



Major development projects: connecting people in poverty to jobs

Aidan While, Richard Crisp, Will Eadson and Tony Gore

This report demonstrates the opportunities for local partners to do more to ensure that unemployed people benefit from job and training opportunities created by development, setting out a framework for use by local authorities, partner organisations and employers. Development projects create valuable employment and training opportunities, but those opportunities do not automatically help to tackle unemployment and poverty.

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Can local partners do more to ensure that unemployed people benefit from job and training opportunities created by development?

Development projects create valuable employment and training opportunities. However, those opportunities do not automatically help to tackle unemployment and poverty. Intervention is needed to ringfence opportunities and provide employment and skills support. Drawing on both national evidence and action-research in the Leeds City Region, this report demonstrates the opportunities and sets out a framework for action by local authorities, partner organisations and employers.

The report shows that:

- development projects can be an important source of local employment and training opportunities
- local authorities should make full use of policy levers in procurement and planning to maximise those opportunities
- employers and local partners have a shared interest in supporting local recruitment
- city-regional co-ordination can help overcome barriers to local intervention.

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1 Executive summary

This report was commissioned as part of the ‘More jobs, better jobs’ partnership between the Joseph Rowntree Foundation, Leeds City Council and the Leeds City Region. The report presents findings from a national evidence review and research and policy development in the Leeds City Region.

Inclusive growth through major development projects

- There is now a very significant pipeline of investment in capital projects across the UK.
- Major development projects can generate valuable employment and training opportunities for unemployed people because of the scale of the opportunity, the relatively long lead-in times to develop employment and skills support, and powers to lever benefits through procurement and Section 106 agreements.
- This is not just about short-term construction jobs. Permanent jobs are also created in the operation of facilities after construction.

Making effective use of procurement and Section 106 agreements

- There are many good examples nationally and in the Leeds City Region where procurement and Section 106 agreements have been used to create valuable employment and training opportunities for local unemployed people. These are important mechanisms for engaging employers and contractors in an inclusive growth agenda.
- Procurement can be used to generate one targeted job opportunity (with training support) for every £1 million of investment.
- Effective use of policy levers will require local authority investment in procurement teams and employment and skills support. The costs will be prohibitive for some local authorities but there are opportunities to share knowledge, expertise and services across local authorities.
- The potential to lever outcomes will vary between local authority areas depending on the market context and the scale and nature of the development pipeline.
- Intervention requires action on the demand side to create opportunities and on the supply side to ensure that people have the skills, qualifications and motivation needed to access opportunities.

Targeting poverty and disadvantage through development projects

- Employment and training obligations secured through procurement and Section 106 agreements often target unemployed jobseekers in areas of deprivation. However, explicit targeting of priority groups is often needed to support people with more complex needs.
- Some of the opportunities can be reserved for identified priority groups. Pre-employment training can help to overcome barriers to moving into work, especially if training is linked to a guaranteed job. Development projects can also support transitional employment programmes.
- Employment opportunities created by development projects are particularly important in a national context where paid work is expected to replace welfare benefits.

Action points for city regions

- Knowledge and intelligence around the development pipeline are important in identifying strategic priorities for intervention.
- Local authorities and commissioning bodies will achieve better outcomes if there is a stated policy commitment to maximising community benefits from development projects.
- There is scope for local authorities and partner organisations to get more out of procurement by sharing expertise and services.
- It is important that some of the opportunities created through procurement and Section 106 agreements are reserved for particular priority groups who would otherwise be disadvantaged in recruitment.
- Supportive recruitment practices, transitional employment support, in-work training and shared apprenticeship schemes can help in overcoming barriers to employment for priority groups.
- There is scope for local authorities and partners to work strategically with contractors, developers and employers on meeting skills needs, given their overlapping interests in local recruitment.

How changes to national policy could support the agenda

- National government could do more to encourage and incentivise employment and training contributions in public procurement in England.
- Employment and training contributions are not routinely included in national government procurement in England and this leads to missed opportunities when projects are delivered.
- It is becoming more difficult for local authorities in England to generate employment and training obligations through Section 106 agreements because of changes in national planning policy.
- Proactive local intervention could be incentivised and rewarded by allowing local authorities to receive directly some of the welfare savings when people move into work.

1 Introduction

Major development projects have long been seen as a potentially valuable source of employment opportunities for local unemployed people. Recruitment and training obligations can be included in procurement contracts and planning agreements under Section 106 of the Town and Country Planning Act 1990. Long lead-in times create opportunities for local partners to co-ordinate 'wraparound' support so that people can gain the skills and qualifications required by employers.

Combined intervention on the 'demand side' and the 'supply side' can be particularly beneficial for jobseekers who have more complex needs and would otherwise struggle to find work because of competition in the labour market. Procurement and planning obligations can include supportive recruitment practices, tailored pre-employment support, and guaranteed jobs and training for priority groups. The employment and training opportunities created by development projects are acutely important in the current national context where paid work is expected to replace welfare benefits for households in poverty and funding for area-based regeneration has been reduced.

This report draws on a national evidence review and research in the Leeds City Region (LCR) to explore options for maximising local employment and training outcomes from development projects.

The scale of the opportunity

National government spending on construction projects across the UK is estimated to be worth £128 billion over the period 2014–20 (KPMG, 2015) and this is likely to be matched if not exceeded by private investment. Investment will not be distributed evenly across or within regions, but there will be considerable opportunities in all areas of the UK.

Evidence suggests that a proactive and well-supported approach to procurement can generate one targeted new job with training opportunities for every £1 million of investment (Macfarlane with Anthony Collins Solicitors LLP, 2014). The scale of the opportunity for local people could be considerable if there is effective intervention on both the demand side and the supply side.

Challenges and opportunities

There are challenges and barriers that can prevent local stakeholders from maximising the local employment and skills benefits of major development projects. In England, the use of procurement and Section 106 agreements to lever employment opportunities is constrained by limited resources and concerns about adding to project costs. The capacity of local authorities and partners to provide wraparound support has been affected by cuts in local government funding and the scaling back of area-based regeneration.

Yet this report suggests that there are opportunities to make better use of mainstream and devolved employment and skills programmes. For example, it is feasible that local authorities and partner organisations can benefit from partnership working at the city-regional scale, drawing on support from local enterprise partnerships and combined authorities. Furthermore, it is possible to work with major contractors, developers and employers to exploit shared interests in local recruitment. This is especially the case in construction where there is a shortage of skilled labour across the sector. Investment in local recruitment and training is a business imperative because it helps to reduce project costs for developers, contractors and commissioning organisations.

Targeting poverty and disadvantage

All too often, the jobs created by development and growth bypass those who need them most because of competition in the labour market and barriers to accessing opportunities for jobseekers with more complex needs. However, procurement and Section 106 agreements can include contributions that are

'ringfenced' for priority groups, including a quota of jobs and training places, guaranteed interviews and enhanced pre-employment support.

Ensuring that opportunities are accessible for particular groups of unemployed people is likely to be more challenging than targeting unemployment alone. It is likely to require additional investment in pre-employment and in-work support and employers may be less willing to commit to targeted contributions. Ringfencing opportunities for priority groups does not always sit easily with political pressure to demonstrate job outcomes.

Key arguments

This report is based around three key arguments:

- There are important challenges for many local authorities in using the available policy levers to generate employment and training opportunities from development projects. However, there is scope for local authorities and local partners to work more effectively in sharing knowledge and expertise around procurement and Section 106 agreements and also in working strategically with key contractors and employers.
- Political commitment is the most important factor in determining whether the available policy levers are used effectively by local authorities and commissioning organisations.
- 'Inclusive growth' will only happen if policy intervention is appropriately targeted at priority groups in relation to poverty and labour market disadvantage. This report highlights actions that can enhance the targeting of policy.

Box 1: Definition of major development and infrastructure projects

For the purposes of this report, 'major development and infrastructure projects' refer to any new-build investment. Relevant major development projects include:

- infrastructure (flood alleviation schemes, waste-to-energy plants, new roads, road upgrading, guided bus routes, cycle paths, environmental works)
- commercial and leisure facilities (offices, shopping centres, supermarkets, business parks, stadia/arenas)
- new-build housing (social housing and market housing).

Methodology

This report is based on a study commissioned as part of the 'More jobs, better jobs' partnership between the Joseph Rowntree Foundation (JRF), Leeds City Council and the LCR (for more information on this partnership, see <https://www.jrf.org.uk/report/more-jobs-better-jobs>). The study involved four main research tasks:

- A systematic evidence review was carried out of the scale of the opportunity and policy and practice related to securing employment and training contributions through procurement and Section 106 agreements.
- Interviews and follow-up discussions were conducted with over 50 stakeholders involved in maximising employment and job opportunities in the LCR, including:
 - representatives from local authority procurement, planning and employment and skills teams
 - Jobcentre Plus, training providers and employment programme teams
 - the Leeds City Region Enterprise Partnership and the West Yorkshire Combined Authority

- community organisations, regeneration agencies, social enterprises, developers, contractors, employers and industry representatives.
- Interviews were also undertaken in other city regions, notably Greater Manchester, to examine relevant good practice initiatives.
- Options for enhancing existing policy and practice were explored with key local stakeholders.

Structure of the report

Part One draws out findings from the national evidence base to identify the opportunities and challenges in generating pathways to employment from major development projects. It assesses the key local policy levers – procurement, Section 106 agreements and supply-side support – and examines how policy might be targeted to help tackle poverty and disadvantage.

Part Two presents findings from action-research in the LCR. It examines the changing context for intervention across the LCR and its implications for policy and practice. It also sets out recommended actions for taking forward the agenda set out in this report.

In concluding the report, the final chapter draws out the wider lessons for government and key partners across the UK.

Part One:

Assessing the opportunities generated by major development projects

2 Job creation through major development projects

This chapter examines the scale and scope of employment and training opportunities generated by major development projects. Traditionally, the focus has been placed on construction jobs, but the chapter also highlights important opportunities in the management and operation of facilities after construction.

The pipeline of major development projects

There is now a significant investment pipeline in major development projects across the UK funded by the public and private sectors, including major investments in physical infrastructure, private and social housing, public facilities and commercial buildings (HM Treasury, 2014; KPMG, 2015). It is difficult to calculate precisely what the level of investment might be and how that translates into employment because that analysis has not been undertaken systematically at national level or within regions. However, UK government spending on construction projects alone is estimated to be worth £128 billion over the period 2014–20, with 6 per cent scheduled for the Yorkshire and the Humber region, of which the LCR is a part (KPMG, 2015; see Tables 1 and 2).

As Table 2 shows, investment is not evenly distributed across the UK or within regions. Public investment is increasingly used to strengthen already prosperous regions rather than support areas where economic activity is weaker, and the private sector is more likely to invest in growth areas even when there is potential to make better returns in less advantaged areas (Henneberry and Roberts, 2008). There will be higher levels of government and private sector investment in London and the South East than in other UK regions (Berry *et al.*, 2015).

Nevertheless, there are considerable investment opportunities across all UK regions. For example, it has been calculated that there is already over £19 billion of investment in housing, commercial development and infrastructure in the planning system across the Leeds City Region (unpublished analysis undertaken by the Leeds City Region Enterprise Partnership; see Part Two). The pipeline of investment is likely to be much higher because some projects do not require planning permission.

Construction pipeline analysis undertaken by the Greater Manchester Chamber of Commerce showed that the North West region had £114.36 billion of construction projects in the planning system, with £69.78 billion expected to have a high degree of certainty of delivery. Investment in projects over the four years from 2015 is expected to be £29.93 billion, with the main sectors being infrastructure and housing at £10.88 billion and £6.84 billion respectively (Greater Manchester Chamber of Commerce, 2015). That investment will not be the same for all regions, but it gives an indication of the scale of the investment pipeline.

Analysis of the pipeline of investment usually records the financial value of projects rather than new job opportunities. Any headline jobs figure needs to be treated with caution because it often refers to the total number of employment outputs rather than the total number of full-time or permanent jobs. This is particularly the case on the construction side where the majority of the work will, by its nature, be temporary and short term (Forbes *et al.*, 2012).

Nevertheless, the opportunities presented by development projects can be very significant. A large retail shopping centre will generate thousands of ‘new’ end-user jobs for local residents in retail, customer services and hospitality and also support apprenticeships, training and employment in construction. A large supermarket can create nearly 200 jobs for local residents. Local residents with relevant construction skills will be able to work across development projects, including social housing refurbishment and energy efficiency programmes.

Table 1: Government-led current and planned construction and infrastructure activity in the UK as of December 2014

| | £ billion |
|------------------------|-----------|
| Total 2014–16 | 37.8 |
| 2016–20, estimated | 50.2 |
| Beyond 2020, estimated | 39.7 |
| Total allocated value | 127.7 |

Source: KPMG (2015, p. 4)

Table 2: UK government-led current and planned construction and infrastructure activity by UK region as of December 2014

| | Proportion of allocated spend |
|--------------------------|-------------------------------|
| South East | 20% |
| South West | 15% |
| North West | 13% |
| London | 11% |
| East Midlands | 9% |
| North East | 7% |
| West Midlands | 6% |
| Yorkshire and the Humber | 6% |
| East of England | 5% |
| Wales | 3% |
| Scotland | 2% |
| UK* | 2% |
| England* | 1% |
| Northern Ireland | 0% |

* Some projects are regarded as benefiting the whole of the UK or England.

