Briefing: how Local Industrial Strategies can deliver inclusive growth

This briefing establishes policy ideas that Local Industrial Strategies (LIS) in England could adopt to deliver growing economies that allow people in, or at risk of, poverty to benefit from and contribute to them. LIS must have inclusive growth at their heart – growth that loosens the grip of poverty for people stuck in low-paid, poor-quality work or unable to find a job. Central Government must use the spending review to equip places with the tools and funding to deliver inclusive LIS.

Mike Hawking
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Recommendations - inclusive strategies should prioritise:

1. People - improving basic skills and progression in work.
2. Infrastructure - investments that deliver employment and training opportunities, building more affordable homes and making buses a key piece of infrastructure.
3. Business environment - targeting growth sectors that will provide good jobs, using business grants to incentivise good employment practice, offering support and public recognition to businesses delivering good employment, and practical support to improve job quality in low pay sectors.
4. Place - harnessing the collective hiring, training and purchasing power of anchor institutions.
Introduction

What is the purpose of economic growth? The answer to this question should be clear and obvious: to raise the living standards of all citizens. But previous approaches to growing local economies haven’t done this successfully. It’s time for a different approach.

Shop assistants. Baristas. Care workers. Regular jobs undertaken in all towns and cities across the country. Often low paid, they’re not regularly discussed in relation to industrial strategies, with their focus on high-tech manufacturing, digital technology and high-speed transport. But if we are to truly boost earning power across the country, as the Government’s strategy commits to, we need to put people working in these jobs, and those that are currently out of work, at the heart of our industrial strategies.

The vote to leave the European Union in June 2016 was driven, in part, by the frustration of people held back by a lack of good job opportunities in their local areas, leaving many struggling on low incomes (Goodwin and Heath, 2016). Politicians and leaders cannot afford to ignore these citizens and need to develop ideas for how individuals and places can see the benefit of a growing economy.

Ultimately, industrial strategies – and the local and central governments that come up with them – will be judged on whether they are improving the living standards of citizens. This is why they must focus on delivering inclusive growth (see the box below).

Increasing living standards and reducing poverty will require new approaches to local economic growth. It will need local leaders to develop policies and interventions that have a real focus on how more people can benefit from and contribute to economic growth, and not just increasing the amount of it.

For local strategies to be successful they will need sufficient support from central government. The UK Government must use the upcoming spending review to equip places with the tools and funding to deliver inclusive local industrial strategies. This briefing suggests some practical policy ideas, such as in-work progression schemes or driving social value from infrastructure investments, for how Local Industrial Strategies can deliver more inclusive growth.
What do we mean by inclusive growth?

Inclusive growth is about enabling more people and places to both contribute to and benefit from economic success (RSA, 2017). More specifically, it is about how poverty can be reduced through the creation of better jobs and better access to those jobs for people in or at risk of poverty. A policy or strategy that does not have a focus on living standards of those at the bottom of the income distribution cannot describe itself as an inclusive growth strategy.

Policy interventions that seek to seed the conditions for the creation of more good jobs (often called the ‘demand’ side of the labour market), and that seek to better connect people to job opportunities (sometimes described as the ‘supply’ side of the labour market) are therefore equally vital (Lupton and Hughes, 2016). Demand and supply-side interventions must be developed together to maximise their benefit. In practice this means thinking about policies that would boost job creation, at the same time as thinking about skills strategies that would improve basic skill levels and enable people to access those jobs. It means thinking about interventions that can improve the quality of jobs at the same time as thinking about how people can be supported to progress in work. And it means thinking about where jobs are located at the same time as thinking about the costs of and ability to use public transport to get to those jobs.

Why should local industrial strategies focus on Inclusive growth?

Local leaders can use the opportunity Local Industrial Strategies present to be explicit about how they intend to improve their local economies and the differences that will make to people’s lives.

We live in an age where poverty’s grip is tightening. A growing employment rate is no longer helping families out of poverty as it once did, and people in many parts of the country are locked out of opportunities to access good jobs. In-work poverty has been steadily rising and one in eight workers now live in poverty (JRF, 2017a). Since the early 2000s, people getting stuck in low-paid jobs, high housing costs and cuts to benefits mean the poorest fifth of households has seen next to no growth in real incomes after housing costs are taken into account (Kumar, 2018).

To loosen the grip that poverty has on people’s lives, we can no longer rely on previous assumptions that prosperity will trickle down. A growing body of evidence is showing, simply driving up output growth and number of jobs in an economy are not guaranteed to improve living standards for people in or at risk of poverty (Lee et al, 2014; Lupton et al 2016; RSA, 2017; Lee and Clarke, 2017; OECD, 2018). This is why we need inclusive growth.
Productivity, earning power and inclusive growth

The industrial strategy has twin aims of boosting productivity and earning power. Both are crucial for inclusive growth.

Productivity matters because it is the key driver of differences in earnings over time and between places, and stagnating productivity is the main driver of stagnating earnings since the financial crisis (NIESR 2018). Boosting productivity can help improve living standards and achieve inclusive growth.

But too often our efforts to improve productivity are only about the ‘shiny and new’ - cutting-edge firms, supporting growth in our largest cities, and backing technological innovators. Yet JRF’s work shows productivity problems stem from all sectors of the economy (Forth and Rincon-Aznar, 2018). Some of the biggest opportunities to boost productivity lie in our low-pay sectors, such retail and hospitality, and in the long tail of low-productivity firms which are more prevalent in places outside London and the South East (ONS, 2017).

