

**North East Economic Inactivity Trailblazer.  
Priority 3.5 (Regional Pilot for Joint Employer Engagement)**

**Economic Inactivity in the North East of England:  
Evaluating Employer Understanding, Approach and Outcome Priorities.**

**A Study by The North East Chamber of Commerce and Interdigitate on behalf of the  
North East Mayoral Strategic Authority.**

**March 2026**

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## **Executive Summary**

The North East Mayoral Strategic Authority commissioned the North East Chamber of Commerce, in partnership with Interdigitate, to explore how employers experience and engage with economic inactivity as part of the region's Trailblazer Programme. Drawing on extensive engagement with hundreds of employers across sectors and geographies, the study reveals a strong appetite among businesses to recruit and retain individuals who are economically inactive, but also highlights significant variation in employer understanding and a system that is difficult to navigate. Leadership values and organisational culture play a key role in enabling more inclusive recruitment, yet many employers feel constrained by rigid processes, capacity pressures, rising costs and an overwhelming array of fragmented programmes and support.

To overcome these barriers, employers consistently called for a simpler and more coordinated system. The study recommends establishing the 'SHINE Gateway', a single, regional entry point that streamlines employer access to support and strengthens connections across health, skills and employment services. Alongside this, the study identifies wider structural actions required to unlock employer participation including targeted financial incentives for micro and small businesses, improved transport connectivity to widen access to work and expansion of wage-supported apprenticeships to create more inclusive routes into employment. Together, these recommendations reflect what employers believe would genuinely help them play a bigger role in reducing economic inactivity.

## **Introduction**

The North East of England has long faced a persistent challenge: too many working-age residents remain outside the labour market, not through choice, but because the systems designed to support them have not always worked in a joined-up or employer-centred way. Economically inactive residents, such as those managing long-term health conditions, fulfilling caring responsibilities, lacking qualifications, or facing other complex barriers, represent a significant human cost and an untapped opportunity for the region's economy.

In December 2025, the North East Mayoral Strategic Authority (NORTH EAST MSA) commissioned the North East Chamber of Commerce, in partnership with Interdigitate, to carry out research and co-design potential solutions as part of the wider North East Economic Inactivity Trailblazer Programme. Funded by the Department for Work and Pensions, the project set out to understand employer attitudes, experiences and needs and to explore what a more coordinated, inclusive and effective model of regional employer engagement could look like.

The Trailblazer programme is part of the Government's ambition, set out in the Get Britain Working White Paper, to bring together local health, skills and employment systems and to better support people into sustainable work. In the North East, this means testing new approaches that go beyond fragmented, provider-specific employer engagement, building instead a shared infrastructure that effectively connects employers with the support services, skills provision and talent they need.

The research that underpins this report is substantial. Drawing on the Chamber's established business networks, the project team engaged hundreds of employers across the seven local authority areas of the NORTH EAST MSA region. The study combines in-depth one-to-one interviews, facilitated roundtable discussions, local authority conversations, an online employer survey and secondary research to build a rich picture of the employer landscape.

This report details economic inactivity through the eyes of employers across the region: what they know about economic inactivity, what they have experienced when recruiting from inactive cohorts, where the current system falls short and what they believe would make a genuine difference. The work draws on the voices of business leaders from across sectors and geographies, from micro-enterprises to major anchor institutions and from a wide range of sectors. There is also a rural-urban balance to ensure all perspectives were captured.

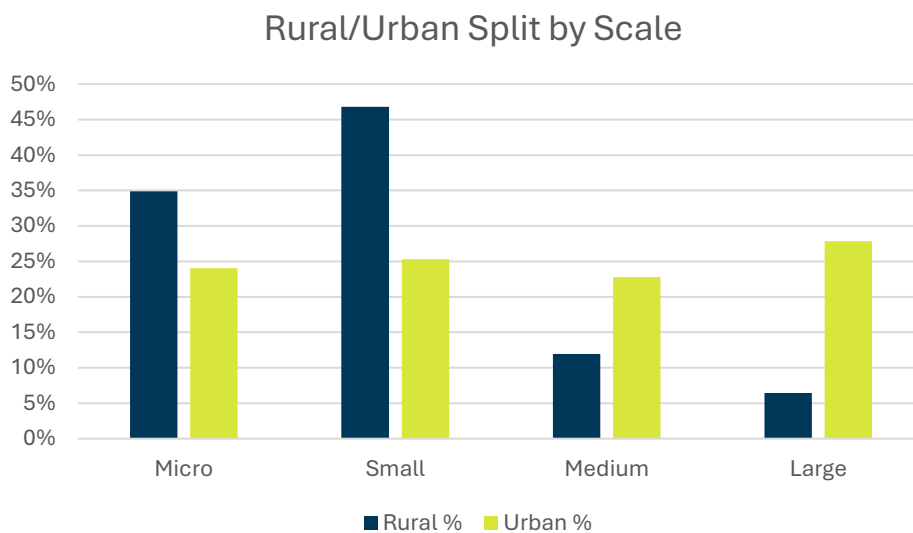
The recommendations reflect the real experiences of North East employers and are designed to be actionable, scalable and grounded in what businesses believe would be effective in helping them to create more opportunities.

## **Methodology**

The research was led by the North East Chamber of Commerce, in partnership with Interdigitate. The team included policy experts, research doctorates, interviewers, facilitators, analysts and a project intern.

Using their established network, the team approached hundreds of businesses within the NORTH EAST MSA region, inviting them to take part in the research, with the aim of achieving:

1. A good geographical spread of business location
2. A broad range of business type/sector
3. A representative sample of business size, measured on employee numbers to represent micro, small, medium and large businesses



**Figure 1: A broad range of businesses from across the region were involved in the study.**

The study took a multi-faceted approach to achieve this:

1. In person interviews – face-to-face and online, one-to-one
2. Roundtable events – groups from across the business community
3. Local Authority interviews – one-to-one conversations with subject matter experts
4. Surveys – online, hard copy and telephone interviews
5. Secondary research – mapping existing employment provision

Once data had been collected and an initial analysis had been conducted, the project created a series of hypotheses, tested as follows:

1. At a high level with a large audience
2. In detail, with an invited group of senior business leaders

The results of the testing steered the final recommendations, bringing together more detailed analysis and secondary research to make system and placed-based recommendations.

More detail on this approach is set out in Annex A.



Figure 2: Key Research Numbers

## Findings

### A) Employer understanding of economic inactivity

Employers across the NORTH EAST MSA area demonstrated no single, shared definition of economic inactivity. Instead, they drew on two contrasting narratives that often coexisted within the same conversation. At first, many described economic inactivity through the lens of personal choice, lack of motivation, or individuals “not seeking work”. However, when offered more space to reflect on the issues, employers frequently shifted toward a more nuanced understanding focused on structural and personal barriers, such as long-term health conditions, disability, trauma, low confidence, caring responsibilities, transport limitations, or skills gaps, that can prevent people from engaging with work.

