

Shared Prosperity - A Draft Policy

1. Accelerating growth, creating jobs, reducing poverty – an agenda for change

A top priority for the UK economy and all its cities and regions is to restore growth to pre-recessionary levels.

There has been a significant policy shift to creating all the necessary conditions for investment and entrepreneurship, including action at a local level on land-use planning, infrastructure, transport, housing and business support.

However, when a city region grows, as Liverpool City Region's has in the past few years, it does not automatically mean everyone is better off. "Jobless" growth, and the creation of insecure, low paid or zero-hour contract jobs, has instead increased levels of in-work poverty. Even a successful city region can contain zones of affluence and zones of need. In short, wealth will not just "trickle down" to households on low incomes.

This policy paper makes the case for connecting growth to jobs, and encouraging the kind of growth and the kind of jobs that lead to the reduction of worklessness and poverty.

In fact, more jobs and better jobs generate shared prosperity:

- An unemployed person entering work typically reduces their demand on public services, relinquishes out-of-work benefits, and pays tax – a net gain to the public purse
- A new employee generates additional goods and services, creating more value for the business than they cost in pay, NI and pension – a net gain in national output
- Extra wages get re-spent mainly on food, housing, clothing and household services – a net gain to the local economy.

Therefore it is possible to integrate the growth and anti-poverty agendas by looking at how to help people to enter the labour market, get into work, and sustain them in work, over the course of a full and productive working life.

2. A Profile of Jobs and Growth in Sefton and the Liverpool City Region

The latest data from Office for National Statistics shows that Sefton's Gross Added Value per head peaked in 2010 and has fallen for two consecutive years (Diagram 1). So output growth is not driving the local economy.

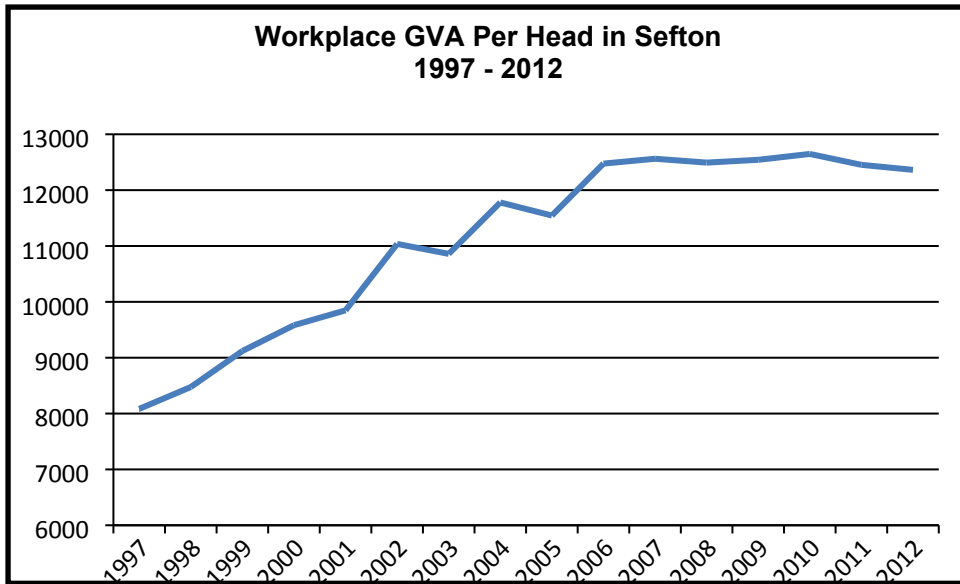


Diagram 1. Sefton – Trends in Gross Value Added 1997-2012

Data from the government’s Annual Population Survey shows employment in Sefton dipped in 2011 but has since recovered a little, albeit not to the levels seen in the growth years of the early 2000s (Diagram 2).

