

# CONNECTING GROWTH AND POVERTY REDUCTION

**MORE JOBS, BETTER JOBS  
IN LEEDS CITY REGION**



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# MORE JOBS, BETTER JOBS IN LEEDS CITY REGION

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The Joseph Rowntree Foundation (JRF) aims to find out how economic growth can be promoted in a way that enables people to lift themselves and their communities out of poverty.<sup>1</sup> We want to make addressing poverty a more integral part of local growth strategies. The More jobs, better jobs partnership between JRF, Leeds City Council and Leeds City Region aims to achieve this and sits at the heart of JRF's Cities, growth and poverty research programme. This builds on the findings of the Commission on the Future of Local Government's commitment to pursuing "good growth".

1. Poverty is typically measured at a household level and is generally defined as those households with less than 60 per cent of median income. The poverty line varies by household size, but for example (2012/13 figures) a household comprising two parents and two children aged five and 14 are classified as being poor if their income is below £364 per week (after housing costs are taken into account).

# 1

## ACCELERATING GROWTH AND REDUCING POVERTY: AN AGENDA FOR CHANGE

Cities and city regions need to attract, retain and generate business investment. They need to put in place the right conditions for growth and create a climate that is open for business. This includes local approaches to skills, planning, infrastructure and housing. However, when a city's economy grows, it doesn't necessarily mean that everyone becomes better off. Even successful cities tend to experience both poverty and growth. Growth passes many people and places by. There is no guarantee that all, or even most, citizens or communities will gain from local

growth. The benefits do not automatically trickle down to households in poverty.

Different growth patterns – for example, employment sectors, occupations and geographies – can lead to quite different consequences for the volume and pattern of jobs as well as pay levels. But growth can be the main driver of poverty reduction. Being in work and in receipt of a decent wage provides people with the best route out of poverty. To address the root cause of poverty, we need to reconsider the nature of the more inclusive growth we desire and the benefits it can bring, to ensure that they are widely shared. Otherwise the poverty agenda will be about redistribution, the

**“The challenge for policymakers is to enable businesses and workers in low-value sectors to progress up the value chain, boosting productivity, profit and wage rates.”**

City Growth Commission

scope for which will be limited in an era of public sector austerity.

Unemployed people experience 'out-of-work' poverty, relying on state benefits for their low levels of income. Their unemployment also means that they are not contributing to the economy or to growth; their talents are unused, their potential productivity remains untapped. However, people who are in work can also experience 'in-work' poverty, because their earnings are low and often need to be supplemented by benefits. Since 2012, there have been more working households in poverty than households where nobody works. This represents a major shift in the growth and poverty agenda which policy and practice has not yet caught up with.



“Cities need to ensure their economic development strategies are not too narrowly focused on a small number of high-value sectors but should cover their whole economy, including low-pay/low-skill sectors which will continue to generate a significant proportion of jobs in the future.”