Source: KPMG (2015, p. 7)

The jobs and training potential of different types of project

The nature, scale and distribution of opportunities will depend on the size and type of project (see Table 3). Key factors include the balance between construction and end-user jobs and the scheduling of development. For example, private housing development is often fairly small in scale and dispersed over many sites. Contractors may only require workers with specific skills on site for a relatively limited period. Conversely, social housing development can create good opportunities for employment transitions because of the length of the programme and the opportunity to engage local residents.

Construction and end use

Previous JRF research has shown that there can be particular challenges in creating local jobs from construction expenditure (Jacobs, 1995). Construction work during the development phase provides well-paid employment with some opportunities for skill development, but the opportunities generated 'can be limited by the fact that the industry is characterised by a range of short term, high impact work programmes requiring a flexible and mobile workforce moving between development sites' (Leeds City Council, 2014a). Main contractors and subcontractors will often have their own specialist teams that move between sites and much of the work in construction will be taken up by the mobile workforce that is already in the sector. Construction contractors often employ specialist teams where a high skill level is required for a short duration to complete individual aspects of a development.

These factors can make sustainable jobs difficult to achieve in construction on a site-by-site basis. There can also be difficulties in creating meaningful apprenticeships in specific building trades because the length of a development project contract is generally far shorter than the time needed to meet all the components of the work-based training. Some form of shared training framework may be required to link together a series of short-term construction opportunities over a sufficiently long period to allow completion of the apprenticeship, thus supporting subsequent progression into well-paid, permanent work (see Chapter 5).

There are potential barriers to entry in terms of the basic skills and security clearance needed to access entry-level opportunities in construction. For example, a Construction Skills Certification Scheme (CSCS) labour card is needed for all on-site employment and this can only be granted following successful completion of courses in work-based health and safety.

A larger number of permanent jobs are often generated with end users of a development, particularly those involving retail, hospitality, customer services and warehousing. Opportunities on the post-construction side may be more sustainable in these sectors, with low barriers to entry, but they are more likely to be low-paid and low-skilled with fewer opportunities for career and wage progression in comparison with commercial or industrial developments. The challenge on both the construction and end-use sides is to ensure that better jobs can be accessed by local jobseekers.

Different types of work will have varying suitability or accessibility for different groups of jobseeker. Focusing on the construction industry provides access to a relatively narrow set of occupations and associated skillsets, and in most cases involves adaptation to a specialised working environment. Even with non-discriminatory recruitment, these attributes will not appeal across the board. However, a recent report has identified a generally held negative image of the building industry as one of the key barriers in attracting sufficient recruits to meet the growing gap in appropriately skilled operatives (London Chamber of Commerce and Industry, 2014).

Skills shortages in construction

There are now major skills shortages in the UK construction sector. This will push up the costs of future projects and may prevent some projects from being built unless there is further recruitment into the sector. The 2014 UK Market Construction Survey produced by the Royal Institute of Chartered Surveyors warned that skills shortages in construction could delay 27,000 projects a year by 2019 (RICS, 2015).

Physical development projects are susceptible to economic downturn, especially if the bulk of investment is in private sector projects. It is possible that innovations in off-site construction may reduce some of the direct employment in construction, although this will be to the benefit of locales where off-site construction facilities are located. However, the long-term prognosis is of high demand for skills and labour, with a particular need to address significant skills shortages already evident in many construction sectors (CITB, 2015).

Table 3: Employment and training opportunities from different types of development project

| | Type of opportunity | Policy levers | Local employment and training opportunities | Connecting people in poverty to jobs |
|-------------------------------|---|--|---|--|
| Large private housing schemes | <ul style="list-style-type: none"> • Construction • Apprentices in building trades • Some entry-level jobs for general labouring • End use: none | <ul style="list-style-type: none"> • Section 106 • Voluntary contributions | <ul style="list-style-type: none"> • Short-term construction input • Even on large sites, the build is characterised by ‘small batch’ production determined by sales so there would need to be co-ordination across projects • Interest among larger housebuilders in supporting targeted employment and training, but needs to be tested • Shared apprenticeships may help to maximise opportunities | <ul style="list-style-type: none"> • Medium potential – requires support • Some entry-level opportunities • Potential for transitional employment schemes and in-work training with funding support • Pre-employment support needed e.g. for gaining a CSCS card • Can be linked to mainstream programmes for unemployed people e.g. the Work Programme • Transport accessibility may be an issue • Depends on developer commitment |
| Large social housing projects | <ul style="list-style-type: none"> • Construction • Apprentices in building trades • Some entry-level jobs for general labouring • End use: limited | <ul style="list-style-type: none"> • Procurement • Voluntary contributions | <ul style="list-style-type: none"> • Nature of project and procurement help to generate good opportunities, including through ‘bending’ the building programme and pre-employment support | <ul style="list-style-type: none"> • Good potential • Nature of project and procurement help to generate good opportunities for priority groups • Opportunities to provide supported transitions to work • Pre-employment support needed e.g. for gaining a CSCS card • Can be linked to mainstream programmes for unemployed people e.g. the Work Programme |

| | Type of opportunity | Policy levers | Local employment and training opportunities | Connecting people in poverty to jobs |
|---|---|--|--|---|
| New public residential building e.g. university, hospital | <ul style="list-style-type: none"> • Construction • Some end-use jobs (full-time jobs mainly in security and services, many part-time jobs) | <ul style="list-style-type: none"> • Procurement • Voluntary contributions | <ul style="list-style-type: none"> • Local employer expected to support local employment and training goals, including through 'bending' the building programme, end-use job descriptions and pre-employment support | <ul style="list-style-type: none"> • Good potential • Expectation of a commitment to target poverty and disadvantage • Depends on purchasing organisation commitment |
| New offices, business parks | <ul style="list-style-type: none"> • Range of construction jobs • Can be a good range of end-use jobs | <ul style="list-style-type: none"> • Section 106 • Voluntary contributions | <ul style="list-style-type: none"> • Construction entry-level and apprenticeship opportunities • Local employment and training commitments need to be across the supply chain • Mobile contracting workforce will compete for jobs | <ul style="list-style-type: none"> • Medium potential • Many entry-level jobs, but pre-employment support is required (e.g. for gaining a CSCS card and in-work experience) and the labour market can be competitive • Apprenticeships are difficult to access • Depends on contractor commitment |
| Large retail centre | <ul style="list-style-type: none"> • Large numbers of end-use jobs in retail, as well as services and security • Opportunities also in construction | <ul style="list-style-type: none"> • Section 106 • Voluntary contributions | <ul style="list-style-type: none"> • Many entry-level jobs that will be taken up locally • Apprenticeships in end use and construction • Support frameworks often set up to maximise local opportunities • Pay and conditions may be an issue e.g. part-time work, low pay | <ul style="list-style-type: none"> • Variable potential (very good if supported by pre-employment support programme and flexibility in recruitment) • Support frameworks can help connect to people in poverty • Depends on the strength of employer commitment |

| | Type of opportunity | Policy levers | Local employment and training opportunities | Connecting people in poverty to jobs |
|--|---|--|--|---|
| Transport (road, rail, cycle paths, flood alleviation) | <ul style="list-style-type: none"> • Construction • At least a two-year build | <ul style="list-style-type: none"> • Procurement • Voluntary contributions | <ul style="list-style-type: none"> • Good entry-level and apprenticeship opportunities in construction because of the length of the contract and the involvement of large contractors • Local employment and training commitments need to be across the supply chain • Jobs will not necessarily go locally (taken up instead by the mobile contracting workforce) unless they are targeted | <ul style="list-style-type: none"> • Low to medium potential • Many entry-level jobs, but pre-employment support is required (e.g. for gaining a CSCS card and in-work experience) and the labour market can be competitive • Apprenticeships are difficult to access • Depends on the strength of procurement (commissioned nationally or by combined authorities) • Can be difficult to broker because projects cut across different local authority areas/regions • Can be difficult to access |

3 Creating opportunities: introducing the policy levers

Development projects create particular opportunities for inclusive growth because targeted recruitment, employment and training contributions can be included in public procurement contracts and also in Section 106 agreements triggered by development control in the planning system.

Targeted recruitment, employment and training contributions typically include:

- guaranteed job interviews for priority groups
- apprenticeships
- in-work training and work experience
- visits to schools and colleges
- local purchasing through the supply chain.

Obligations can include:

- pre-employment training and skills support
- job guarantees for applicants who complete a set course of pre-employment training
- even a quota of guaranteed jobs for priority groups (Macfarlane with Anthony Collins Solicitors LLP, 2014).

Obligations can pay for dedicated community liaison officers to facilitate the recruitment of local labour. Opportunities can be levered through capital build, end use and revenue procurement of maintenance contracts.

A combined approach that makes use of procurement and Section 106

The relative strengths and limitations of public procurement and Section 106 mechanisms in generating targeted employment and training outcomes are set out in Table 4. Community clauses in procurement contracts offer the more powerful lever for recruitment, employment and training opportunities because requirements can be built into the project tender and its subsequent award to a given contractor. A limitation of procurement is that it only covers publicly funded projects. Section 106 planning obligations cover private development and all but the very largest national strategic infrastructure projects will go through the local planning system to gain consent. Procurement and Section 106 should therefore be viewed as complementary policy mechanisms for generating employment and training opportunities.

Table 4: Procurement and Section 106: strengths and limitations in leveraging employment and training opportunities from development projects

| | Strengths/advantages | Limitations/disadvantages |
|-------------|---|--|
| Procurement | <ul style="list-style-type: none"> • Legal framework, sanctioned by national and European Union (EU) legislation • Already part of core local authority work • Can include financial support for targeted employment and training written into contracts • Can be given significant weight in the assessment of tenders | <ul style="list-style-type: none"> • Only covers publicly funded projects • Can be limited by the affordability of contracts • Can be difficult to enforce • Difficult to make community benefits work for smaller and shorter projects • Requires investment in local authority frameworks and supply-side support |
| Section 106 | <ul style="list-style-type: none"> • Specified as a legitimate obligation within the national Section 106 framework • Has been used to generate opportunities by some local authorities • Can include specific, local targeting • Covers private projects and publicly procured new-build and change of use | <ul style="list-style-type: none"> • Dependent on the viability of projects, so weaker in areas with weaker land and property markets • Weak in national planning policy and subject to project viability • Section 106 being superseded by the Community Infrastructure Levy, which does not include provision for employment and training • Difficult to enforce along the supply chain • Requires investment in local authority framework and procurement team |

Employer engagement and voluntary contributions

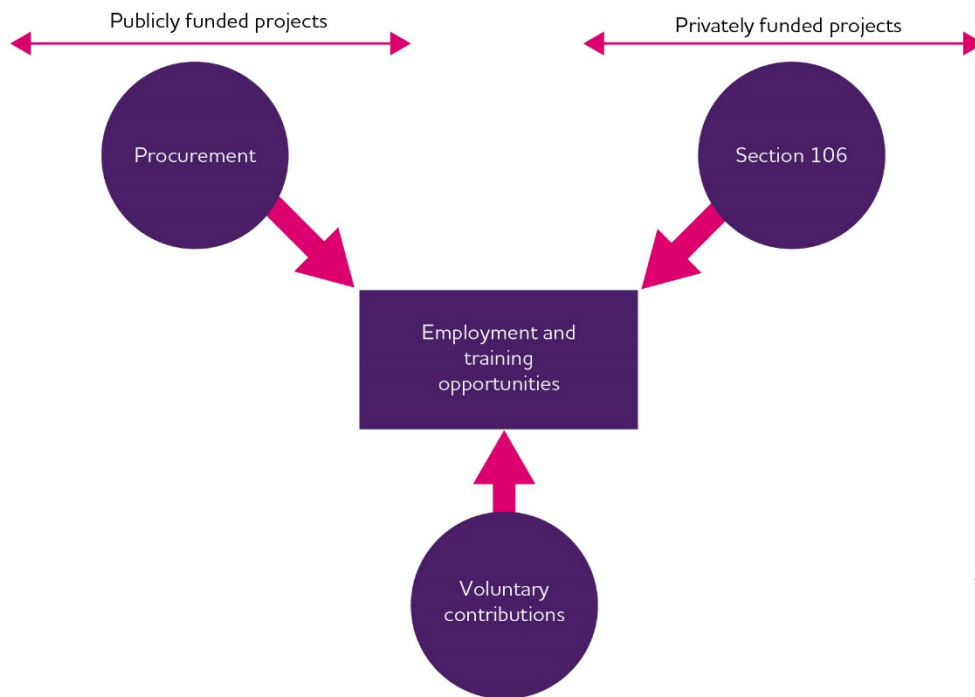
Policy levers such as procurement and planning are not the only ways of creating employment and training opportunities from development projects. Additional voluntary contributions can come from key developers, contractors and housing providers whose interests overlap with anti-poverty initiatives. Corporate social responsibility is increasingly important for the large developers and contractors in construction and there is considerable interest in helping to support new entrants into the industry (Sutherland *et al.*, 2015). For example, Wates Living Space (part of Wates Construction) runs Building Futures courses, which provide two weeks of construction-themed training, including taster sessions and opportunities to gain a CSCS card, followed by a guaranteed interview with one of its supply chain companies. Wates Living Space also invests in local social enterprises such as CleanStart, which provides opportunities for ex-offenders to work in ancillary service teams alongside contractors (interview).

