Investment in Places series

Framing a Place-Based Investment Strategy for South Tyneside

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Abstract

This paper examines how a place-based investment strategy can enhance productivity and wellbeing in South Tyneside, a borough in the North East of England. Employing a comprehensive capitals framework, encompassing physical, human, social, financial, institutional, natural and intangible capital, the study integrates quantitative economic analysis with qualitative evidence gathered through interviews and participatory workshops.

The findings reveal persistent structural challenges, including low productivity growth, weak labour market outcomes, poor health indicators and infrastructure constraints, alongside valuable local strengths such as strong community networks, distinctive natural assets and emerging clusters of innovation activity.

The analysis identifies sectoral opportunities, particularly in advanced manufacturing and clean energy, anchored by strategic assets such as the Port of Tyne and proximity to major offshore wind developments. These sectors offer potential pathways to higher productivity and quality employment, provided they are supported by aligned investments in innovation capacity, workforce skills and improved transport connectivity.

Additionally, the research highlights governance and funding barriers, noting that short-term and fragmented funding cycles limit the effectiveness of programmes addressing complex, interlinked needs.

Key recommendations include investing in human capital through health improvements, skills training, and employment support; enhancing physical infrastructure; leveraging devolution to reform funding practices; and strengthening external communication to attract investment and influence policy. South Tyneside should also integrate local priorities with regional objectives and develop a clear narrative showcasing its assets and collaborative ethos. By focusing on these areas, the borough can overcome structural barriers, unlock inclusive growth, and move toward a more productive and prosperous future.

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Executive Summary

We examine how place-based investment strategies can improve productivity and wellbeing in South Tyneside, a borough in the North East of England. Using a "capitals framework" that includes physical, human, social, financial, intangible, institutional and natural capital, the study combines quantitative data analysis with qualitative insights from workshops and interviews. It identifies persistent challenges such as low productivity growth, poor health outcomes, and infrastructure constraints, alongside strengths like community resilience, natural assets, and emerging innovation hubs. The overarching aim is to inform strategies that foster inclusive growth and reduce regional inequalities.

Current Position and Challenges

South Tyneside ranks below regional and national averages for productivity, the employment rate and economic activity. Human and social capital indicators are weak, reflecting poor health outcomes, high child poverty and lower skills. Physical capital is constrained by transport bottlenecks, while intangible capital—innovation and R&D capacity—is low. Despite these challenges, financial capital shows promise, with relatively high rates of new business formation and high growth firms.

Sector Strengths and Opportunities

The borough has notable strengths in advanced manufacturing and clean energy, supported by assets such as the Port of Tyne and proximity to the offshore wind development of Dogger Bank. These sectors offer opportunities to drive productivity and create quality jobs. The report highlights the need to build on these sectoral strengths through innovation hubs, skills development in green and digital technologies, and improved infrastructure to support business growth and workforce mobility.

Governance and Funding

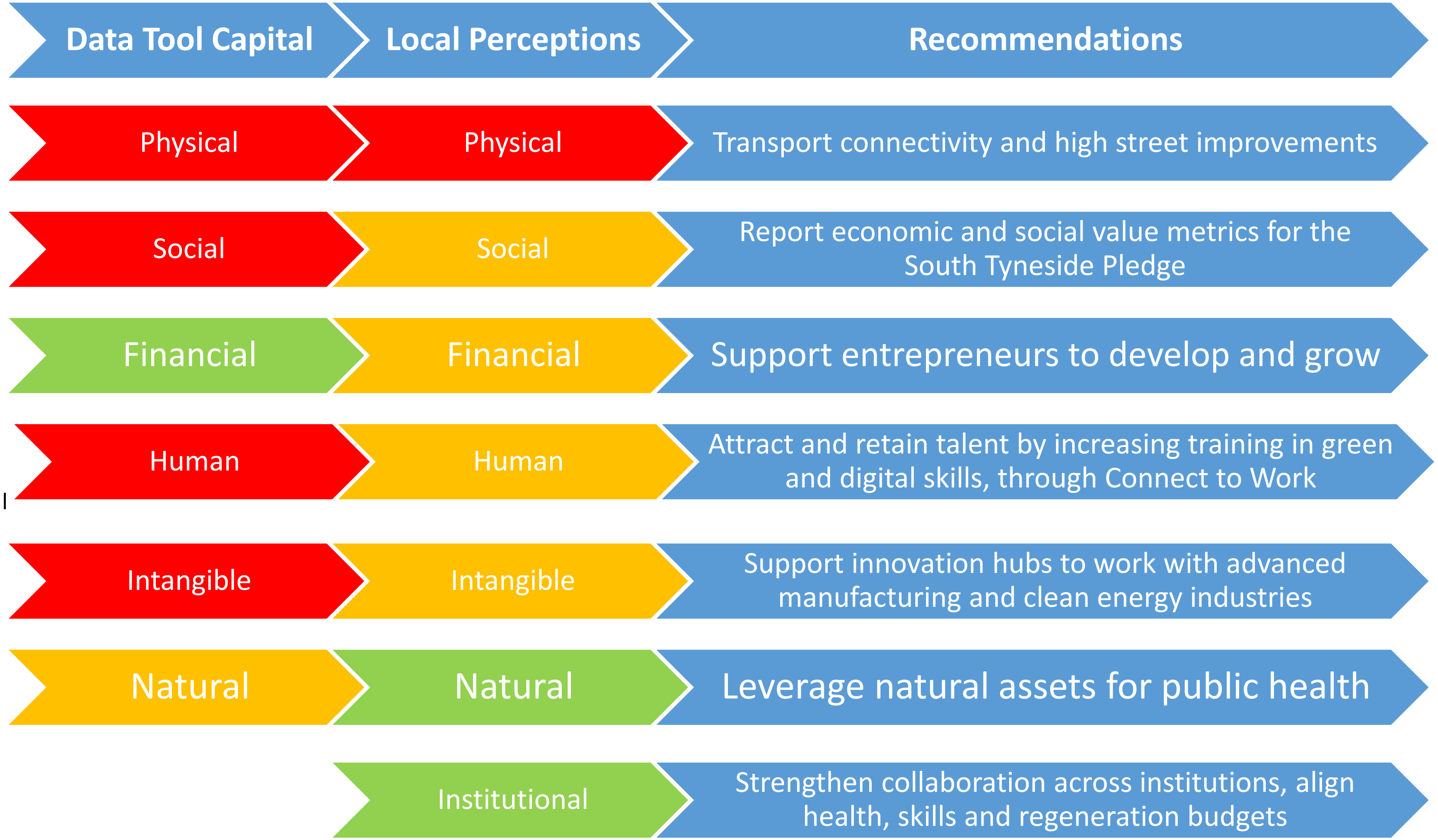
Devolution presents opportunities for South Tyneside to align local priorities with regional strategies (within the North East Combined Authority, NECA) and secure more responsive funding models. Current short-term funding cycles constrain progress, particularly for services addressing complex needs. The report calls for integrated funding streams across health, skills, and regeneration, alongside better coordination among local partners to maximise impact. It also stresses the importance of measuring success using both economic and social indicators, including wellbeing and community engagement.

Recommendations and Strategic Priorities

Key recommendations include investing in human capital through health improvements, skills training, and employment support; enhancing physical infrastructure; leveraging devolution to reform funding practices; and strengthening external communication to attract investment and influence policy. South Tyneside should also integrate local priorities with regional objectives and develop a clear narrative showcasing its assets and collaborative ethos. By focusing on these areas, the borough can overcome structural barriers, unlock inclusive growth, and move toward a more productive and prosperous future.

South Tyneside Strength of Capitals

The first column is from the capitals data tool. The colours signify: green for authorities ranking 1-120, amber for those ranking 121-240 and red for those ranking 241-361. Local perceptions gauge the strength of capitals from the qualitative workshop and interviews.



Data Tool Capital	Local Perceptions	Recommendations
🟥 Physical	🟥 Physical	Transport connectivity and high street improvements
🟥 Social	🟧 Social	Report economic and social value metrics for the South Tyneside Pledge
🟩 Financial	🟧 Financial	Support entrepreneurs to develop and grow
🟥 Human	🟧 Human	Attract and retain talent by increasing training in green and digital skills, through Connect to Work
🟥 Intangible	🟧 Intangible	Support innovation hubs to work with advanced manufacturing and clean energy industries
🟧 Natural	🟩 Natural	Leverage natural assets for public health
	🟩 Institutional	Strengthen collaboration across institutions, align health, skills and regeneration budgets

South Tyneside Recommendations

Key to action: short term (within the next year); medium term (1-5 yrs); long-term (5-10yrs)

The recommendations cut across a number of different areas and need investment simultaneously to improve productivity:

Barriers to Productivity	**What Needs to Be Transformed**	**Recommendations**	**Capitals**
Economic Outcomes • Low productivity and slow growth. • Low intangible capital. • Infrastructure constraints (e.g., transport, broadband)	• Economic structure and sector development. • Innovation ecosystem and R&D capacity • Physical capital and connectivity	**Short-term:** Invest in high-value sectors like advanced manufacturing and clean energy. **Medium-term:** Support entrepreneurship, innovation and digitalisation and improve export intensity. **Long-term:** Upgrade transport links; improve access to amenities in deprived areas.	Physical Financial Human Intangible
Better Welfare Outcomes High levels of social deprivation and child poverty	Social support systems and wellbeing.	**Short-term:** Increase funding for community programmes. (for example early help for best to start to life services and access to skills and training) **Medium-term:** recognise and measure social value in outcomes (particularly in the South Tyneside Pledge).	Human Social Institutional
Reframing Common Purpose Limited external visibility of local strengths. Misalignment between local and regional priorities. Fragmented funding and short-term cycles.	Strategic communication and branding. Policy coordination and collaboration. Funding models and governance.	**Short-term:** Create a clear external narrative to attract investment; promote South Tyneside's assets and successes. **Medium-term:** Ensure local strategies align with NECA and national goals; foster cross-sector partnerships for delivery. **Long-term:** Develop integrated, long-term funding strategies (pilot pooled budgeting); align health, skills, and regeneration budgets.	Intangible Human Social Institutional
Wellbeing Outcomes High inactivity due to illness. Low employment rate, poor health outcomes	Skills development. Health improvements	**Short-term:** improve health services and promote healthier lifestyles utilising natural assets for preventative health measures. **Medium-term:** Expand access to training and education; develop co-working hubs and support networks.	Natural Human Social Institutional

1. Introduction

South Tyneside is a borough marked by strong community values, collaborative partnerships, and a shared commitment to inclusive growth. The Council has developed a long-term vision and strategy focused on improving health, wellbeing, financial security, and access to quality jobs. The area faces significant challenges in productivity, ranking below both the North East and UK averages. Human and social capital indicators are particularly weak, with low employment rates, poor health outcomes, and high levels of child poverty. Infrastructure constraints and limited physical capital further hinder progress, although the borough shows promise in financial capital, with high rates of new business starts and high-growth firms.

The report highlights the importance of aligning local priorities with regional strategies, especially under the evolving governance of the North East Combined Authority. Devolution presents an opportunity to reshape funding models to be more responsive and relationship-based, valuing local knowledge and social outcomes. South Tyneside's strengths in advanced manufacturing, clean energy and community resilience offer a foundation for growth, but realising its potential will require strategic investment, clearer messaging and integrated support across sectors.

Our study consistently highlights South Tyneside as being a place of pride, care and a strong sense of fairness. It is a place that understands its challenges, but does not want to be defined by them, and is proactively and collaboratively adopting a forward-looking perspective. There are good relationships across the public, private and community sectors and these strong partnerships are key to the realisation of a bold vision for inclusive growth.

Strong partnerships across key institutions and sectors in South Tyneside are supported by access to robust and reliable data. There is a clear desire for greater consistency in service planning and delivery, with a strong emphasis on learning from both internal and external expertise, including think tanks and academic institutions.

Following the pandemic, South Tyneside Council carried out a comprehensive review of its vision and priorities. This involved extensive engagement with stakeholders, businesses, residents, elected members, partners, and staff and a refresh of the evidence base, including data on public service performance and social outcomes. The result was a new vision focused on enabling people to live happier, healthier, and more fulfilled lives. The recent devolution deal requires unity on shared regional priorities, meaning that South Tyneside now needs to reflect local *and* regional objectives. This makes the creation of a regional strategy that has a meaningful local impact critically important.

