

Report of the Director of City Development and the Director of Resources

Report to Scrutiny Board (Sustainable Economy and Culture)

Date: 18 March 2014

Subject: Delivering employment and training opportunities through the Council's procurement and planning functions

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Scrutiny Board recommended actions arising from its inquiry into Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities has assisted in strengthening the approach to securing employment, skills and supply chain opportunities for local people and businesses. This activity contributes to the Best Council Plan objectives to promote sustainable and inclusive economic growth by helping people into jobs and supporting business growth through access to supply chain opportunities and addressing workforce development needs.
2. In a period of just over 12 months, 1,230 local residents have secured jobs and 57 young people have benefitted from the apprenticeships created or safeguarded. A review has been undertaken to report on outputs delivered to date and to assess how effectively this approach is working taking account of the revised ways of working and the views of stakeholders. The number of positive outcomes for local residents is expected to grow as the increasing number of contracts and developments in the pipeline commence including the Victoria Gate, Thorpe Park and White Rose developments that offer significant employment opportunities in both construction and with end occupiers.

Recommendations

Members of Scrutiny Board are asked to note the progress made to implement the recommendations of the inquiry into Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities.

1 Purpose of this report

- 1.1 The report provides up-to-date information on the outputs delivered through employment and skills obligations applied through the Council's procurement and planning processes. It also details the findings of the review undertaken to assess whether the framework is being applied and is effectively contributing to the achievement of Council objectives.
- 1.2 This report has been prepared in response to the Scrutiny Board recommendations on Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities, recommendations 5 and 12.

2 Background information

- 2.3 The Scrutiny Board established an inquiry into how the Council uses its procurement and planning functions as an enabler of locally driven, sustainable economic growth that benefits both local people and businesses. The inquiry recommendations were approved on 28 June 2012.
- 2.2 Progress on implementing the recommendations has been reported periodically to Scrutiny Board with the last report submitted to the Board's meeting on 16 July 2013. The recommendations included provision for an annual review to detail the progress made and the opportunity to review the approach to ensure that it continues to contribute to the achievement of the Council's policy objectives.

3.0 Key Issues

3.1 Outputs delivered to date

- 3.1.1 **Planning.** Within the period covered by the review (September 2012 to January 2014) 40 planning consents were granted with employment and skills obligations during the period covered by the review. 25 applications met the trigger threshold for the inclusion of employment and skills obligations. These developments will provide a range of construction job roles and generate jobs with end users in the retail, hospitality, and customer service and security sector.
- 3.1.2 Employment and Skills Plans detailing the obligations and how these are to be delivered has been put in place for 14 developments. Each plan contains targets for local people into jobs, apprenticeships and supply chain opportunities. These have primarily been within the construction sector to date, with some opportunities with end users in the retail sector.
- 3.1.3 Four developments have completed to date and the outputs are detailed in Appendix 1 Table 1. Employment and Skills Plans yet to be implemented forecast a further 1,000 jobs. These do not include

Trinity Leeds S106

Construction

- 55 Leeds residents into jobs
- 19 Leeds residents into apprenticeships
- 192 jobs safeguarded for Leeds residents
- 9 apprenticeships safeguarded for Leeds residents
- 29 Leeds businesses engaged in the supply chain

Additional support provided to tenant businesses

- 415 Leeds residents into jobs at Primark, Angelica, Craft house and OCS.

the Victoria Gate, Thorpe Park and White Rose Shopping Centre where the Employment and Skills Plans are still in development. The White Rose extension has the potential to support up to 50 construction jobs and up to 1,000 full and part-time jobs in retail and hospitality. Phase 1 of the Victoria Gate development includes the John Lewis store and will potentially create up to 700 construction jobs and 1,200 retail and hospitality jobs. The Thorpe Park development will potentially create up to 330 construction jobs and in the region of 10,700 other jobs over a 25 year period.