What is more, driving up productivity in a firm or sector is not guaranteed to lead to higher wages for workers in those businesses and sectors (Ciarli et al, 2018). We need to pursue the productivity enhancing interventions that will benefit workers, for example through increased training or better management practices (Innes, 2018). Productivity gains need to generate improvements in living standards for low-paid workers – what is their purpose otherwise?

Earning power matters because it is a key determinant of living standards. But talking about boosting earning power has little meaning if you don’t have a job. While the UK has record employment overall, some people and places are locked out of this success story (Tinker, 2018). For some places boosting employment is the biggest economic issue facing their area, with low employment and low earnings representing untapped potential for economic growth. Local industrial strategies must deliver more and better jobs.

Ensuring all communities can contribute to and benefit from economic prosperity

Where you live has an impact on the quality of jobs and the amount of work that is available to you. Government has acknowledged this with the inclusion of ‘place’ as one of the five foundations of productivity and the commitment to local industrial strategies. But it is important that these, too, recognise the different needs of places in the areas they cover. The experience of poverty for a family living in a city centre is quite different to that of a family living in poverty in a small coastal town.

This means developing place sensitive policies that can address the different challenges people face because of where they live and their proximity to other places that are growing. For example, a city or town that is pivotal to a local economy must rely on identifying and building on their economic assets and connecting residents to opportunities. By contrast, smaller towns or cities in local economies might also use training and the creation of affordable and accessible transport to help their residents
take advantage of employment opportunities in larger towns and cities nearby (Pike et al., 2016). Just as a national industrial strategy cannot take a one-size fits all approach, neither can local strategies.

**How Local Industrial Strategies can achieve inclusive growth**

Local Industrial Strategies are expected to address the foundations of productivity set out by Government in their Industrial Strategy White Paper: ideas, people, infrastructure, business environment, and places.

The following section of this report provides some ideas for how interventions to improve living standards can be framed using four of the five foundations of productivity Government has set out.

This is not intended as a definitive list of inclusive growth interventions but a set of ideas of the types of solutions that might be necessary to achieving more inclusive growth.

**People**

The Industrial Strategy white paper is right to identify improvements in education and skills as a way of boosting national productivity. However, addressing the skills challenge needs to go beyond school age and University provision. With 90% of the 2025 workforce having already left education, the need to increase adult skill levels is too often underplayed. Local Industrial Strategies should have a focus on this, particularly in relation to people who are already in work. Here, we present two ideas: one for improving basic skills, and another to help people progress into better paid work.

**Improving Basic Skills**

A person without any formal qualifications is more than twice as likely to be in poverty than someone with a degree level qualification (JRF, 2017b). Lacking basic literacy and numeracy skills restricts people’s options in the labour market and makes it difficult to get a good job.

Five million individuals in the UK lack basic functional literacy and numeracy (JRF, 2016a) and 3.5 million working-age adults have no formal qualifications. OECD analysis finds the negative impact on growth of a large proportion of the population having very low skills is greater than the positive impact of a large proportion with degrees in less developed parts of a country (OECD, 2012).

Improving basic skills of the adult population is an issue that Local Industrial Strategies need to address – though it is likely to require action from central Government and employers too. This means rethinking how basic skills programmes are both designed and delivered, learning from examples such as the case study below.
Citizens’ Curriculum Pilots

The Citizens’ Curriculum is a model developed by the Learning and Work Institute (L&W) which promotes learning which is locally-led and involves learners in shaping its contents. It links basic skills in language (English for Speakers of Other Languages), literacy and numeracy, digital, financial, health and civic capabilities. Its aim is to develop new ways of offering learning which engages and motivates adults in all kinds of contexts to improve their English, maths and other ‘life skills’, resulting in better progression, outcomes and aspirations - into and at work, in learning and in personal, family and community life.

The model has been tested in more than 20 pilots in different areas of the country in two phases. Each pilot took a different approach to how they used the Citizens Curriculum, some examples of which are below:

The **Derby Adult Learning Service** used their Citizens’ Curriculum pilot to enhance their ESOL provision with learners working at Entry Level focussing on topics such as managing money and using local public services, the pilot aimed to build language skills by embedding the core capabilities into everyday scenarios.

**Learn Devon** used the Citizens’ Curriculum to engage disadvantaged adult learners, both in Exeter and in rural Devon communities. Working with housing associations and other local partners, the pilot used a community cookery course to develop a range of skills and capabilities, including everyday maths, budgeting and healthy eating.

**Learndirect** piloted the Citizens’ Curriculum with people referred by Jobcentre Plus. The pilot supported learners to select goal appropriate modules that were delivered via a blended learning model. These included courses exploring Universal Credit, the Universal Jobs Match online service, BSC Digital Skills qualifications and community engagement and wellbeing topics.

**York College** aimed to refresh its adult literacy and numeracy curriculum offer to adult learners and used its Citizens’ Curriculum pilot to explore ways in which the provision could be made more relevant and engaging. The revised programme was then piloted with learners, and the results informed curriculum planning for future courses.

