000	100%	£700,000	£1,400,000

4 Outputs and Outcomes

- 4.1 Expected outputs and outcomes for the Local Infrastructure activity were included within the specification and project application guidance documents. The constituent local authorities were asked to detail their contributions to these outputs and outcomes in their business case. In addition, the local authorities were also encouraged to submit additional outputs and outcomes that added value to those set out in the specification and contributed to the objectives of Priority 1 and local identified needs.
- 4.2 Table 2 below shows the total expected outputs and outcomes within the specification against the commitments made within the seven delivery plans received.

Table 2

Outputs	Expected total	Commitments within Delivery Plans
Number of economically inactive people recruited	250	268
Number of people engaging with keyworker support services	200	213
Outcomes		
Number of people supported developing skills (life skills, employment skills)	180	214
Number of economically inactive people supported to engage in job searching	120	147
Number of socially excluded young people accessing support	150	121
Number of young people are making progress towards or into the labour market	180	144

5. Timetable for Implementation

- 5.1 The following overarching milestones have been established to ensure alignment of projects across key areas of delivery and minimum delivery timescales. These milestones will form part of the North East CA reporting to DWP.

Milestone	Forecast date
Programme/Delivery Plan Start	July 2025
Participants engaged	August 2025
Development of exit strategy	February 2026
Programme Completion	March 2026

- 5.2 Additional project level milestones have been captured as part of each delivery plan. These will be used within grant fund agreements and form the basis of performance management arrangements.

6. Evaluation

- 6.1 Evaluation of this activity will fit within the theory of change for Priority 1 and contribute to the overall programme evaluation. Providers have been encouraged to develop and implement local evaluation within their activity, with proposed topics and research questions included as guidance within the specification. An external evaluator will be commissioned to undertake the programme evaluation.

7. Appraisal

- 7.1 All seven local authorities have submitted business plans detailing how these allocations will be used to respond to the objectives, activities and outcomes of the specifications while addressing local needs and opportunities. The appraisals have concluded that there is a clear rationale to bring forward activity to support the development of local infrastructure to maximise existing activity and improve employment support for residents.
- 7.2 The projects align with the North East CA Corporate Plan, referencing a clear fit with the Home of Real Opportunity mission and the North East Local Growth Plan. The delivery plans received are considered to include a well-considered options analysis with the preferred option including outputs appropriate to the activity which have been forecast based on prior delivery experience. The appraisal noted that the wider benefits, including economic and social, are clear and demonstrate value in the investment.
- 7.3 Appendix 1 provides details of the outcomes of the appraisals. The outcome of the outstanding appraisal will be shared verbally.

8. Recommended Conditions of Funding

- 8.1 No special conditions will be included within funding agreements.

A. Potential Impact on North East Combined Authority Objectives

All activity will contribute to progressing the Mayor and Cabinet's priorities, with specific emphasis on the Home of Real Opportunity Portfolio and the Public Service Innovation Programme. The Economic Inactivity Trailblazer Programme is a key element of the Government's Get Britain Working strategy, which aims to reduce hidden unemployment and support individuals with disabilities, health conditions, and complex employment barriers in securing sustainable jobs.

The Programme aligns to regional and Mayoral economic objectives and underpins North East CA Local Growth Plan priorities to improve skills and employment, tackle child poverty, and specifically increase diversity of employment.

B. Key risks

A strategic risk register has been developed for the Economic Inactivity Trailblazer Programme and the Connect to Work Programme. This strategic risk register is monitored by the Implementation Group that has been derated to oversee the management of both programmes.

C. Financial and other resources implications

Funding source: DWP Economic Inactivity Trailblazer	Total – 2025/26
Funding requested within seven delivery plans	£1,400,000
Total allocation for Local Infrastructure projects	£1,400,000

D. Legal implications

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

E. 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, people with health conditions and disabilities. The programme's delivery model has been 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.