The research showed that the views, lived experience and personal motivations of individual business leaders played a decisive role in shaping how economic inactivity narratives were interpreted. Where leaders held more informed or empathetic perspectives, businesses were more likely to engage proactively with individuals facing barriers to accessing employment. Conversely, where leadership assumptions aligned more strongly with deficit-based narratives, organisations were less likely to consider alternative recruitment pathways. This highlights the importance of raising awareness

among leaders about the strengths, opportunities and potential that economically inactive individuals can bring to a workplace.

This dual narrative is significant in that it shapes how employers perceive potential candidates, assess risk and determine what support they believe individuals may need. It also underscores the importance of sustained engagement and awareness raising, as deeper conversation often moved employers from a deficit positioning to a more empathetic and barrier-focused perspective. This variability in definitions forms a crucial backdrop to understanding employer expectations, recruitment decision making and willingness to participate in new employment pathways.

## **B) Recruitment of economically inactive candidates**

Across the dataset, employers indicated that they rarely set out to recruit economically inactive candidates intentionally. Standard recruitment channels, such as Indeed, LinkedIn and agencies, tend to draw in applicants who are already active in the labour market whilst adding unintended barriers to access for others, meaning economically inactive candidates rarely see or progress through these routes. Digital systems, especially AI driven sifting, amplify this exclusion by filtering out people with gaps or non-linear work histories. The study found that applying within a digitally enabled environment required candidates to be savvy and resilient – something which many employers recognised and which some made provision for with alternative routes to application.

Despite this, employers consistently emphasised that the qualities they value most, which include attitude, reliability, willingness to learn and good communication, are often demonstrated by economically inactive candidates. Many stated that qualifications and experience matter far less than a candidate's honesty and ability to explain their employment gaps clearly, noting that support is often needed to help economically inactive candidates tell their "story" confidently and coherently.

Although employers cited risk aversion and unconscious bias as factors limiting engagement, such as choosing candidates perceived as having "fewer needs" when all else is equal, they also shared numerous examples of economically inactive individuals who became high performing, loyal and long tenured employees. This included returners, ex-offenders and those recovering from ill health. Meanwhile, alternative recruitment pathways such as apprenticeships, supported placements, temporary to permanent routes and school or community partnerships were highlighted as highly effective but underused approaches for engaging economically inactive candidates. Whilst the value of these schemes was recognised, so too was the amount of input required by the business to make them a success.

The findings show that the main constraints lie not in employer intent but in the organisational design and operating parameters of recruitment systems. Standard processes often filter out or overlook individuals with more complex histories or support needs. When employers connect with economically inactive candidates through relational or supported pathways, outcomes are often positive.

### **C) In work support, flexibility and retention**

Employers reported providing substantial day-to-day support to staff, often describing lift shares, flexible rotas, minor financial help, wellbeing schemes and ad hoc adjustments as routine and embedded, rather than exceptional, practices that helped to make the workplace function. This highlights a strong foundation of informal, human-centred support benefitting new starters and existing staff alike.

Flexibility emerged as both a valued factor of employment and yet sometimes operationally challenging to achieve. Employers expressed a clear desire to be flexible with employees, regardless of tenure, but emphasised that flexibility is led by business needs such as production or service constraints, where fixed shift patterns or client expectations limit options. In contrast, back office and office-based roles generally benefit from hybrid work patterns, part-time options or sliding start/finish times, with employers noting that proactive signalling of flexibility helps attract candidates.

Whilst flexibility can attract candidates and aid retention, sometimes reducing turnover significantly, it also introduces trade-offs. Employers described challenges such as cascading requests, fairness perceptions and occasional peer pressure between team members when adjustments are made without clear boundaries. Effective flexibility relies on clarity, communication and expectations of reciprocity, with employers expecting reliability, honesty and mutual give and take in return.

The findings show that flexibility is a powerful lever for retention but must be balanced with operational realities. Employers are not resistant to flexibility; they need models that enable business success.

### **D) Best Practice and Learning**

The research found numerous examples of working economically inactive candidates in the region, although interviewees rarely recognised such initiatives under that term. Central to success was the importance of low-risk, relationship-based pathways into employment. Paid placements, trial shifts, temporary to permanent models and apprenticeship pathways allow employers to assess potential gradually, reducing perceived risk and supporting smoother transitions for economically inactive individuals into the workplace.

Employers repeatedly highlighted that wrap-around support is essential. Mentoring, buddying, check-ins and sustained in-work coaching, extending beyond induction, were seen as critical components of successful engagement and retention, with flexibility continuing to be a key component.

When recruiting, many employers stressed that lived experience, resilience and communication skills often outweighed formal qualifications or CV polish. Accessible recruitment processes, such as simple applications, advance interview questions or

video submissions, were highlighted as effective ways of reducing barriers and enabling economically inactive candidates to demonstrate their strengths.

Long-term partnerships with schools, colleges, universities, housing associations, local authorities, charities and community organisations were identified as critical drivers of success. These organisations play a key role in preparing candidates, supporting transitions and de-risking hiring for employers. Crucially, employers said that approaches work best when the mutual benefit is clear - when the route helps solve workforce challenges rather than being positioned as purely a social value commitment. Such partnerships require the business to commit resources and so success in this area naturally lends itself towards larger businesses with the capacity to get involved, or CSR initiatives that open the door to a shared approach. That said, smaller businesses recognise the value they can bring, with some business leaders saying they didn't feel the routes were for them, or valued the opportunities they could create.

Several employers highlighted the value of having access to real-time support when personnel challenges arise, such as to a named contact, troubleshooting advice, or a responsive helpline. They stressed that timely guidance could prevent issues from escalating, reduce anxiety among managers and improve retention, particularly when supporting individuals with more complex needs.

Overall, the best practice and learning dialogue is characterised by relational models, local partnerships, realistic flexibility, foundational skill building and mechanisms that reduce risk for both employers and candidates. Essentially, partnership approaches – be that within the business, between employers and employees, with education or within the wider system. Businesses expect to be able to collaborate to succeed, reflecting a desire to help and the reality that they can't just go-it-alone.

## **E) System barriers and what employers need**

Across the dataset, employers expressed a strong willingness to support economically inactive individuals but highlighted major systemic barriers that restrict their ability to engage. Employers described the current support and landscape as fragmented, duplicated and confusing, emphasising the need for a single front door, shared data and coordinated provision to reduce the burden of navigating multiple schemes and contacts.

Several employers described feeling overwhelmed by the sheer volume of approaches they receive from different programmes, providers and initiatives. Some reported being contacted multiple times a week by organisations offering similar support, with little clarity on how schemes differ or which are credible. This cumulative pressure left some feeling 'under siege', not because of resistance to engagement, but because the system currently demands more attention and navigation than many businesses can realistically give.

A recurring frustration was difficulty in identifying and reaching economically inactive individuals. Employers sought pre-screened or pre matched candidates, trusted intermediaries and stronger outreach mechanisms to connect them with people who may not engage through traditional recruitment channels.

Employers stressed that many candidates need better preparation before an interview, covering basics such as timekeeping, communication and digital skills. Employers said that candidates need to know the mechanics of how businesses work and the expectations that would be placed on them when employed. Accepting that recruitment was now a two-way process, employers talked about candidate “fit”, “fitting in” and “meeting expectations”. Employers feel they cannot fix everything and require partners to enable foundational readiness.