3.1.4 **Procurement.** 54 contract specifications have met the threshold value of £100k and were subject to an option appraisal to determine whether the inclusion of employment and skills obligations in the contract were appropriate. A total of 27 specifications were considered not to be suitable for the inclusion of employment and skills obligations. Of these, 13 were considered unsuitable on grounds of value for money; 13 due to the nature of the contract being procured and one contract was tendered but did not proceed due to the quality of the submissions received.

First Direct Arena

Contract obligations – construction phase

- 80 Leeds residents into jobs
- 9 Leeds residents into apprenticeships
- 122 jobs safeguarded for Leeds residents
- 24 apprenticeships safeguarded for Leeds residents
- 144 weeks of work experience (16-18 yrs. and 18 yrs. plus)
- 82 Leeds businesses engaged in the supply chain

Additional support provided to SMG Europe resulted in Leeds residents securing 210 of the 300 jobs available.

3.1.5 A total of 5 contracts have been delivered to date. These have supported 518 local residents to secure jobs and 99 apprentices. Appendix 1 Table 2 details the outputs by ward. A further 8 contracts have been awarded including the Housing and Regeneration programme for Beeston and Holbeck and Little London and the waste recycling facility. The majority of the contracts are construction services but also include the provision of support to young people and adult social care services. The remaining 13 contract specifications are still at various stages of the procurement process.

3.1.6 Appendix 1 Table 3 details the cumulative outputs delivered to date through employment and skills obligation by electoral ward. In total 2,308 individuals gained employment of which 1,233 were residents of Leeds with 417 (48%) of these individual resident in the most disadvantaged wards. 148 apprenticeship positions have been safeguarded or created through the obligations with 31 safeguarded positions and 26 new positions secured by Leeds residents.

3.1.7 In addition to the job outcomes, obligations have enabled 121 site visits (2,997 young people), 19 research projects and 123 work experience opportunities. 27 'Meet the Buyer' events were held and 161 Leeds based businesses have been engaged in the supply chain and a further 160 business have been engaged from across the Yorkshire and Humber region.

3.2 The Review Process

3.2.1 The Procurement, Planning and Employment and Skills services undertook to jointly review the implementation of the policy on an annual basis. This periodic

review will enable the policy to be amended where appropriate to reflect changing economic circumstances including local and sectoral changes; changes in employment and skills policy and publicly funded provision; and ensure that additional guidance and support is made available to officers, developers and contractors where required.

- 3.2.2 The review process has included a review of the quantifiable inputs and outputs; the information systems and processes; and the view of key stakeholders.
- 3.2.3 The review of the quantifiable inputs and outputs has sought to identify the number of contracts and planning agreements
- within the scope of the policy framework
 - with relevant obligations
 - that included obligations that were delivered at 100% of target / between 75 and 99% of target/ between 50% and 75% of target
 - that included obligations that were not delivered or delivered at less than 50% of target.

The above information has been examined to ascertain whether there is any correlation between the level of outcomes achieved and the type, nature and scale of the contracted activity / development.

- 3.2.4 Stakeholder views have been sought through surveys on how the policy framework to secure employment, skills and supply chain benefits is being implemented. This has sought views on the support and advice provided; compliance with the requirements including the provision of information for monitoring purposes; the benefits secured for their business including meeting corporate social responsibility objectives, up skilling their workforce, public relations and publicity. It has also sought information on any difficulties encountered and the changes or support required to overcome these.

