



Three policy priorities for the North of Tyne metro mayor

Introduction

The first metro mayor of North of Tyne will need a vision for the area and a set of clear, strategic policies to deliver on it. Expectations will be high and the challenge and workload will be considerable. Mayoral powers range from delivering policy to establishing the institutions and capacity for effective city-region governance. This briefing offers three priorities the incoming mayor needs to address in order to tackle the challenges of North of Tyne.

First, a ‘quick win’ will help the mayor to set the tone for delivery right from the start. Delivering results quickly will build trust, and show what the metro mayor is able to do for the city region. The best quick wins in these circumstances are high profile and of tangible value to citizens.

Second, a long-term vision for the city region will be the key election platform – it is what the mayor will be working towards while in office. This should be ambitious, but reflect the real needs and potential of the city region. Some aspects of the vision will be achievable within one term in office, while others will build momentum or signal a change in direction. It is important to be clear and strike the balance of where each policy lies on this spectrum.

Third, a strategic vision will set the framework for delivering the metro mayor’s vision within the wider North East economy and establish how to work with partners. This will make the most of the new institution of mayor and geography of governance, while recognising the limits of working at this scale. This strategic decision may not show direct outcomes clearly or quickly but will be vital for the long-term success of the local economy and the mayoralty.

Box 1: A different kind of metro mayor

The North of Tyne mayor is different from other metro mayors. A substantial share of the local population and economic activity fall outside of the new mayor's administrative boundary. This means that a number of powers, including over transport and statutory spatial planning, are not included in the North of Tyne, many of which are available to other mayors.

The office of mayor does bring with it a number of 'softer' powers irrespective of the formal powers awarded. This has been seen, for example, with Andy Burnham leading a campaign to reduce homelessness in Greater Manchester, Andy Street setting up a mentoring scheme for young people in the West Midlands and Steve Rotheram creating a UCAS-style portal to better link people to apprenticeship opportunities in the Liverpool City Region.

Priority 1: A quick win**Support the city centre**

- **Invest in improving commercial space in the city centre to help attract in more high-knowledge businesses to the area**
- **Bring forward new city centre commercial space, building on existing schemes**
- **Create a joint spatial plan that sets out how land-use planning and new infrastructure can best support the North East economy**

Newcastle city centre is the driver of prosperity in the North East. It is at the centre of an urban economy that stretches from the south of Northumberland to County Durham and plays a much bigger, different and distinct role to the smaller rural economy. But the North East's urban economy has lower productivity and wages than the national average and those of cities such as Manchester or Leeds.

This lower productivity is driven by an underperforming city centre. As set out in the devolution deal, the mayor must make improving the city centre economy a priority, so that it punches its weight for North of Tyne and the North East.

A particular issue for the city centre of Newcastle is the quantity and quality of commercial space. Commercial space in the city centre is more heavily focused on retail than other successful city centres – office space constitutes 43 per cent of commercial space to retail's 35 per cent. This is in contrast to the most successful centres, where there is three times as much office space as retail. And the quality of office space in Newcastle city centre is below the national average.¹

Despite this, prices for city centre office space suggest that demand from firms exists. The rateable value of office space is comparable to that in Leeds and Manchester city centres, despite both having significantly higher quality office space than Newcastle and the national average.

¹ Building Blocks Data Dashboard <https://www.centreforcities.org/data/building-blocks-data-by-city/>

In spite of this apparent demand, Newcastle city centre has faced a decade without significant market-led office development, while much office development in the wider North East has been in edge-of-town locations. This is a market failure that the city council and partners have been working to change through the Stephenson Quarter, a new scheme at Helix soon to be completed, and plans for East Pilgrim street, as set out in the devolution deal.

The metro mayor should support and build on this work and ensure that there is a pipeline of new and renovated office space that responds to the needs of high-skilled firms. This should be done through direct investment in schemes with a strong business case, providing finance or de-risking development by guaranteeing initial rents.

