

**JRF Programme Paper**  
**Cities, growth and poverty**

**CONNECTING MAJOR  
DEVELOPMENT TO JOBS, SKILLS  
AND POVERTY REDUCTION IN  
LEEDS CITY REGION**

**Les Newby**

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This paper:

- summarises local work on policy and procurement to support good growth
- outlines the project's achievements
- highlights the learning points.

**The Joseph Rowntree Foundation (JRF) commissioned this paper as part of its programme on cities, growth and poverty, which looks at the relationship between economic growth in a city region and the people and places in poverty in that area.**

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## Project summary

The More Jobs, Better Jobs partnership is supporting an intensive and innovative programme of work to promote inclusive growth in Leeds City Region. It brings together JRF with Leeds City Region Enterprise Partnership (LEP) and the West Yorkshire Combined Authority (WYCA), Leeds City Council, other local authorities and wider stakeholders.

The partnership identified major physical development in Leeds City Region as a key opportunity to provide local people with routes into jobs and apprenticeships, and to reduce poverty. Research to identify national evidence and current practice in the city region and opportunities to catalyse change and progress was commissioned. The resulting report<sup>1</sup> highlights the scale of major development within Leeds City Region now and in the future, and the potential for this to create local jobs and training opportunities. It found examples of good practice within the city region as well as scope to implement such good practice more widely. Moreover, the report found there to be much less activity focused on helping those in poverty and furthest from the labour market into employment.

JRF and partners in the Leeds City Region decided that a follow-on project would add value by seeking to catalyse action to exploit the opportunities identified. As a result, Les Newby Associates was commissioned to lead a targeted programme of work with local partners beginning in February 2016 and supported by advice and inputs from Richard McFarlane, a national expert in this area of work.

Initially, the project engaged with a 'pipeline analysis' of known developments due to take place in the city region in future years and sought to identify a number of local projects to influence. The analysis made clear that there will be major long-term opportunities from large-scale development. However, the nature and timing of projects in the pipeline meant that (except in Leeds) it was impractical to focus on local projects during 2016. Instead, partners adopted an ambitious city region-wide approach that would drive change and yield far greater long-term impacts.

The project identified what a city region system for 'good growth procurement' would involve, including a high-level policy statement (see Annex A), new clauses in major contracts (such as the £1 billion West Yorkshire Plus Transport Fund) and monitoring systems. It put in place the cornerstones of this approach with strong support from the LEP/WYCA, local authorities and other stakeholders

such as businesses and the Department for Work and Pensions (DWP). As a result, the project succeeded in putting the city region at the forefront of practice in this area and building a strong foundation for creating jobs, supporting sector growth and reducing poverty. The main project achievements included:

- turning initial partner interest in a city region system into a widely supported reality
- producing an ambitious policy statement combining high-level goals and specific commitments and securing sign-off for this at the highest level – by the WYCA board and the LEP board
- significantly enhancing employment and skills clauses and content within key city region infrastructure contracts – which will lead to considerable local jobs, skills and inclusion benefits
- producing a ‘how to’ guide on the goals and workings of the good growth procurement system to help project managers and procurement officers to understand and apply it
- engaging with a major project in Leeds to support change and communicate innovative practice
- proposing the idea of an ‘employment gateway’ to connect employers to new entrant trainees who are seeking a job after unemployment or straight after education, and engaging with the LEP/WYCA to help make the case for this and for appraisal, targeting and monitoring capacities
- raising awareness of the potential to secure jobs, skills and poverty reduction benefits from development, and helping to build momentum, understanding and collaboration to enable this.

A number of learning points also emerged across the project:

- Success requires senior support and the overcoming of organisational inertia – even with top-level support for change, there will be barriers to overcome and tackling these is crucial.
- Progress depends on the pipeline of development – the scale of opportunities will depend on how much physical development is in the pipeline. The

benefits of activity will be greatest where there is extensive development and large numbers who can benefit from it.