There are opportunities to capitalise on the willingness of large contractors to make a broader contribution to addressing poverty and disadvantage, especially in cases where they are involved in multiple projects across a region or city region. In 2008, a report by the All Party Urban Development

Group recommended that a Kitemark scheme be introduced for developers, construction companies, property owners and occupiers that demonstrates a track record of local hiring and that sort of scheme could be used locally (Best *et al.*, 2008).

Figure 1 demonstrates how procurement, planning obligations (Section 106) and voluntary contributions combine to create targeted employment and training opportunities. The following chapters look in more detail at the opportunities and challenges in using procurement and Section 106 agreements to generate employment and training outcomes.

Figure 1: Levers for generating employment and training opportunities



4 Getting more out of public procurement

Public purchasing can be a powerful lever in generating targeted employment and training opportunities from wholly or partially publicly funded projects. There is now a good range of step-by-step guidance on how to use procurement to maximise community benefits (Macfarlane, 2000a; Macfarlane and Cook, 2008; IDEA, 2010; HCA, 2011; NAS, 2013). This includes guidance on how to word clauses for targeted contributions that comply with EU and national public procurement regulations designed to ensure fair competition and to promote equalities (Macfarlane and Cook, 2002). It has been suggested that effective intervention could lever one targeted job opportunity with training for every £1 million of investment in procurement contracts (Macfarlane with Anthony Collins Solicitors, 2014).

Consideration of wider social value has been part of the duty to achieve best value, but that has not always been actively promoted in England. Devolved governments in Scotland, Wales and Northern Ireland have been more supportive of 'community benefits' (Macfarlane with Anthony Collins Solicitors LLP, 2014). In recent years, the UK government has given greater weight to community benefits in procurement through the Public Services (Social Value) Act 2012. This Act only applies to services contracts rather than capital projects, but it sends a clear signal that wider social, economic and environmental needs should be considered as part of best value commissioning. From 1 September 2015, all bids for UK government contracts worth more than £10 million will be expected to include an appropriate number of apprenticeships (Prime Minister's Office, 2015).

What can procurement achieve?

Case studies on maximising procurement and training through public procurement (Macfarlane with Anthony Collins Solicitors LLP, 2014) illustrate the scale of what can be achieved in terms of local unemployment. For example, Glasgow Housing Association has included recruitment and training targets in its construction tenders. Through 35 contracts, 1,158 apprentices and trainees have obtained nearly 60,000 weeks of employment (approximately 11 per cent of the total labour used), with residents of the city's most deprived areas taking on 48 per cent of these opportunities. Between September 2012 and January 2014, Leeds City Council delivered five projects with employment and skills obligations. These supported 518 local residents into jobs, a further 99 into apprenticeships, and a range of additional training outputs, placements and work experience. As in Glasgow, 48 per cent of those who gained jobs were resident in the city's most disadvantaged wards (Leeds City Council, 2014b).

In Birmingham, jobs and skills requirements stipulated in the £193 million Library of Birmingham contract resulted in 306 jobs for Birmingham residents, including 82 apprenticeships, with priority area residents taking up 54 per cent of these opportunities (Macfarlane with Anthony Collins Solicitors LLP, 2014). Leeds City Council and Birmingham City Council have a mandatory procurement policy for jobs and skills applying to all procurements above certain thresholds, with Birmingham Employment Access Team supporting the process on the supply side. There are many similar examples that might be cited. Maximising community benefits from procurement can also extend beyond the construction and end use of capital projects to include revenue spend and services contracts (Macfarlane with Anthony Collins Solicitors LLP, 2014).

There are very few evaluations that examine the additionality or 'deadweight' of outcomes linked to procurement (i.e. outcomes that would have happened without employment and training clauses). Outcome monitoring and evaluation rarely gather information on the breakdown of beneficiaries by subgroup, issues of pay and conditions in work or longer-term work trajectories (Glossop, 2009).

However, a recent study of 24 procurement contracts in Scotland found that 1,000 individuals from unemployed priority groups were recruited as a result of procurement clauses and 38 per cent of those would not have been recruited without the clauses. Retention rates were also found to be higher when

employment was supported by employment clauses and there was a higher uptake of apprenticeships from priority groups (73 per cent of priority group beneficiaries who took up apprenticeships would not otherwise have done so) (Sutherland *et al.*, 2015).

Barriers to the effective use of procurement

Evidence points to some important barriers in maximising the potential of procurement to create recruitment, employment and training opportunities (Institute of Local Government Studies, 2014; Winyard, 2014). Barriers include:

- a lack of awareness about how procurement might be used to generate employment and training opportunities
- uncertainty about whether community benefits clauses might work with the requirement to secure best value and EU/UK legislation to promote competition and equalities
- risk aversion and pressures on time and resources within procurement teams
- concern that community benefits might reduce the money available for other aspects of project delivery
- a lack of support from UK central government.

Some of these barriers can be addressed by awareness raising and support. However, some localities will simply not have the volume of projects required to justify building specialist in-house procurement expertise, and it is noticeable that many of the good practice examples of community benefits in procurement are from larger cities and metropolitan authorities.

Effective use of policy levers in procurement and planning requires:

- political commitment
- strong project champions to co-ordinate action
- a clearly defined corporate policy commitment
- investment in brokerage and support networks
- investment in monitoring, reporting and reflection frameworks (Macfarlane and Cook, 2008; Macfarlane with Anthony Collins Solicitors LLP, 2014).

Procurement teams often need to develop specialist knowledge of the complexities of different types of development project. The start-up costs of putting an appropriate structure in place can be prohibitive for many local authorities, especially in a context of diminished budgets and competing pressures on scarce resources. Political leadership is particularly important given the additional staff time and resources required to support an extended procurement framework.

Where policy commitment is in place, community benefits may not be affordable or constrained by the type of work or length of contract. Pilot studies have suggested that employment and training clauses impose little or no extra cost to contracts (Erridge, 2005, 2007), but experience in the LCR suggests that the public sector is expected to bear the costs of the additional wraparound supply-side support needed to achieve employment and training outcomes (see Part Two).

Contract compliance

Community benefits are contractually binding and many commissioning organisations will have the right to withhold payment for non-compliance. However, contractors are usually asked to use 'reasonable' or 'best' endeavours to deliver outcomes and this has led to concern about the strength of employment and training agreements. Evidence suggests that there is increasing receptiveness to community benefits obligations among contractors and failure to comply would have implications for the firm's reputation

and ability to bid for future contracts in localities that are strong on community benefits (Chevin, 2014; Sutherland *et al.*, 2015). Contractors and employers also gain from the recruitment support accessed through community benefits frameworks, including provision funded by the Skills Funding Agency and delivered by sector skills bodies and local learning institutions and training providers.

Macfarlane with Anthony Collins Solicitors LLP (2014) highlight various approaches for getting more out of procurement contracts, including:

- stipulating community benefits as core requirements
- developing a strong policy framework to guide negotiations
- giving sufficient weight to targeted employment and training in tender assessment scoring systems.

Collective procurement

In some regions of the UK there are frameworks/agreements for the collective purchasing and procurement of major construction projects at regional or subregional scales. The aim of these is to reduce the costs of procurement, share expertise and maximise the purchasing power of their members. They often include a strong focus on employment and skills, economic regeneration, the environment and sustainability. Examples include:

- the North West Construction Hub
- the Local Construction Framework for the Public Sector in Hampshire and Surrey.

The North West Construction Hub is part of the government's North West Improvement and Efficiency Partnership. It is managed by Manchester City Council and covers Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside. It seeks to build long-term collaborative relationships between clients, professionals and contractors around shared objectives and common values, which include supporting local regeneration. It operates by signing up a pool of selected contractors for groups of contracts.

The Local Construction Framework for the Public Sector in Hampshire and Surrey is used by public sector organisations for individual projects and programmes of works up to £1.5 million. The aims are to ensure the efficient and economical delivery of building projects by working with a carefully selected group of locally based contractors. Emphasis is placed on sharing knowledge and creating opportunities to achieve better value for money and promoting local small- and medium-sized enterprise engagement, construction skills training and local environmental benefits (LCF, 2015). There are similar arrangements across the UK for sharing knowledge and enhancing local purchasing power.

5 The contribution of Section 106 agreements

Local authorities have legislative powers to request job and training contributions for local people facing disadvantage through Section 106 agreements (sometimes referred to as 'planning gain') triggered when a planning application goes through development control. Section 106 agreements can include contributions to benefit the local labour market by raising skills levels and enabling local people to compete for jobs generated by the new development. This includes opportunities during both the construction and end-use phases.

Section 106 requirements are set out in an employment and skills plan that clarifies activities, target numbers, supervision responsibilities and time parameters before construction starts. In some cases, the developer will provide 'in-kind' benefits where they directly deliver the requirement, for example through on-site training. Alternatively, developers can make a financial contribution (sometimes known as a 'tariff') towards the cost of delivering the facility or service such as an off-site pre-employability course.

Section 106 is a less powerful mechanism than procurement because it is more difficult to negotiate and enforce. The priority in Section 106 is to secure contributions to infrastructure and services and there may be limited awareness in planning teams and local authorities of the potential to use Section 106 agreements for employment and training outcomes. Where Section 106 agreements are used, obligations are on parties to use their 'reasonable' or 'best' endeavours to bring about employment and training outcomes. There is also an added complexity of relationships and more distant relationships to end users because the developer is the main point of contact (Macfarlane, 2000b).

The use of Section 106 to generate employment and training opportunities has been further complicated by the introduction of the Community Infrastructure Levy. This levy was introduced in England and Wales through the Planning Act 2008, enabling local planning authorities to apply a levy in the form of a charge per square metre of new development to fund supporting infrastructure. Section 106 agreements continue to operate alongside the levy but must not overlap. The list of infrastructure that can be supported through the levy does not include education, training or employment provision.

Section 106 agreements are most likely to be used in areas where the conditions for growth are already most favourable. Macfarlane's (2000b) survey of local authorities found a marked geographical imbalance, with over two-thirds of examples identified in the south of England. This was attributed, in part, to higher demand and consequently larger surpluses from the enhancement in land values to fund Section 106 obligations in this region. This suggests that Section 106 agreements are less likely to support training and employment opportunities in areas with higher levels of poverty because of the subdued demand for private development in disadvantaged areas.

The value of the Section 106 route

The evidence base on the use of Section 106 for employment and training outcomes is thin and comprehensive evaluations are difficult to find. However, there are examples where Section 106 has been used to generate valuable employment and training outcomes. In the 1990s, Greenwich London Borough Council raised over £1.7 million for local training and job-matching services through several Section 106 agreements (match-funded with Single Regeneration Budget and European Social Fund monies). The funding was used to set up an agency that provided:

- training for borough residents
- job-matching to contractors' requirements
- capacity building and in-service training for locally based firms
- comprehensive monitoring of outcomes (Macfarlane, 2000b).

It can be difficult to lever a tariff from developers to support supply-side initiatives because of concerns about development viability. However, it is still possible to generate employment and training opportunities that might otherwise not be available to local residents. In the city of Leeds, all developments above certain thresholds are required to agree an education and skills plan with the local authority, which sets out the minimum targets the developer will seek to achieve (see Part Two).

Southampton City Council has developed a bespoke approach to Section 106 employment and skills plans. In March 2014, it reported that 32 plans had created 150 new apprenticeships and 500 supported jobs for unemployed people (PUSH, 2011). Work placements and employer curriculum activities in schools and colleges had also been generated through the plans. Planning obligations in Southampton were reported to be a 'powerful way to lever employer engagement with groups normally highly disadvantaged in the labour market (Fuller *et al.*, 2010, p. 27).

In Milton Keynes, training and learning schemes have been included within Milton Keynes Council's supplementary planning guidance on planning obligations since 2003 and applied routinely to relevant projects. The council has reported that Section 106 obligations are often tested for viability by developers, but has found that the commitment to securing training and placements for local people is most effective if it is encapsulated in adopted planning policy through a supplementary planning document (PAS, no date). The approach to Section 106 in Milton Keynes is linked to Construction Futures, which was created to provide training for new entrants into the construction sector and up-skilling opportunities for existing construction workers, for example in sustainable construction methods.

Overcoming barriers to the use of Section 106

As with procurement, employment and training outcomes are often not included in Section 106 agreements because of limited awareness of what is possible and also limited political interest. Making effective use of Section 106 requires investment in staff time within the planning team and in broader employment and skills support. In Leeds City Council, demands on the development control team are minimised because employment and training obligations go through a central Employment Leeds unit that supports intervention in procurement and planning. In practice, local planning authorities have limited powers to enforce employment and training obligations. However, the Section 106 route can start a discussion that would otherwise not happen. As with procurement, a formal corporate strategy makes it easier to communicate the benefits within the local authority and to developers. Evidence from Leeds suggests that most developers and employers have responded well to requests for employment and training obligations.

6 Targeting priority groups

Opportunities created through procurement and Section 106 agreements are more likely to support inclusive growth if they are targeted at groups in need. A focus on unemployment alone will not always help disadvantaged groups because not all jobseekers are living in poverty and some are closer to the labour market than others (Macfarlane with Anthony Collins Solicitors LLP, 2014). Factors associated with poverty can create additional barriers to finding and sustaining work (Shildrick *et al.*, 2012; see also Crisp *et al.*, 2009).

