

Report of the Director of Children’s Services and the Director of City Development

Report to Executive Board

Date: 21 September 2016

Subject: More Jobs, Better Jobs : Progress Report

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-In?	<input checked="" type="checkbox"/> Yes	<input 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 need to integrate our approach to promoting economic growth and tackling poverty was set out in the report ‘Stronger Economy, Compassionate City’ agreed by Executive Board on 21 October 2015. This set out recommendations for action to realise the vision of the Best Council Plan 2015-2020 for Leeds to be a compassionate and caring city that helps all its residents benefit from the effects of the city’s economic growth.
2. The Council has formed a unique partnership with the Joseph Rowntree Foundation and Leeds City Region Enterprise Partnership to create the “More Jobs, Better Jobs” research programme. The programme of practice focused research aims to identify the action needed to create more and better jobs that help lift people and places out of poverty.
3. The More Jobs, Better Jobs breakthrough project, established in January 2016, is informed by the above and is contributing to this goal, and in particular, to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families and the Best Council Plan priorities around providing skills programmes and employment support and supporting economic growth and access to economic opportunities. This report provides an update on the work progressed to date.

Recommendations

4. Executive Board is asked to comment on and note progress to date in taking forward the More Jobs, Better Jobs Breakthrough Project.

1 Purpose of this report

- 1.1 The need to integrate our approach to promoting economic growth and tackling poverty was set in the report 'Stronger Economy, Compassionate City' and agreed by Executive Board on 21 October 2015. By enhancing the ability of all our people to contribute to the economy to their full potential, we can boost the economic productivity and competitiveness of Leeds and we can also seek to reduce the costs of poverty to the economy and the taxpayer.
- 1.2 The key issues highlighted in the report and the recommendations agreed by Executive Board have informed the key work streams of the More Jobs, Better Jobs Breakthrough Project established at the end of January 2016. This report aims to provide an update on the work initiated and undertaken to date.

2 Background information

- 2.1 Recovery of the local economy following recession is now evident. Leeds is experiencing the fastest rate of private sector jobs growth of any major city in the UK but productivity still lags the UK average. Leeds has the highest number of fast-growing scale-up companies of any area outside London and the South East. We are attracting major new investments in manufacturing, digital, and business services. Leeds has now moved into the top five UK cities in terms of the number of inward investment projects.
- 2.2 Leeds accounts for over a third of the city region economy and an extra 81,200 jobs were forecast across the city region between 2013 and 2020. With almost a third of all employment based in Leeds, the city is expected to attract around 34,300 of these new jobs over this period. However, the hollowing out of the labour market means that there will be less demand for lower-middle skilled workers with nearly half of the new jobs requiring qualifications at Level 4 or above. At the same time, there will be a decline in job numbers in occupations where lower levels of skills are required with around 13,000 of the new jobs requiring either no qualifications or below a Level 2 qualification.
- 2.3 A key challenge is to better connect local people to these jobs, in particular those furthest away from the labour market. While the number of residents actively seeking work and claiming Jobseeker Allowance has fallen by 23% over the last year to around 11,270, the numbers reliant on Incapacity Benefit / Employment Support Allowance remains stubbornly high at over 32,620, with nearly 50% suffering from mental ill-health, and disproportionately concentrated in our most disadvantaged communities. We need to do more than reconnecting those on the edge of the labour market, we need to provide more tailored support to overcome the multiple and complex barriers some residents will face in moving into work.
- 2.4 We must also ensure that the life chances of children are not jeopardised by poverty and low income. While progress has been made in reducing youth unemployment and the number of 16-19 year-olds not in education, employment or training (NEET), the associations between poverty and low educational achievement and subsequently reduced employment chances are well documented. Many young people have limited exposure to the world of work and do not always receive the support they require to make informed career choices.

- 2.5 Work should offer a reliable route out of poverty, but national data reveals 2 million people in work from households where all adults are earning and around 3.1 million people live in households where at least one person is in work and their income is below the poverty threshold. In 2014, around 21% of workers in Leeds were earning below the living wage. This level of in-work poverty indicates a problem with the nature of work at the bottom end of the labour market. Jobs that are low paid, low skilled and offer zero-hour contracts are all contributing to in-work poverty.