- Dedicated capacity can oil the wheels of change – this project's capacity (ie consultant time backed by specialist expertise) enabled it to engage with relevant partners to develop proposals and products in line with local ambitions. It is invaluable to have somebody in a position where they are able to prompt change and to help with the practicalities of achieving it.
- Employment and skills network support – engagement with and support from the network of employment and skills leads within WYCA and local authorities was critical to success. It opened doors to push things forward, provided insights, and built ownership and support for proposals.
- Flexibility enables success – the project was managed (by JRF and the project steering group) in a way that allowed the consultant to respond to needs and opportunities as they arose, even when this was different to what was expected at the outset.
- Striking a balance between purism and pragmatism – there can be debate about how far to adopt a single-minded focus on poverty reduction through employment, or whether to also include other aspects of local economic policy (eg on educational engagement, upskilling, apprenticeships, small and medium enterprises – SMEs –and environmental good practice). Adopting the latter approach was helpful in winning ownership and support from key partners.
- Learn from good practice – there is no need to start from scratch in pursuing social value goals from planning and procurement. Approaches have been applied successfully in various locations across the UK and there are multiple systems and standards that can be adopted.
- Multi-area collaboration helps to foster greater consistency and ambition – in this case, adopting a city region-wide approach will help to raise the bar high on what is expected from a developer, especially in areas that have greater economic needs and see less development.
- Engagement with the private sector – helps to ensure that an approach is workable, and in winning support for it including from public sector partners. Clarity and consistency is crucial.

- Organisational systems, information sharing and consistency – it is important to share early information on all local developments that might be influenced by planning or procurement.
- Opportunities in businesses that will use the buildings following construction – employment and apprenticeship opportunities in end-use sectors such as retail can be greater than those in construction; targeting both works best.
- Targeting and monitoring of beneficiaries is crucial – this is often a gap but is vital to success. Robust monitoring of what is delivered and who benefits needs to be planned in from the start.

## Notes

- 1 While, A, Crisp, R, Eadson, W and Gore, T (2016) *Major development projects: connecting people in poverty to jobs*. York: JRF

## **Annex A: Policy statement**

The following statement has been agreed by the Leeds City Region LEP and the West Yorkshire Combined Authority (WYCA):

### **Leeds City Region and WYCA – Maximising good growth benefits through procurement policy statement**

#### *Overview*

Leeds City Region's economic vision as set out in its Strategic Economic Plan (SEP) 2016–2036 is:

“To be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone”.

The SEP's focus on 'good growth' means achieving the right quantity and quality of growth, and combines:

- improved productivity and economic output
- good jobs, incomes and reduced inequalities
- quality of place, environmental good practice and low carbon emissions.

The four priorities of the SEP will take forward this principle and cover business growth, employment and skills, clean energy and environmental resilience and infrastructure for growth. The SEP makes clear the city region's intent to increase skill levels and employability to meet future labour demands and enable people from all communities across the city region to secure more and better jobs. This includes closing the gap to national average on higher-level skills and progressing the city region's poverty reduction and 'NEET-free' ambitions (ie no young people not in education, employment or training). Specifically, the SEP seeks to:

“Support the most disadvantaged to access jobs through employment in the delivery of major schemes and their subsequent end use, including through procurement and planning processes.”

There is great potential for major physical developments in the city region to contribute to this goal, the SEP's four priorities and its good growth principles. Development should in itself lead to improved infrastructure, housing and business growth. In addition, the way in which development is procured and



delivered can bring about further benefits such as jobs, apprenticeships and skills.

Leeds City Region partners and the West Yorkshire Combined Authority are committed to maximising the benefits from their investments, including through procurement, exerting influence through the planning system and working in partnership with the private sector and developers. The delivery of capital schemes and physical developments provide significant opportunities for creating jobs, skills, apprenticeships and social inclusion and this will be a particular area of focus. Our approach will maximise these benefits and help the construction industry to meet its long-term skills and labour needs, whilst also ensuring that schemes are efficiently delivered, are good quality and provide good value for money.

### *Specific goals*

In line with the SEP and its good growth goals, Leeds City Region partners and the combined authority will seek to maximise benefits in six main areas when they procure capital development schemes, and revenue contracts and the end use of schemes where appropriate. These goals will be embedded into what we procure and the way we procure it and are:

- 1) Employment** – we seek more jobs and good jobs, and improved access to them across our communities, specifically including those who are unemployed or face barriers to employment.
- 2) Apprenticeships and traineeships** – we seek the creation, progression and completion of good-quality traineeships and apprenticeships (including at advanced, higher and degree level) which help to develop the workforce of the future and provide routes into long-term employment and career opportunities, especially for young people and marginalised groups.
- 3) Skills development** – we seek training and upskilling activity at all levels (including routes into higher-level and technical skills) that will increase workforce skills and provide benefits for productivity, progression and earnings and the quality of work that is delivered.
- 4) Engagement with schools, colleges and universities** – to make pupils and students aware of career opportunities in relevant sectors and the skills and subject choices that are required for them, and to engage students in the

world of work and enhance employability and enterprise skills, including through visits, curriculum activity, placements and internships and 'new entrant trainee' job opportunities.