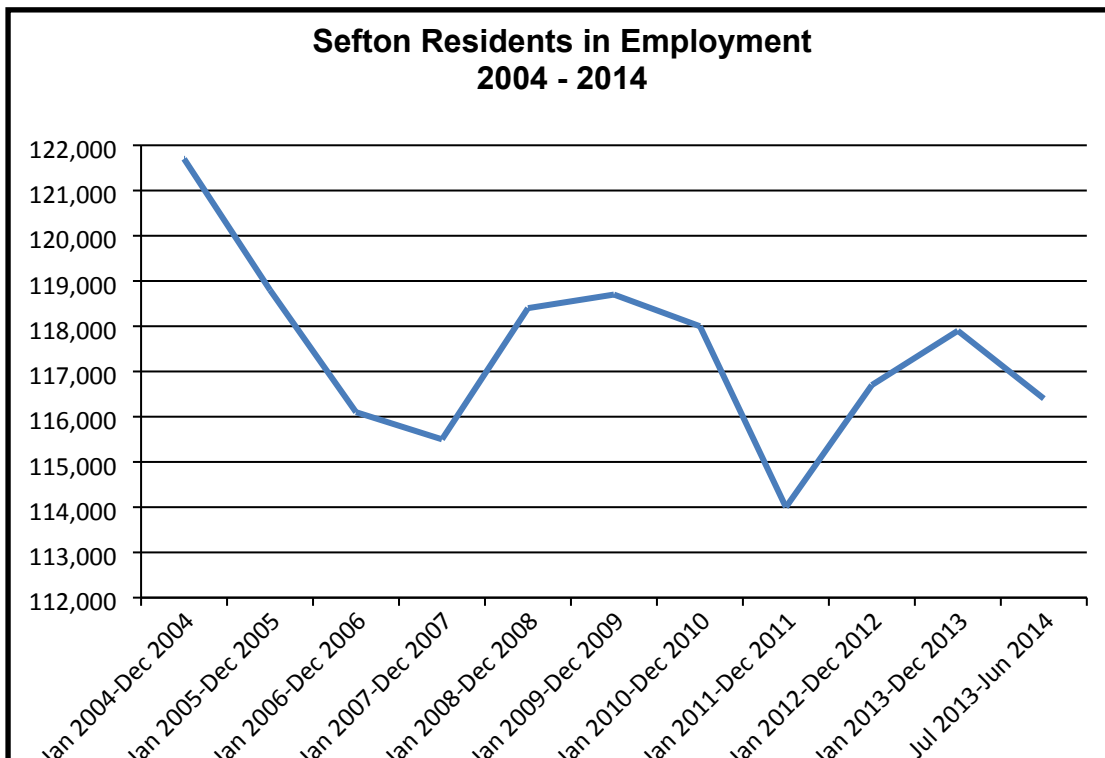


Diagram 2. Sefton – Trends in Residents in Employment 2004-2014

The government’s Annual Survey of Hours and Earnings shows that full-time gross hourly pay by workplace across the Liverpool City Region is varied. Sefton’s hourly rate is £11.62, or 13% lower than the UK average (Diagram 3).

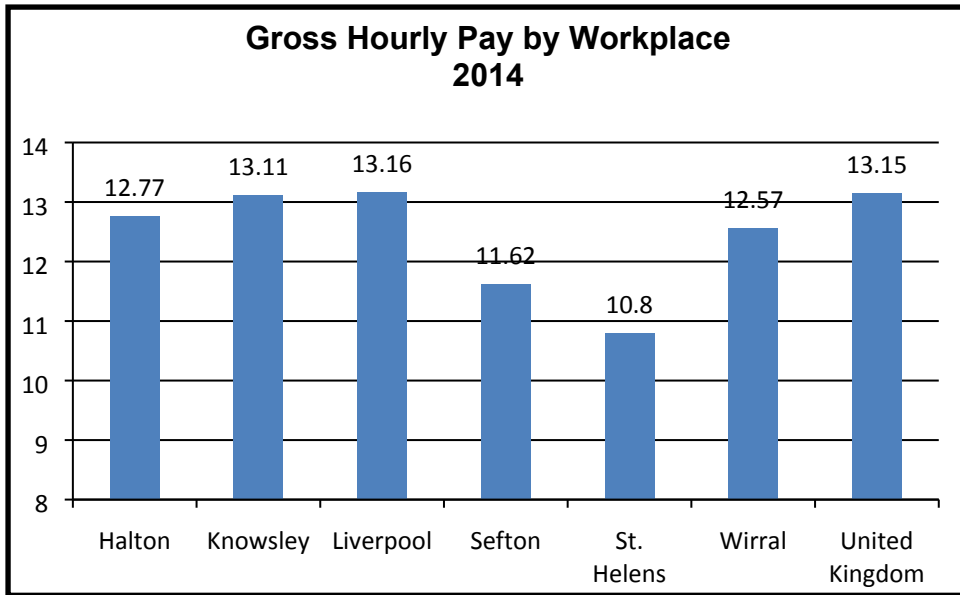


Diagram 3. Liverpool City Region – Gross Hourly Pay by district compared to the UK, 2014

A significant cause of low pay is the “hollowing out” of the labour market (Diagram 4). This describes the erosion of intermediate skilled jobs (SOC groups 4-8), due to higher levels of job creation in professional, scientific and technical jobs (SOC groups 1-3), and some job growth in unskilled service jobs (SOC group 9). The effect of this hollowed-out jobs market is to interrupt social mobility by making it harder for low-skilled, low-paid employees to progress to high-paid and high-skilled positions. As a result, workers get trapped in the bottom layers of the labour market.