Increasing the number of firms in the city centre by providing more office space will be of economic benefit to residents across the North East, bringing more jobs and higher wages. But it will also be of financial benefit to all North of Tyne residents. The combined authority will be a pilot area for 75 per cent business rates retention and pooling.² This means that increased office space and higher business rates revenues in Newcastle city centre will now be shared with residents of Northumberland and North Tyneside local authorities. This will incentivise new development that most increases overall business rates revenues across North of Tyne i.e. in the city centre, not just within each individual local authority.

While lacking the formal powers around planning that other metro mayors have, the mayor should work with partners in North of Tyne to create a joint spatial plan that sets out how land-use planning and new infrastructure can best support the North East economy. This should specify the city centre as the primary zone for new office development, and locate new housing where it is accessible to the city centre by public transport. It should also work with existing plans, including the Core Strategy agreed between Newcastle and Gateshead local authorities.

Priority 2: A long-term priority

Improve skills and education

- **Coordinate action across local stakeholders to improve school performance and lifelong learning through a Skills Compact**
- **Evaluate the outcomes of policies to refine future policy approaches to make them more effective.**

The long-term aim of the North of Tyne metro mayor should be to improve the skills of those with few or no qualifications and embed a culture of life-long learning. This is a central focus of the devolution deal that the mayor should embrace.

The North East has adapted to the impacts of globalisation and automation, but not as quickly or strongly as other parts of the country. The rate of residents in Newcastle with no formal qualifications is 8.4 per cent – slightly above the national average of 8 per cent. The unemployment rate of low-skilled people in Newcastle is 25 per cent higher than the national average. In Newcastle, 28 per cent of jobs in Newcastle are low skilled, compared to 24 per cent nationally.³

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766386/Provisional_consultation_2019-20.pdf

³ Opportunity Mapped Data Dashboard <https://www.centreforcities.org/data/opportunity-mapped/>

And the low paid workers in Newcastle find it hard to progress to higher wages. 43 per cent of those on low pay in 2012 in Newcastle were still in low-paid work in 2016, compared to 37 per cent in Sheffield and 35 per cent in Greater Manchester.⁴

Local areas are in a strong position to make a big difference in improving educational outcomes in their areas using the tools they already have. Local stakeholders know the importance of supporting quality education provision that is taken up by those who need it, and there are already good initiatives taking place in the region. What is missing is coordination, meaning that education provision at the local level is less efficient than it could be. The mayor should build on the provisions set out in the devolution deal to deliver a long-term Skills Compact based on three principles:

1. Make existing education provision more efficient

The metro mayor should bring together local partners, including educators, skills providers and business, to create a Skills Compact that ensures better coordination of existing initiatives. The Compact could gather more intelligence on the most important skills issues facing North of Tyne such as low skills and progression, and map the existing initiatives and spending already in place. This knowledge would then allow places to reduce duplication and fragmentation and promote collaborative working.

Better knowledge of the challenges and resources available in North of Tyne will increase the local capacity to identify and plug gaps in provision, transition to more efficient systems and directly involve employers in training design. The mayor should open the Compact up to all North East authorities and stakeholders.

2. Experiment with different design features and new pilots

The metro mayor should make evidence and evaluation central to improving skills. By working together, local partners can also experiment to find the most cost-effective ways to improve take-up and provision of education in their local area, either by introducing small amendments to the design of existing initiatives or by piloting new projects altogether.

The mayor should convene local expertise to pilot new approaches to improve the delivery and quality of education and skills provision. For example, one of the obstacles to the take-up of adult education to support progression is the challenge of juggling training with work and personal commitments. The Skills Compact might want to consider how this challenge plays out in their local area and adapt training provision accordingly. This could be by introducing different methods of provision – such as evening classes or weekend classes.