**5) Opportunities for SMEs and local suppliers** – including through awareness of, and ability to, bid for potential contract opportunities as well as prompt payment to suppliers.

**6) Environmental and carbon-reduction benefits** – for example, through incorporation of good practice on energy efficiency and low carbon; minimisation of waste, resource use and transport impacts, and incorporation of green infrastructure and environmental resilience into physical development.

Creating 'first job opportunities' is a priority for the city region/combined authority and we will progress this goal through a focus on 'new entrant trainees'. This term spans the employment, training and apprenticeship goals covered in points 1 and 2 and is further defined in the sections that follow.

The six goals are in addition to the normal high standards that we would expect around health and safety and considerate construction. Across them, we expect there to be an emphasis on the quality as well as the quantity of benefits (eg good-quality jobs and apprenticeships). Delivering them will bring about long-term benefits for businesses, the economy, communities, inclusion and poverty reduction.

### *Implementation through procurement*

It is the policy of Leeds City Region and the combined authority to incorporate good growth goals (as per 1–6) into its procurement practices, including:

- specification of what is procured
- contract clauses that detail what is expected to be delivered
- scoring and selection processes for choosing contractors
- the monitoring and verification of what is delivered
- use of penalties/incentives/enforcement mechanisms to encourage and ensure compliance.

In taking forward this approach, the stipulations made will be ambitious and in line with what is possible through applying good practice approaches, whilst maintaining compliance with relevant procurement legislation. This will include

targeting benefits at Leeds City Region (and where possible in and around the location of the schemes being delivered) whilst respecting legislation and relevant case law about ensuring a level playing field for potential contractors. We will seek to influence both prime contractors and the sub-contractors they may deliver through.

Within procurement, we expect the following requirements (and others that may be agreed and added by WYCA and City Region partners from time to time) to be adopted to meet our stated economic and community (good growth) goals whilst applying a practical, targeted and balanced approach.

**Our approach and requirements will include:**

- a) Proactively seeking and monitoring good growth benefits in all schemes, and applying the conditions set out below in those with a full contract value of £500,000 or above (measured cumulatively if contractors have multiple contracts in the city region) and a duration of 12 months or more. Flexibility will be retained to include requirements in specific contracts below this threshold where significant opportunities are apparent.
- b) Encouragement and support to recruit as high a proportion of the additional labour (jobs and apprentices) needed for projects from in and around the areas where projects are delivered.
- c) A specific focus on the employment of 'new entrant trainees' within contract clauses and selection criteria. This is a broad term covering those with no substantial work experience (eg school or college leavers) and long-term unemployed people and includes apprenticeships and employment with training. It is used so that projects create opportunities for those who lack the skills or experience to compete in the labour market, alongside wider job and apprenticeship opportunities.

In relation to the above, a new entrant trainee is defined as a person who needs training and support to achieve full accreditation, sustainable employment and productivity and is:

- a person leaving school, college, university or training, or
- a person who has not been employed regularly in the preceding 12 months<sup>1</sup>, or

- a person who is not employed and has a disability or limiting health issue, or
- a person already engaged as a new entrant trainee (including apprentices) on another contract but who requires a further period of training.

Limits will be placed on the numbers of existing new entrant trainees that can be counted and on the proportion that are apprentices or graduate trainees to ensure that sufficient new job opportunities are available for those who are unemployed or less well qualified. A new entrant trainee who is an apprentice on an industry-recognised scheme may be counted as a new entrant for up to 104 weeks, those who are an 'other trainee' can be counted as a new entrant trainee for up to 52 weeks.

- d) Counting employment (new entrant trainee) benefits in 'person-weeks' and allowing these to be counted at framework level across a number of contracts delivered by one contractor. This helps to ensure the sustainability of training and employment and brings benefits for employers and employees
- e) Stipulating the expected minimum number of new entrant trainee person-weeks required per £1 million (pro rata) of full construction contract value, based on the following benchmarks: 26 new entrant trainee person-weeks of employment for infrastructure contracts, 52 person-weeks for building contracts
- f) Stipulating that for service contracts that are mainly delivered within Leeds City Region, the expected minimum benchmark for 'new entrant trainees' person-weeks will be 10% of the total person-weeks required to deliver the contract where there is not an existing workforce with TUPE rights, or that new entrant trainees are recruited to fill a minimum of 40% of vacancies<sup>2</sup> in the workforce delivering the contract where there is a workforce with TUPE rights.