3.3 Review Outcomes

- 3.3.1 **Delivery against Targets.** Four developments with S106 agreements were completed and delivered between 75% and 99% of the target outputs set. The majority of targets were achieved with the exception of the number of local people recruited into apprenticeships. This has reflected the uncertain economic climate with businesses concerned to safeguard existing apprentices rather than taking on additional employment liabilities before securing further contracts. However, there were areas where achievements were significantly above those projected including support for site visits, educational and community activities and increased work force skills development.
- 3.3.2 Five contracts awarded by the Council that included employment and skills obligations have been delivered. One contractor delivered between 75% and 99% of the targets set and four delivered between 50% and 75% of the targets set.
- 3.3.3 The key area of underperformance was the recruitment of new apprentices for the reasons outlined in 3.3.1 above. Where difficulties have been encountered in providing and or recruiting to apprenticeships a pragmatic approach has been taken in negotiating additional outputs for work experience and educational visits.
- 3.3.4 **Stakeholder views** were sought primarily through a questionnaire to developers, contractors; procurement, planning and service commissioning managers.

Feedback was sought on the support and advice provided; ability to comply with the requirements including the provision of information for monitoring purposes; the benefits secured for their business including meeting corporate social responsibility objectives; up-skilling of their workforce; public relations and publicity. Key messages from the feedback are summarised below.

Benefits

- The opportunity to inspire young people to enter the construction industry
- The opportunity for involvement in the delivery of innovative community projects
- Involvement with the “Build My Future Build my Leeds Competition”
- Being able to evidence experience of delivering added value when competing for other contracts
- Social impact is embedded in all new development supply chains
- Recognition as a model of good practice in the industry
- Raising the profile of the industry
- Dedicating time from my team to act as mentors for young people
- Living child friendly city through supporting the Families First programme
- Sharing best practice and working in partnership
- Opportunities to support engagement with local schools
- A collaborative and consultative approach
- Increased understanding of what’s expected and the support available
- On-going support throughout the process of assessment and delivery
- Providing independent scrutiny and a clear robust monitoring process
- A single point of contact to provide guidance and support
- Regular reviews to discuss concerns

Challenges

- The construction industry is characterised by high impact activity over the short term with a transient workforce that follows the work. This makes sustainable benefits very difficult to achieve
- Understanding the many organisations and the many legislative rules together with funding opportunities is difficult when dealing with job seekers, work experience and apprenticeships .A single point of contact has been critical in providing the guidance to support effective delivery and link to the right people
- The type of build programme can often have specialist requirements in terms of build and skills which are not always available in Leeds, the City Region or the UK.
- Delivering the level of outcomes in a challenging economic climate across the construction industry, in particular, supporting new apprentices. The establishment of a shared apprenticeship provision linked to the industry that can adapt and is flexible is a welcome addition
- Delivering the wider benefits, on budget and time
- Contractors have found the wording of the S106 difficult to understand and the implications of the risks in delivery
- The inclusion of employment and skills obligations may deter bidders
- Securing the support of the service area to understand the need to complete the toolkit

3.3.5 Feedback from all stakeholders emphasised the critical need for early engagement to foster good working relationships that are both supportive and challenging when required.