Whilst employers, particularly smaller firms, recognised the value of leadership training and guidance around inclusive recruitment, they also cautioned that additional requirements could feel burdensome. Time pressures, limited staffing and competing operational demands mean that training must be concise, practical and directly linked to solving real workforce challenges.

Financial risks were another key barrier. Employers, especially SMEs, flagged concerns about “costly mistakes,” the burden placed on small teams and the impact on profitability. They called for wage subsidies, funded trial periods, NI relief and backfill support for the managerial time to mitigate risk and enable more inclusive hiring.

Systemic issues such as the “benefits trap” were identified as major inhibitors for economically inactive candidates worried about income loss or penalties if they take on work or increase their hours.

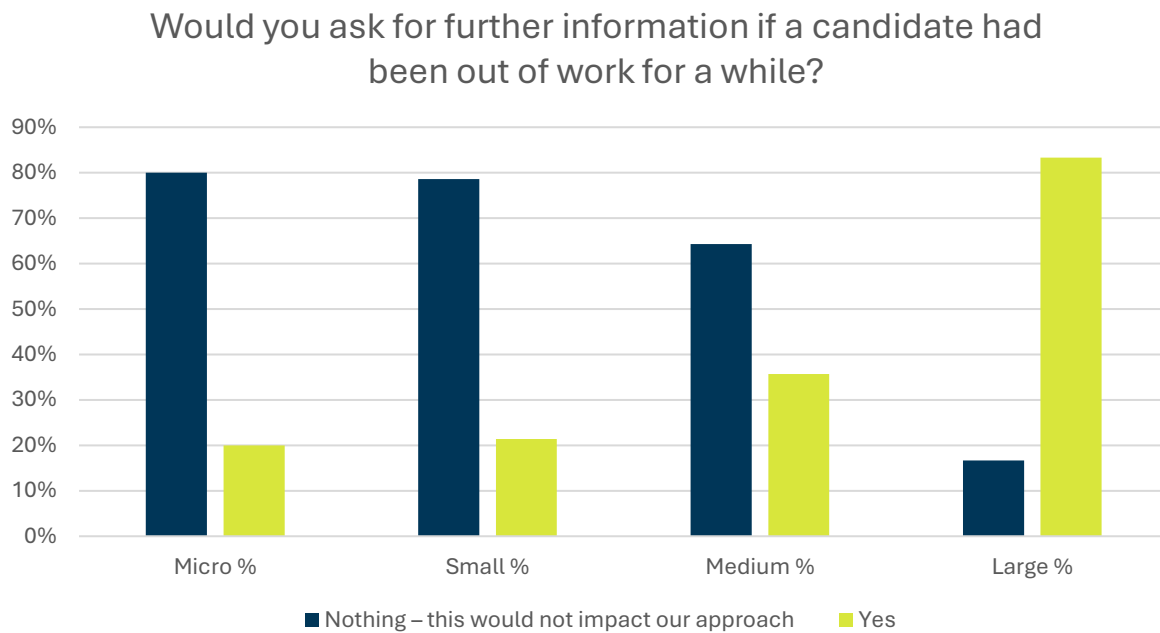
This theme underscores that employer willingness is not the primary issue in resolving inactivity and that system complexity, financial risk and capacity constraints are. Addressing these barriers could unlock greater levels of participation.

## **F) Patterns across employer groups**

The online, paper and telephone survey findings provide an additional strand of evidence, highlighting clear patterns in how employers of different sizes and locations approach the recruitment and support of individuals who have been economically inactive. These differences in size and geography are not marginal; they significantly shape employers’ capacity, confidence and the types of support they can realistically offer. Small and rural businesses in particular face distinct pressures that influence both recruitment decisions and their ability to engage with support systems.

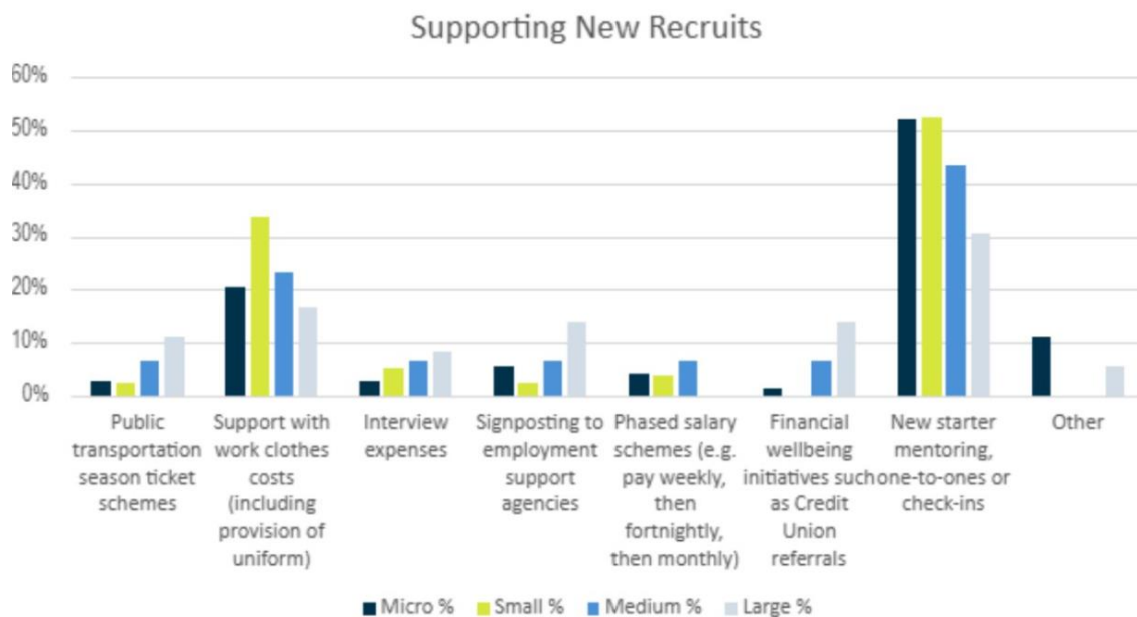
One prominent pattern relates to how employers interpret gaps in employment, which is reflected in figure 3. Large employers were significantly more likely to want additional information about why a candidate had been out of work (83%), compared with 36% of medium sized employers, 21% of small employers and 20% of micro businesses. Whilst this might suggest a greater emphasis on work history among larger

organisations, it may also reflect capacity: larger employers are better resourced to explore these issues through extended recruitment processes, whereas smaller employers often need candidates who can “hit the ground running”. The data does not indicate whether this additional information was sought during interviews or used earlier in shortlisting, but it does reinforce the different pressures that shape recruitment decisions and the barriers that candidates may face across employer groups.



**Figure 3: Businesses take a different approach to gaps in employment depending on their scale.**

Figure 4 shows that across all business sizes, employers most frequently rely on low cost, relationship-based forms of support for new starters. Mentoring, buddying and regular check-in’s were consistently the most common offers, particularly among micro and small firms. Support with work clothes or uniforms was also widely provided, reflecting employers’ awareness of the upfront costs individuals can face when returning to work. By contrast, more structured or financially intensive support, such as subsidised transport schemes, phased salary arrangements or financial wellbeing offers, was reported far less often and was most common among medium and large organisations, which are better placed to manage formal schemes and administrative processes.



