

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

**Report to Scrutiny Board (Sustainable Economy and Culture)**

**Date: 17 March 2015**

**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**

Actions taken following the Scrutiny Board inquiry undertaken in 2012/13 into Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities have assisted in strengthening the Council's approach to securing employment, skills and supply chain opportunities for local people and businesses.

The delivery of employment and skills obligations through procurement and planning contribute to the achievement of 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.

The inquiry recommendations required that an annual review and update report on implementation be provided to Scrutiny Board. 891 local residents secured employment during the period September 2012 to December 2013. This second annual report identifies that a further 505 local residents have secured employment as a result of obligations placed on developers and contractors working with the Council in the 12 months period January from 2014 to January 2015.

The More Jobs, Better Jobs research programme supported by a partnership between Joseph Rowntree Foundation, Leeds City Region Enterprise Partnership and the Council includes work to identify and review best practice on connecting disadvantaged communities to training and jobs through this route. This will report in May 2015 and further inform this work.

**Recommendations**

Members of Scrutiny Board are asked to:-

- note the continuing work to secure and deliver employment and skills obligations
- note the ongoing work of the More Jobs, Better Jobs partnership

## **1.0 Purpose of this report**

- 1.1 This report provides an update on outputs delivered through employment and skills obligations applied through the Council's procurement and planning processes for the period of January 2014 to January 2015.
- 1.2 The report also notes refinements to the process to ensure that resources are deployed efficiently to maximise benefits for local residents, and the ongoing work with the More Jobs, Better Jobs partnership to learn from best practice elsewhere.

## **2.0 Background information**

- 2.1 In 2011, 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 18 March 2014. 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.
- 2.3 The Council, in partnership with the Leeds City Region Enterprise Partnership and the Joseph Rowntree Foundation (JRF), has commissioned two pieces of research which are of relevance to the Council's approach. One project, which is being delivered by the University of Sheffield and Sheffield Hallam University, seeks to better understand how to connect the employment opportunities generated through major development and infrastructure projects to households in disadvantaged communities. This research will examine existing approaches across the city region and elsewhere to identify best practice and recommend action where required. The research outputs will be reported in May 2015.
- 2.4 The second project, being delivered by Leeds Beckett University in partnership with York St John University, is working with anchor institutions (defined as large organisations with a stake in a particular place) to identify and develop innovative approaches to workforce development and procurement which can improve productivity and performance and also make a difference to the city region's prosperity through more and better paid jobs. The research outputs will be reported in late 2015.
- 2.4 Given that these pieces of work have a strong bearing on our approach to using planning and procurement functions to enable locally driven, sustainable economic growth, a light-touch review of our current processes has been undertaken through dialogue with key stakeholders, and a number of the issues raised are being actioned. It is noted that further action may be required as a result of the JRF research findings, particularly those relating to the first project on connecting the employment opportunities generated through major development and infrastructure projects to households in disadvantaged communities. These will be presented to the relevant Executive Members and Scrutiny Board for discussion prior to consideration of any further changes.

### 3.0 Key Issues

#### 3.1 Output performance

3.1.1 In the period January 2014 to January 2015, the inclusion of employment and skills obligation in the Council's Planning and Procurement processes has enabled 456 local residents to secure jobs and 49 young people to benefit from apprenticeships.

3.1.2 Appendix 1, Table 1 details the total outputs delivered in this monitoring period by electoral ward. Table 2 details those outputs delivered as a result of S106 Planning Agreements and Table 3 details those delivered through contractual obligation. 402 of the outcomes were generated through 29 planning applications and 54 outcomes were generated through procurement contracts.

#### 3.2 S106 Planning Agreements

3.2.1 Employment and skills obligations are applied only on those schemes with the potential to provide a significant impact for entry level employment and training opportunities during construction or in end uses without placing an unnecessary burden on the developer. The following thresholds apply and ensure a consistent approach:-

- Retail developments of over 2,000m<sup>2</sup>
- Residential developments of over 100 units
- Construction sites over 10,000m<sup>2</sup>

3.2.2 A larger number of opportunities have been generated with end users particularly where there is a high volume of entry level roles in retail, hospitality, customer service and warehousing. End users of new retail and leisure outlets with a potential local customer base are often invested in recruiting from the surrounding locality and will largely support a targeted approach and engage with the community engagement outreach provision provided by the Employment and Skills service to support and enable local recruitment.