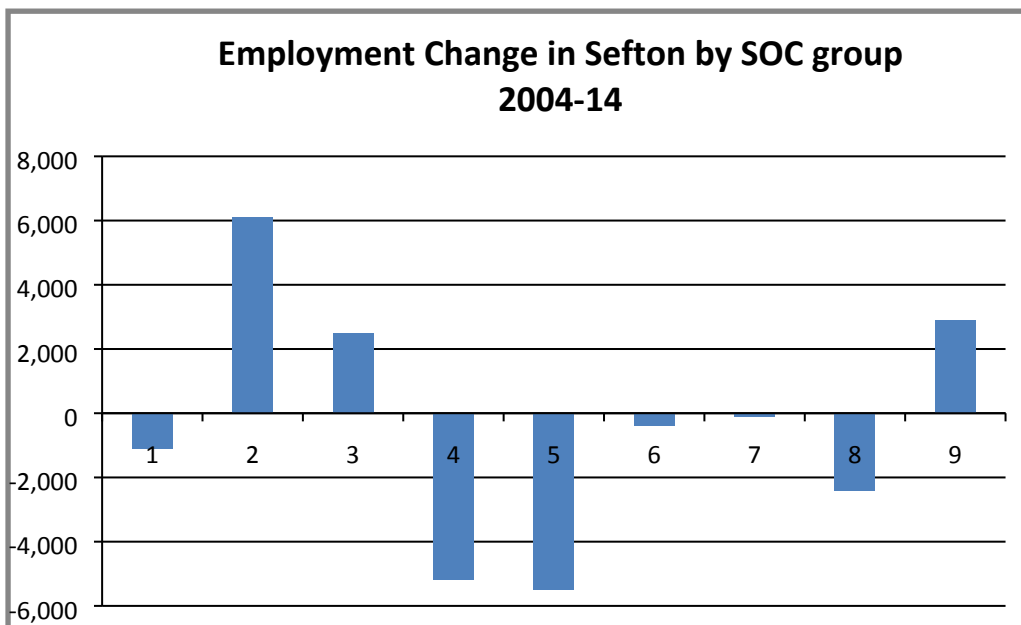


Diagram 4. Sefton – Trends in Employment by SOC Group, 2004-2014

Finally, the number of people not in employment was swollen by private sector redundancies and job loss at the onset of the recession, then by public sector job loss in

more recent years, and finally by welfare reform that has increased the number of people quitting inactive benefits and joining the labour market. On the ILO (survey-based) definition of unemployment, a sharp increase in unemployment was succeeded by a slow decline after the peak of the recession in 2011 (Diagram 5).