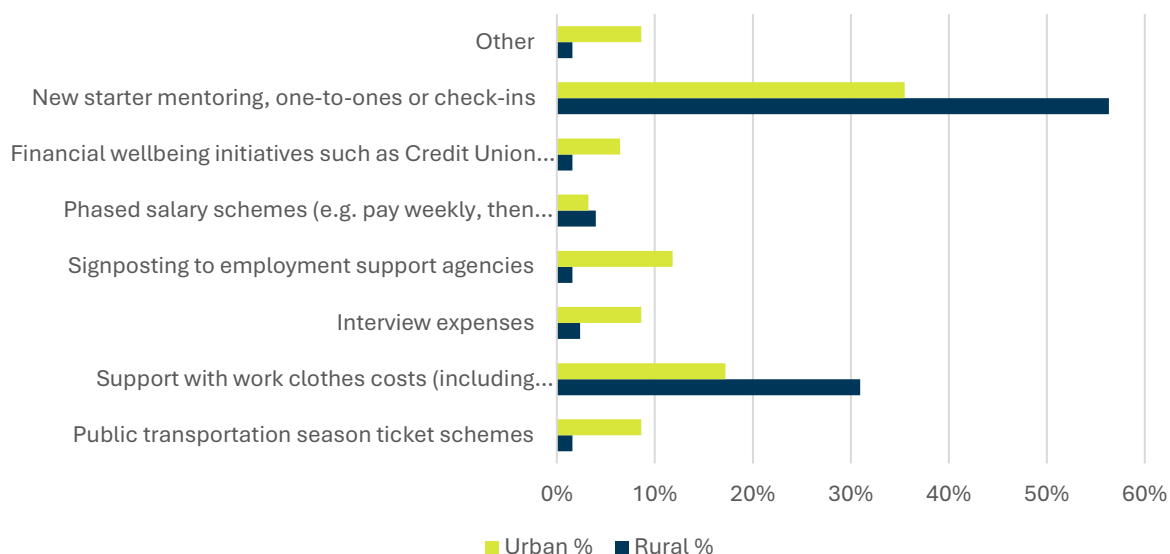
**Figure 4: Across the business landscape, mentoring plays an important role in the onboarding of new candidates.**

Figure 5 shows that geographical differences were also evident. The lowest levels of transport related support were found among rural employers, reflecting the practical realities highlighted throughout the wider research. Public transport options in many rural areas are limited or unreliable, reducing the relevance of season ticket schemes and where commutes are longer, covering travel costs represents a much higher financial burden, particularly for smaller rural businesses.

Transport emerged as a consistent theme in the qualitative evidence and the survey data closely aligns with employers' accounts of the challenges created by limited transport infrastructure.

Beyond transport, rural businesses were more likely to rely on personalised, low-cost support such as mentoring or help with work clothes, whilst urban employers reported offering a slightly wider, though still modest, range of financial and practical assistance.

## Supporting New Recruits



**Figure 5: How support for new starters varies by geographical location.**

### G) Local Authority insights

Local authorities emphasised the value of the local knowledge, relationships and day-to-day delivery already happening across the region. They were clear that this local work is essential for understanding employer needs, tailoring support and maintaining trusted connections with businesses. At the same time, they reflected that the current landscape has become crowded with multiple programmes, pilots and employer engagement initiatives running in parallel. This mirrors concerns raised by employers, many of whom described feeling overwhelmed by constant approaches from different organisations offering similar forms of support. For local authorities, this highlighted the need to preserve the strengths of local delivery while reducing the duplication and confusion that currently make the system difficult for employers to navigate.

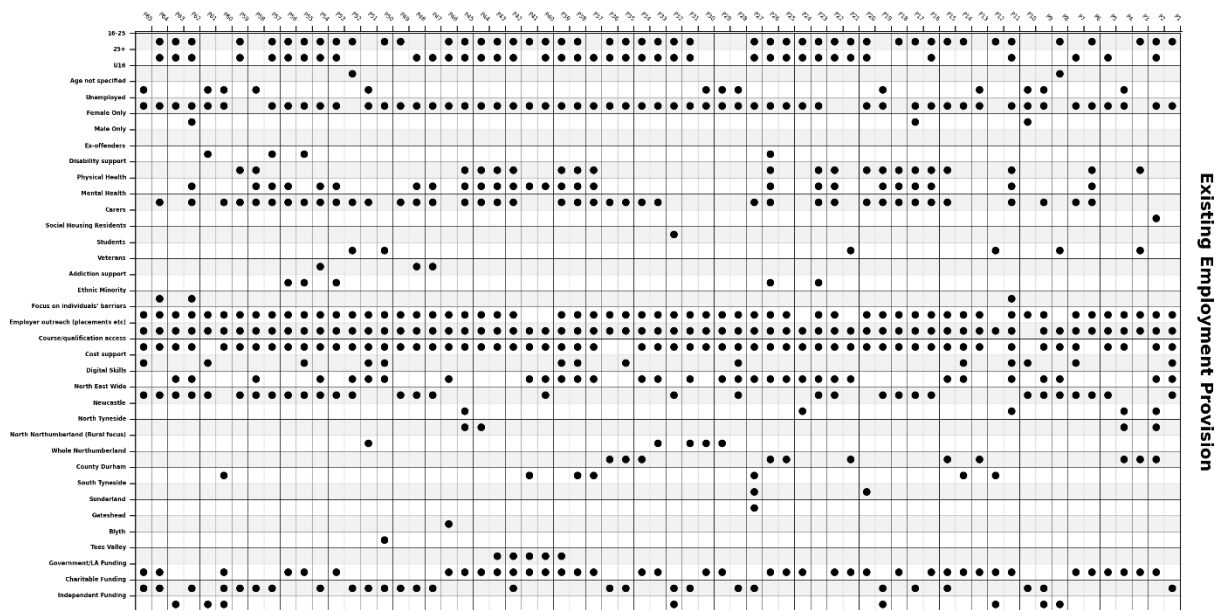
In this context, local authorities expressed support for a more coordinated regional approach, not as a replacement for local work, but as a mechanism to bring greater clarity and consistency across the system. They felt that a single gateway or shared regional mechanism for employer engagement could help streamline communication, reduce duplication and ensure employers receive clearer and more coherent messages.

Local authorities also highlighted the value of a coordinated regional effort around employer education and myth-busting, particularly on engaging people who are economically inactive, to ensure employers receive practical guidance without being inundated by multiple, unaligned initiatives. Overall, they felt regional collaboration would support employers more effectively while still enabling local authorities to use their knowledge and relationships to deliver on the ground. Taken together, their

reflections closely align with what employers told us, reinforcing the shared need for a simpler, more joined up and less overwhelming system.

## H) The provider landscape

The analysis of the support landscape revealed a complex, fragmented and duplicated system, with limited system, place, outcome, employer and candidate coordination. This lack of system-wide coherence ultimately disengages employers and limits the effectiveness of outcomes for participants. Figure 6 shows a total of 65 providers that were mapped across 37 conditions.