- 3.3.6 **Information systems and processes.** Effective systems and ways of working are critical to the effective implementation of the framework for delivering employment and skills obligations. Automated notifications, guidance and toolkits to support options appraisals and robust monitoring systems are in place and there has been increased contact and dialogue and joint working between the relevant services.
- 3.3.7 A key objective of the framework has been to target opportunities to specific localities that may be adversely affected during the development phase and or to ensure that residents from disadvantaged communities have priority access to the employment opportunities. It is intended that this is achieved by targeting opportunities to named geographies i.e. localities / wards/ parliamentary constituencies.
- 3.3.8 The targeted approach has differed in relation to the size and nature of the development / contract and the skill levels required for the job roles available. For example the development of new office quarters for the West Yorkshire Police service covered a target area within a 50 mile radius of the site whereas a retail supermarket development in South Leeds had a target area covering adjacent wards. The distribution of job outputs secured across wards reflects both the existing workforce base of businesses as well as targeted interventions to recruit new employees.
- 3.3.9 Developers and contractors have largely supported this targeted approach but successful delivery is dependent to a large degree on the outreach and engagement activity delivered by the Employment and Skills service. To ensure that future targeted approaches are maximised the service has realigned staff resources to support increased outreach activity to raise awareness of the opportunities, engage local residents, provide skills training where appropriate and advise on recruitment processes. Working in close collaboration with the Area Committee lead member and ward members, this revised approach enabled 39 briefing and ICT support sessions to be delivered to 1,090 local residents applying for the 300 jobs currently being recruited to at retail development in Middleton under S106 obligations.
- 3.3.10 A number of the planning consents and S106 agreements were determined prior to the Scrutiny Board's inquiry and did not take account of employment opportunities with end users of the development. For example the Trinity Leeds development included S106 obligations on the construction phase only. This agreement was completed but since then we have strengthened the format and content of the agreements and practices requiring the developer to submit an Employment Strategy that details how they will work with the Council during the construction phase and with the end occupiers of the development. This approach has been adopted for both the development of Victoria Gate and White Rose.
- 3.3.11 A high number of contracts that meet the threshold for appraisal have been assessed as not suitable for the inclusion of employment and skills obligations. Contract length is a key determinant of the ability of the contractor to achieve employment and skills outcomes. It is proposed that contracts of less than 12 months duration should not be considered. Further work is required to identify key gateway criteria or thresholds in addition to contract value that can be consistently applied to make best use of resources. The nature and size of the services and activities being procured have the potential to deliver very different volumes of

opportunities and should be balanced against the need to complete a resource intensive assessment process if obligations are to be delivered without significant additional cost to the Council.

4.0 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Key stakeholders including contractors, developers and their end users where appropriate, planning, procurement and service commissioning officers who have contributed to the assessment, negotiation and implementation of the obligations have been involved in the review process. 28 responses were received to the questionnaire seeking feedback on the policy; guidance notes and toolkits; application and support offered to enable implementation.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An Equality Impact Assessment screening was undertaken in 2012 to inform the revisions to the Council's procurement policy. Increases in unemployment through the recession disproportionately impacted on those neighbourhoods with the highest levels of claimants. Obligations include minimum levels to be achieved and are increasingly targeted to specific communities and claimant groups as well as cohorts of young people engaged in employability and skills programmes. Achievement against these targets will be monitored and reported and continue to inform implementation.

4.3 Council policies and City Priorities

4.3.1 The activity and benefits arising from this approach contribute to the achievement of objectives in the Best Council Plan to promote sustainable and inclusive economic growth by helping local residents into jobs and supporting local businesses to access supply chain opportunities. The heads of terms of S106 employment and skills obligations are reported to and agreed by Plans Panels prior to the determination of any planning applications.

4.4 Resources and value for money

4.4.1 The inquiry recommendations have been implemented within existing resources and have delivered additional benefits to local residents and local businesses that may not have otherwise happened. Support offered to developers and contractors to implement their obligations has included access to a range of existing publicly funded employability and skills programmes.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Activity to secure employment and skills obligations must comply with the Public Contract Regulations 2006 and not contravene the legislative framework and guidance issued by the Secretary of State on the use of Planning Obligations.

4.5.2 There are no specific legal implications arising from this monitoring report.

4.6 Risk Management

4.6.1 The impact of introducing employment and skills obligations on developers will continue to be considered over the short, medium and long term and in the context

of prevailing economic conditions; the strength of targeted sectors within the economy; and the need to balance any gains with the need to encourage continued investment in Leeds. These issues will be monitored and kept under review.

5.0 Conclusions

5.1 The inclusion of employment and skills obligations is the first step in a process that can play out over a considerable period of time. The lead in time from the grant of planning consent to development starting on site can be up to 3 years and can be delayed further in the current economic climate, a matter outside of the control of the Council. The process of developing a tender specification, seeking and evaluating tenders on high value contracts will usually take more than 6 months. At this stage outputs reported remain modest due to the lengthy lead time on activity delivered through this process but are increasing.