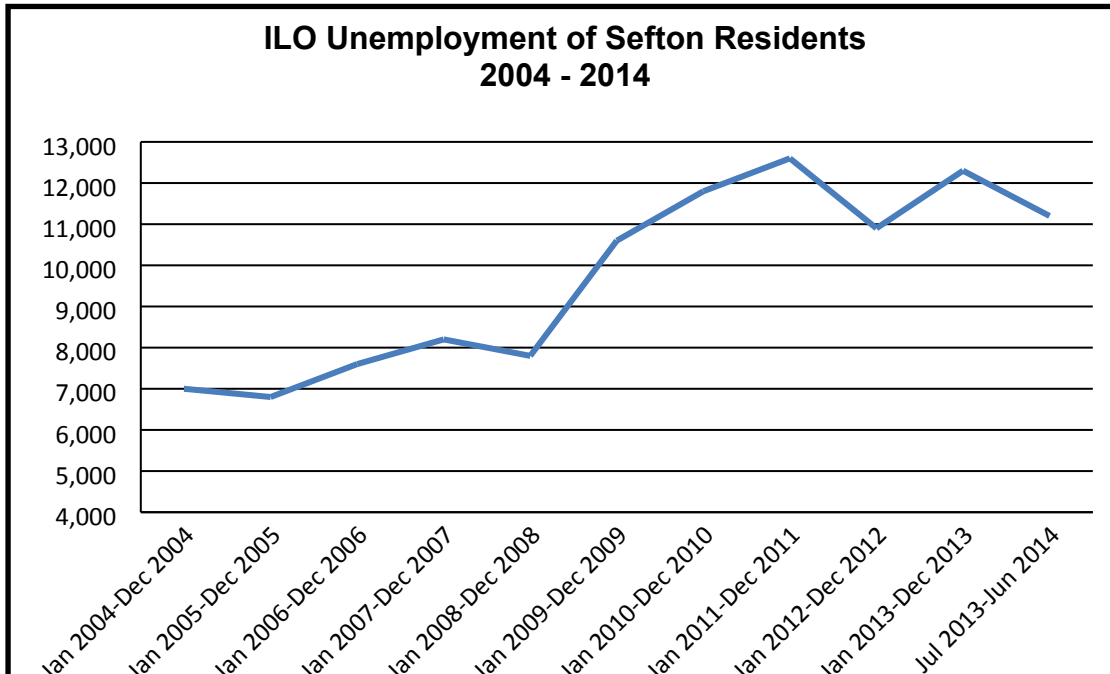


Diagram 5. Sefton – Trends in ILO Unemployment 2004-2014

To sum up, the recent impact of the recession, plus long-term changes in occupational structures are increasing the number and proportion of individuals “stuck” at the bottom of the local labour market.

They are less likely to progress because of competition from the unemployed, on the one hand, and on the other, reduced access to more secure and higher-paid positions. This low income group is “cycling” in and out of work, and finding it harder to make ends meet. Critically, there is little evidence that six years of “trickle down” has improved their position, therefore pro-active measures are called for.

This in-and-out-of-work group is the target cohort for the Policy for Shared Prosperity.

3. Sefton Council and its corporate priorities

Sefton MBC has two clear corporate priorities, for the economy and for vulnerable people.

The Council has identified support for the local economy as one of its top priorities going forward. The role of the LA in developing this agenda is both diverse and broad, given the many duties, freedoms and responsibilities placed upon it to secure the underpinning conditions conducive to economic growth.

In parallel, the Council has identified support for the most vulnerable groups in our communities as a top priority, which in this context refers to people of working age who experience barriers to employment, which individually or taken together trap people at the back of the jobs queue or lock them out of the jobs market altogether. The most common barriers to employment in this group include physical and mental health, debt and money problems, childcare/eldercare responsibilities, anti-social behaviour or crime, and housing issues.

Local authorities can make a significant impact on employability by involving all their services, not just their employment and skills team. Local government and partners deliver many of the wrap-around services which significantly enhance the opportunities for workless residents to enter and then stay in employment. In a period of cuts in public spending, better joining up of existing corporate activity can transform a council's contribution to employment outcomes without spending additional resources.

In order to do this, we need to improve our understanding of how the local authority can influence the economy across all its departments, developing a shared understanding of new methods that are becoming open to us through devolution to city regions and local authorities. This will create better synergy between our goals to reduce worklessness and the promotion of business growth and investment in the city region's key growth sectors.

4. Partners for More and Better Jobs

As the local authority, we know that on our own we cannot bring about the changes we need, and therefore engaging partners in the public, private and voluntary sectors will be key to achieving our aims.

In Sefton we have assessed the impact of the government's welfare reforms and as a result we are expecting many of our already marginalised residents to experience an increased level of challenge. While it is beyond our scope as a local authority to prevent these changes, we can mitigate the impact on the most vulnerable. We can do this both by direct assistance to those most affected, and by action on the wider economic environment such as our ability to attract investment, create employment opportunities, and link workless individuals directly to those opportunities as a matter of policy.

Specific opportunities for partnership include:

Liverpool City Region – we need to work closer with the LCR Combined Authority, the Local Enterprise Partnership (LEP) and the LCR Employment & Skills Board (ESB) to align economic strategy and economic well-being. Opportunities are being pursued through:

- The LCR Growth Deal and the Growth Fund
- Dialogue with central government on devolution “asks” which include requests for greater co-commissioning of welfare-to-work programmes.

Sefton Leadership Collaborative (formerly Sefton Borough Partnership) provides top-level alignment across the whole local public, private and voluntary sectors in the borough of Sefton. The partners have an established track record in assessing the impact of Welfare

Reform on vulnerable communities, and many partners share workless clients in common where existing silo-based support is inefficient and ultimately ineffective.

Sefton Employment & Skills Partners Group brings together key agencies such as Sefton Council, Jobcentre Plus, the Skills Funding Agency, Hugh Baird College, Southport College, and independent Training Providers. It provides a clear voice for Sefton at city region level both in the Local Economic Partnership and the LCR Employment & Skills Board.