**Figure 6: A complex provider landscape.**

The results showed that while the majority of providers tailor their support to an individual's barriers, there was limited variation in the range of barriers addressed. There was an overwhelming focus on physical health, mental health/wellbeing and disability support, whereas certain groups, such as carers, ex-offenders, social housing tenants and ethnic minority communities, were underrepresented.

Alongside this barrier-focused support, most providers shared a standardised service model. This structure is characterised by similar forms of employability support through skills development, access to courses/qualifications and workplace learning opportunities. 98.5% of services offered these forms of employer engagement, including work experience placements, apprenticeship support and vacancy matching.

The number of providers individually reaching out to employers to try to secure opportunities is significant. Employers do not have the resources and capacity to engage and respond to multiple providers, although some employers said they wanted a high-level awareness that allowed them to proactively opt-in if they wanted to. This

demonstrates a need for a simpler, more coordinated system to improve outcomes for individuals and employers.

### **I) Summary of key messages**

Across the evidence base, employers were clear that they want to engage more fully with people who are economically inactive. Many already demonstrate empathy, flexibility and significant informal support in their day-to-day practices and most can point to successful examples of individuals who have thrived when given the right opportunity.

However, this willingness is often overshadowed by complexity in the current system. Employers described feeling overwhelmed by the volume of separate programmes, multiple points of contact, inconsistent information and the practical difficulty of identifying candidates who are prepared and ready for work. Financial risk, capacity constraints and fragmented support structures further limit what employers are realistically able to offer, particularly for smaller businesses.

Taken together, the findings show that employer attitudes are not the core barrier. Instead, it is the lack of a simple, coordinated and de-risked pathway that prevents employers from acting on that willingness. Addressing these issues would unlock far greater participation and make it easier for employers to offer the opportunities they are keen to provide.

## **Testing Results**

Fifteen hypotheses were developed and subsequently tested with employers, exploring the extent to which proposed responses were credible and would help address the recruitment and retention challenges of economically inactive individuals.

Overall, support was highest in the more 'practical' hypotheses, with immediate results for employers, versus longer-term goals that focus on shifting mindset and values.

There was an overarching theme towards the direct benefit to the employer; where employers weren't as supportive of the hypothesis, they often questioned what the benefit is or 'is it worth the investment?'

Employers were least receptive where initiative required a higher level of internal change, in comparison to others, which enhanced pre-existing structures or approaches.

High-level Summary of Testing Themes	
Recruitment and Readiness	EI employment insurance schemes
	Workplace/educational partnerships
	Placement initiatives
	Candidate centric support schemes
	Onboarding tool kits
	Candidate skills and resilience
Business Support	Enhancements to Apprenticeship schemes
	Financial support for recruitment
	Manager upskilling, advocacy and awareness
	Centralised advice and co-ordinated resources
	Amplified support for Micro and SME businesses
	Policy and Strategic influence (especially re: use of AI)
Infrastructure and Community	Collaboration models
	Public transport initiatives
	Awareness initiatives to drive change
	Brokered relationships across the system
	Co-ordinated education and industry relationship learning

**Figure 7: Testing Themes**

Employers demonstrated strong support for ideas that would develop an individual’s employability and improve the overall skills of the workforce, as well as ideas that would improve their capacity to interact with these initiatives. They were supportive of work readiness schemes and identified that this would increase the likelihood of economically inactive candidates being selected for interview.

Test groups suggested there should be a focus on skills (rather than resilience), favouring ideas tailored toward distinct groups of economic activity – although some questioned how the right candidates would be reached for this and the resources required. Despite this, support was strong and it was agreed that there is a wider disconnect between groups which have been away from employment for a while and the reality of the workplace.

Similarly, improving public transport and widening the accessibility of workplaces was popular. Employers directly linked this to an improved choice of candidates, particularly economically inactive individuals that do not have access to a car. They agreed that there should be a hyperlocal approach, based on specific work routes and business parks that are under-served. The cost of public transport was also explored by the testers as a significant barrier to access, who agree some form of financial support could enable access too – especially where candidates were younger.

Many employers seemed interested in collaborating with schools, through visits and involvement in potential programmes.

‘Access to help and support’ was well received and employers referenced the fragmented system, which they felt needed better coordination. An improved system

forged on a stronger relationship between the employer and NORTH EAST MSA would be valuable, as it would give employers more confidence to support inactive candidates.

Employers agreed that micro businesses and SMEs need further, specialised support focused on capacity building. They felt this could afford such businesses the opportunity to give individuals high-quality, business-relevant support.

Exploring means of de-risking recruitment, employers agreed that the implementation of an insurance scheme would increase the likelihood of a business giving economically inactive candidates a chance. However, they were cautious about how a scheme would work in practice. They highlighted the potential complexities and exploitation of the system, as well as questioning their practicality for smaller businesses.

There was less support amongst the test group for initiatives that required higher levels of internal, organisational change, such as leadership and manager advocacy training initiatives designed to enable inclusive recruitment. They were more in favour of initiatives that supported their existing processes, bringing more economically inactive candidates to them or improving their access to the community.

In a shared candid moment – noted especially across the high-volume test environment - employers were clear about inclusive approaches but agreed they are ‘always going to go for the best-skilled candidate’; there currently is little incentive to change this mindset.

As part of this, employers questioned how incentives played into trial-based hiring if employers see greatest value in always choosing the most skilled candidate. Employers felt that emphasis on the benefits to the employer of inclusive hiring would be more effective than incentives alone.

The least favourable discussion centred on strategic partnerships aimed at tackling barriers associated with the use of AI in recruitment. Employers emphasised the value of human involvement in the application screening process, agreed on the importance of ethics and were interested in a side-by-side experiment in which AI screening was compared to real-life results.

### **During Testing...**

#### **Employers Favoured:**

- Work readiness for the inactive
- Supported apprenticeships
- Amplified support for Micro and SME businesses
- Simplified systems and approaches
- Public transport improvements
- Opportunity brokerage
- Placed based community partnerships
- Access to help and support

<ul style="list-style-type: none"> <li>• Wraparound and in-work support</li> </ul>
<b>Employers Saw Some Value in but Sought Clarity on:</b>
<ul style="list-style-type: none"> <li>• De-risking recruitment (yes but cautious of process)</li> <li>• Trial-based hiring</li> <li>• Enabling inclusive recruitment</li> <li>• Leadership and manager advocacy training</li> <li>• Awareness</li> </ul>
<b>Employers Placed Less Value on:</b>
<ul style="list-style-type: none"> <li>• Strategic partnerships</li> </ul>

**Figure 8: High-Level Testing Feedback**

Across the full set of hypotheses, eleven received consistent and positive support from employers. These reflect the areas where employers expressed a clear need for change, demonstrated openness to new approaches, or recognised the potential for the right support to meaningfully reduce barriers. They form the core pillars of the model developed in response to employer feedback. They are:

- A simplified system / single front door
- Access to help, guidance and connector services
- Work readiness for economically inactive candidates
- Opportunity brokerage
- Wraparound and in work support
- Derisking recruitment
- Place-based community partnerships
- Awareness of economic inactivity issues and available support mechanisms
- Amplified support for micro and very small businesses
- Public transport as a barrier to access
- Supported apprenticeships

## Recommendations

The evidence presented in this study points to a clear conclusion: employers across the North East are willing to play a greater role in supporting economically inactive individuals into work, but the current system does not make it easy for them to do so. Fragmentation, complexity and perceived risk act as consistent barriers, while effective approaches tend to be localised, relationship-based and difficult to access at scale.