3. Learn and share best practice

The metro mayor should lead on identifying clear objectives for any new initiative, define what constitutes success (and failure) and decide how to measure, monitor and evaluate it. The mayor should use the support for cities offered by the What Works Centre for Local Economic Growth⁵ on how to embed evaluation from the start. This would give North of Tyne a clear understanding of what works – and what doesn't – for them, and means that the mayor can share learning with other

⁴ <https://www.resolutionfoundation.org/app/uploads/2019/03/Low-Pay-in-Greater-Manchester-Report.pdf>

⁵ <https://whatworksgrowth.org/how-to-evaluate/>

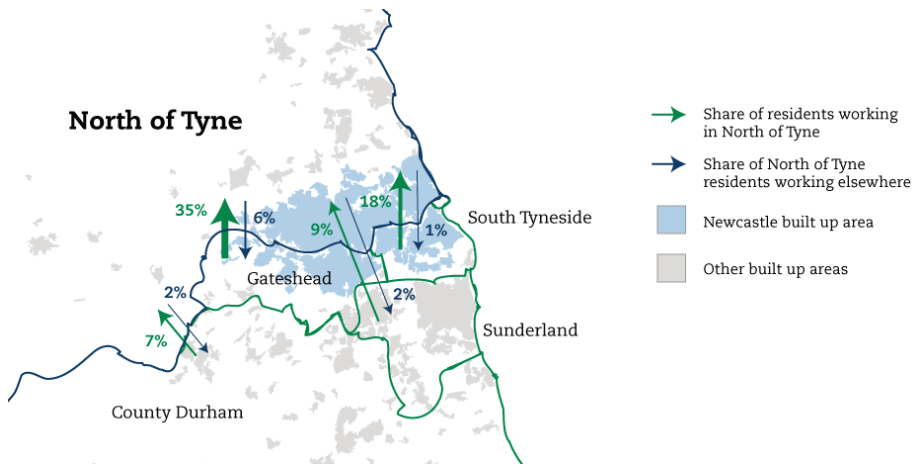
places that have similar challenges too.

Priority 3: Strategic decision

Work strategically across the wider North East area

- Work with leaders across the region to align where new housing or commercial space is developed
- Open up skills programmes to all local authorities and institutions in the region

The North of Tyne's urban economy stretches well beyond its boundaries to the south. Around 90,000⁶ people cross the Tyne for work and the wages earned on one side of the river often support businesses and communities on the other. The North of Tyne metro mayor should ensure that economic policy is made with the geography of people's day-to-day lives in mind.



The goal of devolution has been to overcome the administrative fragmentation of cohesive local economies and increase economic powers at this scale. Local policymaking – from training programmes to planning – can vary dramatically on opposite sides of the street. This creates confusion and complexity for local business and residents, duplication and dilution of activities, and sometimes harmful local competition for jobs and business rates revenues. North of Tyne devolution only partly addresses this. Therefore the mayor should make working with local partners beyond North of Tyne's boundaries a priority including across the Northern Powerhouse.

While other local authorities cannot share in the direct benefits of the devolution deal, such as the £20 million in annual funding, significant benefits remain available to North of Tyne and the North East economy by thinking and working at the level of the functional economic area. Indeed, the Local Industrial Strategy is currently being written for the wider geography covered by the North East Local Enterprise Partnership. The mayor should work to build links with the Northern Powerhouse and Scottish partners.

⁶ <https://www.nomisweb.co.uk/census/2011/wu03uk/chart>

One way the metro mayor could do this is to propose ‘strategic planning alignment’ across North of Tyne. The mayor should provide the resources to work with partners from across the North East to move towards a joint spatial framework for the region. This would set out how different areas can make the greatest contribution to the local economy.

The metro mayor should also make an offer to any interested partners from across the North East to take part in the work on skills and education set out in the devolution deal. The work will require data at the level of the wider local economy, and the goals of reducing duplication and increasing collaboration would benefit more from the widest possible involvement.

Residents of North of Tyne will be the prime beneficiary of the money and powers that the metro mayor will use. But the mayor should look to maximise benefits across the wider economy and open up to willing partners in the use of the new funding and freedoms. A sign of success will be if residents and leaders of authorities that voted against a North East mayor three years ago wish to become formal and equal partners in a new North East mayoral combined authority from 2024.

Conclusion

The challenges facing the North of Tyne metro mayor are clear and will not be overcome within a five-year term or even 20 years. But tangible improvements can be made if the first ever mayor works to tackle those challenges squarely and effectively, to support the development of the local economy.

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