Within (e) and (f) above, contractors will be asked to specify their own targets for numbers of new entrant trainees and how they will be achieved within their contract proposals/method statements. This will build ownership of the targets set, allow flexibility according to the nature of the work and its labour requirements, and enable approaches for putting targets into practice to be set out, explained and assessed. Assessment and scoring of contractors will favour those that go beyond expected minimum benchmarks and set higher targets.

Quality factors (eg mechanisms to target the most disadvantaged) may also to be taken into account. Delivery of commitments and targets set within proposals will be monitored and enforced.

- g) Specifying that new entrant trainees should be recruited through named sources specified from time to time by the client and in and around the area a project is being delivered within. To support this, the city region will seek to specify a 'gateway' agency/mechanism through which potential employers/developers can access new entrant trainees and unemployed people who are suitable for the vacancies in question (often via employment and training projects around the city region).
- h) Promoting good-quality apprenticeships (both within and in addition to those taken up by a proportion of new entrant trainees) – for instance by stipulating expectations on pay and progression or targeting a proportion of apprenticeships to be at advanced, higher or degree level.
- i) Including other contract conditions and minimum benchmarks as relevant, typically including those to cover:
  - setting requirements to engage with a number of schools, colleges and universities – for instance through visits, engagement on curriculum and careers information, and providing work experience and placement opportunities
  - encouragement and support for training, upskilling and progression across the workforce, including progression to level 3 and higher-level skills
  - encouragement of good practice on environmental and low-carbon criteria in line with the SEP – for example, by asking contractors to specify how they will reduce waste, energy, transport impacts, resource use and CO2 emissions to support local/city regional goals
  - providing supply-chain and SME opportunities that benefit the city region, for instance by promoting contract opportunities widely, adopting procurement approaches that do not disadvantage smaller businesses, and by stipulating expectations for prompt payment of suppliers.

Model clauses will be developed and made available on the above points to assist with implementation.

- j) Ensuring that clear requirements for monitoring are set out in contracts, that these are consistent across contractors and local authority areas, and that

mechanisms and resources are in place to follow them through. This should include employment of/access to appropriate expertise and capacity, and the use of reporting, databases and pro-formas to collect and collate data on new entrant trainee and other good growth outcomes.

- k) Adopting a collaborative and pragmatic approach with industry that seeks to help the construction industry and others to find suitable recruits and apprentices, to meet their long-term skills and labour needs, and to work within a clear, consistent and predictable contracting framework. Mechanisms to support these needs will be developed, including ongoing engagement with industry and sign-up to partnership schemes where relevant (eg the CITB/National Skills Academy for construction 'client based approach' or YORbuild, subject to agreement on suitably ambitious benchmarks for the social value benefits gained and targeting of opportunities for Leeds City Region residents).

The above points will be incorporated into combined authority/Leeds City Region contracts and systems and we will develop a range of standard tools that will assist with implementation. These will include:

- model clauses and pro forma documents to be used in procurement/contract processes
- standard monitoring forms
- a database to collect, collate and verify outcomes data on new entrant trainee and other 'good growth' benefits/outcomes
- training on the use of these as required.

Tools developed by the combined authority/Leeds City Region will be available for partner local authorities and agencies to use. They will complement activity to gain similar benefits through working with developers and investors on a voluntary basis, and through operation of the planning system. The approach will combine flexibility for local partners (reflecting their circumstances, preferences and existing good practice) with collaboration to apply a consistent, efficient and effective approach across the city region.

## Notes

- 1 This period can be reduced to six months at the discretion of the relevant contracting authority in instances where evidence on labour market conditions shows that there are insufficient new entrant trainees available who have not been employed regularly in the previous 12 months.
- 2 Or a lower percentage where more than 50% of the workforce required to deliver the contract will require entry-level qualifications at A-Level (or equivalent) or above.

## **About the author**

Les Newby is an independent consultant and writer on the economy, society and environment, specialising in working with local partners to develop sustainable and inclusive economic strategies and to translate them into action.



This paper was commissioned as part of the JRF programme on cities, growth and poverty, which looks at the relationship between economic growth in a city region and the people and places in poverty in that area. [www.jrf.org.uk/cities-towns-and-neighbourhoods/inclusive-growth](http://www.jrf.org.uk/cities-towns-and-neighbourhoods/inclusive-growth)

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Joseph Rowntree Foundation  
The Homestead  
40 Water End  
York YO30 6WP  
[www.jrf.org.uk](http://www.jrf.org.uk)

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Contact:  
Mike Hawking  
[mike.hawking@jrf.org.uk](mailto:mike.hawking@jrf.org.uk)