The recommendations that follow set out a practical response to these challenges. They are designed to move the system from a provider-led, fragmented landscape to a coordinated, employer-facing model that simplifies engagement, reduces risk and enables participation at scale.

At the centre of this approach is the proposed SHINE Gateway - a shared regional infrastructure that connects employers more effectively with talent, support and provision. Around this, a set of complementary measures addresses the operational

and structural barriers identified by employers, ensuring that the model is both deliverable in practice and sustainable over time.

Together, these recommendations reflect what employers told us would make the greatest difference and provide a clear framework for how the North East Mayoral Strategic Authority can enable more inclusive and effective pathways into work.

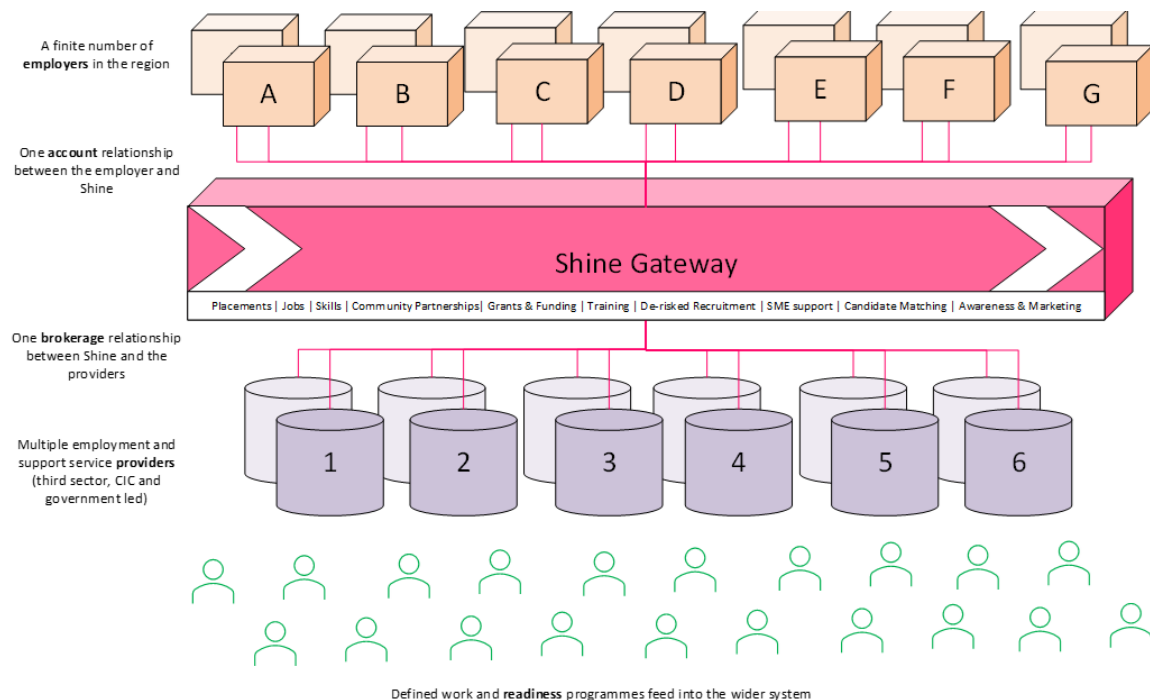
### 1. Establish the SHINE Gateway as the Regional Interface between employers and providers

The North East Mayoral Strategic Authority should establish and resource the SHINE Gateway as the single, employer-facing entry point into the employability, skills and support system.

The Gateway should act as a coordinating infrastructure, rather than a delivery provider, bringing together existing services into a coherent, accessible and employer-led model. This model should work alongside and complement the Connect to Work programme.

#### Core functions:

- Single point of access for employers (“one front door”)
- Candidate brokerage and pre-matching based on employer need
- Coordination of wraparound and in-work support
- Navigation of provision across the 65+ organisations in the landscape
- Employer account management and relationship continuity



**Figure 9: The SHINE Gateway**

## **How the SHINE Gateway would work**

### **Overview**

The SHINE Gateway sits at the heart of a joined-up employment ecosystem for the region. Rather than individuals, employers and support providers each navigating a fragmented landscape of disconnected services, SHINE acts as the single point of connection. Managing every relationship, with a single strategic view so that multiple parties don't have to. Employers only deal with SHINE; providers only partner with SHINE and individuals enter through one front door. This simplicity is deliberate: it removes duplication, reduces the administrative burden on businesses and ensures that everyone in the system is working to shared goals.

### **Individual**

For an individual, the journey begins the moment they are identified as job-ready or near-ready through a readiness programme. From that point, SHINE takes responsibility, assessing their needs, matching them to the right provider and then connecting them with a suitable employer through a de-risked, supported recruitment process. Crucially, SHINE doesn't step back once someone is placed. An account manager maintains contact throughout the placement and into sustained employment, ensuring that both the individual and the employer have the support they need to succeed.

### **Figure 10: An Individual's Journey**

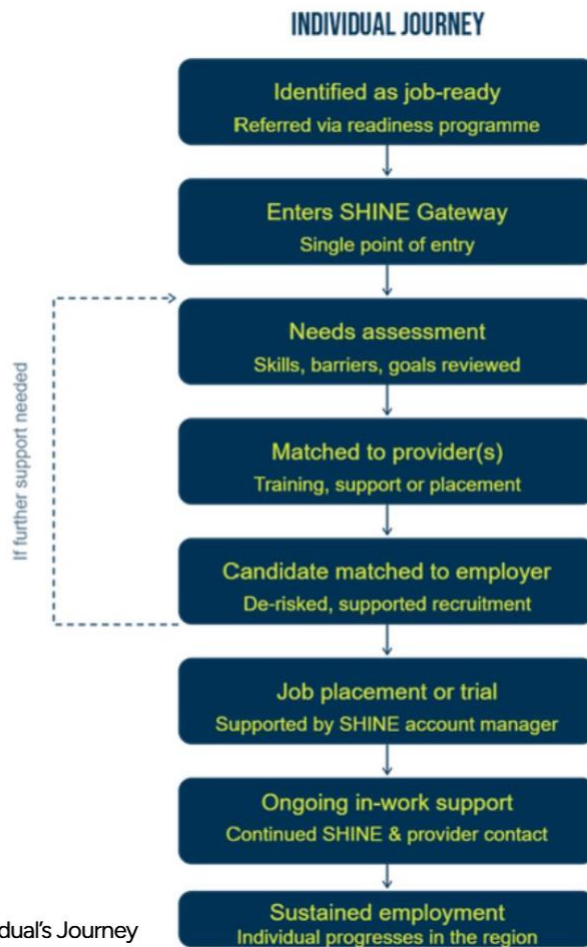
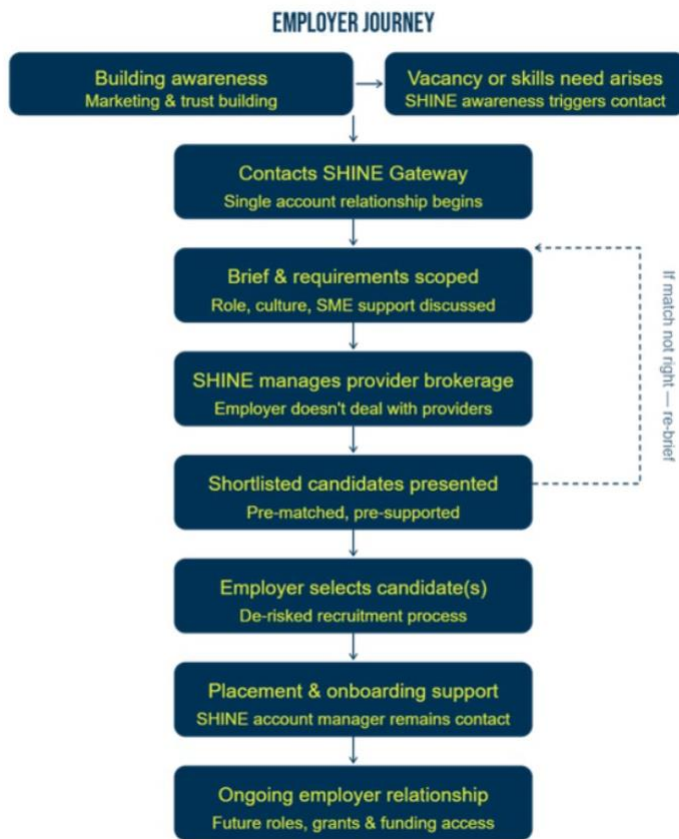