3.2.3 To ensure that the impact of 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. The development of the ASDA supermarket store in Middleton Park has been a good example of the end user working in close collaboration with the Community Committee Champion 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 at the store.

##### **ASDA Middleton Park**

###### Outputs

- 222 local residents into jobs
- 149 residents from the adjacent target ward into jobs

###### Support Provided:

- 39 job information sessions
- 1,090 job seekers attended the recruitment information sessions

### 3.3 Procurement

3.3.1 Contracts with an estimated value of over £100,000 are subject to an option appraisal to determine whether the inclusion of employment and skills obligations in the contract is appropriate. The minimum number and type of outputs to be delivered are then detailed in the specification. Tender evaluation then includes a weighted scoring of these measures.

#### **Housing Regeneration Programme Beeston Hill and Holbeck**

- 71 people supported into jobs, 28 from target wards, 22 from the city and 21 from the region
- 41 Apprenticeships on site (35 new)
- 86 jobs safeguarded
- 14 local businesses engaged

3.3.2 The contract for the Housing Regeneration Programme in Holbeck, Beeston and Little London has delivered the highest volume of outputs to date. The scale and longer duration of the PFI contract has enabled the main contractor to invest in delivering an increased number of apprenticeship opportunities with 41 apprenticeships generated to date (35 new and 6 existing).

3.3.3 The number of outputs delivered to date through contractual obligations has been low relative to S106 Agreements, and we discuss some of the reasons for this in section 3.4. However, positive outcomes for local residents are expected to increase through contracts such as, the Leeds / Bradford Cycle Superhighway, the Leeds Flood Alleviation Scheme and the refurbishment of Kirkgate Market. Outputs will be reflective of the scale, nature and financial value of the contract.

### 3.4 Process Issues

3.4.1 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.

3.4.2 A key objective of the approach 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. This is achieved by targeting opportunities to named geographies i.e. localities / wards/ parliamentary constituencies.

3.4.3 The targeted approach differs across development sites and contracts and reflects both the number and type of job roles available. For example the target area for customer service roles in a medium size retail supermarket will include adjacent wards whereas supervisory retail roles for a larger retail development on the scale of Victoria Gate in the city centre will be promoted city wide. 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.

3.4.4 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. The format and content of the agreements have since been strengthened along with requirements for developers to submit an Employment Strategy that details how they will work with the Council during both 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.

- 3.4.5 Employment opportunities generated during the construction phase can be limited by the fact that the construction industry is characterised by high impact activity over the short term delivered through a highly mobile workforce. Construction contractors often employ specialist teams where a high skill level is required for a short duration to complete individual aspects of a development. In addition, changes in the use of materials, technology and the increasing trend to off- site fabrication of structures reduces the construction period and workforce size required. These trends make sustainable jobs difficult to achieve on a site by site basis. This is a trend that the JRF research on linking major development and infrastructure to local employment opportunities is seeking to explore in more detail to inform our future approach.
- 3.4.6 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. Factors determining this outcome have included the specialist nature of the work and the higher skill levels required, but have largely been due to the length of the contract. This is a key determinant of the ability of the contractor to achieve employment and skills outcomes without impacting contract costs. As a result, contracts with a duration that is less than 12 months are only considered appropriate for the implementation of obligations where a strong business case can be made for the practical delivery of outputs.
- 3.4.7 Further work is ongoing with Procurement colleagues 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.
- 3.4.8 In addition, we have already identified a number of process improvements to be implemented, including sharing of the calendar of projected contract renewals above the qualifying financial threshold between Procurement and Employment and Skills colleagues, to improve forward planning; attendance by Employment and Skills representatives at pre-contract meetings and quarterly contract review meetings; and a further presentation to the Corporate Commissioning Group (which consists of both Procurement colleagues and commissioning managers from across the Council) to ensure a consistent understanding of the approach.
- 3.4.7 The city's ambition to realise 70,000 (net) new homes by 2028 through the Housing Growth Programme including the provision of new social housing provides further opportunities for employment and skills outputs through both planning and procurement frameworks. The programme approach established through the Council's breakthrough project on Housing Growth and Jobs will enable the planning and delivery of aligned skills provision to provide a pool of apprentices that work across sites within the programme to the completion of their

framework and will support a greater number of apprenticeship opportunities than a site by site approach.