More than 200 people took part in the second phase of the pilots. An evaluation of the second phase found statistically significant outcomes for people who took part, including:

- **Changes in their employability**, with 8% finding a new job, 20% starting to apply for jobs, and 49% improving their work-related skills.

- **Improvements in their attitudes to learning**, with 94% feeling more motivated to learn.

- **Increased social and civic engagement**, with 59% reporting an improved social life, and 16% joining a community group.
Improved self-efficacy, with 67% increasing their self-confidence, 65% reporting greater satisfaction with their life, and 31% reporting improved physical health.

Learning and Work Institute (2016)

Supporting people to progress in work

The high number of people in work continues to be a strength in our economy. But the statistics mask the growth of in-work poverty; in the three years to 2016/17 the number of people living in poverty in working families has risen by over one million. Jobs that are low paid and insecure, offering only a dead-end and not a stepping stone to a better job, trap people in poverty. Five in every six people in low-paid work fail to escape low pay over 10 years (D’Arcy and Finch, 2017).

Several places are already looking to right this wrong by developing schemes that support individuals to progress into better paid work. Pilots are taking place around the country, both at a local authority and city region level. The DWP have also been running trials, publishing the results of an in-work progression Randomised Control Trial among Universal Credit recipients that finds offering support for people to progress can help increase their earnings (DWP, 2018).

There are three basic models that can be used when designing progression services: where activity is focused on individual employees to move into a better job; where activity is focused on providing support to businesses to design better jobs; or a hybrid-model which provides support to both employees and business in the same programme. Evidence from US initiatives suggests that the latter of these three models can be particularly effective at helping low-paid workers to progress (Green et al, 2016).

In-work progression services are relatively new in the UK, with several of the programmes – such as Leeds City Region’s More Skills, Better Jobs programme, the West of England’s Future Bright project, and Glasgow’s in-work progression programme in the care sector – still in the early stage of delivery and therefore difficult to draw conclusions from. However, there are two programmes that have been evaluated by the Learning and Work Institute: the Skills Escalator pilot and the Step Up programme. The latter of these is summarised below, along with a scheme which was piloted in New York City called the WorkAdvance Model.
The WorkAdvance Model, USA

WorkAdvance is a sectoral focus progression scheme implemented in New York City. It was designed to benefit both individuals and employers by identifying middle-skill jobs that low-paid workers can access. For unemployed and low-wage working adults, the program provided occupational skills training in targeted sectors that have good-quality job openings and opportunities for in-work progression. For employers in those sectors, WorkAdvance identified and trained employees who are prepared to meet technical skill and work readiness expectations and grow into second and third jobs.

The programme had five components:

1. Intensive screening of program applicants for motivation and readiness.
2. Sector-appropriate pre-employment and career readiness services, including orientation to the sector and progression coaching.
3. Sector-specific occupational skills training aligned with employer needs and leading to certifications that are in demand in the regional labour market.
4. Sector-specific job development and placement services based on strong relationships with employers.
5. Post-employment retention and progression services, including ongoing contact, coaching, skills training, and rapid reemployment help if needed.

The evaluation of the programme found that it improved targeted sector employment and earnings for individuals. However, the impacts did vary; impacts on earnings ranged from a 26% increase at the most effective provider to no gains at another. This range of effects offers useful lessons. Higher wages and employment levels for WorkAdvance participants appear to be the result of providers’ success in delivering the following combination:

- Training in a sector with strong local employer demand.
- High rates of training completion and receipt of credential in targeted sector.
- Placements in targeted sector jobs that provide better wages and benefits than individuals could obtain on their own.

Kazis and Molina, 2016
Step Up

Step Up was delivered by six voluntary sector organisations, each of which designed a distinct support model or targeted a specific group of low-paid workers to progress in work. The initiative was funded by Trust for London and the Walcott Foundation.

Each provider helped people to improve their earnings with a target group. Important components of the programme included:

- A personalised approach based on individual need.
- One-to-one advisor support delivered flexibly.
- Coaching and mentoring support to boost and develop motivation and confidence of individuals.
- A holistic focus of support to address employability skills and wider challenges.
- Partnership working with skills and training providers.

People were eligible for the initiative if they were in stable work on hourly pay below the London Living Wage. Trusted networks were the most effective way of recruiting people into the projects. The pilot found that effective messaging, including avoiding using jargon terms such as progression, was crucial to successful engagement with participants, partners and employers.

Two of the Step Up providers had a well-established model of employer engagement and incorporated this into their Step Up delivery. In engaging with employers to influence progression practices, providers found that it was important to communicate clearly how they would benefit from the programme.

In total, 540 people took part in the pilot. Of these, one third saw their employment conditions improve, either by taking on a new or additional job, getting promoted, improving their contract of terms and conditions, or increasing their working hours. The most common outcome was getting a new job – accounting for 61% of outcomes. The programme also supported participants to improve the security of their jobs. A fifth of people who started the programme with a zero hours contract, temporary contract, or no contract moved onto a permanent contract.

However, the evaluation didn’t find that there was a statistically significant earnings difference between people who took part in the programme and a control group identified through HMRC data. Nonetheless, a key finding of the evaluation of the programme was that not all participants viewed ‘progression’ in terms of improving their financial circumstances. Some had positive outcomes such as reducing distance of work, more suitable hours, opportunities for training and job stability, which were unrelated to earnings. Some even opted to take jobs with lower weekly earnings to achieve a better work-life balance.