Figure 10: An Individual's Journey

## Employer

The employer journey reflects the reality that trust must be established before a vacancy even exists, particularly for smaller businesses that recruit infrequently and need confidence in a partner before they press go. SHINE invests in those relationships early, so that when a role does arise, the process is straightforward: one conversation, one brief and a shortlist of pre-matched, pre-supported candidates. The employer makes the final decision, but SHINE has already done the heavy lifting.

## Figure 11: An Employer's Journey



## Provider

For providers, SHINE offers something equally valuable: a single brokerage relationship that unlocks a steady pipeline of well-matched referrals. Rather than competing for individuals or managing multiple employer relationships independently, providers register their offer once and focus on what they do best: delivering support and training. Progress is reported back to SHINE, which handles the employer relationship and ensures providers remain a valued and funded part of the wider system.

**Figure 12: A Provider's Journey**



**What this achieves:**

- Removes fragmentation and duplication across the system
- Reduces the time and administrative burden on employers
- Reduces the time and costs for providers in recruiting employers
- Improves employer confidence and participation
- Enables scale through a shared regional infrastructure

**2. Introduce a Structured “Work-Ready Talent Pipeline”**

The Mayoral Strategic Authority should ensure that all candidates progressing through the SHINE Gateway meet a consistent, employer-informed baseline of work readiness. This should not be a generic training offer, but a regionally agreed standard shaped directly by employer expectations.

**Key components:**

- Core employability behaviours (timekeeping, communication, reliability)
- Confidence-building and “telling your story” support
- Digital and application readiness
- Exposure to workplace expectations through tasters or simulations

- Access to support programmes e.g. assisted travel or specialist equipment

**What this achieves:**

- Addresses a primary employer concern around candidate readiness
- Improves interview success rates and retention outcomes
- Creates consistency across providers and programmes
- Reduces the burden on employers to prepare candidates themselves
- Creates community skills partnerships

**3. Embed Wraparound and In-Work Support as Standard**

The system should move from short-term, pre-employment interventions to ongoing, structured in-work support, coordinated through the SHINE Gateway but delivered by the provider network.

Support should extend beyond induction and be responsive to both employer and employee needs.

**Key features:**

- Named support contact for both employer and employee
- Mentoring, buddying and regular check-ins
- Rapid access to specialist services (health, wellbeing, transport, childcare)
- Clear escalation routes for emerging issues

**What this achieves:**

- Improves retention and reduces early attrition
- De-risks recruitment for employers
- Supports individuals with complex or fluctuating needs
- Aligns with what employers already recognise as effective

**4. De-risk Recruitment Through Supported Pathways**

The Mayoral Strategic Authority should expand and systematise low-risk entry routes into employment, using the SHINE Gateway to coordinate access.

These pathways should be designed to reduce perceived and actual risk for employers.

**Priority models:**

- Paid work trials and temporary-to-permanent pathways
- Supported placements with in-work coaching
- Flexible apprenticeship and traineeship routes
- Sector-based pathways linked to real vacancies

**What this achieves:**

- Enables employers to “try before you hire”
- Builds confidence in recruiting from economically inactive groups
- Improves job matching and long-term outcomes
- Shifts recruitment from transactional to relational models

## **5. Build Place-Based Partnerships Around the Gateway**

The SHINE Gateway should be underpinned by strong local partnerships, recognising that engagement with economically inactive residents is often place-specific.

### **Key partners:**

- Local authorities
- Community and voluntary organisations
- Housing associations
- Health services
- Education and training providers

### **What this achieves:**

- Improves outreach to economically inactive populations
- Strengthens candidate preparation and support
- Embeds the Gateway within local ecosystems
- Ensures solutions reflect local labour market conditions

## **6. Simplify and Integrate the Provider Landscape**

The Mayoral Strategic Authority should use the SHINE Gateway to align and coordinate existing provision, rather than creating new standalone programmes.

This requires stronger system leadership and shared operating principles.

### **Key actions:**

- Map and align roles across providers to reduce duplication
- Introduce shared referral processes and data-sharing protocols
- Commission against outcomes linked to employer needs
- Ensure consistent standards of delivery across partners

### **What this achieves:**

- Creates a genuinely joined-up system
- Improves efficiency and clarity for employers
- Enables better tracking of outcomes and impact
- Maximises the value of existing investment

## **Structural Considerations**

Alongside the development of a practical engagement model, there are also several structural considerations employers consistently raised as being barriers to recruitment. In addition to the specific measures above, the Mayoral Strategic Authority should consider intervention in the following policy areas.

### **1. Provide Targeted Financial Incentives to Unlock Micro and SME Participation**

The Mayoral Strategic Authority should introduce targeted, flexible financial support to reduce the cost and risk of inclusive recruitment, particularly for SMEs.

This should be aligned to Gateway activity and focused on where it will have the greatest additionality.

**Priority interventions:**

- Wage subsidies or tapered wage support (e.g. first 3–6 months)
- Funded trial periods
- Support for supervision and management time
- NI or cost-offset incentives where feasible

**What this achieves:**

- Addresses one of the most consistently cited employer barriers
- Unlocks participation from micro and small businesses
- Enables employers to invest time in onboarding and support
- Increases the volume of available opportunities

**2. Improve Transport Connectivity as an Enabling Condition**

The Mayoral Strategic Authority should prioritise transport interventions that directly support access to work, particularly for economically inactive residents.