Measures for targeting poverty and disadvantage

Targeting people in poverty via some measure of household income or material deprivation is usually not practical. Poverty has different causes and involves different levels of deprivation and disadvantage depending on household circumstances that do not translate easily into employment outcomes targeted at individuals (Green *et al.*, 2015). Identifying such households would require collecting a level of information that is not readily available (calculating household income) or may be considered intrusive (asking for information on income and wealth). However, it is possible to use more common criteria as an indirect proxy that will capture aspects of poverty and disadvantage. The three main approaches used within community benefits clauses are to target employment/benefit status, priority groups or disadvantaged areas. The relative strengths and limitations of each approach as a 'proxy' for poverty are outlined in Table 5.

A key consideration when negotiating employment and training obligations is the extent to which contributions should be targeted to support particular priority groups or geographical areas. Macfarlane with Anthony Collins Solicitors LLP (2015) have advocated that public procurement could target disadvantage more explicitly by stipulating that a quota of the jobs created should be 'first job opportunities' for young and marginalised people. Commissioning organisations will need to designate local support agencies that can help contractors meet quota obligations in order to comply with EU competition rules, but that should not be difficult for local authorities.

Challenges

Targeting beneficiaries from a particular subgroup of unemployed people is likely to be more challenging and costly than targeting unemployment alone, especially if the aim is to target subgroups with more complex needs. Local authorities and stakeholders will therefore need to make decisions about the most effective use of resources in relation to the targeting of procurement outcomes. Those decisions will vary between projects depending on the scale, location and nature of the opportunities that can be generated. Any targeting of policy will need to be informed by the dimensions and nature of poverty and associated barriers in the local area (Campbell, 2001).

Targeting outcomes at particular groups might influence the measures that are included in procurement contracts. For example, apprenticeships are a key element of employment and training obligations (Jackson and Harrison, 2013) but many jobs in construction and other sectors do not need staff who have completed a traditional apprenticeship. It is possible that procurement agreements could connect better to people in poverty by supporting a larger number of traineeships that might require six months' employment with in-work accreditation, rather than the longer apprenticeship route that might exclude some subgroups because of the academic qualifications and commitment required.

There are few recorded examples where procurement outcomes have targeted particular subgroups or personal characteristics in relation to poverty and disadvantage. Therefore there is currently no reliable evidence base for assessing the costs and benefits of different approaches.

Table 5: Approaches to targeting households in poverty

| Broad target | Example | Strengths | Limitations |
|---|---|--|--|
| <p>Employment/benefit status</p> <p>Most commonly targets unemployed people or an unemployed subgroup by duration (long-term unemployed people) or age (older or younger unemployed people)</p> | <p>The Northern Ireland Executive Unemployment Pilot Project (UPP) (launched in 2003) uses procurement to create employment opportunities for unemployed people. It involves contract services such as cleaning, catering and security, and construction works such as road improvements and harbour works</p> | <ul style="list-style-type: none"> • Targeting unemployed people is a reasonably close proxy for poverty (Fenton, 2013) • Can be combined with a target for subgroups (e.g. younger or older unemployed people) or particular neighbourhoods • Easy to link into existing supply-side infrastructure targeting unemployed people e.g. as a referral route | <ul style="list-style-type: none"> • May encourage ‘creaming’ where unemployed people closer to the labour market but not necessarily poor or experiencing long-term or entrenched poverty are supported first • A focus on ‘formally’ unemployed people will exclude those not claiming benefits or ineligible to claim |
| <p>Priority groups</p> <p>Targets a particular subgroup by a social or demographic feature e.g. lone parents or disabled people</p> | <p>The City Council in Rotterdam in the Netherlands has been using social clauses in procurement since 2005. Under this policy, every public sector contract worth over €15,000 must allocate between 5 and 50% of the contract value to providing employment opportunities and work experience for disadvantaged people. Target groups are long-term unemployed people, older unemployed people, disabled people and vocational students</p> | <ul style="list-style-type: none"> • Priority groups are often likely to experience a higher risk of poverty than others • May be easy to link into infrastructure supporting particular groups e.g. employment programmes targeting Incapacity Benefit/Employment and Support Allowance claimants provide access to individuals with a disability or work-limiting health condition | <ul style="list-style-type: none"> • Often not as close a proxy for poverty as employment/benefit status although difference will vary by group • Focusing on social or demographic factors alone will exclude many households in poverty without a member within the priority group; conversely, it will include many households that do not face poverty as it does not take income or wealth into account • Unlike targeting by employment or benefit status, it does not, even indirectly, take income into account |

| Broad target | Example | Strengths | Limitations |
|--|---|---|---|
| <p>Disadvantaged areas</p> <p>Focuses on priority areas usually identified by some measure of deprivation e.g. levels of worklessness or ranking in the Indices of Deprivation</p> | <p>A Section 106 agreement for a retail development drawn up by Southampton City Council required a financial contribution towards pre-employment training for people who faced 'barriers to work' and lived in priority disadvantaged neighbourhoods</p> | <ul style="list-style-type: none"> • Recognises that poverty is spatially concentrated • May be more resource efficient and effective to tackle poverty in areas where it is most prevalent e.g. because an initiative can operate from a single site • Does not prioritise one group at the expense of another • May capture some individuals or households experiencing in-work poverty if not just targeted at those out of work | <ul style="list-style-type: none"> • May include many households in target areas that are not experiencing poverty, while excluding other nearby households that are in poverty but outside the boundary of the initiative • Does not account directly or indirectly for household income or wealth • May be difficult to identify partners in a defined geographical area if local infrastructure is limited • Can be controversial if seen to privilege one area over another |

Monitoring and evaluation to support inclusive growth

Good practice guidance on procurement emphasises the importance of robust monitoring and evaluation in ensuring that requirements are enforced and potential policy drift is identified at an early stage (Sutherland *et al.*, 2015, p. 35). However, as indicated in Chapter 4, in the UK, monitoring and evaluation are often limited to basic data about the number of unemployed beneficiary starts and whether they are residents in an area of deprivation. There is limited detailed evaluation of 'deadweight' (i.e. what would have happened anyway) and the long-term implications for beneficiaries and priority groups. It will be important, therefore, to address this. It might also be useful to track people who were not offered work through guaranteed interviews and understand why this was the case.

Monitoring can be included as a procurement obligation, but gathering detailed information about beneficiaries can be expensive if it requires additional data collection and it will not extend beyond the life of the project (Macfarlane with Anthony Collins Solicitors LLP, 2014). The full benefits of community benefits clauses 'will take time to come through and there may be a significant time lag before the long-term benefits can be seen' (Sutherland *et al.*, 2015, p. 36), but any monitoring after contracts are signed off would need to be resourced by the commissioning organisation and stakeholders.

The benefits of detailed monitoring need to be balanced against the resource costs. Nevertheless, it is possible that monitoring of procurement outcomes could be improved at relatively low cost by recording:

- relevant characteristics of unemployed beneficiaries (e.g. first job opportunity, length of time unemployed)
- the pay and conditions of jobs generated through procurement agreements
- the numbers and unemployment profiles of those who were unsuccessful in gaining work after guaranteed interviews.

It is possible to measure the short-term sustainability of community benefits clauses in terms of the numbers employed at 26 weeks after a job/apprenticeship starts. The rationale is that 26 weeks is a 'significant period of work that allows individuals to develop skills and demonstrate their commitment to work and most contracts are still ongoing at 26 weeks enabling contractors to provide the majority of this data as part of the contract monitoring arrangements' (Sutherland *et al.*, 2015, p. 35). It is also recommended that 'contractors should also be required to record the destinations of leavers as far as they know them' (Sutherland *et al.*, 2015, p. 25).

There are limits to monitoring additionality, but the contracting organisation could be asked to assess the extent to which the opportunities were additional and/or whether they would otherwise have been targeted at priority groups (Sutherland *et al.*, 2015).

7 Connecting people in poverty to jobs through supply-side support

Connecting people in poverty to sustainable employment requires a range of co-ordinated interventions – on the supply side in terms of the employability (skills, qualifications, motivation) of those out of work and on the demand side in terms of increasing the quantity or quality of available employment (Green *et al.*, 2015). This chapter focuses on the former, although examples of both are presented in Table 6.

Table 6: Supply- and demand-side initiatives to support pathways to employment

| Supply-side initiatives | Demand-side initiatives |
|---|---|
| <ul style="list-style-type: none"> • Training • Education (vocational or general) • Apprenticeships • Work experience • Information, advice and guidance • Job search support (job search, job applications, CVs, mock interviews) • Life skills (budgeting, timekeeping, personal appearance) • Behaviour and motivation | <p>Localised job creation including:</p> <ul style="list-style-type: none"> • intermediate labour markets • public procurement agreements whereby contractors with the public sector agree to provide jobs to local people • job subsidies for local employers to create jobs • support for the start-up and development of local businesses and enterprise • inward investment. |

Source: Crisp and Fletcher (2013)

Pre-employment and in-work support will be important in channelling people to jobs and ensuring that they are able to access some of the better jobs that are being created. It is well established that intensive, personalised support can play a key role in helping disadvantaged and marginalised people to find sustainable employment (Crisp *et al.*, 2012). The long lead-in times of development projects can ensure that delivery infrastructure is in place in sufficient time to maximise the employment and training benefits of infrastructure development. This includes effective co-ordination of relevant mainstream employment and skills programmes. Engaging employers helps to ensure that provision is tailored to their needs (Green *et al.*, 2015).

There is an extensive literature on good practice in providing the pre-employment support that is needed to overcome labour market disadvantage and barriers to taking up employment. Issues to be addressed include:

- basic employability skills
- confidence and motivation
- barriers relating to health and wellbeing
- the cost and availability of transport and childcare
- financial shortfalls when moving from welfare to work

- any formal qualifications or specific vocational skills required to access work in a particular sector (see Green *et al.*, 2015, for a review).

The following sections focus on areas where bespoke support can help local people to access the employment and training opportunities created by development projects in terms of pre-employment support for particular projects, shared apprenticeships for construction, and in-work training and employment transition frameworks.

Bespoke pre-employment support

The scale of the employment opportunity generated by development projects and/or gaps in provision will usually provide the basis for bespoke support in order to maximise job opportunities for local jobseekers. In Bristol, a Section 106 agreement linked to the Cabot Circus shopping centre levered a package of support for unemployed residents from Bristol's deprived communities, including:

- the promotion of vacancies through job centres and jobs fairs
- a Cabot Circus Jobs Bus that visited deprived communities
- free training courses developed with input from employers
- community work with local neighbourhood and voluntary groups.

In total, 76 per cent of Cabot Circus retailers took advantage of the services on offer and 50 per cent of the jobs were filled by local people from disadvantaged groups or target areas (Glossop, 2009).

Manchester City Council has used its own funding to support people in receipt of Incapacity Benefit/Employment Support Allowance to access end-use retail opportunities in two separate supermarket developments, because existing Skills Funding Agency funding would not have covered pre-employment support for this group (interview).

The Alloa Initiative in Scotland is an important example where bespoke pre-employment support helped to lever an employer commitment to guaranteed job offers. New Deal and Training for Work funding was used to provide an integrated package of pre-employability support in preparation for the opening of a Tesco superstore. This included an eight-week pre-employment training course with placements and support for childcare and transport, and with a guaranteed job at the store on completion (McQuaid and Lindsay, 2005). It is reported that of 278 jobs, 184 were filled by local residents, with 109 being disadvantaged jobseekers. Thirteen weeks after taking up their positions at the store, 102 of the 109 trainees remained in post. However, there is no evaluation of additionality or deadweight associated with those outcomes. The Alloa Initiative stands out because of its provision for guaranteed jobs on completion of the pre-employment training course.

Shared apprenticeships and local pathways to employment in construction

Construction is a growth sector with good prospects for well-paid work and career and wage progression. However, the duration of a construction contract is not always sufficient to complete an apprenticeship or other training. Cases have been reported where trainees have been left without continued funding or industry support when their site placement has ended. The Construction Industry Training Board has tried to address this by introducing 'shared apprenticeship' schemes involving several construction firms. It has also collaborated with the National Apprenticeship Service to establish apprenticeship training agencies (NAS, 2013). The primary attachment of the apprentice is to the apprenticeship training agency, with students having a series of scheme placements with various contractors on a range of development sites while qualifying.

Reds10 is a National Apprenticeship Service-approved apprenticeship training agency that has been commissioned by the London Legacy Development Corporation. It works with prime contractors and

subcontractors to broker apprenticeship and job opportunities for local residents in the £292 million Queen Elizabeth Olympic Park regeneration programme (Chevin, 2014). It targets in particular those from underrepresented groups who face significant barriers to entering or returning to the labour market. The brokerage aspect of the project involves a bespoke online portal to which contractors upload vacancies, which are then visible to all potential referral agencies in the area, including Jobcentre Plus and key specialist organisations such as Women into Construction.

The Group Training Association is a construction-focused shared apprenticeship scheme delivered in the North West region by the Greater Manchester Chamber of Commerce. It works primarily with public sector clients, including local authorities, to combine separate projects into a programme of activity that can provide sustained apprenticeship opportunities. It works closely with the North West Construction Hub, which is a vehicle for public sector organisations to procure high-value construction projects in the North West. Until recently, the Group Training Association has been funded through discretionary funding streams but the plan is to move to a more sustainable financial model. Contractors will be asked to contribute approximately 3 per cent of the contract value towards the cost of apprenticeship wages and training, with a further contribution (approximately 0.5 per cent of the contract value) to cover management costs in negotiating and overseeing local labour agreements.