### **3.5 More Jobs, Better Jobs Partnership**

3.5.1 The More Jobs, Better Jobs Partnership was established by the Joseph Rowntree Foundation, Leeds City Council and the Leeds City Region Enterprise Partnership. This research programme has a number of strands and sits at the heart of JRF's Cities, growth and poverty research programme. It builds on the findings of the Commission on the Future of Local Government's commitment to pursuing 'good growth'.

3.5.2 The Infrastructure and Planning workstream is supported by the University of Sheffield and Sheffield Hallam University and the Chief Officer Employment and Skills. It aims to better understand how employment opportunities gained through major infrastructure and development projects can be better connected to households in poverty. It will:

- review best practice and help to directly support the adoption of best practice across Leeds City Region through working with local practitioners and stakeholders;
- identify how and to what extent 'local labour projects' can help those experiencing deprivation and multiple barriers to work;
- address the local and national policy barriers to linking development to those in poverty and how can we ensure that schemes put in place before development happens actually translate into good quality job opportunities for people that most need them; and
- Explore Section 106 agreements be used more effectively.

3.5.3 To achieve the above aims, the project team will:

- identify a range of case studies of recent major development projects in the Leeds City Region, looking at examples of both best practice and poor practice and exploring what lessons can be learnt from them;
- conduct a range of interviews with stakeholders; and
- examine a comparator city region, to identify how programmes, resources and outcomes may vary.

3.5.4 The team will aim to apply the learning to future developments by identifying both opportunities and constraints, addressing key aspects of the process such as section 106 agreements, with the potential for providing support to specific key developments. It is anticipated that team will report in May 2015.

3.5.5 A further project, being delivered by Leeds Beckett University in partnership with York St John University, is working with anchor institutions (defined as large organisations with a stake in a particular place) to identify and develop innovative approaches to workforce development and procurement which can improve productivity and performance and also make a difference to the city region's prosperity through more and better paid jobs. The research outputs will be reported in late 2015.

## **4.0 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Key stakeholders including contractors, developers and their end users where applicable, the Planning and Procurement services and commissioning officers across the Council, Construction and Housing Yorkshire continue to engage in dialogue and contribute to refinement of the assessment, negotiation and implementation phases relating to the obligations.
- 4.1.2 The More Jobs, Better Jobs partnership commissioned research will examine the implementation of similar approaches to connecting local people to opportunities arising from development and contracted services. This offers the opportunity for dialogue with other local authorities and agencies and learning from their experience.

### **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.
- 4.4.2 It is anticipated that the findings of the More Jobs, Better Jobs research will assist the Council to maximise the outputs delivered by this approach whilst maintaining efficient practices and value for money.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 There are no specific legal implications arising from this monitoring report
- 4.5.2 All revisions to processes to deliver employment and skills obligations must be compliant with regulations and guidance. In the case of procurement, activity must comply with the Public Contract Regulations 2015 and must not contravene the

legislative framework and in case of planning obligations, these must comply with the guidance issued by the Secretary of State.

## **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. It is envisaged that the outputs of the More Jobs, Better Jobs research will provide further guidance for mitigating risks.

## **5.0 Conclusions**

5.1 It should be noted that 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 time from the grant of planning consent to development starting on site can be up to 3 years and can be longer and the process of developing a tender specification, seeking and evaluating tenders on high value contracts will usually take more than 6 months.

5.2 The current approach, employed since September 2012, has enabled 1,709 local residents to access employment and safeguarded the jobs of over 400 residents. These numbers are expected to increase as the economy recovers and with the increased number of S106 Agreements and contracts in the pipeline with high volumes of jobs such as Victoria Gate, the White Rose Centre and the Housing Growth Programme.