3 Main issues

3.1 Partnership Research Programme

- 3.1.1 Through the Council's partnership with the Joseph Rowntree Foundation (JRF) and Leeds City Region Enterprise Partnership (LCREP), the "More Jobs, Better Jobs" research programme was established in February 2013 to provide a 4 year programme of practice focused research to identify what can be done, by whom, at city and city-region level to create more and better jobs that help lift people and places out of poverty.
- 3.1.2 The partnership produced a robust evidence base on the case for joining up work on economic growth and poverty reduction through the baseline study published in November 2014. It covered attitudes and understanding, policies and plans, headline actions and indicators and outcomes to provide a quantitative basis for measuring change, and allow comparison between different areas. The study engaged a wide range of stakeholders from all sectors across the city and the city region.
- 3.1.3 A number of further studies have been commissioned and published that are shaping practical interventions. These include:-
- Progression from Low Paid Jobs -aimed at identifying an innovative package of employment and skills initiatives that can support progression for low paid in key sectors,
 - Anchor Institutions - action research project to identify the impact they can have on the local economy and reducing poverty, through their procurement, recruitment and employment practices,
 - Infrastructure and Planning -to identify how employment opportunities generated through major infrastructure and development projects can be better connected to households in poverty, and
 - Overcoming Disconnection and Deprivation in City Regions -to develop a package of policy proposals that help overcome the disconnect between deprived neighbourhoods and city region economic growth.
- 3.1.4 It is planned to share the outcomes of the above research with a wider group of stakeholders across the city region over the coming months. For example, the work on Anchor Institutions has informed a prospectus which will be shared with leaders from key organisations in both the public and commercial sectors to both inform and act as a call to action for collaboration on a number of the emerging issues.

3.2 More Jobs Better Jobs Breakthrough Project

- 3.2.1 The progress to date on establishing and delivering the 4 key work streams under the breakthrough project are detailed below in sections 3.3. to 3.6. These have been developed by building on existing work and taking new approaches informed by the research. They are being supported by collaborative working across

services, directorates and with partners as well as joint working with other Breakthrough Projects. Key outcomes to be delivered include:-

- Many employers in the city offer the Living Wage
- Increased earnings available in all sectors through information and guidance, skills training and new progression pathways
- Regeneration is planned to remove barriers and enable communities to be better connected to opportunity
- All young people in the city make informed choices and have strong employability and enterprise skills
- The Council's apprenticeship programme is recognised as an exemplar and a career entry point of choice for young people
- An increased number of start-up businesses and sustained business growth creating more and better jobs

3.3 Tackling Low Pay – developing a city wide approach to tackling low pay through championing the Living Wage, and supporting people to progress into better jobs.

3.3.1 The City Council has led with way by adopting the West Yorkshire Combined Authority's Low Pay Charter committing the Council to initiatives that improve how lower paid staff are supported, including training and development, and paying a minimum of £8.01 per hour from April 2016 with plans to increase this pay rate to £8.25 in the financial year 2016/17. This is in line with the Living Wage as defined by the Living Wage Foundation. This is higher than the National Minimum Living Wage of £7.20 introduced by Government in April this year.

3.3.2 As an exemplar employer, the Council is also seeking to assert its influence through our supply chain and with employers in the city. The **Better Jobs, Better Business** national conference was jointly hosted by the Council, the Leeds Enterprise Partnership and JRF in Leeds in March 2016 focusing on the support needed to create a virtuous circle of skills training, progression and improved business performance. The Council hosted a national Living Wage conference in April which included also considered procurement and supply chain and highlighted the commissioning approaches undertaken with our social care providers.

3.3.3 The JRF research paper 'Improving progression from low paid jobs at city region level' by Warwick University and the Work Foundation was launched at the Better Jobs, Better Business Conference. The report focused on key low paid sectors and the need for a dual approach to work with employers on recruitment and workplace practice and employees to offer in-work progression skills and careers advice services. This has informed the specification for a £2m ESF funded project under the Leeds City Region ESIF programme published in June. Subject to the appointment of a provider further work will be undertaken to align the provision with existing local infrastructure and programmes including the Adult Education Budget and Apprenticeships, and the National Careers Advice Company.

3.4 Regenerating Places – a new approach to regeneration based on improving the prospects for people in our most deprived neighbourhoods. The spatial patterns of deprivation in the city are well documented and there are many programmes and services actively targeted to these areas. Existing employment support and skills programmes are effectively targeted with over 80% of beneficiaries residing in the areas that fall within 20% most deprived super output areas on the Indices of

Deprivation. However, we are seeking to more effectively target support to those furthest away from the labour market and bring our people and places interventions together for maximum impact.