F. 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) and the 7 constituent local authorities.

G. Appendices

Appendix 1 – Economic Inactivity Trailblazer Delivery Plan

H. Background papers

None

I. Contact officers

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J. Glossary

DWP
North East CA
North East and North Cumbria ICB
VONNE

Department of Work and Pensions
North East Combined Authority
North East and North Cumbria Integrated Care Board
Voluntary Organisation Network North East

K. Consultee

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
Yes	Yes	Yes	Yes

Economic Inactivity Trailblazer Appraisal Summary - Appendix 1

1. Durham County Council

- 1.1 This project aims to enhance the employment support ecosystem in County Durham by aligning existing services, reducing duplication, and supporting economically inactive individuals with health barriers into employment. It outlines seven objectives, including mapping current provision, developing integrated support, establishing place-based approaches and employment hubs, engaging employers through events, piloting coordinated employer engagement, and producing a final report with recommendations.
- 1.2 Proposal aligns with national and regional strategies and includes innovative engagement methods, such as using dog walking to reach isolated individuals. A dedicated employer engagement post and a pilot programme to align labour supply and demand through social value opportunities are also included. Learning and continuous improvement are embedded, with AI tools proposed to support structured feedback and action planning.
- 1.3 Referral mechanisms are well designed, . Durham exceeds most output expectations.
- 1.4 Social value is strongly addressed, with a focus on reducing inequality, improving wellbeing, and tackling child poverty. The budget is detailed, with most costs allocated to salaries. Durham Council has committed £36,565 in additional funding, pending internal approval.
- 1.5 Risks are identified, particularly around recruitment for time-limited roles. Mobilisation plans are in place. Recruitment will use a mix of internal, secondment, and agency routes. Overall, the project is strategically sound, well-structured, and offers strong potential for impact and learning.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

2. Gateshead Council

- 2.1 The submitted project responds to a strategic specification aimed at enhancing the local employment support ecosystem in Gateshead. It seeks to align and strengthen existing employment, skills, and health services, reduce duplication, identify service gaps, and support economically inactive individuals with health barriers into employment. The initiative also aims to capture learning to inform future delivery across the North East.
- 2.2 The application meets eligibility criteria, demonstrating strong alignment with national and regional strategies such as Get Britain Working and the New Deal for North East Workers. It proposes a coordinated employment pathway, supported by stakeholder co-design and a “hidden wiring” approach to simplify user experience. .
- 2.3 Employer engagement is well set out. Learning and evaluation are embedded, with interim and final reports planned, though a formal learning report with an action plan is recommended.
- 2.4 The budget is well-structured. Governance structures are in place, and mobilisation is scheduled for August 2025. Risk management is considered, with reasonable mitigations in place.
- 2.5 The project demonstrates a strong commitment to social value, aiming to reduce economic inequality and improve wellbeing.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN

	Overall Rating	GREEN
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3. Newcastle City Council

- 3.1 The project will consolidate and develop the collaborative employment support environment in Newcastle through an enhanced Work & Thrive Pathways model. The project will test innovative approaches to joining employment and health, increasing awareness and accessibility of the offer for the economically inactive and those facing the greatest barriers. Through the development of an integrated employment and health offer in hubs in the city centre and in concentrations of economic inactivity in the west and east of the city, the project will develop the effectiveness of reaching those furthest from employment.
- 3.2 The strategic, economic, and commercial case for this project should be considered strong. A strategic fit and demand for the delivery has been demonstrated. Demand has been determined primarily through the ongoing work already being undertaken in this area.
- 3.3 The cost model appears reasonable based on the scope of activity being undertaken and sufficient granular detail has been provided to allow a comprehensive assessment of cost calculations. Outputs and outcomes align to those prescribed in the Priority 1 specification and the project will look to achieve greater value for money with an increased output/outcome calculation, pro-rata, to the funding request.
- 3.4 The Management Case is considered to have been completed satisfactorily with clear and well detailed governance and management structures.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