5.3 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. This approach of continuous review and evolution of the framework, alongside the findings of the JRF research, will enable the Council and key stakeholders to assess continued effectiveness and take appropriate action to enhance it to meet changing circumstances and needs.

## **6.0 Recommendations**

6.1 Members of Scrutiny Board are asked to

- note the continuing work to secure and deliver employment and skills obligations
- note the ongoing work of the More Jobs, Better Jobs partnership

## **7.0 Background documents**

7.1 None



## Appendix 1

### Table 1: Planning and Procurement

Period: January 2014 – January 2015

Wards	Sept 12 – Dec 13	January 2014 to January 2015					
	People into jobs	People into Jobs	Jobs Safeguarded	People into Apprenticeships	Apprentices safeguarded	Total by Wards	%
Adel and Wharfedale	14	3	0	1	0	4	0.8%
Alwoodley	14	5	0	0	0	5	1.0%
Ardsley and Robin Hood	13	10	0	2	0	12	2.4%
Armley	37	19	0	1	0	20	4.0%
Beeston and Holbeck	33	46	0	4	0	50	9.9%
Bramley and Stanningley	31	18	0	0	0	18	3.6%
Burmantofts and Richmond Hill	39	25	0	3	0	28	5.5%
Calverley and Farsley	16	5	0	0	0	5	1.0%
Chapel Allerton	27	8	0	1	0	9	1.8%
City and Hunslet	71	50	0	5	0	55	10.9%
Cross Gates and Whinmoor	27	11	0	1	0	12	2.4%
Farnley and Wortley	31	7	0	2	0	9	1.8%
Garforth and Swillington	10	2	0	3	0	5	1.0%
Gipton and Harehills	34	14	0	1	0	15	3.0%
Guiseley and Rawdon	58	3	0	2	0	5	1.0%
Harewood	8	4	0	0	0	4	0.8%
Headingley	32	17	0	0	0	17	3.4%
Horsforth	15	3	0	0	0	3	0.6%
Hyde Park and Woodhouse	46	16	0	1	0	17	3.4%
Killingbeck and Seacroft	34	12	0	3	0	15	3.0%
Kippax and Methley	14	3	0	3	0	6	1.2%
Kirkstall	41	12	0	1	0	13	2.6%
Middleton Park	75	102	0	4	0	106	21.0%
Moortown	27	2	0	0	0	2	0.4%
Morley North	11	6	0	1	0	7	1.4%
Morley South	14	13	0	2	0	15	3.0%
Otley and Yeadon	32	3	0	1	0	4	0.8%
Pudsey	19	5	0	2	0	7	1.4%
Rothwell	17	20	0	0	0	20	4.0%
Roundhay	19	2	0	0	0	2	0.4%
Temple Newsam	13	4	0	2	0	6	1.2%
Weetwood	16	4	0	3	0	7	1.4%
Wetherby	3	2	0	0	0	2	0.4%
<b>Totals</b>	<b>891</b>	<b>456</b>	<b>0</b>	<b>49</b>	<b>0</b>	<b>505</b>	<b>100.0%</b>