In-work training is particularly important in providing stepping stones from welfare to work in construction (Greater Manchester Chamber of Commerce, 2015). A pre-employment training scheme for construction is currently being piloted by the Nine Elms Vauxhall Partnership's Joint Co-ordination Unit as part of the Nine Elms on the South Bank project in London. The aim is to help local residents gain the CSCS cards and tickets needed to access construction opportunities, and also to get 653 young people into jobs through the pre-employment route between 2014 and 2019 (Nine Elms on the South Bank, 2014). It should be noted that the UK government intends to replace some of the current public subsidies for apprenticeships with a business levy and that might affect the willingness of contractors to enter into apprenticeship agreements.

The Groundwork Trust is working in partnership with Scarborough Borough Council, Kebbell Homes and the developer Keepmoat to create a construction skills village to help young people move into jobs that meet employer needs (Kebbell Homes, 2014). The skills village partnership works with a range of training providers and creates in-work training opportunities with key developers and their supply chains across the local authority area. The village has a physical presence in a new housing development, with learning facilities including an indoor classroom, outdoor learning pods, and office and welfare facilities.

Development projects as the basis for transitional employment frameworks

A transitional employment approach such as the intermediate labour market (ILM) has been shown to have particular benefits in creating pathways for people who need a longer-term programme of support before employment entry. ILM programmes create temporary waged positions, usually with the requirement that they offer community benefits. A recent example is the national Future Jobs Fund programme, which created more than 100,000 full-time posts in the public and voluntary sectors for six months. Of Future Jobs Fund participants, 43 per cent moved into work with a cost per job outcome of £9,000 (CESI, 2011). The fund was found to be effective in supporting those considered the hardest to help.

ILMs have included work undertaken as part of major refurbishment or development projects. For example, the Wise Group set up an ILM to support long-term unemployed people to deliver a major programme of refurbishment to social housing in Glasgow and the London Borough of Newham. The scheme paid the 'rate for the job' for 44 weeks and provided opportunities for on- and off-the-job training. An evaluation of the scheme found that it engaged high numbers of long-term unemployed people (81 per cent of trainees in Glasgow and 65 per cent of trainees in Newham) (McGregor *et al.*, 1997). Outcomes also proved sustainable for some of the beneficiaries furthest from the labour market: 44 per cent of trainees who had been unemployed for two years or more before joining the Wise Group were still in a job six months after leaving.

ILMs are not easy to set up, especially in the current funding and policy context because of the costs involved. They also require strong leadership, partnership working and skilled and capable managers (Marshall and Macfarlane, 2000).

There is a building trades pathway in the Get Bradford Working ILM programme, which draws on funding from Bradford City Council, Jobcentre Plus, the LCR Head Start programme and the Incommunities housing association. The pathway is linked to social housing refurbishment and, as with the rest of the ILM programme, it specifically targets Bradford residents who are unemployed, who are claiming active benefits and aged 18–24 or over 50 years, or who are disabled or have a work-limiting health condition. The ILM framework has required a considerable contribution from Bradford City Council (£4.5 million), but so far there has been no detailed evaluation of the initiative.

8 Summary of Part One

Evidence suggests that development projects can provide valuable opportunities to support pathways into employment that can help to tackle poverty and disadvantage. Development pipeline analysis points to significant public and private investment in a range of new-build capital projects, including infrastructure, commercial development and market and social housing projects, over the medium and longer term.

Development projects are particularly valuable because of the potential to use policy levers in procurement and Section 106 to 'ringfence' opportunities for priority groups. However, making full use of those levers depends on the affordability of contracts and the scale and viability of development.

The additional staff time needed to provide an effective framework for leveraging opportunities and connecting those opportunities to priority groups should not be underestimated. But it can be difficult to justify in a context of funding constraints where local authorities and stakeholders are expected to bear the costs of labour market support without receiving the full financial savings when people move from welfare to work.

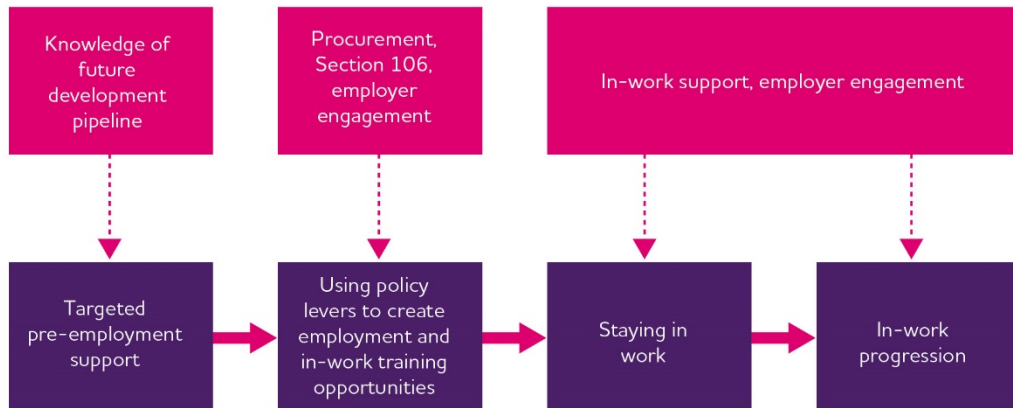
Organisations and agencies will need to make decisions about the costs and benefits of intervention around development projects relative to other areas of intervention in the context of resource constraints. Unfortunately, there is not a clear evidence base or simple calculation that can guide those decisions.

Evidence suggests that employers and contractors are unlikely to be resistant to the principle of community benefits, especially as they often gain considerably from supply-side support accessed through procurement and Section 106 obligations. However, there is limited information on whether developers and contractors can be required or encouraged to support more challenging agreements such as tariff payments in Section 106 agreements or guaranteed jobs for priority groups. That needs to be tested. There is, however, evidence that leading contractors are willing to engage in employment and skills initiatives above and beyond formal procurement and Section 106 agreements.

This evidence review highlights the need for partnership working and collaboration in maximising existing resources and ensuring that opportunities are connected effectively to the alleviation of poverty and disadvantage. There may be scope for local authorities and commissioning organisations to share knowledge and expertise so as to lever more and better opportunities through procurement and Section 106 agreements. Enhanced supply-side support for construction and end-use opportunities will require integrated partnership responses involving a range of organisations and agencies.

Figure 2 shows how linked policy interventions can help support sustainable pathways into employment through development projects.

Figure 2: Supporting pathways to employment through development projects



Part Two:

Enhancing policy and practice in the Leeds City Region

9 A review of policy and practice in the Leeds City Region

Part One presented evidence on the opportunities and challenges in generating recruitment, employment and training opportunities from major development projects. The aim of Part Two is to examine relevant policy and practice in the LCR and identify opportunities for taking the agenda forward. This chapter outlines the institutional context and key aspects of policy and practice in relation to maximising employment and training opportunities from development. Chapter 10 presents recommendations for enhancing policy and practice based on interviews and discussions with policy-makers and stakeholders.

Methodology

The analysis in this chapter draws on interviews and discussions with over 50 core stakeholders in the LCR and a review of selected major development projects through interviews and documentary analysis. The research involved representatives from:

- all of the local authorities in the LCR
- the West Yorkshire Combined Authority
- the Leeds City Region Enterprise Partnership
- contractors, developers and employers working on current or recent development projects in the LCR
- Jobcentre Plus and providers of employment, training and skills support.

There was ongoing discussion with the core stakeholders in relation to policy development. Formal interviews were taped and transcribed and some verbatim quotes are presented in the analysis in this chapter. Text boxes draw out implications for enhanced policy and practice.

The Leeds City Region: economic and social context

The LCR is located in the north of England and covers the local authority districts of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York, with a combined population of just over three million people in 2014. Historically, the area focused on production and manufacturing, and has had to 're-establish itself with a greater focus on service-related, technological and innovative new industries' because of structural changes in the economy over the past 30 years (Denison *et al.*, 2014).

The LCR was 'hit harder and for longer by the recent recession than the rest of the UK' (Denison *et al.*, 2014, p. 11). Growth of 13.9 per cent is forecast to 2020 but 'it will still probably lag behind the UK average (a forecast 15.1 per cent)' (Denison *et al.*, 2014, p. 11). The LCR is the UK's largest economic and population centre outside London, generating 4 per cent of national economic output and employing 1.3 million people (Denison *et al.*, 2014).

An assessment of the LCR's economic performance in 2014 highlighted the possibility of a 'two-tier recovery' unless action is taken to help connect jobs to local unemployment, and also the potential to boost the economy by tackling poverty (Denison *et al.*, 2014). The findings were as follows:

- There are 130,000 unemployed people in the LCR, around 8.7 per cent of the workforce. Halving this would add £952 million to the region's economy – equivalent to 1.8 per cent of the region's Gross Domestic Product.
- By 2020, 81,000 new jobs are likely to be created in the LCR, but one in four jobs – around 140,000 – will be low-skilled and low-paid.
- The challenge remains of better connecting people to jobs created by growth. The working-age employment rate across the LCR continues to lag behind the UK average (70.3 per cent compared with 71.1 per cent).
- In the LCR, between 275,000 and 343,000 people are paid below the National Living Wage.
- Twenty-nine per cent of residents live in neighbourhoods ranked among the top fifth most deprived in the UK.
- Out-of-work benefit costs could be costing the LCR in the order of £2.06 billion; troubled families cost around £600 million and child poverty around £700 million in Bradford and Leeds alone.
- Across the LCR, 22,600 people have been claiming unemployment benefit for over a year.

There are important differences in market conditions and the volume of development projects across the LCR. Investment and jobs growth is strongest in Leeds and York; and York has lower levels of poverty than West Yorkshire. There are significant localised pockets of deprivation in Bradford; and Barnsley, Bradford and Wakefield have higher than average levels of employment deprivation (Denison *et al.*, 2014). In 2014, JRF entered into a partnership with the Leeds City Region Enterprise Partnership (LEP) and Leeds City Council to find ways to connect people and places in poverty to opportunities generated by economic growth. This report is part of that programme.

Institutional context

The idea of a 'Leeds City Region' has evolved through partnership work over the past decade. Since 2011, city-regional governance has been supported by the LCR LEP, which has a remit to drive economic growth in the city region. A West Yorkshire Combined Authority (WYCA) was proposed in 2012 as part of a City Deal agreed with national government and established in 2014. The WYCA covers a slightly different geography from the LEP because its constituent members are the West Yorkshire authorities, although the other non-constituent members are represented on the WYCA board.

Responsibility for taking forward the agenda set out in this report is shared across a range of organisations with different roles and interests. The core strategic and delivery agencies are as follows.

Local authorities are commissioners of capital projects and responsible for granting planning permission for development projects. They also provide a range of employment and skills support as part of their broader economic and social role. The context for intervention in different local authorities can vary widely depending on:

- the size of the local authority
- the local economic and development context
- the scale and viability of development activity and public procurement
- levels and types of unemployment, worklessness and poverty.

The LCR LEP is a public–private partnership with a remit to drive economic growth in the city region. The LEP's interest in employment creation from development projects is mainly strategic and concerned with:

- maximising the employment opportunities presented by major capital investments
- ensuring that LCR residents can access these employment opportunities
- ensuring that businesses can access the skilled workforce that they need.

The LEP delivers a range of strategic activities that will contribute directly or indirectly to the agenda set out in this report, including a range of employment and skills, careers and business support programmes. The LEP also sets procurement obligations through its allocation of growth funds.

The West Yorkshire Combined Authority (WYCA) is the LEP's accountable body with a remit that includes transport and economic growth. It is responsible for investing in over £600 million of capital projects funded through the city region's Growth Deal, including investment on behalf of the LEP, for example £456.2 million in transport and £36.6 million in housing/regeneration.

The Department for Work and Pensions (including Jobcentre Plus) delivers initiatives that will support pathways into employment such as work experience, sector-based work academies and a range of individually tailored support for unemployed people. Jobcentre Plus is the delivery organisation for the department and as such has a key responsibility of moving people into work and understanding the local labour market.

Other key stakeholders relevant to employment creation from development projects include training providers, third sector and community organisations, employer organisations (including the Construction Industry Training Board), and employers, developers and contractors active in the LCR.

There is not a single, co-ordinated framework for maximising employment and training opportunities from major developments across the LCR. Aspects of the agenda are discussed at meetings of the LCR's employment and skills officers, but practices vary across local authorities (see below). The agenda spans different panels and advisory groups within the LCR LEP. Local authority interviewees emphasised the need to maintain an appropriate balance between collective approaches across the city region and the choices of individual local authorities.

During the research the LEP sought to move the strategic agenda forward by commissioning research on the 'capital skills pipeline' that will help to inform future policy. The following sections analyse the issues in more detail. The analysis starts by reviewing existing evidence about the project pipeline.

The development project pipeline in the Leeds City Region

The analysis in Part One highlighted how intelligence about the development project pipeline could inform employment and skills strategy so that there is appropriate pre-employment support.

There is no detailed development project pipeline analysis comparable to the studies commissioned by the Greater Manchester Chamber of Commerce for Greater Manchester and the North West region (Greater Manchester Chamber of Commerce, 2015). However, the LEP and Leeds City Council are currently undertaking detailed capital skills pipeline analysis (with the former being the lead). This will provide better intelligence about the scale of opportunity associated with major development projects in the LCR and inform future policy.