Sefton Economic Strategy offers a long-term perspective to all partners on the sources of local economic recovery, and asserts the principle of capturing all associated employment and training opportunities. It's principle objectives are:

- To promote Sefton's core historic and strategic economic strengths – the Port of Liverpool at Seaforth, and the visitor economy of the Sefton Coast and Southport
- To develop Sefton's competitive small and medium enterprises, and improve their international performance
- To focus inward and repeat investment on strategic employment sites, principally the Dunningbridge Employment Corridor, Bootle Town Centre & Office Quarter, Crosby Town Centre, and Southport Seafront and Town Centre
- To capture employment, training and local supply opportunities associated with the above objectives, and use locally designed and flexible mechanisms to direct them to people furthest from the labour market.

5. Policy Instruments

Sefton Council and its partners are fully committed to encouraging people who are without work to get into work or to take part in learning and training that can increase their ability to compete effectively for opportunities. But we also recognise that we have a population where relatively newly arising unemployment co-exists alongside pockets of structural and cultural worklessness, much of which is linked to ill health and long term economic inactivity. Where employers will not spontaneously recruit from people least favoured in the market place, the Council and its partners will develop appropriate policy instruments to rectify this imbalance and to share prosperity more fairly.

The unique and distinctive role of the Council is that it can engage with businesses upstream of investment decisions in its capacity as community leader, regulator and champion of economic development. This gives it unparalleled ability to direct growth towards vulnerable people and places.

(a) Investment Agreements – The main method we use to influence employment and supply is through investment grant conditionality. Where InvestSefton offers financial assistance (grants and loans) to local start-ups and growing businesses, we make them conditional on achieving a target for job creation. The grant offer will usually contain a mandatory referral to a job broker (Sefton@Work) with locally registered jobseekers, ensuring a good geographical fit between the place where an investment is made and its use of local labour. This method depends on close and continuing liaison between InvestSefton staff and Sefton@work staff.

(b) Development Agreements – these include Section 106 agreements, conditions placed on planning permissions, and voluntary Construction Agreements. Council support is made conditional on recruiting/retaining trainees, targeting construction jobs on the unemployed, and promoting end-user employment for locally registered jobseekers.

- Planning applications creating 10 or more jobs automatically attract a condition attached to the applicant’s planning permission. This takes the form of a mandatory referral to local job broker (Sefton@Work). Although using the service and taking on local jobseekers is not itself mandatory, only the referral, the condition generates a conversation with Sefton@work to discuss employment needs arising from the development and allows the Sefton@work team to offer a range of bespoke services captured in an Engagement Plan
- For larger schemes, a bespoke s106 agreement under the Town & Country Planning Acts may be drawn up that stipulates Key Performance Indicators for the use of trainees or apprenticeships in the construction stage, use of local labour, and/or local employment by the end-user. Examples of Section 106 agreements are the Aintree Retail Park, and Tesco Litherland. Since 2004, with the establishment of the Sefton@work service the Council has attached a Planning Condition to any development creating more than 10 new jobs that creates a mandatory referral of the applicant to Sefton@Work. (see Appendix One).
- The BuildSefton service has trialled Construction Agreements that are entered into voluntarily by lead contractors working on Council contracts. They typically embrace Key Performance Indicators for use of apprentices, recruitment of local unemployed for construction jobs, and incentives to recruit the long-term unemployed. An example is the agreement between the Council and Lendlease for the refurbishment of the Atkinson Centre in Southport.

(c) Employment Agreements – A new Agreement is issued to every employer receiving support from Sefton@Work, and is a voluntary commitment to receive Sefton@Work services and to make best endeavours to fill a vacancy or take a placement. About a hundred Employment Agreements are issued each year. Agreements are not legally binding but they do represent a dialogue between the council and its partners and incoming or growing employers. However, in the absence of a wider policy framework to support these agreements they are variable in scope, and it is possible for unwilling employers to make only cursory concessions to Sefton’s aspirations to secure employment progression for our residents.

(d) Procurement Agreements – The Council is a major purchaser of goods and services. It has recently overhauled its Procurement Strategy and given notice that it will implement a Social Value policy. The stimulation of the local economy by making contract information more accessible, offering it in SME-friendly lots, and seeking added value from suppliers, are all explicit goals of the new approach.

(e) Sector Agreements – Agreements with leading firms in a growth sector to capture and redirect recruitment opportunities to people registered with labour market intermediaries, and to support upskilling requirements across the workforce from local consortia of training providers. The LCR Employment & Skills Board has developed about a dozen Sector Skills for Growth Agreements. The Sefton Employment & Skills Partners Group is aiming to customise

The LCR Maritime Agreement for the South Sefton maritime cluster around the L2 development, and to bring forward a unified vacancy filling service and a single skills training offer for the 80 companies in the Port estate and the 300 or so port-related companies in its environs.