The evaluation of the pilots made several recommendations for future progression schemes, including:
1. Investment should be made in tailored, personalised and adviser-led-in-work progression support.
2. Delivery of progression services need to be co-ordinated at a local level.
3. Partnership working is required to map and engage support services and, where possible, plug delivery gaps.
4. More support could be offered to employers to support progression of their employees.

**Learning and Work Institute, 2018**

**Infrastructure**

Investments in infrastructure can increase productivity and may well help boost earning power in the long run. But promises of future improvements in living standards will be cold comfort for those struggling to pay their bills today.

To have a more immediate impact, Local Industrial Strategies will need to consider how to harness investments to drive improvements now and maximise their social value. They will also need to consider the type of investments that are made and whether they are making a material difference to the lives of people on low incomes. In transport, this means considering buses as well as high-speed trains, and in housing it means a focus on the availability of low-cost rented housing. In this section we outline some potential areas for action.

**Driving social value from infrastructure investments**

One way to ensure infrastructure investments boost living standards for people in, or at risk of, poverty is to drive employment and skills outcomes from infrastructure investments. This might include specifying that a certain number of jobs that are created should be filled by local people who are unemployed, or training opportunities are made available to people who have low skill levels.

Many local areas are already using the powers in the Social Value Act to benefit their local communities and using planning and procurement policies to create employment and skills opportunities for people in, or at risk of, poverty. This means there are some good examples that can be drawn on when developing Local Industrial Strategies.

A crucial first step is understanding what the development pipeline – or what future plans for infrastructure investment - looks like. By mapping out what investments are planned, construction sector employment and skills strategies can be linked to the pipeline timetable, exploiting potential opportunities. However, it shouldn’t just be in the development phase of infrastructure projects where policies can secure job opportunities for people in, or at risk of, poverty. Many places have also been able to place employment expectations on end uses as well; for example, asking a new shopping centre development to take on apprenticeships when the stores open as well as in the development phase *(While et al, 2016)*.
Leeds City Council

Leeds City Council has a strong record of securing employment opportunities through planning and procurement policies. Between September 2012 to March 2017, the council enabled 2,395 people to secure a job through employment and skills obligations agreed with developers and service providers in the city via a delivery framework.

Planning obligations are applied to schemes with the potential to provide a significant impact for entry-level employment and training opportunities during construction or in end use. The Council have adopted thresholds to ensure a consistent approach, with residential developments over 2,000 cubic metres, residential developments over 100 units, and construction sites over 10,000 cubic metres triggering obligations. In procurement, council contracts with an estimated value of over £100,000 are subject to an appraisal to determine whether an employment and skills obligation on the contract is appropriate.

A key objective of this approach was to target opportunities at people living in named disadvantaged communities. However, a review of the policies in place highlighted that the number of people getting into job opportunities from the named localities varied significantly, and there was little information on the additionality or deadweight that the Council’s interventions created. The review, conducted as part of JRF’s More and Better Jobs partnership with the Council, suggested that if poverty reduction was the aim, employment opportunities would be better targeted at individuals furthest away from the labour market with specific needs rather than disadvantaged places within the city (While et al, 2016).

As a result of this, the Council are targeting employment and skills obligations generated toward:

- Young people under the age of 25 as first-time entrants to the labour market, in particular those identified as BME, leaving care and those with learning difficulties.
- Adults with a disability or those with long-term health conditions including mental ill-health, wishing to move into or return to work.

Leeds City Council, 2017
Birmingham Gateway – Network Rail

Network Rail (NR) led the development of Birmingham Gateway that included the regeneration of New Street Station and surrounding property. It was required by Birmingham City Council to take action on jobs and skills and local business opportunities under the terms of a Planning Agreement (linked to the award of planning consent for the proposed development) and as a condition of grant from the Regional Development Agency.

To achieve these requirements, Network Rail signed a Charter for Jobs and Skills with Birmingham City Council and subsequently agreed to include jobs and skills requirements in the specification of work packages in their procurement processes, which were included as contract conditions.

Critical to delivery was the secondment of an officer from Birmingham City Council’s Employment Access Team (EAT) to Network Rail. The officer worked with commissioning and monitoring staff to identify people who were looking for work and would be suitable to take on a job that was available on the project.

Just as crucial was the officer’s involvement in the procurement process. The officer was involved in mid-tender interviews with potential contractors to explain what the social value expectations of the contract were, and then scored a Jobs and Skills Method Statement as part of the contract award process.

Monitoring of the project was done through the submission of monthly spreadsheets by each contractor listing the local beneficiaries they have onsite. A key part of the approach was the way that KPIs are managed by Network Rail’s Contract Delivery Partner. Outputs for jobs and skills were assessed each month and the outcomes shared at a meeting of all contractors. An underperformance on this would impact on overall KPI scores which determine future allocations of work, and so had commercial implications for the contractor.

This approached delivered 325 construction jobs for Birmingham residents and over 100 apprenticeships for unemployed people throughout the course of the project. (Macfarlane, 2014).

Low Cost Rented Housing

Additional housing in the right places can support local economic growth and higher productivity. In areas where affordability is a problem, more inclusive growth will require robust plans for enough new affordable homes, located where people can take advantage of jobs being created. Where houses are planned and built is just as important as numbers and affordability.