5.2 In total, 1,230 local residents have accessed jobs and 57 apprenticeships have been created or safeguarded to date. This number is expected to grow as the increasing number of contracts and developments in the pipeline commence. The Victoria Gate, Thorpe Park and White Rose developments will offer significant employment opportunities in both the construction and with end occupiers.

5.3 There have been an increased number of opportunities to apply employment and skills obligations to contracts and planning agreements and work will continue to refine and more effectively target the approach to those developments with significant employment generating potential during construction and in end users. The continuous review of the framework will enable the Council and key stakeholders to assess the continued effectiveness of this approach and take appropriate action to amend the approach to meet changing circumstances and needs when required.

6.0 Recommendations

6.1 Members of Scrutiny Board are asked to note the progress made to implement the recommendations of the inquiry into Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities.

7.0 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix 1 Table 1: Planning Period: Sept 2012 - Jan 2014

	Cumulative	New	New - End User Opps	Comments
ESP in development	3	0	0	
ESP agreed	15	1	0	
Total	18	1	0	

Outputs	People into Jobs	Jobs Safeguarded	People into Apprenticeships	Apprenticeships safeguarded	Totals by Wards	%
Adel and Wharfedale	7	2	0	0	9	1.03%
Alwoodley	12	5	0	0	17	1.95%
Ardsley and Robin Hood	5	1	1	0	7	0.80%
Armley	29	1	1	1	32	3.67%
Beeston and Holbeck	24	12	1	0	37	4.24%
Bramley and Stanningley	23	6	0	1	30	3.44%
Burmantofts and Richmond	28	11	0	0	39	4.47%
Calverley and Farsley	13	0	0	1	14	1.60%
Chapel Allerton	13	2	0	0	15	1.72%
City and Hunslet	46	43	2	0	91	10.42%
Cross Gates and Whinmoor	15	9	3	0	27	3.09%
Farnley and Wortley	14	8	0	0	22	2.52%
Garforth and Swillington	9	11	0	1	21	2.41%
Gipton and Harehills	19	1	0	0	20	2.29%
Guiseley and Rawdon	56	7	0	0	63	7.22%
Harewood	7	3	0	0	10	1.15%
Headingley	21	21	0	1	43	4.93%
Horsforth	11	2	0	0	13	1.49%
Hyde Park & Woodhouse	14	0	0	0	14	1.60%
Killingbeck and Seacroft	21	5	0	0	26	2.98%
Kippax and Methley	12	4	0	0	16	1.83%
Kirkstall	30	24	0	1	55	6.30%
Middleton Park	54	5	1	0	60	6.87%
Moortown	16	0	0	1	17	1.95%
Morley North	9	16	0	1	26	2.98%
Morley South	6	1	1	0	8	0.92%
Otley and Yeadon	27	3	0	1	31	3.55%
Pudsey	16	15	0	2	33	3.78%
Rothwell	11	11	0	0	22	2.52%
Roundhay	11	0	0	0	11	1.26%
Temple Newsam	7	1	0	1	9	1.03%
Weetwood	12	18	0	0	30	3.44%
Wetherby	1	1	2	1	5	0.57%
Totals	599	249	12	13	873	100.00%

Appendix 1 Table 2: Procurement Period : Sept 2012- Jan 2014

Procurement Meeting The Thresholds (£100k)	Cumulative	New	End User Opps
Assessed with Obligations	61	7	0
Progression to Tender	6	0	0
Awarded	8	0	0
Not Suitable	31	4	0
Total number of Procurement Assessed	61	11	0