An internal evaluation has revealed some significant successes using these methods, together with a number of areas for improvement:

Successes:

Tesco store, Litherland - Sefton@work engaged with Tesco's at the earliest stage via the Council's Planning service which was responsible for determining the planning application. Tesco agreed to make full use of the local recruitment service which included responsibility for the administration of all stages of the selection process for the opening of the new store. There were very positive outcomes, with recruitment for new posts targeted at those formally workless. Local training suppliers engaged to provide pre-recruitment training and relevant accreditation. More than 300 people were recruited, together with support for small community projects along the way. There was also a strong retention rate for staff placed through this exercise.

Asda store, Bootle – There was strong, early engagement with Asda via the Planning service. Sefton@work and ASDA worked on employment and training opportunities arising from the construction, end use and subsequent ancillary contract jobs related to the new store at Bootle. This resulted in more than 140 jobs for local people who were formerly workless. Local training suppliers were engaged to provide pre-recruitment training and relevant accreditation.

Areas for improvement:

- Some applicants did not fully discharge the condition (mandatory referral to Sefton@Work) once the Planning Permission has been granted
- The difficulty of confirming a created job as new or existing (additionality)
- Lack of mandatory clauses to compel developers to comply with local labour targets
- Lack of consistency in approach across different Council services leading to unpredictable outcomes on local employment and supply chain
- Difficulty of converting employment agreements with developers into employment agreements with end-users
- Silo working with employers – leading to confusion and competition between partners and potential dissipation of local impact for Sefton residents.

We believe the critical success factors include:

- Every service has the potential to contribute significantly to employability
- The potential impact is far greater than currently achieved
- There is willingness across the authority to do more
- There is a need for high-level leadership of the process and most effective outcomes were gained where senior champions for this approach were in place and moving this agenda forward.

6. Developing the Model for the Future

Within the Council, InvestSefton and Sefton@work will continue to develop and improve the range of Agreements customised to particular developments and circumstances and we will evaluate their performance and publish relevant outcomes. We expect that these tools will evolve over time and we will ensure they are fit for purpose.

However, if we are to meet our stated aims we now need to consider a step change which makes clear our intentions within the Council, to investors and developers, and to partners in the employment and skills arena.

There is growing interest across the whole local government sector in effective linkages between growth, jobs and poverty reduction. This is particularly prominent in the devolution debate across the English cities and region, in the “asks” negotiated through Growth Deal and City Deal, and in the linkages being made between local economic reliance and public service transformation.

There is a growing consensus that the development of a targeted recruitment, training & supply-chain strategy is a highly effective tool. For such a strategy to be relevant to Sefton’s current and future needs and to capitalise on our local opportunities, it would need to reflect the following characteristics:

- Maximise the Council’s influence on Local Labour and Supply Chain through the Social Value Act
- Adopt a Social Value Task Force approach which has brought successes elsewhere, which centralises employment and skills gains as a key outcome across all council procurement, commissioning and economic levers such as planning and licensing controls.
- Draw upon key information from the LCR Labour Market Intelligence Service
- Maximise the role of the Council as a commissioner of services to ensure that local employment and progression is promoted across all levels of the organisation
- Take a holistic approach to include new jobs, safeguarded jobs, training and placement opportunities for workless people, Apprenticeships and Work Experience placements for school age children
- Make best use of the Council’s sphere of influence across the local public, private and voluntary sectors.
- Ensure that the Council’s protocols with Department for Work and Pensions can be flexed to reflect the Task Force approach and ensure that effective collaboration is in place to support our aims for Sefton.
- Communicate the message on employment and supply chain gain effectively across the Council and its services
- Link action on employment to the revitalisation of town centres in partnership with local business, such as via Southport BID and STBN
- Positively engage with the LEP to promote Sefton to investors and developers
- Ensure that expertise and resource is available to analyse all potential spend commitment of the Council translates into employment and skills gains in a manner that

works positively with the market and encourages and promotes investment in Sefton as a first choice location.

- Promote Sefton’s assets (people and places) within city region initiatives for employment & skills in growth sectors
- Support the most vulnerable in our communities and target employment opportunities at those who need them most
- Provide consistent quality, underpinned by agreed service standards particularly in relation to employer engagement
- Build on our local strengths of a unified offer on employment & skills based on capacity and quality and ensure that this support is fully available to partners wanting to discharge any commitment on local labour and social value they enter into.
- Ensure that commitments are honoured by ensuring effective tracking and monitoring of agreements is in place.

7. Next Steps

This report has made the case for a pro-active policy to maximise the employment, training and local supply benefits of Council expenditure.