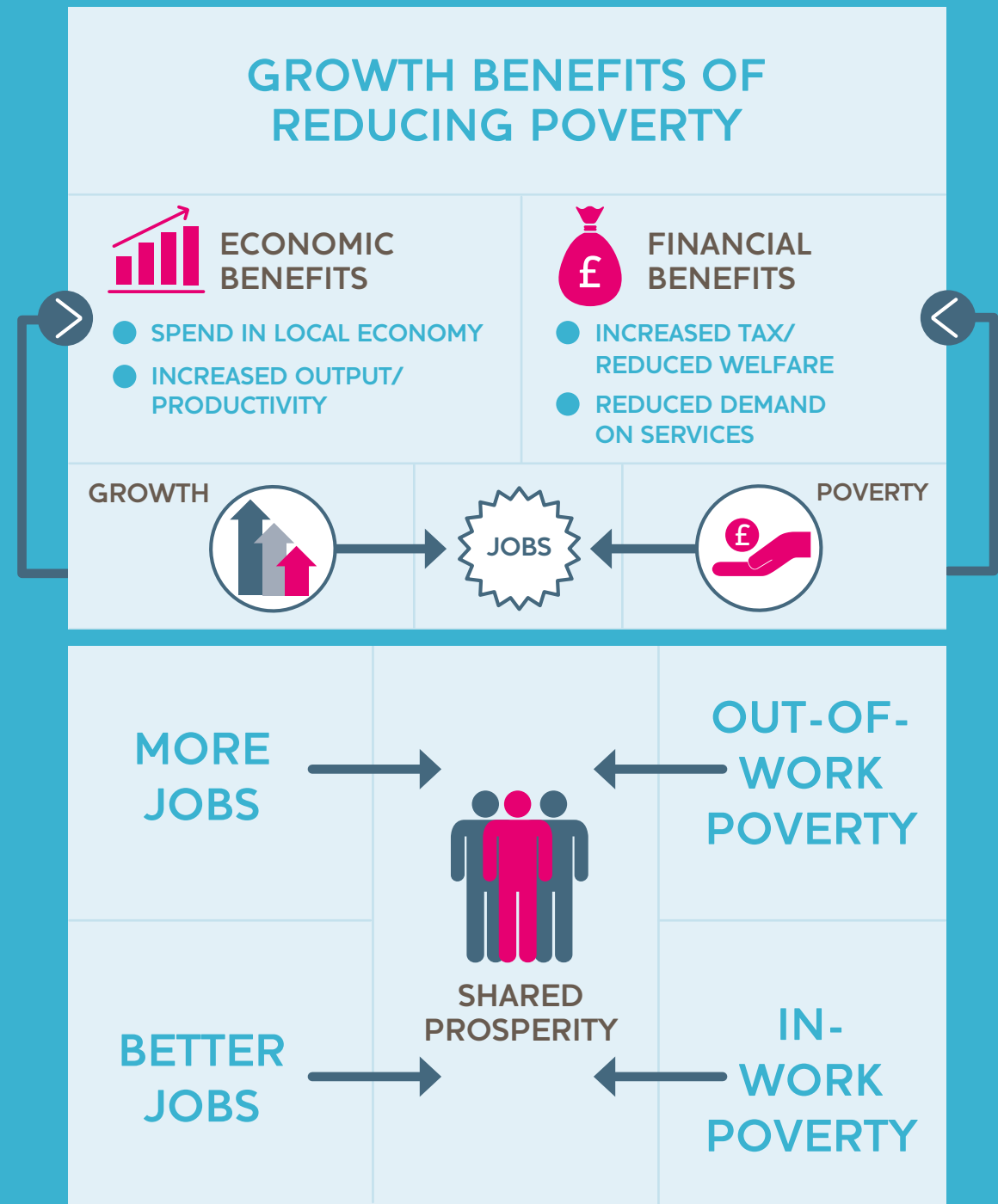
Centre for Cities,  
Unequal opportunity, Sept 2014

In both cases, the economy and its growth potential suffer and there is a fiscal drain from benefits expenditure – money that could otherwise be invested to boost growth. Reducing poverty thus encourages economic growth, raising output and reducing government benefits spending.

Local economies can grow in ways that reduce poverty, and poverty can be reduced in ways that are growth enhancing. The growth and poverty agendas need to be integrated as one inclusive agenda for change. This would be a win-win for Leeds City Region.

Jobs are at the heart of this agenda because they are at the core of growth and tackling poverty. Employment makes better use of people’s skills and experience; it raises incomes, spending and demand in the local economy; and it reduces the need for welfare spending and the demand for public services.

What is needed is growth that is ‘job rich’ and jobs that are ‘quality jobs’ – more jobs and better jobs. Better jobs are those that offer reasonable pay levels, a degree of job security and the prospect of work progression. The labour market is changing; the rungs on the ladder of career progression are getting further apart. The issue of in-work progression is not just about low pay, but also about training, skills utilisation and good management practices.







To a large extent, the challenges we face in getting people into work and out of low pay reflect the quantity and quality of jobs available. So the first part of the equation is about creating demand – more and better jobs. The second part of the equation is to ensure that people in poverty can effectively access these job opportunities. It is important to maximise the measures that make these connections and bring the benefits of growth and jobs to local citizens and those who need them most.

We are currently reviewing the evidence around connecting people in poverty to jobs and Table 1, overleaf, shows the nature and breadth of initiatives. Our emerging findings highlight a gap in the evidence around ‘in-work initiatives’ – to date, both research and policy have focussed on unemployment and not job quality.