Outputs	People into Jobs	Jobs Safeguarded	People into Apprenticeships	Apprentices safeguarded	Total by Wards	%
Adel and Wharfedale	7	0	0	0	7	1.68%
Alwoodley	2	0	0	0	2	0.48%
Ardsley and Robin Hood	5	0	2	2	9	2.16%
Armley	7	0	0	0	7	1.68%
Beeston and Holbeck	8	15	0	1	24	5.76%
Bramley and Stanningley	8	0	0	1	9	2.16%
Burmantofts and Richmond	11	0	0	0	11	2.64%
Calverley and Farsley	3	0	0	2	5	1.20%
Chapel Allerton	13	3	1	1	18	4.32%
City and Hunslet	23	1	0	0	24	5.76%
Cross Gates and Whinmoor	8	0	1	1	10	2.40%
Farnley and Wortley	16	3	1	1	21	5.04%
Garforth and Swillington	1	30	0	0	31	7.43%
Gipton and Harehills	15	0	0	0	15	3.60%
Guiseley and Rawdon	2	0	0	1	3	0.72%
Harewood	1	0	0	0	1	0.24%
Headingley	11	0	0	0	11	2.64%
Horsforth	4	7	0	0	11	2.64%
Hyde Park & Woodhouse	32	0	0	0	32	7.67%
Killingbeck and Seacroft	12	0	1	0	13	3.12%
Kippax and Methley	2	0	0	0	2	0.48%
Kirkstall	11	0	0	1	12	2.88%
Middleton Park	16	0	4	0	20	4.80%
Moortown	11	0	0	0	11	2.64%
Morley North	2	10	0	0	12	2.88%
Morley South	6	0	1	1	8	1.92%
Otley and Yeadon	5	0	0	2	7	1.68%
Pudsey	3	0	0	0	3	0.72%
Rothwell	5	0	1	2	8	1.92%
Roundhay	8	0	0	0	8	1.92%
Temple Newsam	5	0	1	1	7	1.68%
Weetwood	3	0	1	1	5	1.20%
Wetherby	0	50	0	0	50	11.99%
Totals	266	119	14	18	417	100.00%

Appendix 3 Table 3: Planning and Procurement

Period: Sept 2012 – Jan 2014

Outputs	People into Jobs	Jobs Safeguarded	People into Apprenticeships	Apprentices safeguarded	Total by Wards	%
Adel and Wharfedale	14	2	0	0	16	1.24%
Alwoodley	14	5	0	0	19	1.47%
Ardsley and Robin Hood	10	1	3	2	16	1.24%
Armley	36	1	1	1	39	3.02%
Beeston and Holbeck	32	27	1	1	61	4.73%
Bramley and Stanningley	31	6	0	2	39	3.02%
Burmantofts and Richmond	39	11	0	0	50	3.88%
Calverley and Farsley	16	0	0	3	19	1.47%
Chapel Allerton	26	5	1	1	33	2.56%
City and Hunslet	69	44	2	0	115	8.91%
Cross Gates and Whinmoor	23	9	4	1	37	2.87%
Farnley and Wortley	30	11	1	1	43	3.33%
Garforth and Swillington	10	41	0	1	52	4.03%
Gipton and Harehills	34	1	0	0	35	2.71%
Guiseley and Rawdon	58	7	0	1	66	5.12%
Harewood	8	3	0	0	11	0.85%
Headingley	32	21	0	1	54	4.19%
Horsforth	15	9	0	0	24	1.86%
Hyde Park and Woodhouse	46	0	0	0	46	3.57%
Killingbeck and Seacroft	33	5	1	0	39	3.02%
Kippax and Methley	14	4	0	0	18	1.40%
Kirkstall	41	24	0	2	67	5.19%
Middleton Park	70	5	5	0	80	6.20%
Moortown	27	0	0	1	28	2.17%
Morley North	11	26	0	1	38	2.95%
Morley South	12	1	2	1	16	1.24%
Otley and Yeadon	32	3	0	3	38	2.95%
Pudsey	19	15	0	2	36	2.79%
Rothwell	16	11	1	2	30	2.33%
Roundhay	19	0	0	0	19	1.47%
Temple Newsam	12	1	1	2	16	1.24%
Weetwood	15	18	1	1	35	2.71%
Wetherby	1	51	2	1	55	4.26%
Totals	865	368	26	31	1290	100%