Investment in Productive Places Campaign

This report sets out our findings for South Tyneside for the Investment in Productive Places Campaign (IPPC)[1]. We discuss how a joined-up strategy for investment can help productivity to grow in places that have the potential to improve and fully leverage investment

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[1] See The Productivity Institute's Investment in Productive Places Campaign web-site: https://www.productivity.ac.uk/regions-nations/investment-in-places/ .

opportunities. To deepen our understanding of how some of the most abstract and difficult-to-quantify elements of the capitals' framework are being thought about in practice, we use a mixed methods approach presenting both quantitative and qualitative analysis. In addition to gaining insights into how the capitals are viewed across a range of stakeholders, we are also interested in the interdependencies between the capitals. Our qualitative work has involved a survey and workshop in South Shields on 4th February 2025. Then follow-up interviews were conducted between March and September 2025. The qualitative work provided crucial insight into lived experience from a range of perspectives across the borough and helped to shape our understanding of the interdependencies between the capitals. These perspectives helped interpret the quantitative data and shape our recommendations.

Regional inequalities in productivity and living standards across the UK are stark and have been increasing over time (see McCann, 2020). The need to address such inequalities not only matter for the lived experiences of citizens - the quality of life for individuals and families, but also the levels of economic growth, development and productivity achieved by businesses and organisations that in turn support the level of goods and services that the public benefit from. Although the UK is world leading across a range of sectors and with many places exhibiting high levels of productivity, innovation and good jobs, this is still overly concentrated in specific areas, and the long tail of low productivity is a prevalent issue to address.

We argue that a broad-based investment strategy across different types of "capital" is required to help to lift places out of low productivity traps and create better and lasting outcomes for their communities and businesses. The former Government's Levelling Up White Paper (DLUHC, 2022) recognised that reducing spatial disparities would require an understanding of several interdependent factors and identified six capitals to address this, these included:

- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability

In our research we add natural capital, this refers to a place's stock of natural resources and ecosystems that provide a wide range of valuable services and products for humanity. The investment in natural capital can support environmental conservation, access to green space, and contribute to net-zero targets by reducing greenhouse gas emissions.

These capitals need to be utilised as productively as possible to foster local growth, as all resources are scarce and better outcomes are required to help close the large gap in regional inequalities (TPI, 2024). The community capitals framework has been applied to US regions. Emery and Flora (2006) note that a community could become stronger by strategically increasing its capacity within each capital. As the flow of assets are connected investing in one capital can trigger positive outcomes across the other capitals. A study by Losada-Rojas et al, (2024) analyses the community capitals at the US county level for the Great Lakes Region. They find that to build community resilience there was a need to increase active partnerships among education, non-profits, community foundations, businesses and government institutions working in tandem.

Table 1: Drivers of Productivity, Stakeholders, Capitals and Growth Missions

Drivers of Productivity	Primary Stakeholders	Capitals	Growth Mission
Business performance & characteristics	Firms	Intangible Financial Social	Industrial strategy & trade + Innovation
Skills & training	Individuals in the workforce	Human	People: more people into good jobs
Policy & institutions	Government	Institutional Social	Place: devolution & reform
Health & wellbeing	Individuals in society	Human Social	Build an NHS fit for the future
Investment, infrastructure & connectivity	Business environment	Physical Natural	Investment, infrastructure & planning + Net Zero

Source: Donaldson et al (2025) Table A9.2 and HM Government (2024) Plan for Change.

The Productivity Institute research on the "drivers of productivity" are discussed for Northern Ireland in Donaldson et al (2025) to understand the prosperity gap with the UK. Donaldson et al (2025) note who the primary stakeholders of the drivers of productivity are and how these map onto the capitals, this is summarised in Table 1. The HM Government (2024) Plan for Change outlined the missions and milestones of the UK Government. Table 1 notes how the components of the growth mission link to the capitals and drivers of productivity (with the exception of health and wellbeing that links into the mission to building an NHS fit for future).

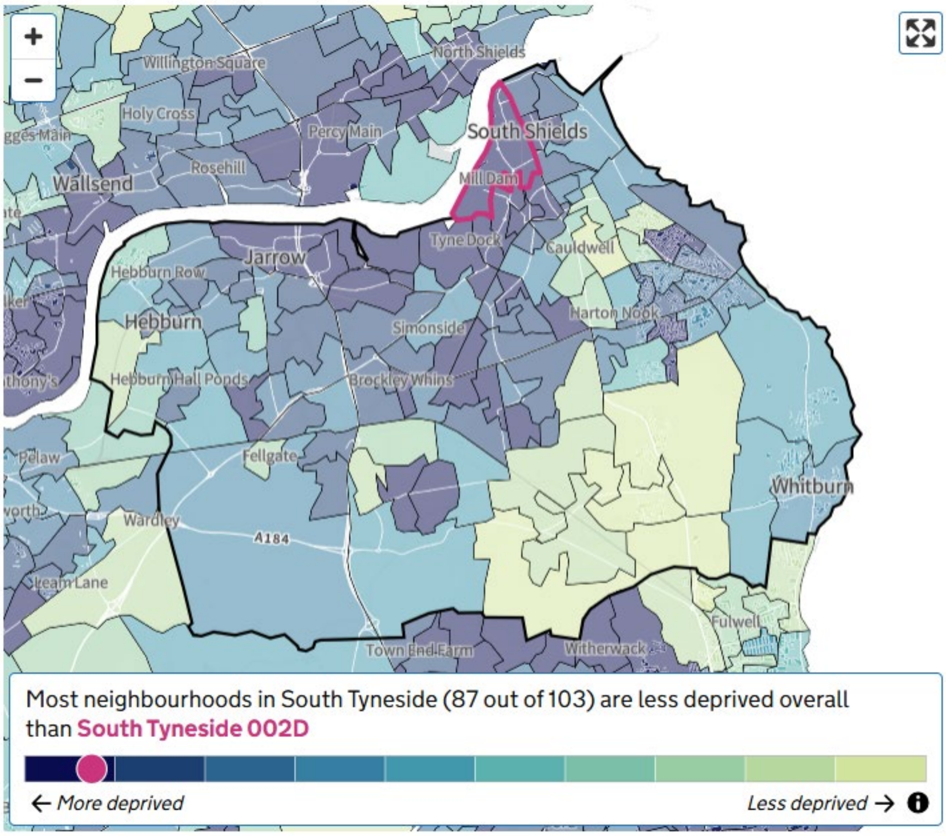
The Productivity Institute's Productivity Lab (McKeogh et al, 2025) has produced further scorecards and dashboards for the drivers of productivity for the North East of England and for ITL3 sub-regions in the North East (see also van Ark et al, 2025). In the next section of this report we produce a scorecard for South Tyneside's drivers of productivity compared to North East. We also include details of the experimental data tool for South Tyneside the other local authorities that make up the North East Combined Authority. The data tool includes variables for human, social, financial, physical, intangible and natural capitals.

The structure of the report is as follows. First, we discuss South Tyneside's geography and demography, policy context and investments. In the second section we discuss the labour productivity metrics and the drivers of productivity. The third section sets out the sector strengths within South Tyneside, highlighting the strength of the Government's Industrial Strategy eight priority sectors. The fourth section describes the capitals and the indicator variables within the experimental data tool. The fifth section explores the qualitative insights generated through the workshop and interviews. Word clouds are used to visualise the dominant themes from the workshop and thematic analysis of the workshops and interviews highlight how stakeholders understand the challenges and opportunities facing South Tyneside. The final section synthesises the qualitative and quantitative findings, setting out a coherent set of recommendations to support South Tyneside's future strategy and investment priorities.

South Tyneside Geography and Demographics

South Tyneside is a metropolitan borough in Tyne and Wear, England, characterised by a varied landscape that includes coastal areas with high limestone cliffs, rolling hills, incised river valleys, and relatively flat central land[2]. About 60% of the borough is made up of built-up areas, including the towns of South Shields, Jarrow, and Hebburn, while the rest is largely countryside. South Tyneside's geography is shaped by the River Tyne to the north, the North Sea to the east, and a coastline with features like sea stacks and herb-rich grasslands. Most of the River Don's course is in South Tyneside, and it reaches the River Tyne at Jarrow.

Figure 1: South Tyneside's Index of Multiple Deprivation 2025 Map



Most neighbourhoods in South Tyneside (87 out of 103) are less deprived overall than **South Tyneside 002D**

Source: Index of Multiple Deprivation 2025, overall measure from the Ministry of Housing, Communities and Local Government. The neighbourhood South Tyneside 002D is where The Word is located in South Shields with postcode NE33 1JF. See MHCLG.

The population of South Tyneside was 147,919[3] in the Census 2021 and had decreased by -0.2% since Census 2011. The 2024 mid-year population estimate from the ONS is 151,393. The Index of Multiple Deprivation (IMD) is from the Ministry of Housing, Communities and

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[2] https://www.natureplan.org.uk/article/29325/Geography-and-topography

[3] https://www.nomisweb.co.uk/reports/lmp/lad/1778385145/report.aspx?town=Tyneside

Local Government (MHCLG, 2025) and it measures relative levels of deprivation. South Tyneside is made up of 103 neighbourhoods (or Lower Super Output Area, LSOA) in total with 22 LSOAs existing within the top 10% of the most deprived in the country (or 21%, see MHCLG, 2025). This ranks South Tyneside as the 34th most deprived English local authority out of 296 (based on the rank of local authorities with the most 10% deprived LSOAs in England). South Tyneside also has some relatively affluent areas with 21 LSOA's in 40% of the least deprived areas in the country (20% of neighbourhoods). We show the Index of Multiple Deprivation for South Tyneside in Figure 1, with the darker shading indicating the most deprived LSOAs.

The North East of England faces significant health and wellbeing challenges, with healthy life expectancy (HLE) for both males and females falling below the national average and stagnating since 2011–13. Deprivation, chronic conditions like musculoskeletal disorders, and gender disparities are key contributors. Rising retirement ages and insecure employment disproportionately affect women (see Bambra, et al, 2024), while obesity rates are high in South Tyneside. Mental health service usage has increased, and self-harm admissions remain well above national levels. Additionally, childhood obesity and dementia diagnoses are on the rise, reflecting the region's ageing population and broader health pressures.

Wider determinants of health such as poverty, and access to green space further compound these issues. Child poverty remains a concern despite recent improvements. Wellbeing scores across the region are consistently lower than national averages, suggesting that residents feel less happy and fulfilled. Limited access to sports facilities in more deprived areas may hinder efforts to promote healthier lifestyles. These combined factors present a growing challenge for local authorities, especially in terms of funding and delivering effective health and social care services amid ongoing NHS resource constraints.

The South Tyneside Open Space Study in 2023[4] ran consultations with local residents on the ease of access to green space, and in terms of their quantity, 66% of respondents thought that there was a particular need for more informal open areas, and facilities for teenagers (62%). The category that was most in need of improvement was the provision of parks and recreational grounds (67%), and children's play areas (62%). Households reported that they would not travel more than 15 minutes to visit different kinds of open spaces and recreational activities. This may be a potential problem for the local authority given that beaches were rated highly in terms of quality, however outdoor facilities for teenagers were rated by 44% as being poor or very poor. As a response, the South Tyneside Local Plan (published in 2023)[5] aims to: protect, enhance and increase the provision of green infrastructure across the borough, as well as enhancing parks, sporting provisions and green spaces.

South Tyneside Policy Context

South Tyneside Council has developed a comprehensive 20-year Vision and 3-year Strategy to make the borough a place where all people live healthy, happy, and fulfilled lives. The vision is centred around five key ambitions: financial security, good health and wellbeing, access to

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[4] https://www.southtyneside.gov.uk/media/6914/Open-Space-Assessment-2023/pdf/South_Tyneside_Open_Space_Assessment_2023.pdf?m=1704455435463

[5] https://www.southtyneside.gov.uk/media/6874/Publication-Draft-Local-Plan-2023-2040/pdf/Publication_Draft_Local_Plan_2023_to_2040.pdf

quality jobs and skills, strong, green and connected communities, and targeted support to make things fairer[6].