The pipeline analysis is being undertaken with the Construction Industry Training Board and the Regional Economic Intelligence Unit and is due to be completed by summer 2016. The study will analyse demand for labour from the project pipeline and test possible 'solutions and policy levers' for maximising employment creation, including:

- planning and procurement
- funding to develop provision to address skills gaps
- incentivising apprenticeship take-up in shortage areas
- subsidies for training and retraining.

The ‘solutions and policy levers’ phase of the study is scheduled for the first half of 2016 and represents an important opportunity to engage local authorities and stakeholders in mapping out an appropriate set of policy responses. It is important that the study considers end-use as well as construction opportunities.

Initial findings from the analysis show that, in mid-2015, £19 billion of investment in capital projects and infrastructure was already in the planning system. This figure does not include developments that do not require planning permission or developments that have not yet entered the planning system, including some approved for funding by the LCR Growth Fund. Opportunities are being created across a range of different types of development.

The Construction Industry Training Board has reported that nearly 15,000 new construction jobs will be created in the LCR over the period 2015–19 (CITB, 2014).

In the absence of available pipeline analysis we drew on information that is publicly available on websites to identify 226 capital infrastructure projects in progress or planned for the period 2015–21 across the LCR. Energy/low carbon, transport, commercial construction and housing accounted for the greatest levels of expenditure among those projects, with over £1 billion planned expenditure in each of the first two of these (see Table 7). This information needs to be treated with caution because it does not capture the full range of investment. Nevertheless, it demonstrates the range and diversity of capital projects in the LCR.

Table 7: Project pipeline from 226 major development projects in the Leeds City Region

| | Number of projects | Number of projects with expenditure | Expenditure (£000s) |
|--|--------------------|-------------------------------------|---------------------|
| Energy/low carbon | 15 | 13 | 1,227,461 |
| Transport | 98 | 89 | 1,125,661 |
| Commercial and industrial premises/sites | 47 | 13 | 665,600 |
| Housing | 39 | 8 | 395,900 |
| Innovation and business development | 18 | 17 | 93,500 |
| Education and skills | 12 | 10 | 80,020 |
| Public realm | 5 | 3 | 57,440 |
| Green infrastructure | 11 | 9 | 39,000 |
| Digital infrastructure | 1 | 1 | 20,100 |
| Total | 246 | 163 | 3,704,682 |

Note: Some projects are counted twice across different sectors.

Source: primary research undertaken by the project team

Box 2: Enhancing policy and practice in the Leeds City Region: understanding the opportunities

Part One of this report emphasised the value of gathering and disseminating evidence on the scale and type of 'new job' opportunities being generated by development projects and the potential barriers to securing employment and training benefits for local residents. Good-quality pipeline analysis is needed to support targeted intervention on both the demand side and the supply side.

Pipeline analysis is currently being led by the LEP's capital skills pipeline study, which includes a framework for identifying solutions and policy levers. This is a major opportunity to raise awareness of the agenda among key organisations and stakeholders and identify opportunities for cost-effective intervention to maximise benefits for local residents and priority groups.

Key actions/responsibilities:

- The LEP is in a position to play a key role in facilitating discussion about solutions and levers in response to the capital skills pipeline analysis. It will be important to involve local authorities and core stakeholders in policy formulation.
- The capital skills pipeline analysis will have implications for policy and practice for individual local authorities.

The use of procurement to create employment and training opportunities

Capital projects are commissioned by a range of organisations within the LCR, including local authorities (and in some cases by more than one department within a local authority), the WYCA, educational institutions and central government departments.

There are examples of very good practice in the LCR. In 2011, Leeds City Council introduced an integrated corporate framework to maximise employment and training benefits from development projects through procurement and Section 106 agreements. The council automatically considers employment and training obligations for all publicly procured projects over £100,000 and also lower-value contracts where relevant.

It is recognised that 'such additional outputs or benefits are likely to come at a cost to the procurement' (Leeds City Council, 2014a). Leeds City Council's Employment and Skills service co-ordinates across the different elements of employment and skills obligations, with Employment Leeds being established to provide 'a single point of contact for employers and a more coherent approach to skills training and employment support services' (Leeds City Council, 2014a).

In 2014, Leeds City Council (2014b) reported that in a period of just over 12 months, 1,230 local residents had secured jobs and 57 young people had benefited from the apprenticeships created or safeguarded through the new planning and procurement policy framework. The council's enhanced approach to procurement is not cost free, however. Additional staff resources have been required in the procurement team and the central Employment and Skills support.

Leeds City Council has developed its approach to procurement over time in an ongoing process of learning and development. Considerable work is put in to ensure a consistent understanding of the approach across key teams in the local authority. The procurement team has also extended its expertise in dealing with different kinds of project.

York City Council is seeking to embed employment and skills plans to secure locally targeted employment, supply chain, training and education opportunities across three main areas of infrastructure:

- capital build via procurement and planning
- end use of build direct with private clients
- revenue spend procured on end use.

Wakefield Council does not have a formal strategy for securing employment and training outputs, but these are routinely built into contracts and the assessment of tenders “as a matter of course” (local authority). Other authorities have used procurement to generate employment and training opportunities when there have been suitable development projects. The LEP is proactive in requesting employment and training contributions as a condition of its grant and loan funding in housing and regeneration.

However, many authorities do not have a strong corporate framework for securing employment and training outcomes through procurement because there is not enough development of sufficient scale in their respective areas to justify developing an appropriate policy and support framework.

Most authorities have not established corporate frameworks for exacting community benefits from procurement. Community benefits are not a standard requirement in central government commissioning. Projects such as the M62 Smart Motorway (commissioned by the Highways Agency) did not require local employment and training contributions as part of its contractual obligations. The project included targeted education, employment and training obligations only because the main contractors – BAM Nuttall and Morgan Sindall – successfully applied for National Skills Academy for Construction status for the project, which is a project-based training concept led by the Construction Industry Training Board.

The WYCA manages a large portfolio of projects funded through the LCR Growth Deal. Its investment panel does not currently ask for employment and training obligations, but a framework is being developed.

Reflections on good practice in procurement

Local authorities, contractors and employers emphasised the need for flexibility when it comes to enforcing employment and training obligations. An overly prescriptive approach could lead to contractors ‘ticking boxes’ rather than delivering meaningful outcomes. Contractors are also likely to become more risk averse in agreeing to obligations. Leeds City Council points out that the failure to deliver employment and training outcomes in procurement contracts has been largely due to difficulties in recruiting apprentices on the construction side, but this has been compensated by additional employment and training outcomes.

It is also important to tailor intervention to particular projects. A high number of contracts that meet Leeds City Council’s £100,000 threshold for appraisal have been assessed as not suitable for the inclusion of employment and skills obligations. This reflects the specialist nature of some contracts, the higher skill levels required and limitations due to the length of the contract. The £100,000 threshold is fairly low for community benefits obligations and that might also explain why so many projects were not considered suitable. However, the policy aspiration to include smaller projects is important in ensuring that opportunities are maximised where this is possible.

The potential for a collective approach to procurement

There may be benefits for some of the local authorities in developing a collective approach to aspects of procurement by sharing expertise and acting collectively where links can be made across projects. Since 2008, local authorities have been able to access support for the procurement of construction contracts through the YORbuild framework. This covers Yorkshire and the Humber and was set up with funding from the Regional Improvement and Efficiency Partnership and YoHr Space.

The YORbuild framework includes commitments to community benefits but this was not felt to be used to its full potential within the region. Assessment of the YORbuild project database suggests that

employment and training obligations are not routinely included in projects. The YORbuild framework expired at the end of November 2015 but it has been replaced by a new 'YORbuild 2' framework.

There is interest in the LCR in working across local authorities to maximise benefits from development projects where there is an overlap in skills needs and training opportunities. This is exemplified by a proposal to maximise apprenticeship opportunities from the Housing and Community Agency's 2015–18 Affordable Homes refurbishment programme. The Affordable Homes programme will help to fund 2,444 homes in the LCR through an allocation of £61 million. This allocation to the LCR was the largest of any LEP area. A combined commissioning strategy for the LCR housing schemes is calculated to generate 121 qualified apprenticeships by 2018, compared with 98 apprenticeship starts and no completions if the delivered schemes were treated as standalone projects of 100 dwellings. In 2011, employment and skills outcomes were removed from Housing and Community Agency funding requirements but they can still be included via the local authority procurement route.

Generating employment and training contributions through Section 106 agreements

The use of Section 106 powers to lever employment and training benefits follows the same pattern as procurement. The use of Section 106 agreements can be challenging because it relies on developer engagement and there can be challenges in ensuring that agreements with the developer are maintained by contractors and end-use employers: "that is often the place where the breakdown happens" (interview). However, Section 106 is felt to open up discussion with developers and contractors that would not otherwise happen and can create valuable opportunities as a result.

Leeds City Council stands out nationally for its use of Section 106 to create employment and training opportunities. It has reported that 'feedback from developers has indicated that they value the key account management approach to support them to link to key providers and navigate the provision of local employment and skills programmes to achieve their targets' (Leeds City Council, 2014a). It has also reported that 'good relationship management and partnership working is essential' because contractors and developers are aware 'that the S106 is not legally binding' (Leeds City Council, 2014a).

Over time, Leeds City Council has learned how to use Section 106 more effectively. For example, a number of the early Section 106 agreements did not take account of employment opportunities with end users of the development and only included obligations on the construction phase. The format and content of the agreements have since been strengthened and now include requirements for developers to submit an employment strategy that details how they will work both with the council during the construction phase and with the end occupiers of the development.

Section 106 powers are not generally widely used to generate employment and training opportunities within the LCR. In many cases there is simply not the pipeline of projects that can support employment and training obligations. Local authorities also emphasised that using Section 106 for employment and training "would be meaningless" (local authority planning officer) without the input of specialist employment and skills support.

Leeds City Council and other local authorities have drawn on the specialist support of Construction and Housing Yorkshire to maximise employment and training outcomes from procurement and planning. This is a contracted provider based in Leeds with expertise in working with local authorities and contractors to generate employment opportunities and provide construction skills to the industry.

Engaging with employers

Procurement and Section 106 agreements are not the only means of generating targeted employment and training commitments in the LCR. Local authorities will seek to work with employers and contractors to maximise local job opportunities from major development projects even if they do not use procurement and Section 106. Although concerns about development viability led to planning obligations on the £320 million Broadway retail centre in Bradford being waived, the local authority was able to

work with the developers on a local employment and skills framework that has provided opportunities for a retail academy linked to the development (see the section 'Wraparound support' below). Significant officer time and resources were put into working with the developer of the retail site.

York City Council has developed recruitment strategies to support local residents at different levels of job entry with a range of 'end-use' employers, including Hiscox, John Lewis and Primark. Working in partnership with the Department for Work and Pensions, the National Citizen Service and training providers, the council has planned 'quality-assured' pre-employment training with John Lewis and Primark, leading through to guaranteed interviews and job outcomes across a range of entry-level and team-leading jobs for longer-term unemployed people and single parents. Many of the other local authorities mentioned similar initiatives.

Interviews with contractors and developers managing construction projects in the region suggest that there is a willingness to contribute further to local employment and skills, but that would need to be tested in practice. Many of the contractors expect to work on multiple projects in the region in the future and are concerned about skills shortages.

Interviewees emphasised the importance of engaging strategically with private housebuilders and registered social landlords, given their extensive building or refurbishment programmes, and, in the case of registered social landlords, their commitment to supporting deprived communities through employment and skills initiatives. York City Council has worked with Energy Efficiency North to secure apprenticeship opportunities in the procurement of maintenance contracts on council housing stock and new-build hostels. Different recruitment methods are being used to target opportunities at priority groups, including young people living in council housing and care leavers.

Clearly articulated policy commitments can help to reinforce action taken in procurement and planning:

"We need a new partnership between the public and private sectors. We are a city that is open for business, and will support the private sector. But we want something in return. There is a role for business to support communities, and help us tackle unemployment and low pay."

Local authority

Local authorities might consider setting up a Kitemark award for employers and contractors in order to recognise and reward good practice.

Box 3: Enhancing policy and practice in the Leeds City Region: maximising opportunities through procurement, Section 106 agreements and employer engagement

In general, there are not strong corporate frameworks for leveraging employment and training obligations via procurement and Section 106 agreements in the LCR. There are understandable reasons why formal policy has not been developed in local authorities where the scale of the opportunity is fairly limited, but that can lead to missed opportunities. There are opportunities to share experience and expertise across the LCR so as to achieve service efficiencies and lever more out of procurement. Finally, there is scope to extend strategic engagement with developers, contractors and registered social landlords to encourage an increased range of pre-employment and employment entry support for households in poverty.

Key actions/responsibilities:

- Local authorities should review their policy and procedures to investigate whether procurement and Section 106 agreements could be used more effectively to generate local employment and training opportunities.
- The WYCA investment panel should ensure that its major capital development programme includes targeted employment and training outcomes as part of the procurement process.
- Local authorities need to be encouraged to come together to share expertise and knowledge (LEP and local authority partners to facilitate).
- Mechanisms for working strategically with key developers, contractors and registered social landlords need to be developed to encourage an increased range of pre-employment and employment entry support (LEP with local authority partners to facilitate).