**81,000**

**BRAND NEW JOBS ARE  
LIKELY TO BE CREATED IN  
LEEDS CITY REGION  
BY 2020**



**UP TO**

**600,000**

**JOBS ARE LIKELY  
TO ARISE BY 2020,  
DUE TO PEOPLE RETIRING  
AND LEAVING THE  
LABOUR FORCE**



**AROUND**

**140,000**

**(ONE IN FOUR) WILL  
BE LOW SKILLED AND  
LOW PAID**

**TABLE 1 / HOW CAN PEOPLE IN POVERTY ACCESS EMPLOYMENT AND BETTER JOBS?**

PRE-EMPLOYMENT	EMPLOYMENT ENTRY	STAYING IN WORK	IN-WORK PROGRESSION
INFORMATION, ADVICE AND GUIDANCE		INFORMATION, ADVICE AND GUIDANCE	
Becoming work-ready: <ul style="list-style-type: none"> <li>• Access to services</li> <li>• Personal development advice</li> <li>• Careers advice</li> <li>• Finance and budgeting</li> <li>• Caseworker model</li> </ul>	Job search and application support: <ul style="list-style-type: none"> <li>• Provision and access to labour market information</li> <li>• Job search and match</li> <li>• Recruitment channels</li> <li>• Caseworker model</li> </ul>	In-work support: <ul style="list-style-type: none"> <li>• Caseworker model</li> </ul>	Careers information and/or advice: <ul style="list-style-type: none"> <li>• Work-focused appraisal</li> <li>• Labour market information: better job opportunities (internal and external labour market – including non-local)</li> <li>• Skills transferability</li> </ul>
TRAINING AND SKILLS		TRAINING AND SKILLS	
Pre-employment (employability): <ul style="list-style-type: none"> <li>• Basic skills</li> <li>• Early intervention – including secondary level vocational and educational training</li> <li>• Employer-focused training</li> <li>• Volunteering</li> <li>• Intermediate labour markets</li> <li>• Sector academies</li> </ul>	Vocational skills: <ul style="list-style-type: none"> <li>• Induction</li> <li>• Job-specific training (firm-specific)</li> <li>• Occupational certification</li> <li>• Sector training/academies</li> </ul>	Vocational and non-vocational skills development: <ul style="list-style-type: none"> <li>• Job-specific training (general and organisation-specific)</li> <li>• Workplace learning</li> <li>• Basic skills</li> </ul>	Vocational and non-vocational skills development: <ul style="list-style-type: none"> <li>• Higher level training (firm-specific and not firm-specific)</li> <li>• Broadening of skills</li> <li>• Basic skills</li> <li>• Lifelong learning/workplace learning</li> </ul>
EMPLOYER (ENGAGEMENT)		EMPLOYER (ENGAGEMENT)	
Provision of opportunities: <ul style="list-style-type: none"> <li>• Work tasters/placements</li> <li>• On-site training</li> </ul>	Provision of opportunities: <ul style="list-style-type: none"> <li>• Ring-fenced jobs</li> <li>• Guaranteed interviews/jobs</li> <li>• Training design and demand identification</li> <li>• Flexibility and work design</li> </ul>	In-work support: <ul style="list-style-type: none"> <li>• External ‘key worker’</li> <li>• Mentoring</li> <li>• Flexibility and work design</li> </ul>	Support to progress: <ul style="list-style-type: none"> <li>• Career ladders</li> <li>• Career pathways</li> <li>• Flexibility and work design</li> </ul>
FINANCIAL INCENTIVES		FINANCIAL INCENTIVES	
Push and pull mechanisms: <ul style="list-style-type: none"> <li>• Better-off calculations</li> <li>• Stipends/training allowance</li> <li>• Sanctions</li> </ul>	Increasing earnings: <ul style="list-style-type: none"> <li>• Wage top-ups</li> <li>• Living wages</li> <li>• Wage subsidies (employers)</li> </ul>	Increasing earnings: <ul style="list-style-type: none"> <li>• Wage top-ups</li> <li>• Living wages</li> </ul>	
SUPPORT SERVICES/ENABLERS		SUPPORT SERVICES/ENABLERS	
<ul style="list-style-type: none"> <li>• Access to computer technology</li> <li>• Childcare/care provision</li> <li>• Transport availability and cost</li> <li>• Health services</li> <li>• Community resources</li> <li>• Housing services</li> </ul>	<ul style="list-style-type: none"> <li>• Access to computer technology</li> <li>• Childcare/care provision</li> <li>• Transport availability and cost</li> <li>• Health services</li> <li>• Community resources</li> <li>• Housing services</li> </ul>	<ul style="list-style-type: none"> <li>• Access to computer technology</li> <li>• Childcare/care provision</li> <li>• Transport availability and cost</li> <li>• Health services</li> <li>• Community resources</li> <li>• Housing services</li> </ul>	<ul style="list-style-type: none"> <li>• Access to computer technology</li> <li>• Childcare/care provision</li> <li>• Transport availability and cost</li> <li>• Health services</li> <li>• Community resources</li> <li>• Housing services</li> </ul>

Source: Forthcoming JRF report: Linking jobs and poverty in cities, Institute of Employment Research, University of Warwick