We’re currently building far too few affordable homes, with current delivery of affordable housing falling around 30,000 homes per year short of independently-assessed needs. Boosting supply is key to resolving this. And while housing is an issue
across the country, pressures are more acute in London and the South East (Robson, 2018).

Furthermore, too often homes labelled as affordable are not. In particular, the ‘Affordable Rent’ model, where rents can reach up to 80% of local market rents, are out of reach in high cost areas. JRF’s preference is for homes let at Living Rents, where rents are set so they’re affordable to a person earning a low wage typical for the area. Overall, Living Rents are slightly higher than traditional council / housing association rents, but that link to local earnings ensures they are still affordable (Robson, 2018).

While there are limits to what local places can do on affordable housing supply and rents without additional Government support, there is action that can be taken. Those responsible for Local Industrial Strategies should work with local authorities to take full advantage of the Government’s decision to scrap the cap on borrowing against the Housing Revenue account, seeking to maximise delivery of low-cost rented homes as part of the strategy. Mayors and LEPs should also set out a clear, and separate, target (or expectation) for low-cost rented supply in the areas they are responsible for, basing numbers on sound evidence such as in the example below.

Cambridgeshire and Peterborough’s Diamond affordability analysis

Cambridgeshire and Peterborough commissioned work to look at the affordable housing requirements of their area, developing a ‘diamond affordability analysis to inform strategic options and encouraging delivery of the homes most needed’ (Hills et al, 2018). The analysis looked at local household incomes, housing costs and housing supply side-by-side, giving a stronger understanding of the different affordability and tenure needs of the area.

The analysis used publicly accessible data wherever possible for housing stock, turnover and new-build; and hometrack subscription data for housing costs and income bands. This enabled gaps and overlaps between different parts of the area’s housing markets to be identified in terms of cost and supply.

Themes that came out of the analysis included: a lack of housing options and supply for people on the very lowest incomes; marked gaps between the turnover of housing, the number of new homes built and the ability of households to afford the new homes being built. There was also a gap between the number of households on lower and middle incomes and the number of homes that could be anticipated to become available (through turnover or by adding new homes).

The next stage will be to use the analysis to inform strategic options and encourage delivery of the homes most needed. This will require filling gaps and re-focussing to help provide more good-quality housing choice for all households.

Hills et al, 2018
Putting buses on an equal footing to rail and road

Discussions of transport spending largely focus on trains and roads between our major cities. But surprisingly little attention is given to transport within regions, and in particular the vital role that buses play in getting, often low-paid, people to and from work. Although most spending on buses will be counted as revenue spend, exploring how infrastructure cash could be used to support bus services, for example, in the creation of franchising systems or e-bus systems. Supporting buses, and bus routes, should be given as much equal support as new train lines and roads are. Indeed, in many places, investment in bus routes and properly integrated transport can help unlock some of the benefits of other transport investments. Local Industrial Strategies should take the role of buses seriously. Mayoral Combined Authorities should exploit the powers of the Bus Services Act and adopt franchising powers. In areas without that ability, they should work with their local transport authority to develop stronger models of partnership with bus companies.
Tackling transport-related barriers to work in England

Recent research by Sheffield Hallam University for JRF (Crisp et al, 2018) highlighted how transport is a significant barrier to employment for many people living in low-income neighbourhoods outside of London. Public transport is often seen as something that constrains rather than enables a return to work. There were multiple accounts of how employment was inaccessible because of unreliable buses, and excessive fares given the nature (low-paid and insecure) and location of the work, such as the following:

“There’s a place called Sherburn-in-Elmet and they have tons of work, big industrial estate but there’s no bus service, it’s about 13 miles away. I do not understand why they build a big estate where there’s no transport, that’s like tough, if you haven’t got a car you can’t have a job.”

Man aged 49, Seacroft, Leeds.

The prospect of poorly-paid and insecure work limits the range of areas where individuals look for employment. People who were reliant on shift work often found it impossible to attend early or late shifts using public transport. Peripheral sites such as retail, commercial and industrial parks are hard to access using a public transport system which has often failed to accommodate the changing geography of work. These are important issues for Local Industrial Strategies to consider, particularly as they plan for future types of employment in their localities.

The report recommends that local areas:

- Develop planning tools and approaches to ensure that new housing and employment developments are well served by public transport that reduces the travel costs, times or distances between places of residence and work.
- People responsible for transport and employment policy collaborate more closely to enable employment support providers to help clients understand travel choices as part of their return to work. This might include working together to create travel time maps to various employment destinations being considered by job seekers.
- Metro Mayoral areas should implement bus franchising, and areas without mayors should make use of stronger models of partnership (both allowed through the Bus Services Act 2017) to improve the availability, reliability and affordability of public transport to make it easier to access employment.

Crisp et al, 2018
Business environment

Being the best place to start and grow a business is a sound aim set out in the Industrial Strategy. But we need to place greater importance on the quality of jobs that business creates. As recent years have shown, it’s no longer a given than creating jobs and increasing the employment rate will reduce the number of people in poverty. Local Industrial Strategies have a role to play in shaping the types of businesses and sectors they support and enabling citizens to access good jobs that are generated.

Most businesses want to provide good jobs to their employees, but not all know how to do so. A supportive business environment would help to guide businesses in this, helping to improve job quality in both new and existing businesses.