Targeting poverty and disadvantage in procurement and Section 106

Where procurement and planning are used to create employment and training outcomes, intervention is not always targeted, supported and monitored in ways that maximise connections to poverty and disadvantage for priority groups. Opportunities are targeted at unemployed jobseekers through referral networks and initiatives in named geographical areas, informed by skill levels and claimant rates across communities and the Index of Multiple Deprivation.

The intention for Leeds City Council is that 'residents from disadvantaged communities have priority access to the employment opportunities' through 'increased outreach activity to raise awareness of the opportunities, engage local residents, provide skills training where appropriate and advise on recruitment processes' (Leeds City Council, 2014a). The targeted area varies 'in relation to the size and nature of the development or contract and the skill levels required for the job roles available' (Leeds City Council, 2014a). Thus, opportunities at the Trinity retail development in Leeds city centre were disseminated across the inner city, whereas those for a retail supermarket in South Leeds were targeted at residents of adjacent wards.

Agreements with Leeds City Council are monitored and outcomes measured in terms of the numbers of local beneficiaries and the numbers of unemployed people moving into work, by ward; around 50 per cent of beneficiaries come from areas of deprivation. However, the monitoring framework does not allow the council to assess the extent to which the beneficiaries come from priority groups at greater risk of experiencing poverty. Furthermore, monitoring data does not capture rates of pay or the duration of any employment secured. As a result, it is not clear whether and to what extent development project opportunities can help to support employment pathways out of poverty. Part One outlined ways in which outcomes could be monitored at a relatively low cost to help assess the impact on different subgroups of unemployed jobseekers.

Leeds City Council does not automatically reserve a quota of opportunities for particular priority groups and there are concerns that such an approach would not be affordable for most projects in the current financial climate, either because of the additional costs for the contractor or because of the need for additional supply-side support. Interviewees across the LCR felt that a 10 per cent quota for first job opportunities (Macfarlane with Anthony Collins Solicitors LLP, 2015) was unrealistic for most projects and not appropriate in some cases. Policy officers felt that a stronger evidence base was needed to inform a more targeted approach. There was interest in experimenting with a more targeted approach if it could be resourced.

Box 4: Enhancing policy and practice in the Leeds City Region: connecting opportunities to poverty and disadvantage

Where procurement and Section 106 agreements are being used, there is only weak targeting of priority groups of unemployed people linked to poverty and disadvantage. Monitoring data does not allow authorities to assess the impact on subgroups of unemployed people or on aspects of poverty or disadvantage. However, connecting opportunities more explicitly to poverty is likely to be challenging and may need some experimentation to test the effectiveness of more targeted approaches.

Key actions/responsibilities:

- There would be significant benefit nationally and within the LCR in experimenting with the targeting of poverty and disadvantage in selected projects, for example through ringfencing a quota of opportunities for particular client groups (funding and support would be required from the LEP/WYCA).
- Employment and training obligations secured through procurement and Section 106 agreements need to be monitored and evaluated in ways that assess their impact on poverty and disadvantage, as outlined in Part One (local authorities).

Wraparound support

Large projects that generate significant employment tend to involve a co-ordinated partnership response involving local authorities, Jobcentre Plus, training providers, employers and other stakeholders. Examples include the £30 million ASDA store in Middleton in Leeds, the retail academy that has been set up to support the Broadway retail centre in Bradford, and close working between Leeds City Council, employers and contractors on the Leeds Arena project (see Table 8). The research for this report suggests that relevant organisations and agencies within the LCR will respond to major development opportunities with a package of tailored brokerage and recruitment services. However, cuts in regeneration funding have made it more difficult to provide wraparound support:

“It was easier in the old Single Regeneration Budget days when there was money. For example, we worked with a new [supermarket] and gave them some financial support to be able to work with local communities. Like all local authorities we’ve had massive cuts, we’re not likely to ever increase the size of the team so it is a challenge.”

Local authority officer

Although procurement has been used to secure guaranteed interviews, employers have tended to retain control over the recruitment process, and this has limited the extent to which the opportunities created have connected to households in poverty. In some cases it has not been possible to put a package of measures together for large retail developments via Section 106 because employers have had limited interest in recruiting from the pool of unemployed people.

Existing government-supported initiatives are an important resource in supporting pathways to employment, but they are not necessarily aligned and can be difficult to co-ordinate (Green *et al.*, 2015). Maximising the value of existing funding is especially important because of cuts in local authority budgets and regeneration funding. Various mainstream and discretionary funding programmes could help to connect unemployed people with opportunities created by development projects. For example, the Work Programme could be used to support ‘traineeships’ for entry-level construction jobs where job opportunities could be identified. The LEP is also responsible for a significant allocation of European Structural Investment Funds from the EU to support business growth and create jobs.

Examples were given of beneficiaries being recruited through the Work Programme. There is also evidence that the flexibility of the Head Start programme was being used to create short-term in-work training and placements to support entry-level jobs in construction. The developer Keepmoat part-funded a tailored Head Start project to provide construction-related work placement, apprenticeship and employment opportunities to local young people as part of the opportunities and learning package for

the Little London, Beeston Hill and Holbeck social housing Private Finance Initiative project in Leeds. This included a CSCS card qualification, and in one instance also provided funding for driving lessons to allow the participant to travel to work. It was reported that around two-thirds of those who took part in this Head Start project moved into employment or apprenticeships on the housing development.

The Holbeck social housing project also included an on-site co-ordinator, funded to oversee the development of employment and skills objectives. The co-ordinator was responsible for monitoring progress on employment and skills targets and providing day-to-day support to apprentices and employees taken on through employability programmes. A key element of the role was to mediate between managers and employers. It is important that existing funding programmes such as the Work Programme are appropriately aligned with opportunities created by development projects across the LCR and this could be reviewed by the Department for Work and Pensions/Jobcentre Plus.

Table 8: Examples of bespoke employment and skills support for major projects in the Leeds City Region

| Development project | Tailored support |
|---|---|
| <p>ASDA Middleton</p> <ul style="list-style-type: none"> • This £30 million ASDA store in Leeds opened in 2014 in an area of deprivation, creating over 350 job opportunities • Section 106 | <p>Employment Leeds worked with nine partner organisations on a programme of awareness raising and capacity building in the local area. Thirty-four information sessions were delivered. The local jobshops and jobcentre invited nearly 1,500 jobseekers to attend, with support from all of the key providers in the area together. The partnership provided information and support to guide candidates through ASDA's rigorous recruitment process. Of 222 posts, 67% were filled by residents from the local area. Follow-up support has been offered to those who were not successful.</p> |
| <p>Bradford's SkillsHouse</p> <ul style="list-style-type: none"> • The Broadway city centre retail complex opened in 2015, creating over 2,000 retail jobs • Section 106 waived | <p>The SkillsHouse retail academy was launched by Bradford City Council with the support of businesses, Jobcentre Plus, colleges and other training providers so that local residents have the right skills to take up employment opportunities in the Broadway retail centre and in the wider Bradford district and beyond. The retail academy provides a one-stop shop for advice and delivers retail training programmes tailored to the needs of employers, including extended periods of work experience in participating businesses. A programme of pre-employment training is offered in retail or hospitality (at least Level 1), customer service or employability support. Individuals undertaking pre-employment training with SkillsHouse are guaranteed an interview and additional support in order to secure employment in the district. SkillsHouse makes use of existing employment and skills support but extra support has been funded by over £1 million of council investment as part of the Get Bradford Working programme.</p> |
| <p>Leeds Arena project</p> <ul style="list-style-type: none"> • This is a £50 million build and management project purchased by Leeds City Council • Procurement clauses | <p>Community engagement events were held in areas of deprivation to raise awareness of the development, and of job and apprenticeship opportunities during the construction work and via the operation of the site on completion. The procurement contract includes significant work experience, 60 new apprenticeships and 110 staff trained to have a new or updated CSCS card.</p> |

A new £1 million three-year Construction Training Programme was developed for the LCR in 2015, funded jointly by European Structural Investment Funds and the Construction Industry Training Board. The programme will include skills conversion pathways for those who are currently economically inactive or unemployed and seek to re-attract those who have previously worked in the industry and are currently unemployed. The Construction Training Programme fills a potentially significant gap in support for older unemployed people.

A number of interviewees questioned whether there was sufficient support and signposting for pathways into construction for unemployed people. The LCR has particular strengths in construction skills training through institutions, including the Leeds College of Building and the Construction Centre at York College. A range of support is available through the provider network. Some of the potential gaps in the pathway include:

- effective signposting and support for construction careers in schools
- pre-apprenticeship training, including traineeships.

Contractors do not always find it easy to recruit to construction jobs:

“If I’m honest I don’t think we have had as many people interested as I would have thought to say how many opportunities were actually there. It’s about needs I suppose as well. What we have found over the last twelve months is a lot of people did leave the industry during the recession and they don’t seem to be returning. That’s probably because a lot of people who left the industry were potentially 45 plus and are hopefully doing something comfortable somewhere else but have no intention of returning to the industry.”

(Contractor)

Employers and contractors reported difficulties in recruiting apprenticeships and highlighted the importance of traineeship-based support in construction:

“The critical factor is to reinstate this provision at 14–16 aka old LSC [Local Skills Council] funded pre-apprenticeships delivered by FE [further education] college ... phenomenally successful for progression opportunities for young people and often those from most deprived areas that want to stay and work locally.”

Local authority officer

“Apprenticeships tend to require some existing level of expertise and will recruit through FE colleges. This recruitment channel will potentially exclude those further from the labour market who are less work ready.”

Employment services provider

The importance of working with schools was also emphasised by a number of interviewees:

“School curriculum – without a doubt, we need to review curriculum to ensure that we are developing a skills-based curriculum that is fit for purpose, in partnership with employers, particularly at 14–16.”

Local authority officer

“I don’t think people understand the various roles in construction and what an excellent career choice it could be, what sort of salaries you could earn and things like that, so there’s obviously a bit of ignorance there. But I think the recession influenced parents to advise their children not to go into construction, but it’s quite the opposite at the moment. It’s a bricklayers’ market out there but there just aren’t enough bricklayers out there.”

Contractor

The LCR is served by the YORfutures Shared Apprenticeship Scheme that was set up in 2013 and is delivered by Futureworks (Yorkshire) as a community interest company. Apprentices are recruited, directly employed and entirely supported for the full duration of their apprenticeship by Futureworks and placed across Yorkshire and the Humber. There has been no independent evaluation of Futureworks but

it offers a potential mechanism for filling gaps in shared apprenticeships. Leeds City Council is currently seeking to develop a shared apprenticeship programme with housing providers and housebuilders on its housing growth programme.

There are initiatives in the LCR to help support employment transition pathways linked to construction. For example, a funding proposal has been submitted for a construction skills centre linked to a major housing development site. This centre would be managed jointly by the public, private and voluntary sectors and would operate from a self-contained compound on a construction site to provide bespoke training and work experience needed to meet employer requirements. One of the aims of the centre would be to support disadvantaged people in overcoming barriers to employment and training. The set-up costs are estimated at £64,500 and annual revenue costs at £43,500, mainly to cover the costs of the centre co-ordinator. Funding is being sought through the European Structural and Investment Funds programme, with matched funding from developers and the local authority.

As reported in Part One, there is a building trades pathway in the Get Bradford Working ILM programme linked to social housing refurbishment. Findings from the evaluation of that programme will be helpful in informing future decisions about transitional employment programmes.

During the research for this report, it was pointed out that engaging priority groups of unemployed people can be challenging and resource intensive for contractors, developers and employers. The analysis above has already highlighted some of the barriers in connecting jobseekers to opportunities. Support is also required when people take up those opportunities:

“They’re learning to be in the working world, one of them has never been employed before and is 21 and with him when he’s at work he’s amazing, they love him, but it’s getting him to work that’s the issue ... I often get ‘I had a dentist appointment so I had the day off’ and they don’t book holiday, they just don’t turn up and don’t tell anyone and I’ve got site managers calling me saying ‘Where is this person? I don’t want them on my site any more, they’re messing me around’. There’s a point where I can’t deal with every situation. It is cost and time.”

Contractor

Funded liaison officers can help to manage relationships and provide in-work support.

Box 5: Enhancing policy and practice in the Leeds City Region: supply-side support

In the current funding context, effective supply-side support to connect opportunities to people in poverty depends on making the best use of mainstream and discretionary funding for employment and skills. There is scope for the Department for Work and Pensions/Jobcentre Plus and local authorities to review the connections between mainstream programmes and the opportunities created by development projects to ensure that opportunities are promoted to key client groups. Local authorities and partners are able to divert resources to provide wraparound support for major development opportunities, but this often does not stretch to the sorts of pre-employment and in-work transitional support that can maximise opportunities for those with more complex needs. Project pipeline analysis can help to identify opportunities to pool resources to make a valuable contribution, especially as it would create the lead-in time needed to put together a package of funding and support involving key stakeholders. The research suggests that there may be value in reviewing whether pathways to employment in construction are clearly signposted and supported for priority groups.

Key actions/responsibilities:

- Consideration of 'solutions and levers' in the LEP capital skills pipeline analysis should include a review of pathways to employment in construction to ensure that they are clearly signposted and supported for priority groups. This would include careers advice and support in schools (LEP to facilitate as part of the pipeline analysis study).
- Consideration of shared apprenticeships and pre-apprenticeships for construction should be included in the pipeline analysis study (LEP to facilitate as part of the pipeline analysis study).
- Partners within the region should seek opportunities to experiment with targeted pre-employment and in-work transition mechanisms around selected opportunities (LEP to facilitate as part of the pipeline analysis study).