To deliver the vision, the Council will work closely with partners across the public, private, and voluntary sectors. Key priorities include:

- Supporting residents experiencing financial hardship through targeted interventions, benefit advice, and community-based support.
- Enabling children and young people to have the best start in life, promoting healthy lifestyles, and improving mental wellbeing and social connectivity.
- Equipping local people with the skills and confidence to access quality jobs in growing sectors like the green economy, advanced manufacturing and social care.
- Creating clean, green, and connected communities where residents feel safe and empowered to participate. Developing a deeper understanding of inequalities and targeting resources to make things fairer for those most in need.

South Tyneside has developed a comprehensive evidence-base and engaged extensively with its communities to identify the key strengths, opportunities, and challenges facing the borough. This evidence shows that the borough's strengths lie in advanced manufacturing, the green economy (particularly offshore wind), health and social care and tourism. In the green economy, South Tyneside is leveraging its assets in offshore wind, automotive manufacturing, and renewable energy to drive innovation and job creation. On skills, the council is working to transform the curriculum and location of the local college to better meet the needs of the emerging economy.

However, it faces significant challenges, including health inequalities (as noted above), high economic inactivity, low skill levels, labour shortages in key sectors, limited commercial premises and negative perceptions of town centres. Infrastructure constraints, such as road bottlenecks, grid capacity issues, and public transport connectivity, are identified as key barriers to growth that require investment[7].

A collaborative project by members of NIHR and Fuse, Visram, et al., (2022), found that South Tyneside needs improvements in various areas to enhance community well-being. The report found that there is a demand for more affordable leisure facilities, diverse retail options focusing on healthy foods, and better environmental care through tree planting and litter reduction. Health services require improved access, particularly for vulnerable populations, alongside increased local job opportunities and skills training. Enhancing public transport and suitable housing is essential, as is boosting community safety with more police presence and better infrastructure. Lastly, fostering community cohesion and effective communication between the local authority and residents is crucial for collaborative decision-making.

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[6] The South Tyneside Vision, Ambitions and Strategy - South Tyneside Council

[7] Adapted from the summary of the evidence base development in South Tyneside (summary of approach since 2020 document).

South Tyneside Investments

South Tyneside is actively engaged in several major community and economic regeneration initiatives across the borough, focusing on the town centres of South Shields and Jarrow, as well as community-led projects in other areas. A comprehensive Masterplan Vision[8] guides the transformation of South Shields town centre with several sub-areas of focus as follows:

- South Tyneside College and Marine School Relocation: Construction is underway on a new 15,000 sqm town centre campus for South Tyneside College and the South Shields Marine School, set to open in September 2027. This is a £95m regeneration project which is expected to increase footfall, support local businesses, and attract students to the area. The first students are expected in the new facilities in September 2027.
- Mill Dam/ Harton Quays: This area is being developed with a mix of uses, including a new riverside park, to strengthen the link between the riverside and the town centre.
- Transport Interchange: The new South Shields Transport Interchange has been completed, improving connectivity for bus and Metro users.
- The Word: The National Centre for the Written Word was a major success of the first phase of regeneration, establishing a significant cultural venue in the town.
- Trinity South: This project revitalised a previously deprived area with new family homes on former industrial land and improved the Frederick Street shopping district.

Work has also begun on the £7.4m ‘Cultural Quarter’ regeneration, which will include the development of the Custom’s House, providing the key cultural venue and attraction with additional performance space, a redesigned main entrance, new classrooms and rehearsal spaces and reconfigured catering spaces. Alongside this, design and feasibility work has also taken place this year to support a major upgrade to King’s Street, informed by the South Shields Masterplan, including pedestrian-friendly, new lighting and street furniture and public art installations celebrating local heritage.

In Jarrow[9], the community-led Jarrow Forward Board has now, informed by consultations with over 1,500 local people, drafted and submitted to Government proposals for the direction of £20 million funding over 10 years towards local priorities, including better future for Jarrow’s young people, a re-energised Jarrow town centre, and a connected, cohesive Jarrow Community.

In Hebburn, a new town masterplan is under development, informed by consultation with local stakeholders over recent years, including the ‘Our Hebburn Conversation’. Minister for Local Growth Alex Norris toured Hebburn Town Centre this year, coinciding with £20 million from the Community Regeneration Partnership being allocated to the area to fund a range of community and cultural projects, including the refurbishment of Hebburn Town Football Club and wider town centre revitalisation projects.

‘Pride in Place’ funding has also been secured through the Government’s Plan for Change programme for improvements across the Biddick Hall estate, with plans now underway for

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[8] https://www.southtyneside.gov.uk/article/19167/Overview

[9] https://www.southtyneside.gov.uk/article/28667/Ten-Year-Regeneration-Plan-for-Jarrow

the establishment of a neighbourhood board which will lead on the development of a 10-year plan to direct £20 million towards local priorities from Spring 2027.

South Tyneside Council works closely with Voluntary Community and Social Enterprise (VCSE) partners on a range of skills, business start-up and community projects funded through the UK Shared Prosperity Fund (UKSPF)[10]. With UKSPF finishing in March 2026, the Council is working with partners to identify other opportunities, particularly to continue programmes that help boost economic activity and tackle poverty.

Connect to Work is a £50 million regional initiative helping people who are out of work - especially those with health issues, disabilities or tough personal circumstances - to find and keep a job. South Tyneside Council has secured nearly £2 million to support 375 residents over the next five years through South Tyneside Works[11].

In terms of private sector investment, the construction of the Dogger Bank Wind Farm, located 130-190km off the North East coast, is a joint venture between SSE Renewables, Equinor, and Vårgrønn. This has a base in South Shields and the Operations and Maintenance base is situated at the Port of Tyne and will support the wind farm's operations and maintenance for its projected 35-year lifespan[12].

2. Labour Productivity

The Productivity Institute Insight's report (Sarrakh, et al 2025) examines supply and demand for skills and training activity within the North East and Yorkshire. Along with detailed analysis of productivity trends, the report finds that South Tyneside has an under utilisation of labour resources which hinders productivity growth.

We compare productivity levels versus the growth rate in Figure 2 for the North East local authority areas. The chart's axis is set at the North East productivity level of £34 (GVA per hour worked) and growth rate (for the constant prices productivity series) of 15.1% between 2008 to 2022. The chart shows a four-type taxonomy[13] to describe how the local authority is progressing compared to North East. By comparing the region's productivity along these two dimensions, the taxonomy of relative productivity performance is constructed as follows:

- Falling behind: both the authority's 2022 productivity and its productivity growth (between 2008 and 2022) are below the North East of England.
- Catching up: the authority's 2022 productivity is below North East, but its productivity growth is above the North East.
- Losing ground: the authority's 2022 productivity is above North East, but its productivity growth is below the North East.

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[10] https://www.southtyneside.gov.uk/article/24349/Successful-projects

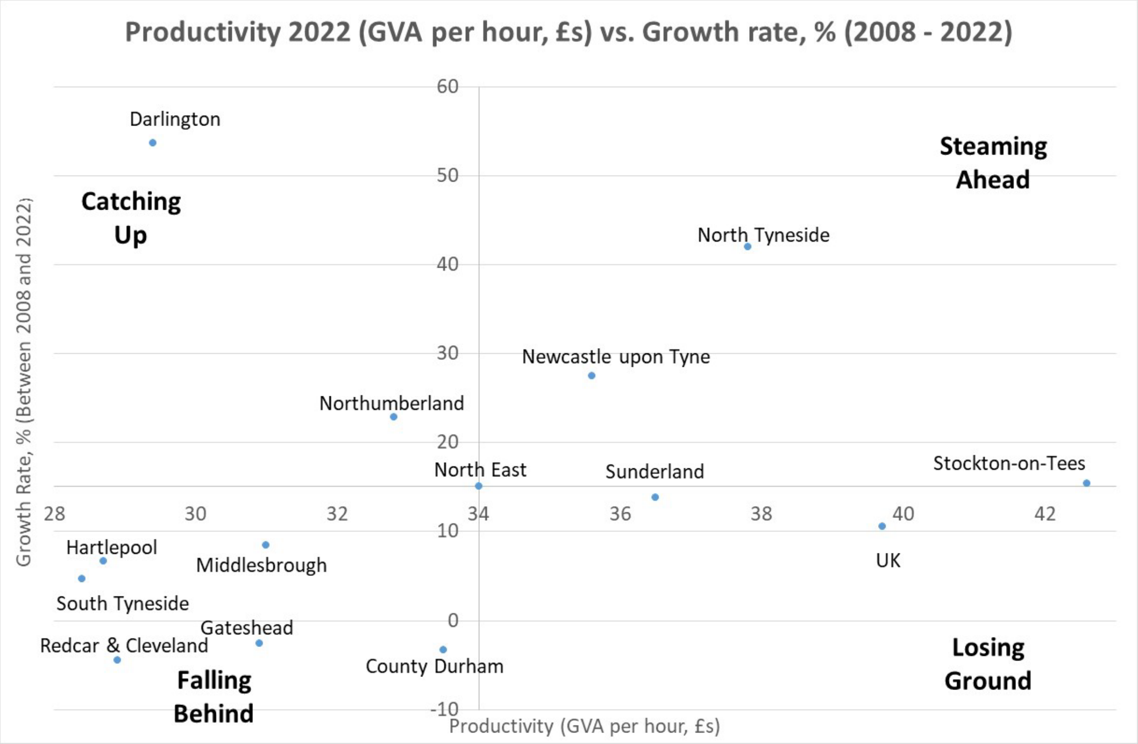
[11] http://www.southtynesideworks.com/

[12] https://investsouthtyneside.com/dogger-bank-wind-farm-announces-new-25-million-commitment-to-coastal-communities/

[13] The taxonomy is based on the method from Garcia et al (2024).

- Steaming ahead: both the authority's 2022 productivity and its productivity growth are above the North East.

Figure 2: North East Local Authority Productivity Levels vs. Growth Rates (2008-2022)



Source: ONS (2024c), Table A3 for productivity levels (current price smoothed data using a weighted 5-year moving average). For the growth rate calculation, real labour productivity is calculated as (GVA/GVA deflator)/(weekly hours worked*52) with GVA from ONS (2024a) and hours from ONS (2024c).

In Figure 2 we can see that South Tyneside's level of productivity at £28.4 is below the North East level of £34, and since 2008 it has increased by 4.6% to 2022, below the 15.1% growth for the North East, so is within the falling behind quadrant. The UK level of £39.7 is included in Figure 2 with a growth between 2008 and 2022 of 8%. In the Productivity Lab scorecard (Garcia et al, 2024) the ITL3 sub-region of Tyneside is noted to be steaming ahead of the North East and catching up to the UK. Tyneside includes the local authorities of Newcastle upon Tyne, North Tyneside, South Tyneside and Gateshead. We see from Figure 2 that both Newcastle (2022 productivity of £35.6 and growth of 27.5%) and North Tyneside (2022 productivity of £37.8 and growth of 42%) are in the steaming ahead quadrant, relative to the North East, along with Stockton-on-Tees (2022 productivity of £42.6 and growth of 15.4%). But the other two local authorities within Tyneside, South Tyneside and Gateshead (2022 productivity of £30.9 and growth of -2.6%) are falling behind.

South Tyneside Productivity Metrics and Drivers

The Productivity Institute's (TPI) research on the "drivers of productivity" are set out in TPI's Productivity Lab scorecards and dashboards for the North East ITL3 sub-regions (McKeogh et al, 2025). The Productivity Lab scorecards examine four regional productivity drivers: business performance, skills and training, health and well-being, and investment and infrastructure. We present the levels and growth rates[14] for productivity, output, income and the drivers of productivity in Table 2, comparing South Tyneside to the North East (in brackets). The UK labour productivity level is £41.9 (GVA/ hour) in 2023 with a fall since 2022 (-0.2% growth rate), then the CAGR of 0.7% per year in the medium term and 0.5% per year in the long term.

In the economy measures for South Tyneside in Table 2 we see that productivity (Gross Value Added, GVA per hour and GVA per filled job), output (Gross Domestic Product, GDP, per capita) and income (Gross Disposable Household Income, GDHI, per head) are below the North East levels in 2023 (the North East figures are in brackets). This could reflect the lower income of working residents in South Tyneside and those who commute out of South Tyneside. See Table 3 for worker flows during the 2021 Census, with Sunderland as the most popular work destination for commuters from South Tyneside.