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# WHAT THE PARTNERSHIP IS DOING TO CHANGE THE AGENDA

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The More jobs, better jobs partnership wanted to be clear about its starting point: what is the current position on this agenda in Leeds City Region? This 'baseline' would be valuable in its own right to record the current situation, but would also allow progress to be tracked over time. The partnership hopes to track progress using the metrics outlined here, so we can see how well Leeds City Region is delivering more inclusive growth. The baseline study is published in conjunction with this report and is available at [www.jrf.org.uk/publications/baseline-jobs-better-jobs](http://www.jrf.org.uk/publications/baseline-jobs-better-jobs). It includes summary data scorecards for individual local authority areas across the city region.

2

## THE NUMBERS

### JOBS AND GROWTH

The Leeds City Region economy was estimated to be worth £55.9 billion in 2013 and accounted for around 4 per cent of the UK economy. Average annual growth in gross value added (GVA) tracks slightly below the UK average.

The Leeds City Region economy is now more than 20 per cent larger than it was in 2000, despite the 2008/09 recession causing it to contract by 7 per cent. It is also expected to grow by a further 14 per cent by 2020. This performance is a little below the national average, caused by slower jobs growth and weaker

productivity growth than nation rates. The employment rate is below the national average (by 1.3 percentage points) and the productivity gap is 15 per cent – around £7,500 per person employed.

About 1.47 million people are already in work. Between 2007 and 2013, despite the recession, the number of employed people in the LCR grew by 12,000. Unemployment declined from a peak of 9.5 per cent in 2011 to 8.7 per cent in 2013. It is expected that, by 2020, a further 81,000 jobs are likely to be created. Taking into account so-called ‘replacement demand’ due to people retiring and leaving the labour force, there may be as many as 600,000 job opportunities arising over the same period, including around 140,000 jobs at the lower end of the labour market.





However, those currently in poverty and many other people will be looking for these opportunities: young people entering the workforce; those currently in jobs paying above the Living Wage (£7.65 at the time of the study, now £7.85); commuters and migrants from other parts of the country and from overseas. The local Leeds City Region workforce alone is expected to grow by 59,000 workers by 2020. The challenge is to connect people who are in poverty to these opportunities.

## THE CAUSES OF POVERTY

Poverty is associated either with unemployment (out-of-work poverty) or with being in work but having a low income (in-work poverty).

### Unemployment

There are 130,000 unemployed people in Leeds City Region – 8.7 per cent of the workforce. Around 69,000 get Jobseeker’s Allowance (of these, 33,000 have been claiming unemployment benefit for six months or more) and one in eight of all adults of working age receive an out-of-work benefit. This figure rises to more than 20 per cent in some areas of Leeds; for example, Seacroft, Hunslet and Richmond Hill. Around 27,000 households in Leeds City Region are ‘wholly unemployed’, that is, living in a household where nobody is employed. The employment rate of 70 per cent means 450,000 people are economically inactive.

### In-work poverty

There is significant variation in gross hourly pay across the Leeds City Region.

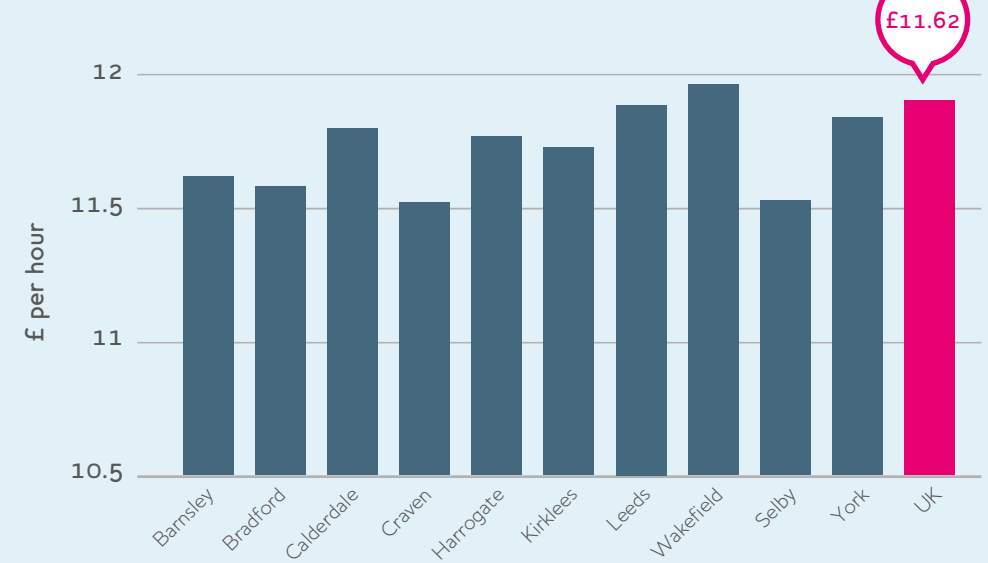
The chart on the right illustrates the challenges facing individual local authority areas and the Leeds City Region in closing the pay and productivity gap. Gross hourly pay is 15 per cent lower in parts of the city region than the UK average.