The proposed approach will benefit from wider discussion both within and outside the Council. It is therefore proposed that the thinking behind Shared Prosperity is presented to (as a minimum):

- Overview & Scrutiny (Regeneration & Environmental Services)
- Cabinet Member – Regeneration
- Cabinet Member – Corporate Resources
- Member Reference Group – Economy
- Cabinet – for adoption of a formal policy.

Design and implementation would benefit from a broad base of support and the participation of officers responsible for commissioning, contracting, development, investment, estates, employment, business support, finance, procurement and city region liaison. A Social Value Taskforce (or similar) could perform this function.

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Examples of Good Practice

Appendix 1 – Sefton’s Employment Charter

Appendix 2 – Halton Employment Partnership

Appendix 3 – Bridges to Media City Partnership

Appendix 4 – Liverpool City Council Liverpool Waters Section 106 Agreement

Appendix 1

Sefton’s Employment Charter



Sefton MBC



Charter Engagement Plan for

Areas for Discussion	Rationale	Agreed Actions/Evidence	By when?	By Who?
<p>a) Purpose and timescale of build</p> <p>b) Procurement of Supply Chain</p> <p>c) Possibility of Clause in Tender(s) to capture future Supply chain opportunities for Recruitment & Training for local workless residents.</p> <p>d)End Users?</p>	<p>To collect information on build.</p> <p>To identify opportunities for local Supply Chain and disseminate findings to Build Sefton registered companies.</p> <p>The aim being to work closely with Sefton @ Work and Build Sefton as Partners to identify opportunities to achieve added value.</p> <p>To arrange contact with End User or obtain commitment to do so when End User identified.</p>			
Types of Opportunities and numbers identified for the period of the project,	Developer / Contractor and Supply Chain can offer of opportunities in the following areas:			

<p>reflecting the value of the contract.</p>	<p><i>Employment</i> <i>Education – Knowledge transfer on sector opportunities / Projects</i> <i>Training / Apprenticeships</i> <i>Work Placements</i> <i>Work Tasters</i></p>			
<p>Employment and Skills & Supply Chain Partners</p>	<p>Commitment to ensure that the Supply Chain are aware of Sefton @ Work / Build Sefton and gain commitment from them to notify opportunities to the relevant Partner. To provide an Appointment list of Contractors / Sub Contractors</p>			
<p>Event / meeting to introduce Employment and Skills & Supply Chain Partners.</p>	<p>What arrangements will be made to ensure Supply chain and Employment & Skills Partner agree opportunities and how data will be shared with the contract holder Knowledge transfer opportunities e.g. PQQ's / marketing ?</p>			
<p>Charter Review Meeting</p>	<p>a) To commit to review meetings to discuss the Engagement Plan and identify best practise around employment initiatives, number of opportunities created and to look at future actions. b) Monitoring Stencil to be submitted as agreed, detailing profiled numbers of opportunities created either Supply Chain or Employment & Skills within the given period. Any shortfalls should be explained and remedial action proposed.</p>			
<p>Evaluation</p>	<p>To evaluate customer satisfaction, added value and opportunities created throughout the life of the project. Commitment to complete Feedback Questionnaire from Developer / Contractor / Sub contractors and Participants.</p>			