**Priority areas:**

- Early morning and late evening services aligned to shift work
- Improved connectivity to industrial estates and business parks
- Rural-to-urban transport links
- Integration of transport planning with employability support

**What this achieves:**

- Removes a major structural barrier to participation
- Expands the realistic job search radius for candidates
- Improves reliability and retention
- Strengthens the overall effectiveness of the SHINE Gateway

**3. Expand Wage-Supported Apprenticeships for Inclusive Entry Routes**

The Mayoral Strategic Authority should introduce a wage-supported apprenticeship model, targeted at SMEs and aligned to Gateway pathways.

**Key features:**

- Partial wage subsidy in early months
- Flexibility for candidates requiring longer onboarding
- Simplified administration for employers
- Alignment with priority sectors and local demand

**What this achieves:**

- Scales a route employers already trust
- Supports individuals with limited or non-linear work histories
- Increases entry-level opportunities
- Complements the Gateway's matching and preparation functions

## **Annex A**

### **Methodology**

The research was led by the North East Chamber of Commerce, in partnership with Interdigitate. The team included policy experts, research doctorates, interviewers, facilitators, analysts and a project intern.

Using their established network, the team approached hundreds of businesses within the NORTH EAST MSA region, inviting them to take part in the research, with the aim of achieving:

4. A good geographical spread of business location
5. A broad range of business type/sector
6. A representative sample of business size, measured on employee numbers to represent micro, small, medium and large businesses

The study took a multi-faceted approach to achieve this:

6. In person interviews – face-to-face and online, one-to-one
7. Roundtable events – groups from across the business community
8. Local Authority interviews – one-to-one conversations with subject matter experts
9. Surveys – online, hard copy and telephone interviews
10. Secondary research – mapping existing employment provision

Once data had been collected and an initial analysis had been conducted, the project created a series of hypotheses, tested as follows:

3. At a high level with a large audience
4. In detail, with an invited group of senior business leaders

The results of the testing steered the final recommendations, bringing together more detailed analysis and secondary research to make system and placed-based recommendations.

More detail on this approach is set out in Annex A.

### **In-person Interviews**

Employers from across the NORTH EAST MSA region were invited to take part in face-to-face interviews – most of which were hosted online. Using a coaching style format, to encourage an open and honest interaction, allowed business leaders to share their thoughts in an honest way and to offer up both personal and business insight.

Each interview, lasting between 45 and 60 minutes, was structured around six themes:

1. Understanding of economic inactivity
2. Experience of recruiting economically inactive people
3. Flexible working capabilities when onboarding previously inactive people
4. Meeting employee support needs
5. Best practice and learning

## 6. Employer and system requirements

A key challenge of the subject matter is its broad and far-reaching nature – economic inactivity being a term that covers everyone from school leavers to retirees with many layers of additional complexities in-between such as carers, ill health, generational inactivity, maternity returners, deprivation-led factor and even high-end earners struggling to find new roles. As such, the research team framed this challenge to its face-to-face participants as part of the scene-setting process and as a way of triggering the thought process. Interviewers stressed that it would be tricky to talk about all economically inactive cohorts and so asked participants to talk about their own experiences rather than try to encompass all aspects of the subject matter.

### **Roundtables**

Five roundtable events brought employers, service providers and subject matter experts together to discuss the challenges that businesses face in supporting economic inactivity. These facilitated discussions sought lived experience and insight, whilst challenging participants to think about what was needed in the system.

Four questions were used to frame the conversation:

1. What barriers do employers encounter when trying to recruit or retain people from underrepresented groups or those facing complex challenges?
2. How do current employment and skills support systems interact with employer needs and recruitment practices?
3. Are there existing programmes, models, or approaches that could be adapted or scaled to improve inclusive recruitment and access to work?
4. How can regional collaboration and support for employers be strengthened?

### **Local Authority Interviews**

Detailed conversations were held across the Local Authority landscape, reflecting participant's unique understanding of the subject, experiences of working within the current system, of supporting employers and of enabling providers.

### **Surveys**

At a quantitative level, a combination of online, hard copy and tele-canvassed interviews gave the study 150 business responses. Promoted through targeted social media, Chamber events and direct contact the survey gathered higher level business attitudes towards economically inactive individuals.

The survey captured views on:

1. Recruitment processes
2. Attitudes towards inactive candidates
3. Things candidates should do to increase employability
4. Levels of innovation to increase candidate reach
5. Approaches to the onboarding of new staff
6. Initiatives that would make it easier to recruit economically inactive people

### **Secondary Research**

The study's secondary research examined the broader support landscape to understand the number and type of providers in the region. Sixty-five organisations were found to be offering services to a broad range of audiences across a complex landscape, against which the study analysed the total employer offer. This insight allowed the study to cross reference the voices of employers who have tried to engage with an economically inactive audience against the solutions available to them.

### **Analysis**

Across the face-to-face methodology, 88 in-person interviews and roundtable conversations were translated into a structured coding framework, generating 1,633 analysable opinions. These qualitative insights were examined through systematic thematic analysis. All responses were coded against a comprehensive framework covering themes such as economic exclusion, recruitment practices, skills gaps, employer expectations, individual barriers, operational impacts and cultural factors. This approach ensured the complexity of employer experiences was captured in a consistent, transparent way.

Survey outputs provided volume quantification, comparison and validation to the qualitative evidence. By allowing the research team to test, challenge and triangulate findings, the survey strengthened confidence in the themes and patterns observed across the dataset.

Throughout the research process, participant data was mapped by location, sector and business size to ensure a representative spread of employers across the NORTH EAST MSA area. Once coding was complete, themes were revisited to assess their depth, frequency and the context in which views were expressed. Using a combination of inductive coding and frequency-based review, dominant issues and areas of consensus were identified.

This iterative analytical process enabled the study to establish a series of testable response hypotheses reflecting the collective voice of NORTH EAST MSA-based businesses. These hypotheses form the foundation of the study's recommendations. The analysis that follows therefore represents a robust synthesis of employer perspectives on engaging, recruiting and supporting individuals who are economically inactive, as well as the structural and practical barriers that shape employers' readiness and capacity to do so.

### **Hypothesis Testing**

The combined research output was analysed to derive 10 high-level hypotheses and 15 more detailed scenarios.

The high-level hypotheses were a series of statements that suggested a direction of travel or made a strategic statement about how to enable businesses to engage with an inactive audience.

The detailed scenarios tested operational actions and ideas that could be implemented to affect change. The ideas explore options for businesses, across the system at place

level and targeted specific and recurring pain points. These outputs were taken back to the research audience in two ways.

1. High level hypotheses were tested at two Chamber in-area Annual General Meetings using a table discussion model. Facilitated by researchers and Chamber staff, businesses were asked if the hypotheses chimed, whether they could see success relative to their own business and to select their preferred approaches. 103 business people took part across the two events.
2. The more detailed hypothesis session experimented with solutions to inactivity that reflected the findings of the study. A working group of 9 senior business people, from a broad range of organisations was set up. The group spent two hours testing 15 ideas, wording, pitfalls and opportunities.

In both cases, the hypotheses were not fully formed to generate discussion and to test appetite for change and action. The testing outputs were used to shape and finalise the recommendations in this study.

The combined analysis and testing output led to the design of the proposed model, which incorporates the views and feedback from across the NORTH EAST MSA business community.

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