In terms of the cumulative average growth rates, South Tyneside's productivity (GVA per hour) has contracted in the short and medium-term but increased in the long-term (by 0.1% between 2008-2023) and output has fallen over time. Incomes per head have been rising over time, with a short-term increase of 2.4%. In Figure 2 we compare South Tyneside productivity (GVA per hour) and its components, GVA and hours, to the North East. The increase in productivity (GVA per hour) growth over time is due to output growing up until 2014, see Figure 3, but then a fall in output and a greater fall in hours worked since 2014. In Figure 4 we present the number of payrolled employees (ONS, 2025c) for South Tyneside, Newcastle upon Tyne, North Tyneside, Gateshead, Sunderland and the North East with base set to 100 in July 2014 (the start of the series). All places experience a contraction in employees over the pandemic. South Tyneside employees have grown steadily by 7% between July 2014 to November 2024 but has had declining employees during 2025. Figure 4 shows that employees in Newcastle have increased by 21% since 2014, those in North Tyneside increased by 11% and in Sunderland by 8%. The employment series from the ONS (2024c) subregional productivity release are in Figure A in the appendix. These series represent the number of jobs in an area.

In terms of business performance, we present export intensity and the rate of new businesses in the scorecard in Table 2. Export intensity is an important productivity driver as firms competing in international markets tend to increase their productivity through process efficiencies and cost reduction, so higher export performance by local firms leads to higher regional productivity. McKeogh et al (2025) calculated export intensity by adding the nominal values of trade in good's exports and trade in service's exports and then dividing by the GDP.

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[14] The short-term growth rate is between 2022-2023, the cumulative average annual growth (CAGR) is between 2019 and 2023 for the medium-term and the long-term growth rate is the CAGR between 2008 and 2023. The CAGR is calculated to exclude the COVID-19 disrupted years from the data series. The formula is CAGR = 100 x (((2023 Value /2019 Value)^(1/4 Years)) - 1) applied to the real series (with price effects removed).

We report export intensity for Tyneside (ITL3) of 20.8% (share of exports to GDP) in 2023 lower than the North East share of 28.5% (ONS, 2025a). The value of service exports (£3,542 million) is higher than goods exports from Tyneside (£2,335 million). Tyneside's export intensity in 2022 was 19.2% so over a year export intensity has increased by 1.5%.

Table 2: Scorecard for South Tyneside's Drivers of Productivity

South Tyneside (North East)		Growth (%, CA growth rates between dates)		
Economy	2023 Level	Short term (2022-2023)	Medium term (2019-2023)	Long term (2008-2023)
UK Productivity (GVA/hour)	41.9	-0.2	0.7	0.5
Productivity, GVA/ hour (£)	**30.4** (35.8)	**-2.3** (0.04)	**-0.7** (0.9)	**0.1** (0.8)
Productivity, GVA/ filled job (£)	**46,365** (55,227)	**-0.6** (0.1)	**-0.6** (0.5)	**-0.01** (0.7)
GDP per capita (£)	**17,914** (28,583)	**-1.4** (0.7)	**-1.1** (-0.1)	**-0.1** (0.5)
GDHI per head (£)	**19,563** (19,977)	**2.4** (1.6)	**0.4** (-0.4)	**0.6** (0.4)
Gross median weekly pay (£) (full-time workers)	**590** (611)	**-1.3** (-0.5)	**1.1** (-1)	**-0.2** (-0.2)
Drivers of productivity				
Businesses Performance				
Export Intensity (%)-ITL3	**20.8** (28.5)	**1.5** (1.8)	**-1.2** (-2.1)	-
Rate of New Business (%)	**12.1** (11.7)	**-1.4** (-0.8)	**-6.8** (-1.7)	-
Skills & employment				
Medium skilled (% RQF3+)	**59.2** (62.8)	**2.9** (2.4)	**4.1** (4.8)	**2.7** (2.6)
Low skilled (%)	**13.4** (11.6)	**-0.4** (-0.3)	**-9.1** (-13.5)	**-5.3** (-5.9)
Employment Rate (%)	**65** (72.8)	**3** (2.3)	**-1.3** (0.8)	**-0.1** (0.4)
Health & wellbeing				
Activity Rate (%)	**71.5** (75.8)	**2.1** (1.8)	**-1** (0.3)	**0.01** (0.1)
Inactive due to illness (%)	**38.7** (33)	**0.7** (1)	**10.5** (3.8)	**1.5** (0.7)
Dependency Ratio (%)	**60.8** (61.8)	**-0.1** (0.01)	**-0.3** (-0.1)	**-0.3** (-0.3)
Investment, Infrastructure & Connectivity				
5G connected (%), 2025	**89.1** (88.3)	-		
Gigabit capable broadband (%), 2025	99.4 (61.6)	**-**		
GFCF per job (£), 2020-ITL3	**6,954** (8,612)			
ICT per job (£), 2020-ITL3	**238** (357)			
Intangibles per job (£), 2020-ITL3	**1,080** (1,672)			

Note: ITL3 data for Tyneside includes Newcastle upon Tyne, South Tyneside, North Tyneside and Gateshead. Source: https://www.ons.gov.uk/explore-local-statistics/areas/E08000023-south-tyneside/indicators

According to McKeogh et al (2025) entrepreneurship, firm dynamicity and firm creation has been found to be important drivers of regional productivity and local prosperity. The rate of new businesses for South Tyneside was 12.1% above 11.7% in the North East in 2023. We see from Table 2 that business births have fallen in the short and medium-term.

Measures in skills include the share of the population with medium-level skills (Regulated Qualification Framework 3 plus, RQF3+) and those with low skills (this includes the 16-64 year old population with no qualifications and those with RQF1 qualifications). The academic literature has found that high-level skills can drive productivity by allowing for complex problem solving, technological adoption, greater communication and collaboration, and enhancing decision-making capabilities. A higher share of the working population with no qualifications is expected to be detrimental to regional productivity. The share of medium-level skills in South Tyneside at 59.2% of the working population (aged 16-64 years) in 2023 just below the North East level of 62.8%, this has been increasing over time. The share of the working population with low skills is at 13.4% above that for North East of 11.7%, this has been falling over time which will help productivity. The employment rate for South Tyneside was at 65% in 2023 much lower than the North East at 72.8%, but has increased since 2022.

Health and wellbeing indicators include the activity rate and then the share of the inactive population that is inactive due to illness, along with the working population share. The activity rates are calculated as those that are active in the labour market (either employed or unemployed) as a share of the working age population (aged 16-64 years). South Tyneside has a lower activity rate at 71.5% compared to that of the North East at 75.8% in 2023. The share of the economically inactive population in South Tyneside who are inactive due to long-term ill health is 38.7% in 2023, higher than 33% for the North East, this has increased over time and particularly since the pandemic. The dependency ratio is (calculated as the share of population <16 and >64/ share of 16-64 year olds), is at 60.8% in South Tyneside lower than 61.8% for the North East.

The final block on Table 2 notes information on investment, infrastructure and connectivity. In South Tyneside in 2025 the reported 5G coverage and gigabit fibre connectivity are above the North East averages. Whole economy investment (Gross Fixed Capital Formation, GFCF, from the ONS, 2022) per job and components of this include investment in Information and Communication Technology (ICT) and intangibles[15], both per job. Tyneside is below the North East average for whole economy, ICT investment and intangible investment per job in 2020.

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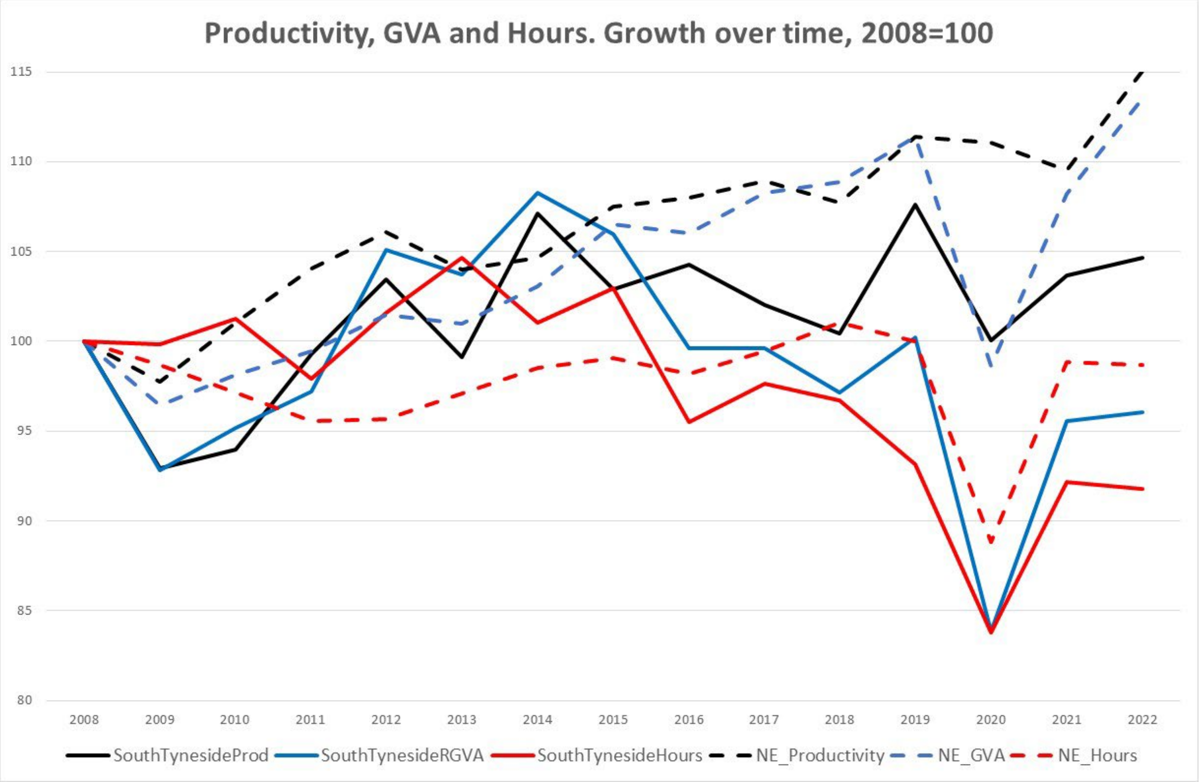
[15] Within intangibles are research and development; mineral exploration and evaluation; computer software and databases and entertainment, literary or artistic originals.

Table 3: Tyneside Workplace and Residents Flows, Census 2021

Workers	**South Tyneside**	**Newcastle upon Tyne**	**North Tyneside**	**Gateshead**
People working in LA	52,249	147,711	89,653	90,727
Workers travelled within the LA	18,220	42,502	25,871	24,858
Lived and worked in LA	41,272	94,948	67,441	59,348
Travelled from another LA	10,977	52,763	22,212	31,379
Most popular areas commuted from	Sunderland (4,360) Gateshead (1,732) County Durham (1,426)	North Tyneside (15,436) Gateshead (12,325) Northumberland (10,753)	Northumberland (8,057) Newcastle (7,124) Gateshead (2,211)	Newcastle (8,299) County Durham (7,300) Sunderland (5,370)
Residents	**South Tyneside**	**Newcastle upon Tyne**	**North Tyneside**	**Gateshead**
Total Population	147,919	298,545	209,128	196,179
Working people living in the LA	62,518	125,087	97,254	87,525
People who worked from home or no fixed place of work	23,052	52,446	41,570	34,490
Travelled to another area	21,246	30,139	29,813	28,177
Most popular areas commuted to	Sunderland (7,075) Newcastle (3,968) Gateshead (3,812)	Gateshead (8,299) North Tyneside (7,124) Northumberland (5,277)	Newcastle (15,436) Northumberland (5,541) Gateshead (2,669)	Newcastle (12,325) Sunderland (4,164) County Durham (3,308)