10 Enhancing policy and practice in the Leeds City Region

There are a number of opportunities and challenges in enhancing policy and practice in the LCR to maximise the local employment and training opportunities created by major development projects and help ensure that they do not bypass those who are most in need. Opportunities to take the agenda forward include the following:

- The LCR has a strong pipeline of project investment.
- The LEP is taking the lead in gathering and disseminating intelligence about the project pipeline and its implications for employment and skills policy.
- There is evidence of increased political commitment to taking forward the agenda in local authorities and agencies, including growing support within the LEP for co-ordinated intervention.
- There is a store of good practice, knowledge and expertise in the LCR in relation to procurement, planning and supply-side support that could be shared more effectively to reduce costs and improve outcomes.
- There are strong networks of education and training provision in construction within the LCR.
- There are opportunities to support the agenda through mainstream employment and skills programmes and also through future devolved programmes.
- Universal Credit is felt to offer opportunities to combat in-work poverty by allowing for more flexibility in combining welfare and work. The new system is based on the amount a person earns rather than the hours they work.
- There would be significant benefits for employers and contractors in relation to the recruitment and retention of staff and this is recognised by contractors and developers.
- There is evidence of good partnership working between key organisations and stakeholders and willingness in the LEP to provide a role in facilitating the agenda.

There are also important challenges to taking the agenda forward in the LCR, including the following:

- Procurement and Section 106 agreements are likely to be constrained by issues of affordability in the contractor marketplace and also by the financial viability of development.
- Cuts in local authority budgets and regeneration programmes have constrained the ability of local authorities and stakeholders to fill gaps in provision and provide tailored wraparound support.
- There can be difficulties in co-ordinating mainstream programmes due to the range of providers, agencies and funding streams involved and the weakened support for harder-to-reach groups.
- Although there are significant cost savings from helping people into work, these savings do not currently accrue to local authorities and stakeholders. Addressing this issue would require a change in national policy through additional resources or some form of 'welfare earnback' based on payment by results (Finn, 2015). Any 'welfare earnback' model would need careful design, implementation and management to ensure that it works for jobseekers with more complex needs.
- It is unclear whether local authorities will be willing to sign up to a common set of principles or agreements, especially given their different interests in the strategic agenda. Responsibility for the agenda also cuts across different working groups in the LEP.

The suggested action plan that follows reflects this mix of opportunities and challenges and the need for a stronger evidence base in order to provide the foundation for future policy. A key challenge within the LCR is to ensure that the agenda set out in this report is discussed and debated within relevant

organisations. The development of a 'city-regional' perspective through partnership between local authorities, the LEP, the WYCA and the Department for Work and Pensions/Jobcentre Plus will be important in providing a focus for engaging local authorities and key stakeholders across the city region.

Five priorities for enhancing policy and practice in the LCR

There are five key priorities for enhancing policy and practice in the LCR:

1. Better knowledge of the development project pipeline is needed to help inform future policy and practice.
2. Local authorities and commissioning organisations should review their policies and practices to ensure that they are maximising the use of procurement and Section 106 agreements to lever employment and training opportunities. It is important, for example, that the WYCA develops a framework given the scale of the capital investment programme it manages. Local authorities and partners should examine the potential to share knowledge and expertise and present a consistent policy stance.
3. Where procurement and/or Section 106 agreements are being used, there is scope to experiment with more ambitious targeting of priority groups. Monitoring systems need to be developed so that it is possible to assess the extent to which the opportunities created are connecting to people in poverty and disadvantage.
4. There are opportunities to experiment with in-work training and transitional employment initiatives linked to major development projects.
5. Contractors and developers appear to be willing to make a broader strategic contribution around the construction employment and skills agenda. Mechanisms are needed to facilitate engagement with contractors and developers and reward good performance.

Table 9 translates these action priorities into a framework for enhanced policy and practice. Table 10 summarises actions for different organisations and stakeholders.

Timescales for action

Action by commissioning organisations (local authorities and the WYCA) can be initiated immediately. However, the key opportunity to take the strategic action forward will come during the 'solutions and levers' stage of the capital skills pipeline study that is being led by the LEP. There is an important opportunity to explore and agree actions through supported stakeholder workshops. The pipeline study will be important in providing a concrete evidence base to guide priorities.

Table 9: A framework for enhancing policy and practice in the Leeds City Region: key actions

| Priority areas | What could make a difference? | Opportunities | Challenges and barriers | Next steps | Resourcing |
|---|---|---|---|---|--|
| 1. Intelligence about the pipeline of capital projects | <ul style="list-style-type: none"> Detailed and updated pipeline analysis leading to a review of demand-side policies and employment and skills support | <ul style="list-style-type: none"> Already under way Capital skills pipeline analysis currently being led by the LEP | <ul style="list-style-type: none"> Investment in partnership-based response Securing high-level engagement and commitment to intervention, especially as major development projects may not be at the top of organisational agendas | <ul style="list-style-type: none"> 'Solutions and levers' stage of the LEP capital skills pipeline analysis (due to report by summer 2016) | <ul style="list-style-type: none"> LEP additional funding for the capital skills pipeline study, dissemination and engagement |
| 2. Ensuring that procurement and Section 106 agreements are used more extensively | <ul style="list-style-type: none"> Awareness raising, encouragement and sharing of knowledge and expertise Stronger articulation of a shared agenda among commissioning organisations | <ul style="list-style-type: none"> Awareness through this report and engagement through the LEP capital skills pipeline analysis Opportunities to make use of YORbuild2 commissioning framework | <ul style="list-style-type: none"> Engaging politicians to ensure high-level support The agenda does not sit easily within LEP panels – a champion is needed to provide a clear focus for taking the agenda forward | <ul style="list-style-type: none"> Dissemination of this report LEP capital skills pipeline analysis | <ul style="list-style-type: none"> LEP support for partnership engagement in response to the capital skills analysis |

| Priority areas | What could make a difference? | Opportunities | Challenges and barriers | Next steps | Resourcing |
|--|--|--|---|---|---|
| 3. Connecting employment and training opportunities to priority subgroups | <ul style="list-style-type: none"> Local authorities experimenting with quotas for priority groups in procurement contracts Monitoring and evaluation frameworks to include data collection related to poverty alleviation | <ul style="list-style-type: none"> Monitoring can be improved at a relatively low cost Potential to engage employers and contractors Funding for pilot initiatives through the 'More jobs, better jobs' framework | <ul style="list-style-type: none"> Targeting based on quotas is untested and may not be viable for all contracts. It is likely to require additional funding to trial and test approaches Enhanced monitoring will need to be resourced | <ul style="list-style-type: none"> Selected local authorities (e.g. Leeds City Council, York City Council) to test targeting frameworks | <ul style="list-style-type: none"> Additional funding through the 'More jobs, better jobs' framework |
| 4. Potential gaps in the construction employment and training infrastructure | <ul style="list-style-type: none"> Pre-apprenticeships and shared apprenticeships Flexible traineeship support | <ul style="list-style-type: none"> Work under way on shared apprenticeship and pre-apprenticeship frameworks in Leeds Futureworks framework already exists Flexible traineeships can be supported by mainstream funding | <ul style="list-style-type: none"> Shared apprenticeships and pre-apprenticeships may only cover part of the LCR | <ul style="list-style-type: none"> Continued development by Leeds City Council, Construction and Housing Yorkshire and Leeds College of Building Discussion as part of the LEP capital skills pipeline analysis | <ul style="list-style-type: none"> Include in the LEP capital skills analysis |

| Priority areas | What could make a difference? | Opportunities | Challenges and barriers | Next steps | Resourcing |
|--|---|--|---|--|---|
| 4. Potential gaps in the construction employment and training infrastructure <i>(continued)</i> | <ul style="list-style-type: none"> In-work training and employment (e.g. skills centres, ILMs) | <ul style="list-style-type: none"> A skills centre has been proposed and the model could be replicated using European Structural and Investment Funds Opportunity to maximise the benefits of the Homes and Communities Agency investment programme and registered social landlord investment programmes | <ul style="list-style-type: none"> Untested, expensive and requires funding, partnership and employer engagement | <ul style="list-style-type: none"> Consider as part of 'solutions and levers' in the LEP capital skills pipeline analysis | <ul style="list-style-type: none"> Include in the LEP capital skills pipeline analysis |
| | <ul style="list-style-type: none"> Careers promotion in schools | <ul style="list-style-type: none"> Employers such as Wates Living Space are active in this area Support for construction careers in the LEP; integrated into existing programmes of careers promotion | <ul style="list-style-type: none"> Partnership working across a range of organisations | <ul style="list-style-type: none"> LEP Employment and Skills team to lead on partnership working and brokerage | <ul style="list-style-type: none"> Via LEP Employment and Skills |

| Priority areas | What could make a difference? | Opportunities | Challenges and barriers | Next steps | Resourcing |
|---|--|---|--|--|---|
| 5. Strategic engagement with developers and contractors | <ul style="list-style-type: none"> Development of mechanisms for employment engagement and voluntary contribution | <ul style="list-style-type: none"> LEP has a registered social landlord engagement group and could reactivate its strategic engagement with private housebuilders Leeds Property Forum already exists Leading developers and contractors appear to be supportive of the agenda | <ul style="list-style-type: none"> Resources and leadership are needed to engage infrastructure contractors working in the LCR Potential overlaps between engagement at the local level and city region need to be addressed | <ul style="list-style-type: none"> Consider as part of 'solutions and levers' in the LEP capital skills pipeline analysis | <ul style="list-style-type: none"> Include in the LEP capital skills pipeline analysis |

Table 10: Actions for organisations and stakeholders

| Organisation | Action |
|---|--|
| Local authorities | <p>All local authorities should consider the opportunities presented by the district/city region development pipeline and, where justified, consider the mechanisms by which these could be used to address poverty and disadvantage.</p> <p>Where procurement or Section 106 agreements are being used to generate employment and training opportunities, local authorities need to develop a monitoring framework that can assess the impact on subgroups of unemployed people.</p> <p>There is a particular opportunity for those local authorities already making good use of procurement and planning to experiment with ringfencing some of the employment and training opportunities for priority groups in relation to the alleviation of poverty and labour market disadvantage.</p> |
| The Leeds City Region Enterprise Partnership | <p>In its strategic role, the LEP will have a key role in facilitating discussion about how best to enhance policy and practice across the LCR. The task of assessing ‘solutions and policy levers’ as part of the capital skills pipeline study will be important in building a partnership approach to tackling poverty through major development projects. Key issues include:</p> <ul style="list-style-type: none"> • how best to share expertise and knowledge within the LCR so as to maximise the opportunities that can be levered from major development projects • reviewing employment and skills support in construction to ensure that diverse routes are clearly signposted and fully supported for disadvantaged groups • how best to engage strategically with employers, developers and contractors. <p>In its delivery role, the LEP should also consider whether it could lever more and better employment and training activity through its funding of projects.</p> <p>It will be important to identify “actions that are more appropriately undertaken at local level and what action should be taken at LCR level” (local authority officer).</p> |
| The West Yorkshire Combined Authority | <p>The WYCA should develop a framework for maximising the local employment potential of its capital investment and infrastructure programme.</p> |
| Department for Work and Pensions/Jobcentre Plus | <p>The capital skills pipeline analysis will provide a basis for reviewing the extent to which mainstream support is effective in connecting priority groups of unemployed people to the opportunities created by major development.</p> |

11 Conclusions

This report has examined potential actions that could maximise the social value of employment and training opportunities created by major development projects. It has focused particularly on experience in the LCR and has sought to draw on a range of sources to help enhance policy and practice in this area of work.

The report confirms that major development projects offer potentially valuable employment and training opportunities. This is because of the level of investment already in the development pipeline, the relatively long lead-in times to develop employment and skills support, and local authority powers to lever benefits through procurement and Section 106 agreements in the planning system. Skills shortages in construction may provide an incentive for the construction sector to invest in local skills infrastructure.

Although the opportunities from individual projects may not be suitable for all groups, at the aggregate level the pipeline of projects represents a varied range of opportunities at entry level and for in-work progression in both construction and a range of end-use jobs in retail, hospitality, waste management and other sectors. It is important that intervention enables jobseekers to access the better jobs created by development projects.

Public purchasing is a potentially powerful mechanism, but it is subject to the strength of the national and local economy, development viability and contract affordability. Contractors and developers can be very selective in recruitment, and the costs of providing the necessary wraparound support fall largely on the public sector.

The research suggests that there is often only implicit and indirect targeting of opportunities at poverty reduction and priority groups of unemployed people. If poverty is to be addressed, then it will need to be better articulated in action to maximise local employment and training opportunities. Intervention will need to be monitored and evaluated in ways that assess the impact on priority groups of unemployed people.

Intervention on the demand side through procurement and planning creates opportunities but does not necessarily create pathways into employment. Supply-side support is needed to help jobseekers compete for jobs in a competitive labour market and additional support is often required for jobseekers with more complex needs. However, the scope for bespoke supply-side support that connects opportunities to priority groups is likely to be constrained by limited resources.

Devolved employment and skills programmes can help by providing flexible support linked to local opportunities and it is important that this is further facilitated in future devolution deals. UK government could incentivise and support local intervention through 'welfare earnback', which would allow local partners to access and reinvest some of the welfare savings when people move into work.

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