This section suggests some ideas about how local strategies can develop activities that help to improve job quality, both through the type of support they offer to business as well as the types of businesses they seek to attract to their local area.

Ensuring that new jobs are ‘good’ jobs

A growing number of places are exploring ways they can drive good-quality job growth, for example by incentivising the creation of good jobs through business grants. Internationally, cities are gearing their growth strategies around sectors that can deliver good jobs. The case studies below give some examples of how different places have approached this.
San Antonio, Texas

San Antonio is a fast-growing city which is consciously planning to shape future growth. The city leadership recognised that a ‘low wage’ economic strategy which just focused on attracting inward investors to the city was not sustainable. The current economic plan aims to grow quality jobs (both from within the San Antonio business base and through targeted inward investment) and open-up opportunities for the local population to access them – through investment in education and skills at all levels, and with a particular focus on sector-led training.

The city has a tightly targeted sector-based growth policy focusing on better jobs in globally competitive sectors. Crucially, this targeting builds on industries that have been traditional strengths of the city, enabling the existing labour force to access new opportunities that are created. The table below demonstrates how these links have been made:

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<thead>
<tr>
<th>Traditional industries</th>
<th>Targeted growth sectors</th>
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<tbody>
<tr>
<td>Health care</td>
<td>Health care, biosciences, life sciences, and scientific R&amp;D</td>
</tr>
<tr>
<td>Military</td>
<td>Aerospace (maintenance, repair and overhaul)</td>
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<td></td>
<td>Information technology and cyber security</td>
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<tr>
<td>Education</td>
<td>Advanced manufacturing</td>
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<td></td>
<td>Energy</td>
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<td>Tourism</td>
<td>Cultural and creative industries</td>
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The city complements this demand-led approach with initiatives to connect local workers to the jobs being created. This includes the Talent Pipeline Task Force, which brought together employers, workforce development leaders, chambers of commerce, and post-secondary education and social service providers to create a framework and develop recommended strategies to close the skills gaps in three of the target industries identified by the economic strategy. It focused particularly on intermediate skills, creating career pathways.

Project Quest is another demand-led skills programme operating in the city which was designed to upgrade and reskill low-income disadvantaged workers for good jobs in high-demand occupations. It targeted a cluster of in-demand, well-paying and growing occupations, and working with the community college system to develop degree and certificate programs suited to these occupations. The project not only links low-income individuals to training, but also links employers to its graduates, helping the city to attract and retain businesses that rely on a skilled workforce.
More than 80% of participants in Project Quest graduated from the programme and 86% of those graduates went into higher-paying occupations (Benner and Pastor, 2015), with positive impacts in terms of increased tax revenue and reduced social service spending (Pike et al, 2017).

Green et al, 2017

Leeds City Region

The Leeds City Region LEP have an ambition to deliver more inclusive growth by creating more and better jobs in the region.

The LEP has amended the core criteria for its Business Growth Programme to incentivise applicants to employ staff at the living wage rate or above by allocating more grant per new job paying that rate. They have also specified that all apprenticeships funded through the programme should be paid at the appropriate minimum wage rate for the employee rather than the lower national apprenticeship wage.

Businesses receiving grants of over £50,000 will be expected to offer additional inclusive growth commitments which include: offering training to low-paid staff to help them progress; commit to paying staff the Real Living Wage within an agreed timescale, and developing a skills plan to include apprenticeships.

Leeds City Region, 2018

Making existing jobs better

Efforts to improve the quality of jobs on offer in towns and cities require action to encourage employers to not only create new good jobs, but also to make existing jobs better. Some local leaders, both in the UK and abroad, have stated to offer support or public recognition to businesses achieving an objective standard of ‘good work’. Other initiatives have looked to offer advice and guidance to employers about job quality alongside more traditional forms of business support.

There is a growing body of evidence (CIPD, Be The Business, Productivity through People), that if we want to address the UK’s productivity problems, different forms of business support will be required. To deliver inclusive growth, we need to make sure the interventions we design are ones that benefit workers, ensuring that we boost productivity with a purpose. Our evidence points to four areas where interventions could be made to support businesses, improve pay and productivity: increasing the proportion of workers in on-the-job training; improving management practices; increasing the percentage of workers using ICT; and reducing the share of temporary workers.

There is a need for stronger convening and coordination of business support services and possibly providing incentives for firms to go beyond initial topics of engagement (for example, help with accessing finance) to broader topics such as local employment, www.jrf.org.uk
the Living Wage or apprenticeships (Rafferty and Jelley, 2018). Considering how the benefits of business-to-business support, such as through sector bodies or chambers of commerce, can be best utilised should form part of any Local Industrial Strategy discussion about the local business environment.

### The Mayor of London’s Good Work Standard

Setting out expectations of businesses in the form of a ‘good business’ or ‘good employment’ charter is a growing area of interest for many cities and city regions (Hughes et al, 2017), with places such as Greater Manchester, Glasgow and North of Tyne developing approaches.

The Mayor of London’s Good Work Standard is the most advanced of these with a significant amount of time spent consulting with businesses and other experts to help design a standard that can help to improve employment in the capital. The Standard sets out activity in four areas: fair pay and conditions; workplace wellbeing; skills and progression; and diversity and recruitment.