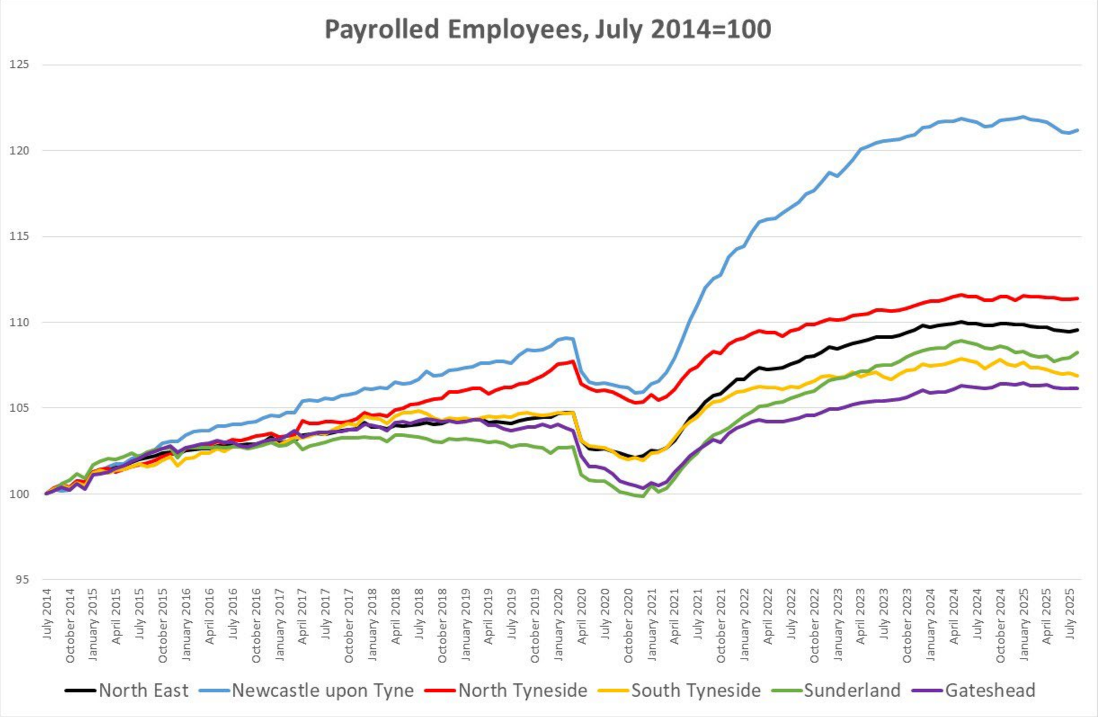
Source: ONS, https://www.ons.gov.uk/visualisations/censusorigindestination/, Census Origin Destination Visualisation.

Figure 3: South Tyneside and the North East, growth in productivity, output and hours



Source: ONS (2024a and 2024c), Local Authority GDP and Productivity.

Figure 4: South Tyneside, Newcastle and North East, growth in payrolled employees



Source: ONS (2025c), Payrolled Employees from Real Time Indicators (HMRC's PAYE).

3. Sector Strengths

We analyse two data sets to gauge industrial strategy sector strengths across the North East Combined Authority (NECA) region. In Table 4 we present analysis by The Data City using their Real-time Standard Industrial Classification (RTICs) codes gathered from searching firms' websites for sector keywords. Then we present employment sector specialisation results from the Business Register and Employment Survey in Table 5.

Table 4 shows the specialisation in the eight priority sectors outlined in the Government's Modern Industrial Strategy 2035 for authorities in NECA, the data is from July 2025. The location quotients (LQ) are calculated by taking the number of operating addresses of companies classified in the sectors (company counts) as input data. A location quotient greater than one shows the local authority has a greater strength in that sector than the UK average. From Table 4 we see that South Tyneside's greatest specialisation is advanced manufacturing with a location quotient of 1.49, followed by clean energy industries with LQ of 1.24.

Table 4: South Tyneside Industrial Strategy Sector's Location Quotients

IS-8 Sector	AM	CE	CI	D	DT	FS	LS	PBS
South Tyneside	**1.49**	**1.24**	**0.55**	**0.77**	**0.52**	**0.63**	**0.9**	**0.95**
County Durham	1.31	1.53	0.7	0.55	0.71	0.72	0.98	0.95
Northumberland	1.08	1.23	0.93	0.51	0.71	0.77	1.41	1.06
Newcastle	0.78	1.18	1.17	1.12	1.24	1.44	1.54	1.31
North Tyneside	1.01	0.91	0.9	0.48	1.57	0.94	1.49	1.05
Gateshead	1.52	1.61	0.92	1.46	1.03	0.78	0.68	0.98
Sunderland	1.2	1.69	0.75	0.75	0.7	0.8	0.87	0.98

Source: The Data City Real Time SIC Codes, https://thedatacity.com/real-time-sic-codes/. Key to sectors: Advanced Manufacturing (AM); Clean Energy (CE) Industries; Creative Industries (CI); Defence (D); Digital and Technology (DT); Financial Services (FS); Life Sciences (LS); Professional and Business Services (PBS).

In Table 5 we present the highest 20 location quotients (LQ) for South Tyneside for relative specialisation for the employment sectors (at the 2-digit SIC code level), compared to Great Britain (GB). Again, a location quotient greater than one indicates higher specialisation than the GB level of employment in that sector. In South Tyneside we can see from Table 5 that the total number in employment has decreased by -6.7% between 2015 and 2023. The largest top three location quotients are for employment in manufacture.

Table 5: South Tyneside Employment Sectors by Highest Location Quotients

Sector	2015	2023	Share in 2023	Growth Rate 2015-2023 (%)	Location Quotient 2015-23 (average)
15: Manufacture of leather and related products	0	400	0.93	400	8.33
14: Manufacture of wearing apparel	200	150	0.35	-25	4.50
27: Manufacture of electrical equipment	500	400	0.93	-20	4.34
39: Remediation activities and other waste management services.	100	10	0.02	-90	2.94
92: Gambling & betting activities	500	500	1.16	0	2.79
31: Manufacture of furniture	500	250	0.58	-50	2.74
16: Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	200	150	0.35	-25	2.17
33: Repair and installation of machinery and equipment	350	450	1.04	28.6	2.09
28: Manufacture of machinery and equipment n.e.c.	350	450	1.04	28.6	2.04
29: Manufacture of motor vehicles, trailers and semi-trailers	350	150	0.35	-57.1	1.72
25: Manufacture of fabricated metal products, except machinery and equipment	1000	600	1.39	-40	1.55
43: Specialised construction activities	1500	2000	4.63	33.3	1.53
23: Manufacture of other non-metallic mineral products	150	150	0.35	0	1.51
17: Manufacture of paper and paper products	100	100	0.23	0	1.37
02: Forestry and logging	10	40	0.09	300	1.359
94: Activities of membership organisations	600	350	0.81	-41.7	1.355
53: Postal and courier activities	450	700	1.62	55.6	1.33
56: Food and beverage service activities	3000	3000	6.95	0	1.30
86: Human health activities	5000	3500	8.11	-30	1.28
26: Manufacture of computer, electronic and optical products	100	250	0.58	150	1.27
Total	46235	43160	100	-6.7	

Source: Business Register Employment Survey from Nomis https://www.nomisweb.co.uk/ at the 2 digit level Standard Industrial Classification code.

Table 6: South Tyneside Gross Value Added Shares of Sectors in 2022

Sector	South Tyneside GVA	South Tyneside Employees	North East GVA	North East Emp.
ABDE: Agriculture, mining & utilities	1.1	0.6	3.2	0.5
C: Manufacturing	12.6	10.7	15.1	10.1
J: Information & communication	3.9	2.1	6.5	3.4
K: Financial & insurance activities	0.7	0.5	4.3	1.9
R: Arts, entertainment & recreation	1.6	3.6	1.2	2.5
S: Other service activities	1.3	2.4	1.7	2
T: Activities of households	0.3	-	0.1	-
Share of Tradeable Sectors	**21.48**	**19.9**	**32.1**	**20.4**
F: Construction	7.8	7.1	6.3	5
G: Wholesale & retail trade	13.0	14.3	9.0	11.8
H: Transportation & storage	4.8	6	3.2	5.6
I: Accommodation & food services	3.0	8.3	3.1	7.7
L: Real estate activities	16.4	2.4	12.7	2.3
(Owner-occupiers' imputed rental)[16]	(13.3)		(8.5)	
(Excluding imputed rental)	(3.1)		(4.2)	
M: Professional, scientific & technical	2.2	4.2	4.7	5.9
N: Administrative & support services	3.6	7.1	4.1	7
O: Public administration & defence	6.9	7.1	6.5	7.2
P: Education	8.2	10.7	7.0	9.6
Q: Human health & social work	12.7	14.3	11.3	16.6
Total GVA in 2022 (£ million)	**1,811**	**42,000**	**57,033**	

Source: ONS (2024b) Regional GVA (balanced) by industry, North East. Employees from Nomis.

Table 6 presents the Gross Value Added share of the sectors in South Tyneside, along with employees (from Nomis) and compared to the North East. Manufacturing across all sub-sectors accounts for over 10% share of employment. The OECD (2016) found that regions with larger tradeable sectors[17] were able to catch up to the frontier regions quicker than those regions with lower shares that were diverging. Tradeable sectors bring money into the community, together with the wages of residents who commute to other parts of the region.

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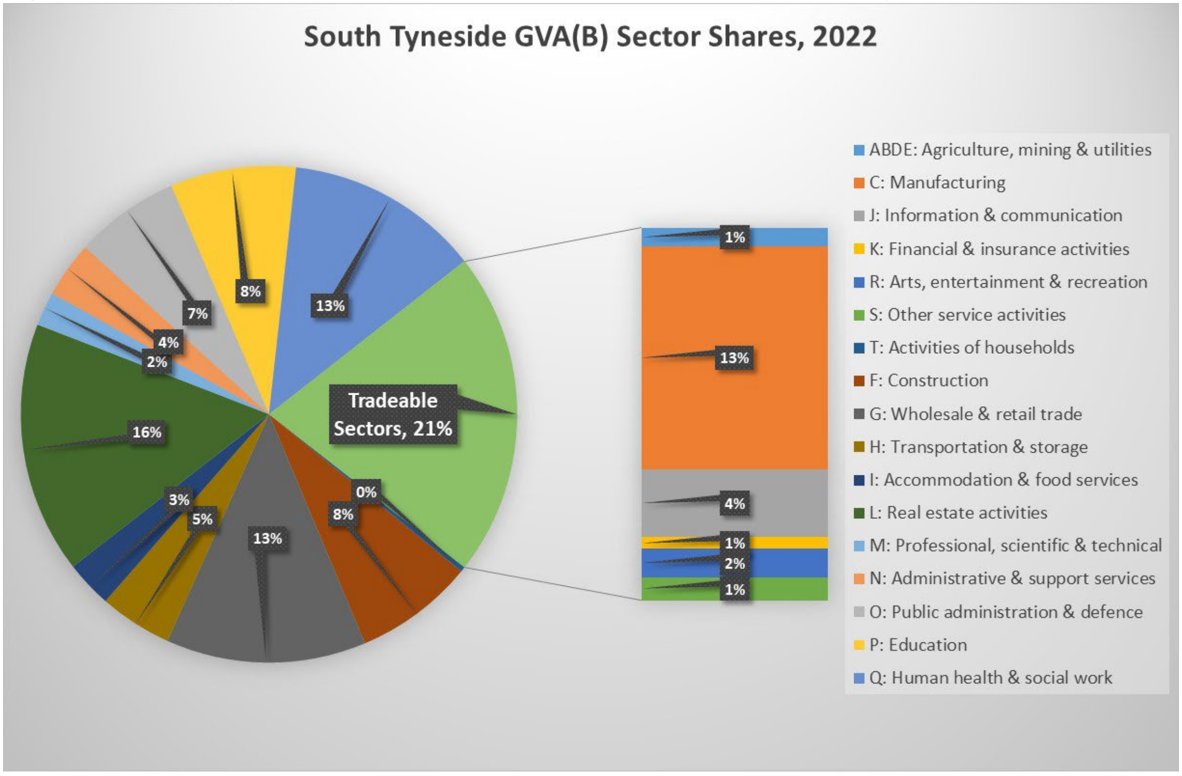
[16] ONS use imputed rental data to estimate the housing services that households consume when they do not rent their residence. Imputed rent is the rental price that an individual would pay for an asset they own. The methodology ONS use to calculate imputed rent uses the share of the different types of housing stock multiplied by median house prices of an area. In Table 5 a large share of sector L (real estate activities) is divided into the estimates for imputed rent and excluding it leaving the real estate sector a smaller share.