In Leeds City Region, between 20 per cent and 25 per cent of those who are in work currently earn less than the recommended Living Wage which was £7.65 at the time of the study. This amounts to between 275,000 and 343,000 people. In Leeds just below 20 per cent of jobs (many of them part time) pay less than the Living Wage: around 68,000 jobs.

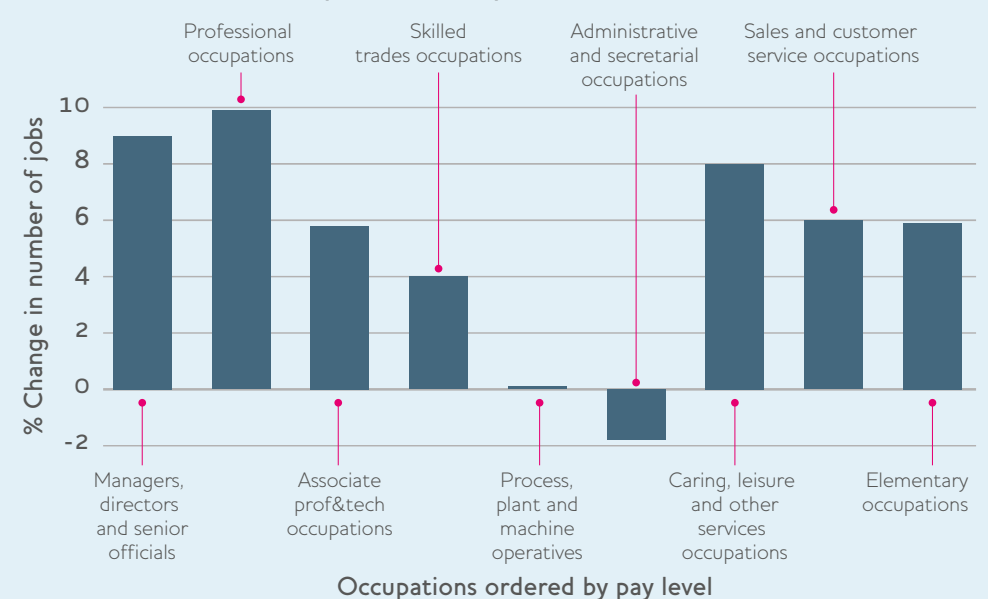
It is also increasingly difficult to progress in the labour market towards the Living Wage and beyond into well-paid jobs, because the labour market is ‘hollowing out’. That is, job growth is at the top end and bottom end of the pay distribution but there are declining opportunities in the middle.

More jobs are needed, but they must be better jobs that give people the opportunity to progress through the labour market over time.