- 3.4.1 The research study 'Major development projects: connecting people in poverty to jobs' published by JRF in May 2016 reported on practice nationally and locally in connecting people in poverty to employment opportunities through major developments. This identified good practice in Leeds with over 2,000 jobs delivered through existing policy and practice on embedding employment and skills obligations into contracts and Section 106 Planning Agreements with pre-employment support and opportunities targeted to disadvantaged areas. Recent programmes include the Victoria Gate development with jobs and apprenticeships secured through both the construction phase and with end users such as the John Lewis Partnership.
- 3.4.2 There are now plans to extend this good practice with workshops being held for officers and elected members across the city region. The West Yorkshire Combined Authority has developed a policy statement on embedding skills, employment and social value in the procurement of major schemes. Given the scale of funding available to the Combined Authority through the Growth Deal and the West Yorkshire Transport Fund taken together with the pipeline of major development and infrastructure schemes, this will enable further significant opportunities to access employment.
- 3.4.3 The study has provided evidence that the approach adopted by Leeds City Council is outstanding practice but has made recommendations to improve our performance further to more effectively target people in poverty rather than those residents in disadvantaged areas. We are working closely with colleagues in Procurement, and Planning, to review practice, obligation benchmarks and monitor contract performance. JRF has commissioned additional technical assistance to support an action learning pilot on the Kirkstall Forge development which will be evaluated in real time to provide a better understanding of the resulting costs and benefits to enable Members to make an informed decision on any policy changes.
- 3.4.4 Many of our disadvantaged communities have high concentrations of households dependent on Employment Support Allowance (ESA), an out-of-work benefit available to those with a health condition. In many inner city wards, the number of ESA claimants is more 50% of all out-of-work claimants. Around half of these have poor mental health and suffer from depression, anxiety and stress. Working with the Clinical Commissioning Groups (CCGs) and Adult Social Care and specialist third sector providers, a pilot programme has been developed to integrate mental health and employment support provision in a small number of Community Hub jobshops on the basis of the social prescribing models already in place which will compliment this service. £185,000 has been invested in the pilot which will support casework with customers and a staff development programme which is subject to ongoing evaluation to evolve and inform future provision.
- 3.4.5 The Council has developed a joint bid with Bradford Council for a £8.7m programme under ESIF- Local Flexibilities to Reduce Unemployment scheme. If successful, this will enable the Council to target around £3m on personalised support to around 1,500 residents in Leeds. The focus will be on helping people with mild to moderate mental ill-health, adults previously in care who still require support and are

struggling to find and sustain employment and older adults 50 years plus. A decision on the bid is expected prior to the Government's Autumn Statement.

3.4.6 In addition to work to ensure that support to those seeking work is more effectively targeted, work is planned to ensure that we can bring together the 'people' and 'place' dimension of targeted work. JRF published 'Overcoming Disconnection and Deprivation in City Regions' which created a neighbourhood typology based on deprivation and travel to work patterns to develop recommendations to better connect neighbourhoods with the labour market. This will inform joint work with the Stronger Communities Breakthrough project to develop a programme of prioritised place schemes that integrates new investment and existing services with a focus on early intervention.

3.5 A Life Ready for Learning – putting children at the heart of the growth strategy and preparing them for the world of work by strengthening careers advice; building links with employers to enhance young people's knowledge and workplace skills; and promoting apprenticeship entry and progression.

3.5.1 The scale and quality of quality of external Careers Education, Information, Advice and Guidance (CEIAG) and interaction with businesses across Leeds schools has been reviewed. This has informed the realignment of services to better work with partners to deliver a step change in provision. The Council will provide a named account manager to selected schools to support their use of assessment tools and improvement planning against relevant criteria, including OFSTED guidance. The Council will signpost to alternative and additional services offered by a range of providers to meet their needs including the Leeds City Region Enterprise Advisor Programme and the Ahead Partnership and others.

3.5.2 Schools will also be able to access the INPartners brokerage scheme and the Leeds Enterprise Exchange Programme. The 'INPartners' brokerage scheme will advertise school and partner requests to our network of business contacts to support employability skills development and CEIAG activities for students run by schools themselves. This will complement existing support available from other providers to ensure that schools are not underserved. This will be supplemented by the Leeds Enterprise Exchange network, a free event for employers and teachers held twice a year based around a topical theme linked to young people's transition from education into employment. It is envisaged that events will assist in breaking down the cultural barriers between education and the corporate world and broker new links between schools and businesses.

3.5.3 The existing popular CEIAG web based resource, Leeds Pathways, is being reviewed and refreshed with up-to-date local labour market information and improvements to make it more user-friendly and appealing to young people. Work is underway to better support teacher interaction with the website to inform delivery. All schools can access Pathways and will be able to access the new directory of provision and business offers.