[17] The OECD (2018) classifies tradeable sectors as the following: agriculture (A), industry (BCDE), information and communications (J), financial and insurance activities (K) and other services (RSTU). The remaining sectors are then classed as non-tradeable. The OECD defines tradeable sectors as "those that produce goods and services that can traded across regions and international borders". Firms can operate in sectors that are tradeable, although they may not actually engage in trade, but they are exposed to competition from abroad. See Chapter 2, page 59 in OECD (2018).

We calculate the share of tradeable sectors for South Tyneside and North East in 2022, shown in Table 6.

In Table 6 we see that South Tyneside has a share of tradeable sectors at 21.4% of GVA, compared to the North East share of 32.1%. Figure 5 presents a pie chart for South Tyneside's sector shares of GVA, with the largest share of value in tradeable sectors from manufacturing at 13%, though this has been falling over time (from 16.9% in 2007). South Tyneside has a substantial and growing information and communication sector of 3.9% of the economy (up from 1.2% in 2010).

Figure 5: South Tyneside Share of Tradeable vs. Non-tradeable output (GVA), 2022



4. Capital Variables

Experimental Data Tool for the North East Combined Authority

We compare South Tyneside with the six other local authorities in the North East Combined Authority[18]. The data tools is calculated with the method described in Silva-Ruiz et al (2026) for the capitals of physical, social, financial, human, intangible and natural in the following tables. The indicator data for 361 UK local authority districts and the variables are grouped into capitals and the strength of the capitals is assessed by ranking all UK local authorities.

In Table 7 we present the physical capital indicators in the experimental data tool (see Silva-Ruiz et al, 2026 for sources and methods). We compare several indicators to represent

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[18] See: https://www.northeast-ca.gov.uk/

physical capital including: 2024 median house prices, 2023 electricity consumption, 2024 gigabit capable broadband coverage, 2023 resident population density and access to amenities indicator with the number of supermarkets per 10,000 of population in 2023. We compare the local authorities from the North East Combined Authority area. The rankings of the authorities are in left hand column.

Table 7: Physical Capital Indicators in the North East Combined Authority

Local Authority	Median House Prices (£), 2024	Electricity Consumption (kwh/meter), 2023	Broadband availability (Gb), 2024	Population Density (resident/ km sqrd), 2023	Supermarkets (per 10,000 population), 2023	UK Rank
South Tyneside	**167,020**	**2525.7**	**87.6**	**2330**	**2.5**	**331**
County Durham	137,112	2793.9	64.4	240	3.14	358
Northumberland	211,778	3147.8	68.6	65	3.34	328
Newcastle	208,393	2880.8	90.8	2763	2.67	213
North Tyneside	217,683	2664.9	91.4	2584	2.3	276
Gateshead	157,952	2697.7	85	1409	2.45	339
Sunderland	149,960	2661.8	89.5	2064	2.37	323
NE Median	163,995	2754.3	89.7	1217	2.96	
UK Median	277,547	3315.9	83.7	575	2.71	
Productivity Correlation:						
NE (N=12)	0.37	0.21	-0.02	0.19	-0.35	
UK (N=361)	0.51	0.19	0.13	0.25	0.22	

Source: see Silva-Ruiz et al (2026) for method and variable sources.

In Table 7 South Tyneside ranks 331/361 and is in the bottom 10% of authorities for physical capital assets. Newcastle ranks the highest of the NECA areas in the index in the bottom 50% of the physical index compared to other UK local authorities. We can compare the authorities to the North East and UK median. South Tyneside has higher house prices and population density than the North East median but lower broadband availability, electricity consumption and access to supermarkets per 10,000 of the population. The last 2 rows of Table 7 show the cross-correlation coefficients of productivity (GVA per hour) with each of the indicators for the 12 authorities in the North East and for all local authorities in the UK. Here we see that median house prices have the highest correlation with productivity of 0.51 for all local authorities in the UK (suggesting an association between those places with higher productivity and higher median house prices), this is lower for the North East authorities at 0.37.

The social capital experimental data tool indicators are presented in Table 8. These include the 2023 share of children living in relative poverty[19], the population change between the

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[19] This is the percentage of children under 16 who are living in a relative low-income household. In these statistics, a family must have claimed Child Benefit and at least one other household benefit (Universal Credit, tax credits or Housing Benefit) to be considered as low income. The inverse of this measure is used.

2011 and 2021 Censuses, an indicator of culture with the 2021 museums per 100,000 population and then results from the ONS local authority well-being survey for anxiety (inverse of 10-anxiety is used), happiness and life satisfaction. For these indicators South Tyneside scores in the bottom 20% of the social capital index. The indicator of concern for South Tyneside is the high share of children in relative poverty (22.8%), higher than the North East median. All the other measures are worse than the North East median. Population change for North East is positively correlated with productivity with a coefficient of 0.43.

Table 8: Social Capital Indicators in the North East Combined Authority

Local Authority	Children in relative poverty (%), 2023	Population Change (%), 2011-2021	Museums (per 100,000 population), 2021	ONS well-being survey 2022/23			UK Rank
				Anxiety	Happiness	Life satisfaction	
South Tyneside	**22.8**	**-0.2**	**2.71**	**3.3**	**7.29**	**7.28**	**312**
County Durham	20.6	1.7	3.45	3.13	7.37	7.56	230
Northumberland	17	1.4	13.73	2.69	7.56	7.68	71
Newcastle	23.6	6.6	3	3.18	7.28	7.5	231
North Tyneside	15.3	3.9	1.91	3.31	7.47	7.51	194
Gateshead	19.6	-2.1	1.02	3.41	7.36	7.35	308
Sunderland	21.5	-0.5	2.55	3.4	7.33	7.3	309
NE Median	21.05	1.55	2.745	3.275	7.345	7.34	
UK Median	18	5.2	4.02	3.25	7.42	7.48	
Productivity Correlation:							
NE (N=12)	-0.35	0.43	-0.17	-0.12	0.19	0.35	
UK (N=361)	-0.36	0.21	0.08	0.15	0.17	-0.02	

Table 9: Financial Capital Indicators in North East Combined Authority

Local Authority	Prosperity (GDP per capita, £), 2022	Income per head (GDHIph, £), 2022	Gross Median Weekly Pay (£), 2023	Businesses births (%), 2023	High growth Business (%), 2023	UK Rank
South Tyneside	**16,624**	**17,654**	**546.3**	**12.1**	**6.5**	**105**
County Durham	23,169	17,904	555.7	11.0	4.2	260
Northumberland	22,656	21,359	575.6	9.7	4.4	253
Newcastle	39,702	18,136	593.8	12.1	5.0	127
North Tyneside	28,688	19,171	604.4	12.0	4.4	142
Gateshead	27,287	17,600	562.8	11.4	3.6	272
Sunderland	29,623	17,458	547.5	11.8	5.7	148
NE Median	26,767	17,948	557.25	11.9	4.3	
UK Median	29,380	21,359	603.8	10.4	4.2	
Productivity Correlation:						
NE (N=12)	0.68	0.2	0.24	0.04	0.32	
UK (N=361)	0.27	0.48	0.57	0.0	0.33	

The data tool for financial capital in Table 9 includes: prosperity in 2022 (GDP per capita), 2022 Gross Disposable Household Income per head (GDHIph) and the 2023 gross median weekly pay of all workers in the borough (this differs from full-time worker wages shown in the scorecard tables). The share of new businesses created in 2023[20] and the 2023 rate of high growth businesses[21] per 10,000 population. In Table 9, we see that South Tyneside is in the top 30% of the financial capital index with ranking 105/361. South Tyneside has lower prosperity, income and worker wages than the North East median, but a larger share of business births and high growth businesses has helped move South Tyneside up the ranking.

Table 10: Human Capital Indicators in the North East Combined Authority

Local Authority	**Employment Rate (%) in 2023**	**Skills (RQF level 3+) in 2023**	**Dependency Ratio in 2023**	**Healthy Life Expectancy, 2018-20**	**Cigarette Smokers (%) in 2023**	**UK Rank**
South Tyneside	**65**	**59.2**	**0.65**	**58.1**	**12.7**	**344**
County Durham	74.5	60.9	0.62	59.3	11.7	267
Northumberland	70.8	64.9	0.73	61.9	8.2	258
Newcastle	74.3	71.3	0.47	60.8	10.7	142
North Tyneside	73.1	66.1	0.63	59.4	11	257
Gateshead	76.3	70.8	0.61	58.2	9.1	212
Sunderland	72.4	51	0.62	56.5	12.3	340
NE Median	73.6	62.9	0.63	59.3	11.4	
UK Median	76.5	66.7	0.63	63.41	11.4	
Productivity Correlation:						
NE (N=12)	0.15	-0.2	-0.24	0.34	-0.31	
UK (N=361)	0.18	0.28	-0.34	0.31	-0.25	

Human capital indicators for the data tool are shown in Table 10. The variables included are the 2023 employment rate, 2023 share of the population with level 3 skills and above, the dependency ratio[22] in 2023, 2018-20 healthy life expectancy (male and female age in years combined) and the 2023 proportion on adults who smoke (the inverse of this measure is used in the tool so 100-CigSmokers). South Tyneside is in the bottom 10% of the human capital index with all indicators worse than the North East median. Newcastle is in the top 40%. The dependency ratio for Newcastle is lower indicating it has a smaller dependent share to the working age population. There is a positive correlation between productivity and healthy life expectancy age of 0.34 for North East local authorities. The share of smokers is negatively correlated with productivity in the North East at -0.31.

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[20] This is the share of newly registered businesses out of the total active business population.

[21] High growth businesses have an average growth in employment of greater than 20% per year over a three-year period. This variable shows the share of high growth businesses as a percentage of active businesses with 10 or more employees.

[22] The dependency ratio is the non-working age population to working age population (16-64 years).

Intangible capital indicators for the data tool are shown in Table 11. The variables include two variables from the Data City[23] to represent the concentrations of innovative and digital firms in the local authority areas. The Data City train its machine learning technology using the website text of companies which spend heavily on research and development, producing a language model that identifies the shared language patterns across all companies the Data City has collected information on[24]. For example with the innovation score, this language model includes keywords like "research," "cutting-edge," and "design thinking" but also other less common keywords, such as "apprenticeship" or "training." The model is then used to score all the Data City companies' website text, identifying those that use the same language. A location quotient is calculated comparing the share of companies with innovation attributes to the full sample of companies and compares this to the share of these companies at the UK level.

Table 11: Intangible Capital Indicators in the North East Combined Authority

Local Authority	**Innovation LQ**	**Digital LQ**	**Patents/Firms (1000)**	**InnovateUK Grants/Firms (1000)**	**UK Rank**
South Tyneside	**3.15**	**0.73**	**1.1**	**0.73**	**358**
Durham	2.84	0.86	4.62	4.31	177
Northumberland	3.08	0.80	5.07	4.63	152
Newcastle	4.84	2.84	3.53	6.05	26
North Tyneside	3.66	2.46	3.58	4.94	52
Gateshead	3.4	1.48	3.21	4.96	135
Sunderland	3.19	1.04	2.37	4.73	206
NE Median	3.3	1.08	2.91	4.41	
UK Median	3.21	1.33	3.27	2.86	
Productivity Correlation:					
NE (N=12)	0.46	0.42	0.21	0.51	
UK (N=361)	0.51	0.36	0.13	0.11	

The digitalisation location quotient is calculated by the Data City taking the concentration of firms working on digital activities in each local authority compared to the UK's average. They obtain the total number of companies working in digital activities using the Real-Time Industrial Classification (RTIC), which is The Data City's machine learning-based company classification methodology. RTICs are output datasets that group all companies that describe their activity similarly. The model is trained with a set of company websites representative of the digital sectors. Similar to the Innovation Score calculation process, the algorithm creates a language model that defines the shared linguistics by the company websites and uses it to score the rest of the company websites against it. So, for example, all companies developing

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[23] These variables are discussed in more detail in the TPI Productivity Lab blog: https://www.productivity.ac.uk/the-productivity-lab/the-digitalisation-and-prevalence-of-innovative-practices-in-firms-in-mayoral-combined-authorities/

[24] https://thedatacity.com/blog/introducing-our-company-innovation-measure/

Artificial Intelligence technologies can be grouped in a dataset. The Data City has several RTICs representing digital sectors[25].