**GROSS HOURLY PAY ACROSS LEEDS CITY REGION COMPARED TO THE UK, 2013**



**HOLLOWING OUT OF THE LEEDS CITY REGION ECONOMY (2013–2020)**

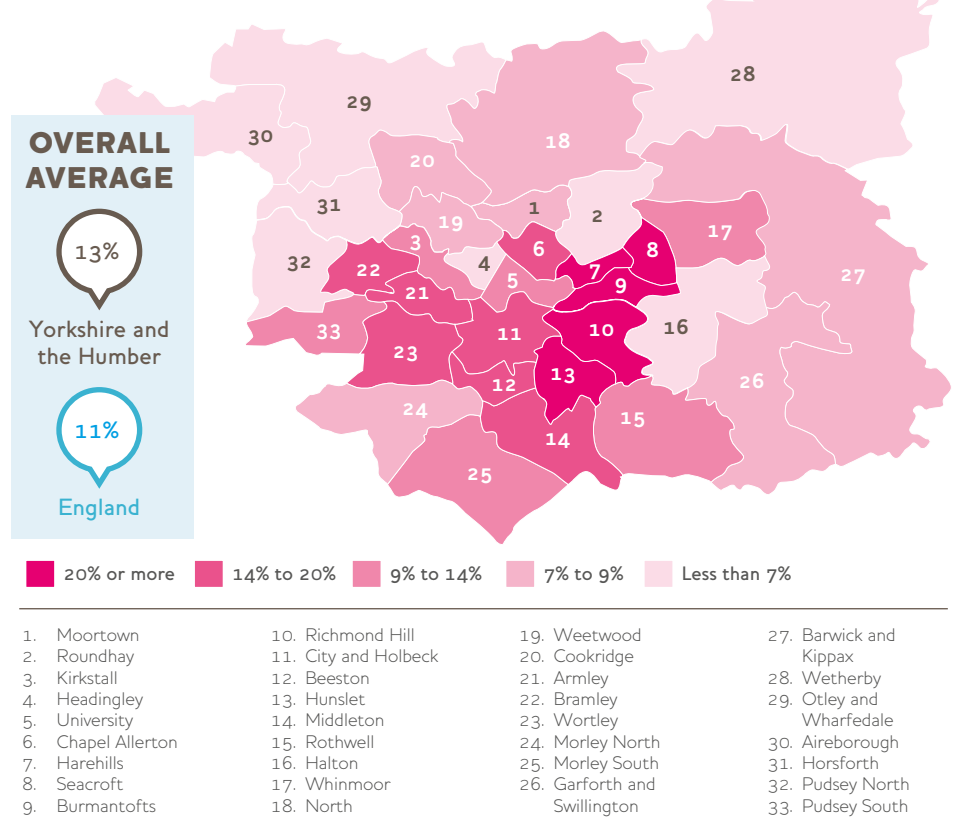


## Area deprivation

Deep poverty and inequalities persist across the Leeds City Region – 29 per cent of residents live in neighbourhoods ranked among the top fifth most deprived in the country, rising to 41 per cent in Bradford and 45 per cent in Barnsley. And in Leeds, 150,000 people – around 20 per cent of the population – live in areas ranked among the top tenth most deprived nationally.

In many cases, it is the same neighbourhoods that experience severe and persistent deprivation, even during periods of growth. Other poorer neighbourhoods may become gentrified but this does not always create employment for residents; it merely reflects a changing socio-economic mix and displacement of poor households as more affluent households move in.

### PROPORTION OF WORKING-AGE ADULTS CLAIMING OUT-OF-WORK BENEFITS IN LEEDS



## 3

## WHAT IS LEEDS CITY REGION DOING?

If there is to be progress on this agenda, much will depend on the people and organisations in Leeds City Region who work in these areas.

On the ‘attitudes and understanding’ category, there is widespread commitment to the importance of growth and poverty reduction, though different stakeholders have reservations about one or the other agenda. There is an emerging theme of ‘good growth’ with a focus on quality jobs, skills progression and better incomes but it currently lacks clear priorities and an action plan. Since the project started, understanding of the connections between growth and poverty has increased. However, there is considerable doubt about how much growth reduces poverty. There is also widespread concern and the recognition of the need to combine the two agendas in the future. Participants agreed on the need to create a new coherent, integrated agenda for change.

Based on interviews and documentary analysis, the More jobs, better jobs partnership conducted a baseline review of:

- the attitudes and understanding of key stakeholders;
- their current policies, plans and commitments; and
- the actions they undertake.

This qualitative work incorporates a ‘score’ on a range of issues to help indicate areas of current strength and relative weakness. These scores are shown in Table 2, overleaf.

Participants recognised that the connections between the different policies and plans for action on growth, jobs and poverty are haphazard and vary greatly. They saw the potential for better and more consistent links between strategies and plans as well as scope for better joint working.

**“We want growth with jobs ... if growth doesn't come with jobs it doesn't mean much to local people”**

Actions taken are seen as wide-ranging and significant but often insufficient in terms of scale. Connections between the growth and poverty agendas are improving but are not yet sufficient. Many participants believe that a more strategic and collaborative approach is required. The fundamental challenge is to move from potential and commitment to significant action that is effective enough to make a real difference.