4. North Tyneside Council

- 4.1 The programme will aim to develop partnership arrangements to enhance cohesion and impact of employability support by bringing together and co-ordinating existing provision. Further to existing delivery, the programme will aim to identify actions that enable better collaboration to address employment and skills development priorities as well as coordinate employer engagement strategies.
- 4.2 Strategic fit is clear and demand for the intervention is demonstrated and supported with an illustration of the local economic inactivity landscape.
- 4.3 The project outcomes selected align to the call specification and the proposed totals exceed the 10.6% funding allocation and pro-rata output/outcome expectations. Therefore, value is demonstrated.
- 4.4 The funding request is £174,153, which is in line with the proposed North Tyneside allocation. This is a 100% NECA intervention rate. Costs appear to be appropriate and relevant to the activity.
- 4.5 Risks and their mitigations have been suitably identified.
- 4.6 The applicant will deliver the activity through its Employment and Skills Service, which is long-established and has a track record in running employability projects. The Governance description is brief but demonstrates confidence in North Tyneside Council's arrangements.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

5. Northumberland County Council

- 5.1 The project will develop an integrated triage support service, which is a coordinated approach to bringing together employment support, training and skills providers along with employer engagement to move residents forward in their journey towards sustainable work. The 'one stop shop' will manage referrals and assessments, streamline engagement, prevent duplication and ensure that support is appropriate for the individual. The service will primarily support economically inactive residents but will also signpost in-work individuals to the right support that will enable them to stay in employment.
- 5.2 Regional and local strategic fit and demand for the activity has been demonstrated. Outputs and outcomes selected align to those prescribed in the Priority 1 specification and target numbers are proportionate to the funding.
- 5.3 The funding request is in line with the Northumberland allocation. Granular costs have been assessed and deemed appropriate and eligible for the delivery of the activity.
- 5.4 Northumberland County Council has an established team and has demonstrated that relevant recording and monitoring systems and processes are in place. The delivery of the triage service has been thought through and is clear in its alignment to wider project objectives.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

6. South Tyneside Council

- 6.1 The project aims to unify providers of employment, health, community, and skills support to create a simplified and accessible system. Employers will benefit from a single point of access for recruitment, skills, and retention support, including coordinated links to partners and the labour market, with a focus on generating quality employment opportunities.
- 6.2 The strategic, economic, and commercial rationale for the project is strong. It is considered good value for money and designed to complement existing services by enhancing the employment and skills ecosystem through added value and alignment with Priority 1 outputs and outcomes. The project plans to deliver improved value through associated investment fund results.
- 6.3 Demand for the initiative has been clearly established, and the project plan is comprehensive. The cost model is appropriate to the scope, with sufficient detail to assess costings accurately. A significant share of funding is allocated to a Consultancy fee, which is justified by the need to develop a full understanding of the employment, skills, and health landscape in South Tyneside. However, the success of the consultancy work is critical, meaning any procurement delays could pose risks.
- 6.4 The Management Case is deemed satisfactory, with detailed governance and delivery structures in place.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

7. Sunderland City Council

- 7.1 The project will strengthen local employability infrastructure in Sunderland through coordinated mapping, co-designing and trialling a test and learn pilot with a small cohort of participants, and enhancing the current approach to employer engagement. Key information on employment, health and skills provision will be simplified and streamlined for key users via the Links for Life Sunderland platform.
- 7.2 The strategic, economic, and commercial case for this project is considered strong. The project represents good value for money and the proposal will complement existing provision, whilst accelerating other key work streams.
- 7.3 The proposed output/outcome totals are greater, pro-rata, than the expected totals for the funding allocation. The project will look to achieve greater value for money with related investment fund outputs/outcomes as additionality. In all, outputs and outcomes align to those prescribed in the Priority 1 specification.
- 7.4 The cost model has been scrutinised and is in line with the activity being undertaken. Granular detail has been challenged with issues resolved. There is confidence that the budget has been appropriately developed and is sufficient to deliver the proposed objectives. The case remains amber while final clarifications are being resolved.
- 7.5 The Management Case is considered to have been completed satisfactorily with clear, well detailed governance and management structures. Risks are well-detailed and sufficient mitigation measures outlined.

RAG Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	AMBER
	Overall Rating	GREEN