The remaining two indicators in the intangible capital index are from Beauhurst's (2024) Local Growth Index. These include the number of registered patents to firms in an area and the number of firms receiving InnovateUK grants. Both of these indicators are then divided by the number of registered companies in the local authority.

South Tyneside is in the bottom 10% of the intangible capital index, ranking 358/361. All the indicators are below the North East medians. Newcastle, North Tyneside, Gateshead, Northumberland and Durham are in the top 50% of the intangible capital index so there is much potential in the combined authority area for South Tyneside to collaborate with.

Table 12: Natural Capital Indicators in the North East Combined Authority

Local Authority	Industry	Commercial	Public Sector	Domestic	Transport	LULUCF Net Emissions	Agriculture	Waste	UK Rank
South Tyneside	**34.9**	**40.5**	**25.1**	**188.7**	**161.1**	**2.3**	**3.2**	**10.0**	**210**
Durham	331.0	153.2	83.8	789.4	853.3	-99.3	382.8	134.1	48
Northumberland	281.2	111.0	44.0	504.0	585.5	-471.6	683.3	59.5	9
Newcastle	82.0	191.5	131.4	359.3	374.6	79.5	8.5	80.7	338
North Tyneside	101.1	104.9	24.8	273.9	265.5	3.5	3.6	35.2	258
Gateshead	166.5	82.7	28.7	259.5	390.1	-15.1	11.8	27.5	187
Sunderland	233.5	91.5	40.5	361.2	359.2	0.8	7.5	40.4	242
NE Median	200.0	87.1	31.2	254.8	290.8	0.9	13.8	43.2	
UK Median	75.8	66.6	23.2	188.3	263.0	0.2	44.8	38.1	
Prod. Corr.:									
NE (N=12)	0.08	0.49	0.37	0.35	0.5	0.54	-0.52	0.39	
UK (N=361)	-0.05	0.29	0.07	-0.05	-0.004	-0.02	-0.17	-0.01	

Source: DESNZ (2024). Greenhouse gas emission estimates in kt CO2e in 2022.

The indicators we present in Table 12 are for the natural capital experimental data tool. The indicators are from the Department from Energy Security and Net Zero (DESNZ, 2024). Table 12 shows the territorial greenhouse gas emission estimates for the total of each sector of the economy. The greenhouse gas emissions are measured in kilo tonnes of carbon dioxide equivalent (kt CO2e). The category for Land Use, Land-Use Change and Forestry (LULUCF) covers the net emissions from land classes including: forest land; cropland; grassland; wetlands; settlements, other land and the pool of harvested wood products. The DESNZ (2024) report presents the emissions per capita and per square kilometre. To create the index each of the above categories are divided by land area in square kilometres before standardising.

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[25] The RTICs selected are: Artificial Intelligence, Cyber, Cryptocurrencies Economy, Data Intermediaries, Design and Modelling Technologies, Digital Creative Industries, E-commerce, Fintech, Gaming, Immersive Technologies, Internet of Things, SaaS, Software Development, Streaming Economy.

South Tyneside is in the bottom 50% of the natural capital index, Northumberland is in the top 5%, helped by the large negative emissions from the National Park and Kielder Forest (18% of woodland coverage according to ONS, 2021). South Tyneside has 3.4% woodland coverage in the district. South Tyneside has emissions lower than the North East median for all categories (apart from LULUCF). Noting that this tool is experimental, DESNZ (2024) present the emissions data divided by the population of each local authority. If we applied this method it would result in a higher ranking for South Tyneside of 58/361, in the top 20%. DESNZ note in their summary with the 2024 emissions report that "the North East experienced the largest percentage reduction in greenhouse gas emissions from 2005 to 2022, in part due to industrial closures".

Overall, when we combine scores across the six capital indicators presented above, South Tyneside ranks 350/361 of all UK authorities. There are positives to work with in financial and natural capital and these should lead to improvements in other areas.

5. Qualitative Analysis

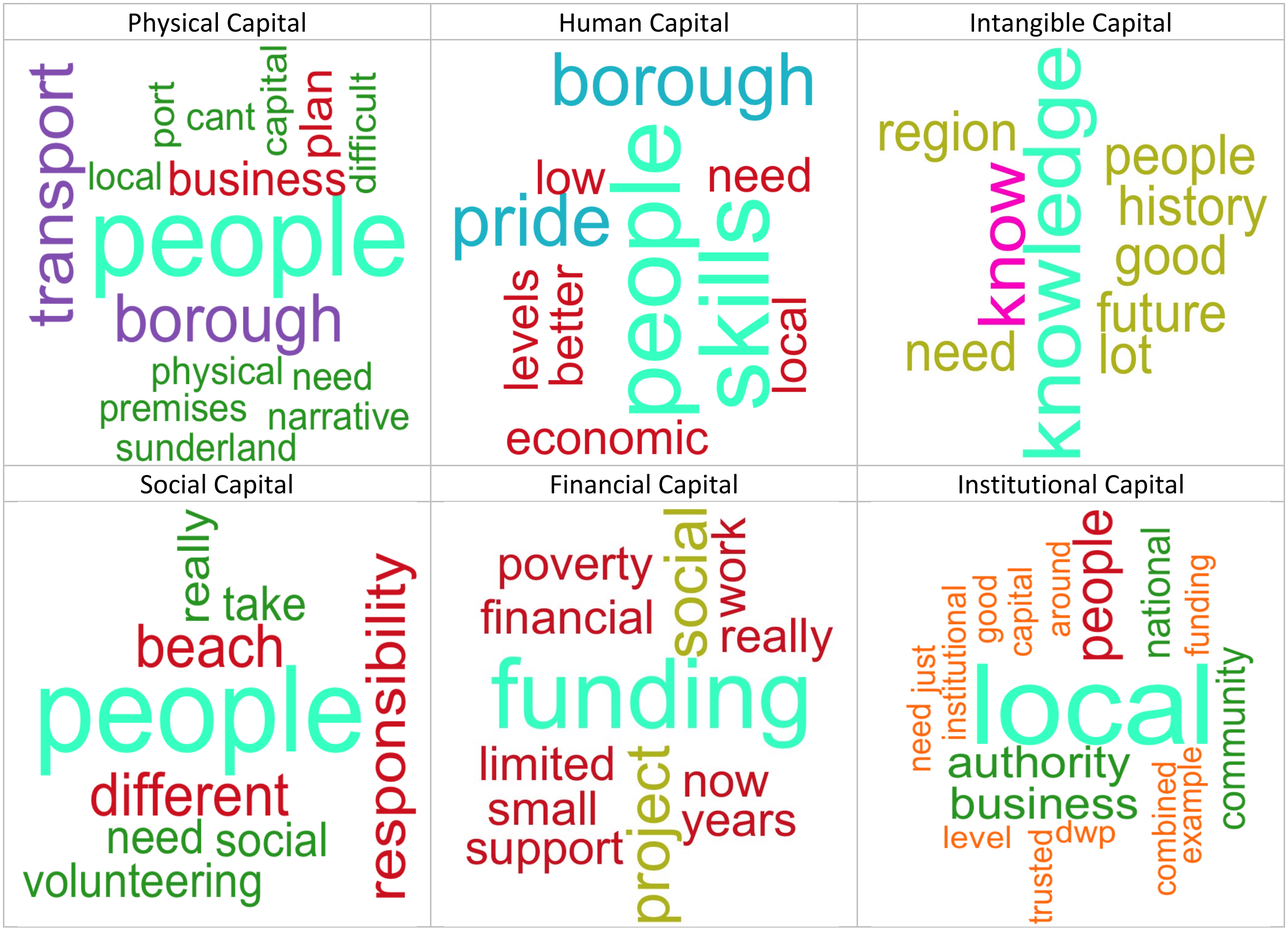
On 4th February 2025, the IPPC team, along with stakeholders invited by South Tyneside Council, held a workshop on the seven capitals approach. These members were selected to be representative of each of the capital asset areas as laid out in the introduction of this report. Following a brief introduction and baseline survey of all members present, the discussion on each individual capital area was limited to 10 minutes. The summary of each of those 10-minute discussions is displayed in the word clouds in the boxes below.

In Figure 6, on physical capital, what is interesting here, is that the stakeholders focused on the human impact of physical assets, such as transport, premises and planning on the local population. This also extended to discussing other strategic physical assets, such as the port, capital and businesses, and the need to craft a narrative about the strengths of these large industrial assets and how to further develop and diversify the business base. Similarly, the human capital discussion also centred on the local population, their skills and contribution to the local economy. On the flip-side, this also involved a section about the low-quality and skilled opportunities within the borough, and the issue with creating demand for better jobs, so that local residents can take pride in their work.

The intangible capital conversation was centred around the inherent knowledge, history, heritage and how to capitalise from the area as a historic town, port and tourist destination. This latter point also emerged in the social capital section, particularly about the beach and widening access and participation of the local population. There was a consistent notion of social responsibility and the strengths of the volunteering community to deliver essential services across the borough.

Also in Figure 6, the subsequent discussion on social capital was markedly more focused on the pervasive social deprivation issues in the borough. In particular, the short-lived nature of funding of local projects and programmes was raised, and how this constrained efforts to counter urgent poverty and household financial issues in the local area. These funding constraints were maintained as a theme across the capitals as the stakeholders discussed these structures in their multilevel governance context, namely local and national governance; with key importance placed on Government agencies, such as the Department for Work and Pensions. The community's strength and resilience were prominent topics during the institutional discussions. Stakeholders noted that the quality of partnerships between the Council and non-statutory partners is a significant asset. Structural constraints, such as short-term funding cycles and limited timelines, continue to hinder partners' ability to plan for long-term outcomes.

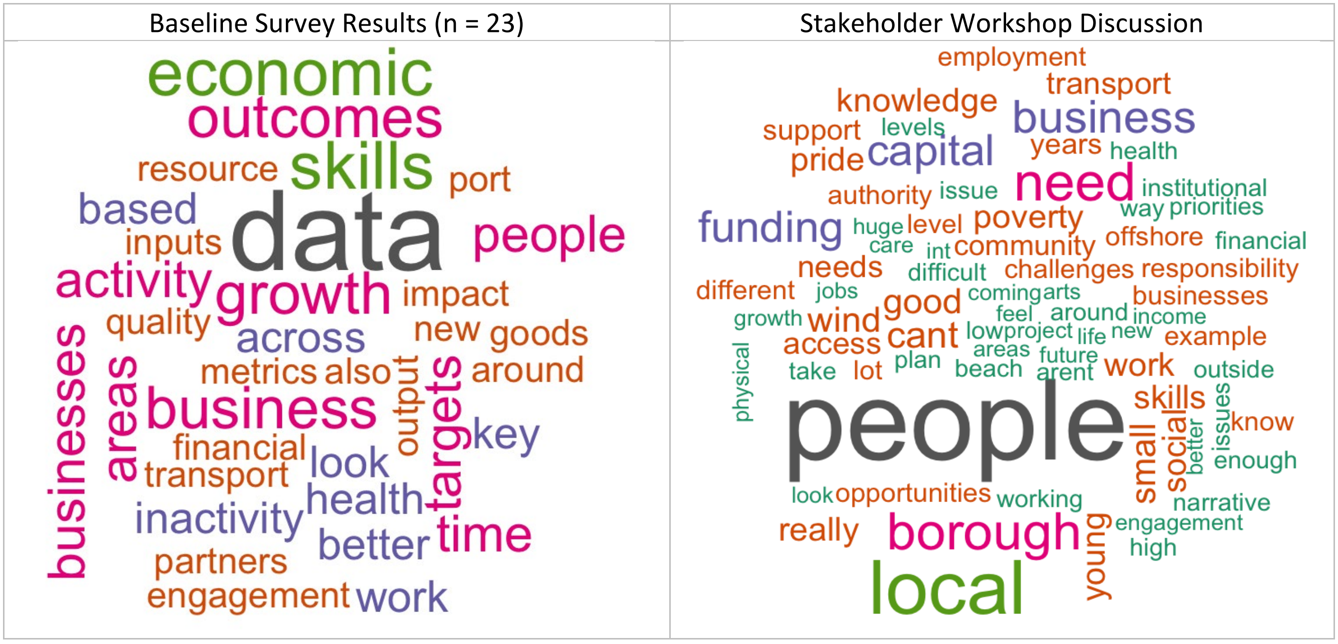
Figure 6: Word Cloud for the South Tyneside Workshop, February 2025



The summaries of the discussions overall and from the baseline survey prior to the session is in Figure 7 along with the full word cloud for the workshop which includes natural capital. On the foci of the baseline survey, which is compiled from responses to a Qualtrics survey on productivity and what it means to the participants and their work, we see more of an emphasis on data and economic activity. This is linked to both physical assets, such as the port and local businesses, but also people, their level of engagement with skills and employment, and the issues of economic inactivity and health. The idea of linking economic, productive and social and wellbeing outcomes is present, and how to track this from inputs to outputs, through metrics and targets. Finally, the inclusion of various social partners, businesses and the impact of these collaborations.