Recognising that not all employers will be able to meet the same standards in every area, the Greater London Authority has established three levels of activity across those four areas: Foundation - the basics; Achievement – possible for everyone; and Excellence – more challenging but exemplary practices.

The result is a set of activities and actions that can help guide employers, from small to large, on how to improve the quality of jobs they offer.

On pay, for example, the Foundation level includes basic legal requirements including payment of at least the National Minimum Wage; provide payslips for all employees; and paid internships. The Achievement level requirements are for accreditation as a London Living Wage (LLW) employer; internships that last at least four weeks and are paid at the LLW; and apprentices paid the LLW by the end of their apprenticeship. The Excellence level includes getting your supply chain signed up to the Living Wage Foundation; fully-paid parental leave; and above statutory annual-leave entitlement.

The GLA plans to roll-out the Good Work Standard by Spring 2019, conducting extensive user-testing activities with a broad range of stakeholders and businesses in the leadup to launch. This testing period will commence in January when the Good Work Standard website on london.gov.uk will go live, making public a prototype for all interested parties to test and provide feedback.
CIPD People Skills Pilot

The Chartered Institute of Professional Development (CIPD) established a pilot programme which provided small firms with HR support and advice, with the ambition to support SME growth and productivity by enabling better people management. Although the pilot did not have explicit aims linked to improved outcomes for people in, or at risk of, poverty, schemes that aim to improve management capabilities (particularly in relation to workforce management) are likely to contribute to reducing in-work poverty.

Funded by the JP Morgan Chase Foundation, the programme was delivered by CIPD through local partners, including councils and chambers of commerce. The pilot operated in three locations: Glasgow, Hackney and Stoke-on-Trent. In each location, a number of independent HR consultants offered free employment and people management advice to SMEs on demand, and the CIPD’s HR Inform online support system was made available to all participants. The programme was evaluated by Manchester Metropolitan University.

The programme has four outcomes it sought to achieve:

- Provide easy access to high-quality support for SMEs.
- Unlock demand for investing in leadership and people management capability.
- Inspire SMEs to invest in and employ young people.
- Deliver improved co-ordination of local partnership networks to provide people management support and services.

The pilot took place between July 2015 and October 2016. Of 449 SMEs that made an initial enquiry, 416 went on to work with a HR consultant. The evaluation of the programme found that it was a highly effective operating model, though the high take-up appears to have come primarily from SMEs already engaged with partners in the pilot. Take-up was much higher in Glasgow and Stoke-on-Trent where the Council (Glasgow) and Chamber of Commerce (Stoke) were able to exploit existing networks to engage SMEs. In Hackney, the partner organisation was the Council, who did not previously offer any business support activity and was not able to tap into existing networks, meaning engaging SMEs was much harder as a result.

A key finding was that many of the small firms involved had people management needs that were more basic than expected. Advice was sought on employment contracts and legal compliance, and many weren’t ready to engage in more transformational work on workforce development. The programme had limited success in encouraging SMEs to employ/invest in young people, with issues such as ‘work-readiness’ and perceived bureaucracy of apprenticeship schemes cited as barriers.
Owner-managers who were surveyed for the evaluation were more likely to report that their organisation was better than similar firms on measures such as work-place relations and productivity as a result of contact with the programme. Glasgow City Council saw the pilot as a success and chose to continue to fund the project at the end of the initial pilot, with local stakeholders highly supportive of the model.

CIPD argue that the pilot demonstrates a demand for HR support amongst SMEs. It estimates that if each LEP in England were to introduce it, it would require initial funding of around £13 million per year for at least three years.

CIPD, 2017

Supporting ‘better’ jobs in low-pay sectors

Publicly-funded business support in England is often restricted to ‘growth’ sectors and the type of support that is funded is often driven by targets and measures set by Government or, in many instances, the EU. This means that some businesses which employ large numbers of people, such as retail and hospitality, aren’t able to access help, even when they might benefit from it. With the UK’s exit of the EU on the horizon, and a commitment from the UK Government to replace EU structural funds with a shared prosperity fund, there is an opportunity to rethink the shape and nature of business support to help businesses in these high employment/low-pay sectors.

The productivity challenges in sectors such as hospitality and retail are similar in many parts of the country, which can cause an issue when preparing a Local Industrial Strategy that is striving for distinctiveness. However, the evidence on how best to boost productivity in high employment/low-pay sectors is limited and there is a need for areas to experiment to test what works best. It might be that this experimentation can provide the distinctiveness that is asked for by Government. Strategies should look to build on some of the emerging evidence and design programmes that can support better jobs in low-pay sectors. The case study below highlights one of these ideas, but initiatives such as the CIPD pilot discussed above could be of equal benefit to low-pay sectors.
Jamie Oliver’s Fifteen Cornwall: ‘Experts Grow’ Project

The ‘Experts Grow’ project at Jamie Oliver’s Fifteen Cornwall shares ways of improving the earnings and progression of low-paid workers through changes to business practices which deliver clear benefits in productivity and product quality. Led by a partnership of progressive hospitality businesses and supported by the UKCES UK Futures Programme, the project developed the hospitalityskills.net Toolkit to demonstrate to small hospitality businesses how they can afford to train and progress their staff.