Signed _____ On behalf of _____

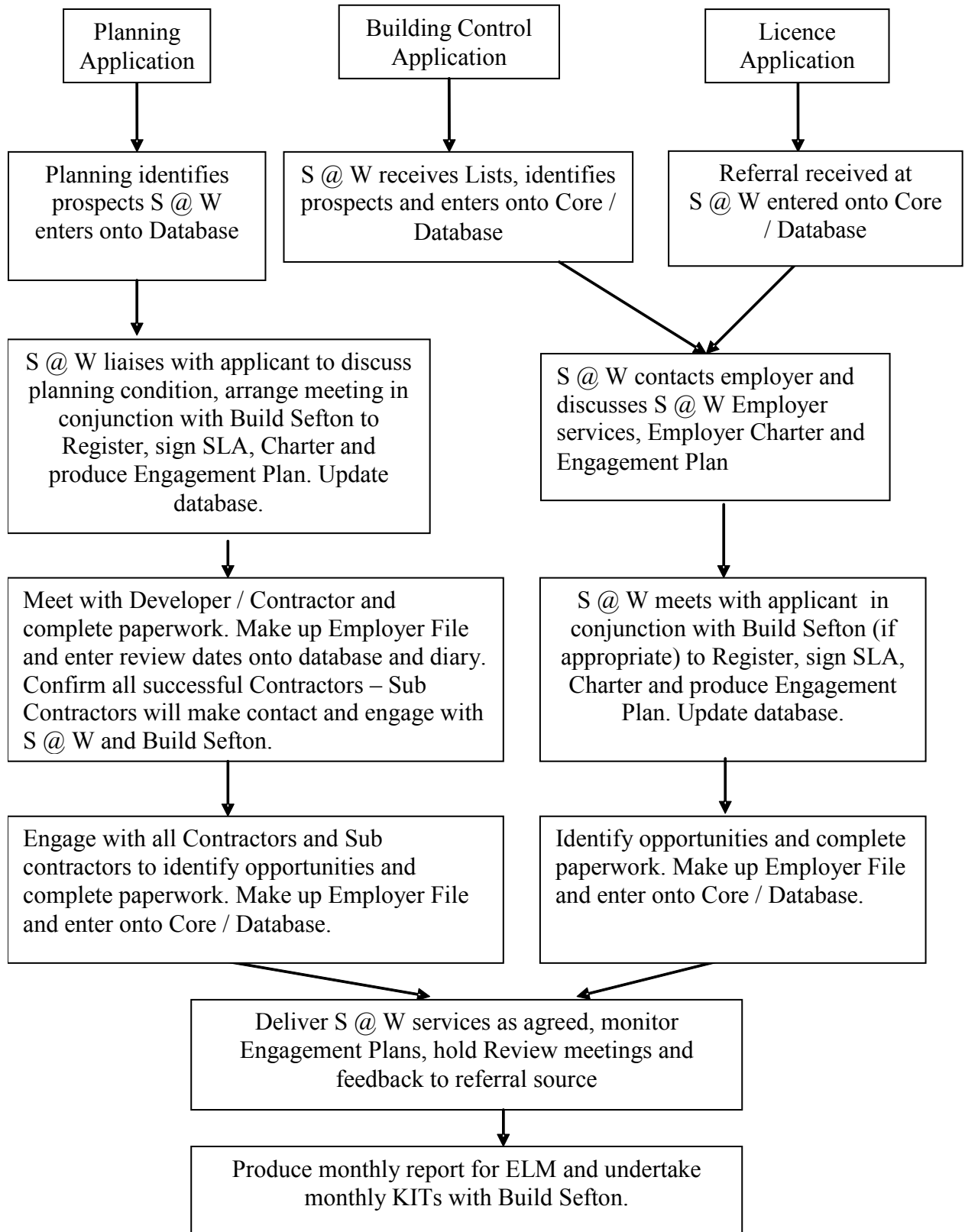
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Sefton @ Work Employer Charter and Engagement Plan Process



Appendix 2

Halton Employment Partnership

Key Features:

Halton MBC has run a successful local employment partnership for some years, which has recently been focussed on articulating a single employment offer to investors connected with the 3MG development and the Mersey Gateway projects and Logistics developments including Stobarts.

The key features in the Halton Employment Partnership include:

- Facilitated and Resourced by the LA
- Annual Calendar of Events and Promotions
- Collaborative skills research for sectors of local significance
- Clear links between Employment Support and business Support to generate employer intelligence
- Commitment to reporting on Outcomes



HEP interventions/
outcomes example

Appendix 3

Bridges to Media City Partnership

Key Features:

Salford Council and their partners have worked with Peel Group to provide a bespoke service for employers seeking to recruit local talent and to help local residents meet the skills requirements of jobs arising from local investment.

The partnership works alongside The Peel Group, to provide a 'one stop' bespoke service to businesses and have a proven track record of delivering in both private and public sector recruitment, business development and project management to businesses of all sizes across Salford.

To assist with the recruitment of local talent, access to business networks, training and workforce development, familiarisation tours and market intelligence

The majority of support is available at no cost to employers.

<http://www.salford.gov.uk/bridgestomediacityukpartnership.htm>

Appendix 4

Liverpool City Council Liverpool Waters Section 106

Key Features:

In order to ensure the Liverpool Mayoral Pledge on targeting jobs is met, the recent Planning consent for Liverpool Waters has included within it a range of expectations placed upon the Peel Holding company which they will be required to meet as the wider Project progresses. The project promises to create 20,000 jobs and features 9,000 apartments, hundreds of offices, hotels, bars, a cruise terminal and the 55-storey Shanghai Tower. This Section 106 agreement in terms of employment gain goes beyond targeting employment at LA level, but describes further targeting at a local neighbourhood level. The scope of benefit expected covers jobs, training, work experience and apprenticeships and the agreement clearly lays out terms by which the agreement will be applicable over a range of potential end-user employers and over the expected 10-20 year project lifecycle. Liverpool City Council has specified methods of transferring intelligence on jobs and opportunities to their named department leading on Employment & skills.