## Appendix 1

### Table 2: Planning

Period: January 2014 – January 2015

	Sept 2012 – Dec 2013	January 2014 to January 2015					
Wards	People into Jobs	People into Jobs	Jobs Safeguarded	People into Apprenticeships	Apprenticesh ips safeguarded	Totals by Wards	%
Adel and Wharfedale	7	3	0	1	0	4	1.0%
Alwoodley	12	4	0	0	0	4	1.0%
Ardsley and Robin Hood	6	10	0	0	0	10	2.4%
Armley	30	17	0	0	0	17	4.1%
Beeston and Holbeck	25	42	0	1	0	43	10.4 %
Bramley and Stanningley	23	16	0	0	0	16	3.9%
Burmantofts and Richmond Hill	28	22	0	0	0	22	5.3%
Calverley and Farsley	13	4	0	0	0	4	1.0%
Chapel Allerton	13	4	0	0	0	4	1.0%
City and Hunslet	48	49	0	4	0	53	12.8 %
Cross Gates and Whinmoor	18	9	0	1	0	10	2.4%
Farnley and Wortley	14	3	0	0	0	3	0.7%
Garforth and Swillington	9	2	0	0	0	2	0.5%
Gipton and Harehills	19	10	0	0	0	10	2.4%
Guiseley and Rawdon	56	2	0	1	0	3	0.7%
Harewood	7	2	0	0	0	2	0.5%
Headingley	21	16	0	0	0	16	3.9%
Horsforth	11	3	0	0	0	3	0.7%
Hyde Park and Woodhouse	14	14	0	0	0	14	3.4%
Killingbeck and Seacroft	21	7	0	0	0	7	1.7%
Kippax and Methley	12	1	0	1	0	2	0.5%
Kirkstall	30	10	0	0	0	10	2.4%
Middleton Park	55	100	0	0	0	100	24.2 %
Moortown	16	2	0	0	0	2	0.5%
Morley North	9	5	0	1	0	6	1.4%
Morley South	7	12	0	0	0	12	2.9%
Otley and Yeadon	27	2	0	0	0	2	0.5%
Pudsey	16	5	0	0	0	5	1.2%
Rothwell	11	18	0	0	0	18	4.3%
Roundhay	11	1	0	0	0	1	0.2%
Temple Newsam	7	3	0	0	0	3	0.7%
Weetwood	12	2	0	2	0	4	1.0%
Wetherby	3	2	0	0	0	2	0.5%
<b>Totals</b>	<b>611</b>	<b>402</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>414</b>	<b>100.0 %</b>

## Appendix 1

### Table 3: Procurement

Period: January 2014 – January 2015

Wards	Sept 12 – Jan 14	January 2014 – January 2015					
	People into Jobs	People into Jobs	Jobs Safeguarded	People into Apprenticeships	Apprentices safeguarded	Total by Wards	%
Adel and Wharfedale	7	0	0	0	0	0	0.0%
Alwoodley	2	1	0	0	0	1	1.1%
Ardsley and Robin Hood	7	0	0	2	0	2	2.2%
Armley	7	2	0	1	0	3	3.3%
Beeston and Holbeck	8	4	0	3	0	7	7.7%
Bramley and Stanningley	8	2	0	0	0	2	2.2%
Burmantofts and Richmond Hill	11	3	0	3	0	6	6.6%
Calverley and Farsley	3	1	0	0	0	1	1.1%
Chapel Allerton	14	4	0	1	0	5	5.5%
City and Hunslet	23	1	0	1	0	2	2.2%
Cross Gates and Whinmoor	9	2	0	0	0	2	2.2%
Farnley and Wortley	17	4	0	2	0	6	6.6%
Garforth and Swillington	1	0	0	3	0	3	3.3%
Gipton and Harehills	15	4	0	1	0	5	5.5%
Guiseley and Rawdon	2	1	0	1	0	2	2.2%
Harewood	1	2	0	0	0	2	2.2%
Headingley	11	1	0	0	0	1	1.1%
Horsforth	4	0	0	0	0	0	0.0%
Hyde Park and Woodhouse	32	2	0	1	0	3	3.3%
Killingbeck and Seacroft	13	5	0	3	0	8	8.8%
Kippax and Methley	2	2	0	2	0	4	4.4%
Kirkstall	11	2	0	1	0	3	3.3%
Middleton Park	20	2	0	4	0	6	6.6%
Moortown	11	0	0	0	0	0	0.0%
Morley North	2	1	0	0	0	1	1.1%
Morley South	7	1	0	2	0	3	3.3%
Otley and Yeadon	5	1	0	1	0	2	2.2%
Pudsey	3	0	0	2	0	2	2.2%
Rothwell	6	2	0	0	0	2	2.2%
Roundhay	8	1	0	0	0	1	1.1%
Temple Newsam	6	1	0	2	0	3	3.3%
Weetwood	4	2	0	1	0	3	3.3%
Wetherby	0	0	0	0	0	0	0.0%
<b>Totals</b>	<b>280</b>	<b>54</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>91</b>	<b>100.0%</b>