The project has successfully engaged 15 hospitality businesses in prototyping practical tools – such as an internal training progression programme – to enable investment in people to achieve business improvement as well as personal professional development. Over 400 low-wage employees in partner businesses have benefitted from the project, developing clear career progression pathways and achieving lasting increases in wages. At the same time, employers report productivity gains sufficient to fully offset the cost of their investment; suggesting increased pay for staff and increased profits for businesses.

By changing business practices and increasing employer investment in job enrichment, professional development, and pay and benefits, the project has delivered better skilled, engaged employees with increased value and self-worth.

JRF, 2016b

Place

Role of anchor institutions

The contribution that anchor institutions make to local economies has generated more attention in recent years, including in the Industrial Strategy White Paper. Anchors can include local authorities, hospitals, universities and other public sector bodies, along with headquartered or significant businesses in a town or city. Beyond their primary function, anchors often employ large numbers of people, procure a significant amount of goods and services, and can own lots of land and buildings in an area. Maximising the impact of these organisations to drive inclusive growth has formed a key part of several initiatives in towns and cities in the UK and US. Local Industrial Strategies should learn from them and develop a plan for how anchor institutions can contribute to the dual aims of boosting productivity and earning power.
Cleveland’s Greater University Circle Initiative

Cleveland’s anchor institutions have been working together since 2007, under a broader project called the Greater University Circle Initiative. Supported by the Cleveland Foundation and the Democracy Collaborative, the initiative seeks to address issues facing some of Cleveland’s poorest neighbourhoods. An initial roundtable, convened by the Cleveland Foundation, encouraged the anchors - which included representatives from the Mayor’s Officer, Chamber of Commerce, community development corporations, employee-owned companies, the local hospital and university – to connect the needs of their institutions to the need for local jobs for people living in poor neighbourhoods.

The Greater University Circle has coalesced around four high-level, shared, economic-inclusion goals—Buy Local, Hire Local, Live Local, and Connect:

- **Buy Local**—increase opportunities for anchor institutions to purchase goods and services locally, and help small businesses increase their capacity to meet these needs.
- **Hire Local**—expand efforts by anchors to hire residents from the neighbourhoods, and help improve the local workforce system.
- **Live Local**—support and improve the employer-assisted housing program, Greater University Circle, and leverage it to help create more stable neighbourhoods.
- **Connect**—the key to all of these efforts, using the resources and skills of organisations such as Neighbourhood Connections, a grassroots grant-maker, as well as other intermediaries such as Towards Employment and Ohio Means Jobs (workforce investment board), Cleveland Neighbourhood Progress (community development), BioEnterprise, MidTown, University Circle Inc., and the Economic and Community Development Institute (small business support).

By 2010, the Greater University Circle Initiative had momentum. Several major initiatives were underway: the Uptown housing project, which included a high-profile arts organisation, the Museum of Contemporary Art; three major transit infrastructure projects; an unprecedented workforce effort, the Evergreen Cooperatives; and the NewBridge education and training effort, based on the successful Manchester-Bidwell model in Pittsburgh.

The Buy Local approach tracked spending in the major anchors in both Cleveland and the wider Cuyahoga County. From 2010 to 2017, the total value of purchases in Cuyahoga County amongst the institutions increased by 27% and spending in the City of Cleveland increased 11% (Schnoke et al, 2018).
The Evergreen Cooperatives are a key part of this model, which are designed to be completely owned and managed by workers and service the needs of the anchor institutions. By 2017, the cooperatives were employing more than 100 people, with 43 member employees (Schnoke et al, 2018). The first to establish was the Evergreen Commercial Laundry which required support from the City Government and anchor institutions to set up. Contracts for laundry services were agreed with the Cleveland Clinic, University Hospitals, Case Western Reserve University and the City of Euclid (a nearby community). Other cooperatives established include: Ohio Cooperative solar, which installs solar energy services; and Green City Growers Cooperative, which grows food which is sold to local schools and hospitals.

Wright, Hexter and Downer, 2016

Chicago Anchors for a Strong Economy (CASE)

Launched by World Business Chicago in 2014, CASE is a network of leading anchors committed to harnessing their collective purchasing power to promote economic vitality across Chicago’s neighbourhoods. These institutions work to create economic opportunities for local suppliers by:

- Fostering strategic relationships with these businesses.
- Equipping them with the necessary tools to compete successfully for contracts.
- Adding new revenue and jobs into the regional economy.

This strengthens the existing small-business ecosystem, empowering local businesses and creating inclusive and sustainable economic growth. Chicago is home to some of the world’s best universities, hospitals, cultural institutions and public and private enterprises. These anchors engage in a large volume of business-to-business transactions, procuring billions of dollars of goods and services each year.

Complicated procurement processes were found to make it difficult for local small- and medium-sized businesses to access these opportunities and collaboration was required to raise awareness and build capacity to support local businesses to respond to the opportunities. Funded through an initial investment from the Polk Bros. Foundation, as well as by contributions from local anchors through annual membership fees, CASE became a matchmaker between anchors as buyers and local businesses as suppliers.

Anchors representing the public and private sectors have committed to the network. These institutions contribute financially and provide strategic direction for the business advisory programme, while in turn benefiting from improved access to competitive local suppliers. Participating anchors analyse their spending in order to identify opportunities to shift spend in favour of competitive local businesses, making information about suitable contracts available through the network.

JRF, 2016c
References


About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - We can solve poverty in the UK - and loosen poverty’s grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

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