3.5.4 While the number of young people identified as not in employment, education or training (NEET) has continued to reduce, young people leaving Care are over-represented in this group. They often have difficult lives and have to start living independently much earlier than their peers and face multiple barriers in finding

work and or going into further education, for example 41% of care leavers were NEET at 19 years old compared to 15.5% of all 19 year olds. New provision has been established for Care Leavers identified as NEET commencing in October 2016. £225,000 has been invested in a tailored 14 week programme providing key worker support, assessment and skills training and a paid work placement to support individuals move into work.

- 3.5.5 The Council is preparing for the introduction of the Apprenticeship Levy and is developing plans to ensure that it can meet the new Public Sector Targets for apprenticeships. This includes identifying entrant level roles and roles where new skills are required for both new entrants and existing staff; mapping these roles to the appropriate Apprenticeship Standards; assessing the provider market place and developing the procurement strategy and specification.
- 3.5.6 The Council has responded to the Government's consultation on these new duties and is playing an active role with the Local Government Association and Core Cities to ensure that Government understands the issues local authorities face and that solutions will be workable. The Council hosted a national event with Local Government Association and the Skills Funding Agency on 6 September on Apprenticeships. The workshop enabled local authorities as employers to learn more about the Digital Apprenticeships Service, the Levy will be used, Apprenticeship Standards and the procurement of Training Providers.
- 3.5.7 The Council has worked with local authorities across the city region to submit a consortium bid in July 2016 under the European Structural Investment Fund to develop a new Apprenticeship programme that will continue to support young people and businesses to improve the number of apprenticeship opportunities and their take up. The bid of £2.5m will build on the work of the existing network of Apprenticeship Hubs but will offer additional support and training to those young people that are not yet apprenticeship ready and will support progression routes to Higher Education by working with business and training providers to increase the numbers of Higher and Degree Apprenticeships.
- 3.6 Backing Innovators and Entrepreneurs** - this workstream is focused on building a more productive economy based on commercialising knowledge and innovation, creating new firms and scaling up small businesses, and retaining more graduate talent in Leeds.
- 3.6.1 A Key Account Manager has been jointly appointed by Employment and Skills and Economic Services to strengthen engagement with a wider range of businesses to support business growth and community investment by supporting elected members in their business engagement across localities. A programme will commence in October 2016 to ensure regular contact with 150 businesses that are significant strategically.
- 3.6.2 Work is being undertaken with the Universities and business to support the retention of graduate talent in Leeds by establishing a new compelling city narrative that communicates to and changes perceptions about the wider range of career and progression opportunities available in the city across all sectors. Action taken in response to employer demand has focused on the Digital sector initially to facilitate the development of the Digital Skills Action Plan; the proposals for a Digital and Creative University Technical College; a bid to the HEFCE Degree Apprenticeships

Development Fund to create new degree level apprenticeships; and graduate job fairs held in February and one planned for October 2016.

- 3.6.3 Leeds is an entrepreneurial city and it is important we continue to support the creation of new businesses and the growth of small businesses. The digital and technology sectors provide a current focus for this work, with projects such as the £3.7m Tech Hub, the new University of Leeds Innovation and Enterprise Centre and the proposed Innovation District all aiming to strengthen links between new and growing businesses and our universities and their research strengths. We are developing proposals for a city centre Innovation District linked to the universities and the reconfiguration of the Leeds General Infirmary site as reported to Executive Board in June 2016.
- 3.6.4 We also seek to support start-up and early stage businesses through the new City Region-wide Ad:venture programme totalling £12m, to provide intensive support to entrepreneurs, and the Leeds City Region Growth Hub, to support existing firms with growth potential. Making the best use of emerging technologies is important to all businesses, and our Digital Business Support project seeks to help all businesses to utilise software and hardware to support their growth through a combination of advice and practical support with a programme value of £11.2m. We are also supporting young and growing businesses through initiatives such as providing discretionary rates relief, capital grants for investment under the LEP's Business Growth Programme, and support on intellectual property provided by the Council's Business and Intellectual Property Centre located in the Central Library.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Steering Group for the More Jobs, Better Jobs research partnership includes representation from the Council's City Development, Citizens and Communities, Children's Services, and the Strategy and Resources Directorates. It also includes representation from Bradford and York local authorities, Leeds City Region Enterprise Partnership, the Chamber of Commerce, and Leeds Community Foundation representing the third sector. The Group is chaired by the City Council's Chief Officer Economy and Regeneration supported by the Chief Officer Employment and Skills providing an interface with the Breakthrough Project.
- 4.1.2 An elected member Programme Board chaired by the Executive Member with responsibility for Employment, Skills and Opportunity has been established to provide strategic oversight of the Council-led implementation programme – the More Jobs Better Jobs Breakthrough Project. 2 meetings have been held to date with cross service and partnership collaboration developed to support implementation.
- 4.1.3 Key stakeholders in both the research and action planning phases have been identified and engaged through existing and aligned work-streams. These will be reviewed and updated as proposals are progressed to implementation.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The programme seeks to have a positive impact on equality and diversity by improving access to work for those furthest away from the labour market; tackling low pay and progression for those in work; equipping the next generation with the knowledge and skills to access work; and supporting business productivity and growth to create more and better quality jobs.
- 4.2.2 An Equality, Diversity and Cohesion and Integration screening was undertaken in October 2015 to assess the impact of the proposed programme. The work streams and projects detailed in the report have been subject to screening to assess their impact and identify any actions required. Given that this is simply an update report, such Equality Impact Assessments are not appended to this report.