**TABLE 2 / MORE JOBS, BETTER JOBS BASELINE: SUMMARY SCORECARD**

● GOOD ● MIDLING ● WEAK

ATTITUDES AND UNDERSTANDING	RATING
<p><b>Economic growth</b></p> <ul style="list-style-type: none"> <li>• Growth “fundamental to our future” agreed by all, but meaning of ‘growth’ questioned – narrow focus on gross value added simplifies more complex picture of ‘economic success’ where growth’s impact on people and places is critical.</li> <li>• Caveats placed on the type of growth where the “jury is out” – growth must be sustainable, equitable, inclusive, responsive – a ‘good growth’ narrative is beginning to emerge.</li> <li>• Local authorities and private sector are clear on their role in growth; the voluntary and community sector and wider public sector less so.</li> </ul>	●
<p><b>Poverty</b></p> <ul style="list-style-type: none"> <li>• The language of tackling poverty is complex and can alienate audiences, especially business, and can make organisations question their role and responsibilities in the poverty reduction agenda. There is tension between personal views on dealing with poverty and institutional or organisational goals.</li> <li>• The ‘good growth’ agenda can help make the case by bringing in issues such as quality jobs, skills, progression and incomes.</li> <li>• Agenda on poverty is evolving – welfare reforms, funding cuts and recession have sharpened the focus to a narrative of self-sufficiency, resilience and employability.</li> <li>• In-work poverty is rising in profile and becoming part of the narrative but not yet fully understood or acted on. In addition, a national emphasis on child poverty and young people is shaping attitudes.</li> </ul>	●
<p><b>Connection between growth, jobs and poverty</b></p> <ul style="list-style-type: none"> <li>• There is more scepticism for the view on how growth impacts on poverty than on the impact of poverty on growth.</li> <li>• The ‘trickle down’ effect, where growth naturally reaches those in poverty, does not work.</li> </ul>	<p>● IMPACT OF GROWTH ON POVERTY</p> <p>● IMPACT OF POVERTY ON GROWTH</p>
<p><b>Assessment of overall attitudes and understanding</b></p> <p>There is a robust starting point of attitudes to growth and poverty individually with an emerging narrative of ‘good growth’ but there is much more to be done to make the case for the connection and for a systematic joining up of the two agendas.</p>	SCOPE FOR IMPROVEMENT

CURRENT POLICIES, PLANS AND COMMITMENTS – MAKING CONNECTIONS BETWEEN GROWTH AND POVERTY	RATING
<p><b>Stakeholder interviews: internal plans/policy</b></p> <ul style="list-style-type: none"> <li>Organisations viewed connections between their own plans and policies on growth, jobs and poverty as typically better than middling. Scores were highest in the voluntary and community sector and the local enterprise partnerships, and lower in health and higher education organisations.</li> </ul>	●
<p><b>Stakeholder interviews: perceptions around the commitment and policy of others on poverty reduction</b></p> <ul style="list-style-type: none"> <li>Local authorities: committed and central, but with limitations in turning vision into action.</li> <li>Voluntary and community sector: passionate and active, but piecemeal and small-scale.</li> <li>Businesses: split between large ones that account for corporate social responsibility, local ones that want to 'give back' and others who feel it's not their job.</li> <li>Local enterprise partnerships: focus is on growth not poverty, but active on jobs and skills.</li> <li>Colleges and housing associations: growing in importance.</li> </ul>	●
<p><b>Local authority strategy mapping: assessing economic strategy, health and wellbeing strategy and other key plans</b></p> <ul style="list-style-type: none"> <li>Economic strategies: content and link on jobs and poverty are patchy. Some good practice, but not the norm, with three of seven strategies making very poor links to reducing inequalities and poverty in particular.</li> <li>Health and wellbeing strategies: usually weak on economic links, medium on jobs and good on inequalities. Wide variation.</li> <li>Corporate, community and anti-poverty strategies score more highly but the latter two can lack prominence.</li> <li>Overall strategic frameworks are 'semi-coherent' – links are made, but not comprehensively and gaps exist.</li> <li>Plenty of scope to improve.</li> </ul>	<p>● ECONOMIC STRATEGY</p> <p>● HEALTH AND WELLBEING STRATEGY</p> <p>● CONNECTION ACROSS ALL</p>
<p><b>Assessment of overall policy, plans and commitment</b></p> <p>Connections between strategies on growth, poverty and jobs are made, but they tend to be haphazard and vary greatly. There is potential for much better and more consistent links.</p>	SCOPE FOR IMPROVEMENT