The second box in Figure 7 illustrates the more organic discussion from the workshop which as whole had a greater focus on community needs and challenges. Access to funding and capital was a persistent issue across the capital assets discussions, with the most pressing challenges being faced by unemployment and inactivity of young people and getting access to quality sustained employment. Finally, the whole discussion highlighted the pride which the public stakeholders place hold for the local area.

Figure 7: Word Cloud for the South Tyneside Workshop and Survey, February 2025



Baseline Survey Results (n = 23)

Stakeholder Workshop Discussion

The remainder of this section outlines key insights drawn from qualitative research, highlighting the structural, social, and economic factors that influence South Tyneside's development trajectory. These themes reflect the broad perspectives of local stakeholders and provide insights into the enablers driving progress and the persistent challenges that require targeted policy intervention. These are not presented in order of importance, nor should they be read in isolation.

South Tyneside and the Capitals

South Tyneside is clearly driven by a strong ethos of fairness, where trust and relationships are central to how things get done. This appears to be consistent and important to the culture of the institutions and partnerships working in the area, and collaboration is welcome and valued, meaning that there are high levels of institutional capital that can be leveraged. South Tyneside Council is recognised as being open and supportive of external organisations working on projects within the area; however, it appears that at times, limited capacity can inhibit coordination across the different providers. There is a strong willingness among local organisations and businesses in South Tyneside to collaborate and contribute to community improvement, and initiatives like the South Tyneside Pledge[26] have successfully generated buy-in and enthusiasm.

Our qualitative research suggested the presence of supportive, professional relationships between local service teams and the people they support, indicating that although there are social needs, they are well understood and supported. There were accounts of some significant social challenges faced by some residents. It appears that many services are adopting and adept at providing holistic, people-centred approaches. There were accounts shared of community engagement that begins with informal, low-pressure activities, such as social groups, cooking sessions, and coffee meetups, rather than immediate job or skills training. This approach creates a familiar and supportive environment that builds trust and encourages participation. While this approach offers significant social value and impact, it is not commonly recognised in traditional metrics, highlighting the necessity of acknowledging value beyond economic measures and combining both qualitative and quantitative data and insight.

There appears to be a significant amount of valuable work being carried out across the borough that although effective, is constrained by short-term funding cycles. These cycles rarely reflect the time and care required to support residents with complex and multiple needs, which often involve long-term engagement. Moreover, short-term funding can negate progress by shifting resource away from direct support and toward administrative tasks such as reporting and bid writing. It will be important to evaluate whether devolution can create a more responsive, relationship-based approach to funding that builds on local knowledge, trust, and impact rather than metrics or trends.

Aligning Local and Regional Priorities

A key strength of South Tyneside is the high level of collaboration across sectors, demonstrating strong institutional relationships and a shared commitment to inclusive and sustainable growth. This collaborative ethos is led by the Council and is particularly important given the area's high demand for services addressing multiple complex needs, health inequalities, and challenges around skills and employment. The borough's institutional capital, especially its willingness and ability to work in partnership, is a critical enabler of progress.

South Tyneside must now operate within a more complex governance landscape following the creation of the North East Combined Authority. This shift requires the borough to not only articulate its own local priorities but also ensure these align with broader regional and national objectives. While regional collaboration offers opportunities for shared resources and strategic alignment, it also presents a challenge: maintaining the distinctiveness and relevance of local needs within wider policy frameworks. Many local projects in South Tyneside deliver valuable work, but most operate on short-term funding cycles. As a result, providers can sometimes work in parallel rather than in sequence, with limited awareness of

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[26] https://investsouthtyneside.com/south-tyneside-pledge/

each other’s timelines, aims and participants. With improved visibility and coordination, these projects could create clearer and more effective progression pathways, helping people move more smoothly between services and build on previous support. Greater coordination across multiple project deliveries would lead to more strategic outcomes.

Adaptive Funding Practices

Several providers in South Tyneside are actively addressing some of the most pressing issues in the area. Increased devolution and autonomy over funding present an opportunity to coordinate these efforts more strategically, enhancing the system's capacity. Additionally, this funding environment could promote experimentation, learning, and open dialogue. Building trust-based relationships between funders and practitioners is essential for fostering innovation and achieving meaningful, long-term impact.

Devolution provides a critical opportunity for South Tyneside to reshape its funding environment in ways that are more responsive to local needs. There is strong advocacy for a more responsive, relationship-based approach to funding, one that values local knowledge, trust, and sustained outcomes over rigid metrics or short-term trends. Devolution should provide greater opportunity to streamline and integrate funding streams. By aligning multiple funding pots, such as those for health, skills, and regeneration, South Tyneside can support holistic interventions, reduce duplication, and create shared outcomes frameworks that reflect local priorities.

Changes to funding approaches must consider not only how resources are allocated, but also how success is measured and evaluated beyond the lifespan of individual projects. This requires moving away from narrow, centralised performance targets and embracing broader indicators such as social value and lived experience. These forms of evidence can offer deeper insights into community impact and help shape more responsive service delivery. There is a strong local appetite for this shift, alongside a pressing need for central government to better understand the scale and complexity of public service demand, where rising needs and limited resources challenge traditional frameworks.

Communicating South Tyneside’s Strengths Externally

While South Tyneside benefits from strong internal partnerships and a shared commitment to inclusive growth, it appears that these strengths are not always visible to external audiences. The local authority and its partners have a clear understanding of their collective vision and capabilities, but this narrative seems less apparent to those outside the borough, particularly within the business community.

The challenge is not a lack of knowledge or activity, but rather a communication gap. To maximise impact and attract external investment and collaboration, South Tyneside could consider strengthening how it communicates its strategic direction, assets, and successes. Scaling up efforts to share this story more widely will help position the borough as a confident, capable partner within the wider regional and national landscape.

This communication gap limits opportunities for investment, partnership, and influence within regional and national agendas. Without a clear external narrative, the borough risks being overlooked, underrepresented, and unable to fully leverage its assets to drive inclusive growth. It has many strengths to draw on, so the key issue is in boldly communicating them to wider, external audiences.

In summary, South Tyneside is a place of strong community values, collaboration, and a shared commitment to inclusive growth. The borough benefits from robust partnerships across sectors; however, the impact of this is challenged by short-term funding cycles and capacity constraints.

Devolution presents an opportunity to develop more responsive, relationship-based funding models that value local knowledge and social outcomes, which in turn will support economic outcomes. Aligning local priorities with regional and national strategies is essential, especially within the evolving governance landscape of the North East Combined Authority.

While internal collaboration is a clear strength, South Tyneside faces a communication gap. Its strategic vision and achievements are not always visible to external audiences. Strengthening external messaging will be key to attracting investment, influencing policy, and maximising the borough's potential. By strengthening external messaging, South Tyneside can further capitalise on its strengths and opportunities for growth.

6. Conclusions

South Tyneside's productivity is currently lagging behind both regional and national benchmarks, with low growth in output and employment since 2008. The borough ranks in the bottom 10% of UK authorities for physical and human capital, and in the bottom 20% for social capital. Key barriers include poor health outcomes, high economic inactivity, low skill levels, and infrastructure constraints. However, South Tyneside demonstrates strengths in financial capital, business dynamism, sector specialisation—particularly in advanced manufacturing and clean energy and strong community values. These assets provide a foundation for targeted interventions to improve productivity.

To address these challenges, we recommend the following for partners to discuss:

- **Invest in Human Capital**: Improve health and wellbeing outcomes, reduce economic inactivity, and raise skill levels through targeted education, training, and employment support—especially for young people and those with complex needs.
- **Enhance Infrastructure and Connectivity**: Address transport bottlenecks, grid capacity issues and support business growth and workforce mobility.
- **Leverage Devolution for Funding Reform**: Develop responsive, relationship-based funding models that prioritise long-term social value and local knowledge over short-term metrics. Align funding streams across health, skills, and regeneration.
- **Strengthen External Communication**: Promote South Tyneside's strategic assets and collaborative ethos to attract investment, influence policy, and build regional and national partnerships.

- **Integrate Local and Regional Priorities**: Ensure South Tyneside's distinct needs are reflected in the North East Combined Authority's strategy, while fostering cross-authority collaboration to maximise shared resources and impact.
- **Measure Success Broadly**: Track progress using both economic indicators (e.g. GVA/hour, employment rate, business growth) and social metrics (e.g. wellbeing scores, health outcomes, community engagement). Measure and track the outcomes from the South Tyneside Pledge.

By focusing on these areas, South Tyneside can build resilience, unlock inclusive growth, and move toward a more productive and prosperous future.

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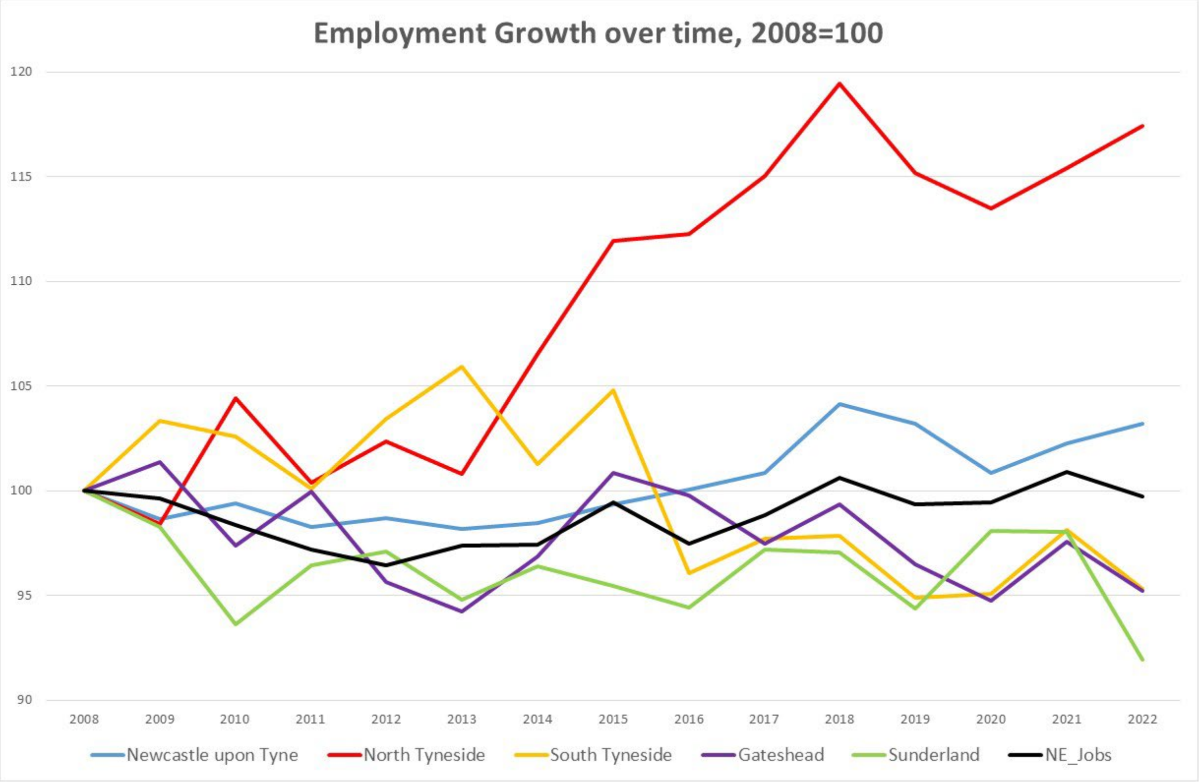
Appendix: Employment Series from ONS Sub-regional Productivity

Figure A: South Tyneside, Newcastle and North East, growth in employment



Source: ONS (2024c), Local Authority Productivity Jobs.