4.3 Council policies and best council plan

- 4.3.1 The vision of the Best Council Plan 2015-2020 is for Leeds to be a compassionate and caring city that helps all its residents benefit from the effects of the city's economic growth. This report sets out how the outcomes of the research partnership and the delivery of the More Jobs, Better Jobs breakthrough project is contributing to this goal, and in particular the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families and the Best Council Plan priorities around providing skills programmes and employment support and supporting economic growth and access to economic opportunities.

4.4 Resources and value for money

- 4.4.1 Integrating our approach to promoting economic growth and tackling poverty by enhancing the ability of all our people to contribute to the economy to their full potential, we aim to boost economic productivity and the competitiveness of Leeds and seek to reduce the costs of poverty to the economy and the taxpayer.
- 4.4.2 Developed in January 2016, the programme builds on existing work, the realignment of activity and new work to meet emerging issues and challenges. It follows that some elements of the programme are well defined and some have yet to be developed. Programme costs are largely revenue based and existing and new resources to meet these include external funding accessed by the Council or by partner organisations, in particular the European Structural Investment Fund (ESIF). Three ESIF funding agreements have been signed for Business Support Programmes totalling £34.4m over 3 years and two bids totalling £11.3m have been submitted for skills and employment support services.
- 4.4.3 Additional funding may be required to deliver some aspects of the programme but any additional funding requirements will be subject to the development of robust business cases and approval in accordance with the council's decision making processes.

4.5 Legal Implications, access to information and call In

- 4.5.1 There are no significant legal issues relating to the recommendations in this report. This report is eligible for Call-In.

4.6 Risk management

- 4.6.1 The programme is led by the Council and it will directly deliver key elements but it also seeks to influence and enable action by others. The failure of partners to agree to support action is a risk to programme delivery. The research and evidence base developed by the More Jobs, Better Jobs Partnership provides an effective business case to command support and commitment to action and to ensure that the key risks that could impact upon the programme priorities are appropriately identified, assessed and managed.
- 4.6.2 A number of the work streams are supported by the European Structural and Investment Funds (ESIF) Programme. This is a seven year funding programme that supports a range of economic development, skills, environmental improvement and social inclusion activities. ESIF programme risks include procurement, recruitment of staff, eligibility and the potential for claw-back. Measures have been put in place to reduce and mitigate these risks.
- 4.6.3 Following the outcome of the EU Referendum, the Government has indicated that all ESIF projects signed before the Autumn Statement in November 2016 will be fully funded, even when these projects continue beyond the United Kingdom's departure from the European Union. The Treasury will also put in place arrangements for assessing whether to guarantee funding for specific structural and investment fund projects that might be signed after the Autumn Statement, but while the United Kingdom remains a member of the European Union. The Government plans to provide further details ahead of the Autumn Statement and any resourcing implications for the breakthrough project will be assessed and actioned at that point.

5. Conclusions

- 5.1 The More Jobs, Better Jobs research programme is providing an excellent opportunity to provide thought leadership and shape new narratives; develop and robustly challenge new approaches; and review best practice and learning from elsewhere to integrate growth and poverty strategies. The breakthrough project offers the opportunity to apply this learning in Leeds and the wider city region, and take steps to put this into practice, and deliver practical programmes that will result in measurable improvements in outcomes for citizens.
- 5.2 Good progress has been made over the last 7 months to establish the delivery programme by realigning activity and bidding for and securing external funding through partnership working with a value of over £34m. Programme governance arrangements have been put in place with identified baselines, targets and deliverable outcomes identified.

6. Recommendations

- 6.1 Executive Board is asked to comment on and note progress to date in taking forward the More Jobs, Better Jobs Breakthrough Project.

7. Background documents¹

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

7.1 There are no background documents.