ACTION TAKEN	RATING
<p><b>Organisational action</b></p> <ul style="list-style-type: none"> <li>Organisations are taking a range of actions they feel are significant but insufficient in scale. Self-assessment ratings are highest in the voluntary and community sector, lower in public sector, health and higher education institutions.</li> <li>The spread of action is very wide and spans poverty, jobs, skills and growth. Very often projects cover more than one of these bases.</li> <li>There are concentrations of activity around apprenticeships, work experience and pre-employment, training and skills, the Living Wage, business growth/support and financial inclusion.</li> <li>Projects often involve multiple partners, for instance councils, the Leeds City Region, local enterprise partnerships, colleges, businesses and voluntary and community sector organisations. But better connections could be made.</li> </ul>	●
<p><b>Is enough being done locally overall?</b></p> <ul style="list-style-type: none"> <li>The overall level of local action scores are the lowest in the survey.</li> <li>All sectors think their performance on internal action is better than the overall level of action in the local area.</li> <li>Stakeholders think that much more can be done.</li> <li>There are lots of specific suggestions for new or more action, including on childcare, mentoring, more enterprise and apprenticeships in deprived areas and support on job applications.</li> <li>There are also calls for a more strategic, collaborative and ambitious approach with prioritised actions informed by sophisticated intelligence and delivered in partnership.</li> </ul>	●
<p><b>Assessment of overall action taken</b></p> <p>There is a consensus that, despite a lot of action, it is not making the required difference and that more effective action is needed. Currently, action spans growth, jobs and poverty and, while connections are improving, they are not yet sufficient. A more strategic, collaborative and targeted approach is needed.</p>	SCOPE FOR IMPROVEMENT



# 4

## THE FISCAL AND ECONOMIC BENEFITS OF REDUCING POVERTY









Beyond the immediate benefits to individual households of reducing poverty, there are two further gains from tackling poverty, both of which contribute to economic growth.

First, there are *gains to the government*, summarised in Table 3 opposite. Tackling poverty reduces public expenditure on alleviating poverty by cutting welfare spending, tax credits and the administrative costs of managing these measures. It also increases public income through the increased taxation raised from those who are in work or in better work. There are also measurable expenditure savings from reduced spending on health care and crime prevention.

Second, there are *economic benefits*, as people move into jobs, generating additional output, or as they move into better jobs, raising productivity. This is a direct gain to the economy. There is also a 'multiplier' effect. People's disposable incomes are raised, which directly benefits local businesses.

The partnership has developed a series of detailed estimates of these fiscal and economic gains from tackling worklessness and low pay. These are set out in a forthcoming report, *The benefits of tackling worklessness and low pay* by the Centre for Economic and Social Inclusion.

TABLE 3 / GAINS TO GOVERNMENT FROM TACKLING WORKLESSNESS AND LOW PAY

TYPE OF PUBLIC EXPENDITURE	WHO STANDS TO GAIN
 <b>OUT-OF-WORK BENEFITS</b>	Administered by DWP: Tax credits, Jobseeker's Allowance, Employment Support Allowance, Income Support, Incapacity Benefit, Severe Disability Allowance
 <b>IN-WORK BENEFITS</b>	Administered by HMRC: Working Tax Credit and Child Tax Credit
 <b>HOUSING BENEFIT</b>	Administered by local authorities for DWP
 <b>COUNCIL TAX SUPPORT</b>	Funded and administered by local authorities
 <b>ADMINISTRATIVE COSTS</b>	Job search activation by Jobcentre Plus, Housing Benefit (and Council Tax Support), and Tax Credits, plus the cost of delivering programmes such as the Work Programme
 <b>TAX REVENUES</b>	Potential tax and National Insurance revenue from employees and employers
 <b>MEASURED INDIRECT COSTS</b>	Well-established metrics for quantifying reduced health service costs and police and criminal justice costs
 <b>OTHER INDIRECT COSTS</b>	The strain poverty places on local services such as: housing services; education services; personal social services; local environmental service. However, quantifying these costs is difficult because of the range of different influences on demand



## GOVERNMENT GAINS

Whenever an out-of-work benefit claimant in Leeds City Region moves to a job that pays the Living Wage, on average the government gains £6,280. This is made up of: benefit savings of £2,494; administration savings of £651; gains from increased direct tax take of £1,959; and reduced spending on health care and crime prevention of £1,176.

If unemployment in Leeds City Region was halved, from 130,000 (8.7 per cent) to 65,000 (4.3 per cent), the overall fiscal gain would amount to £408 million. Or, more modestly, for every 10,000

unemployed people who find work, the fiscal gain amounts to £62 million. This annual gain would accrue year on year. As would be expected, the financial gains from in-work claimants moving into better-paid jobs are less substantial but by no means insignificant.

The analysis focused on readily quantifiable costs and benefits. However, poverty also places a strain on a wider set of local services such as social care, housing, education and environmental services, which are more difficult to quantify. Managing and reducing demand on these, and other, local public services is a key challenge for local authorities and their

partners. Tackling the cause of poverty, through delivering initiatives that support more inclusive growth, should be seen as preventative investment and be at the core of strategies to manage future demand on local services.

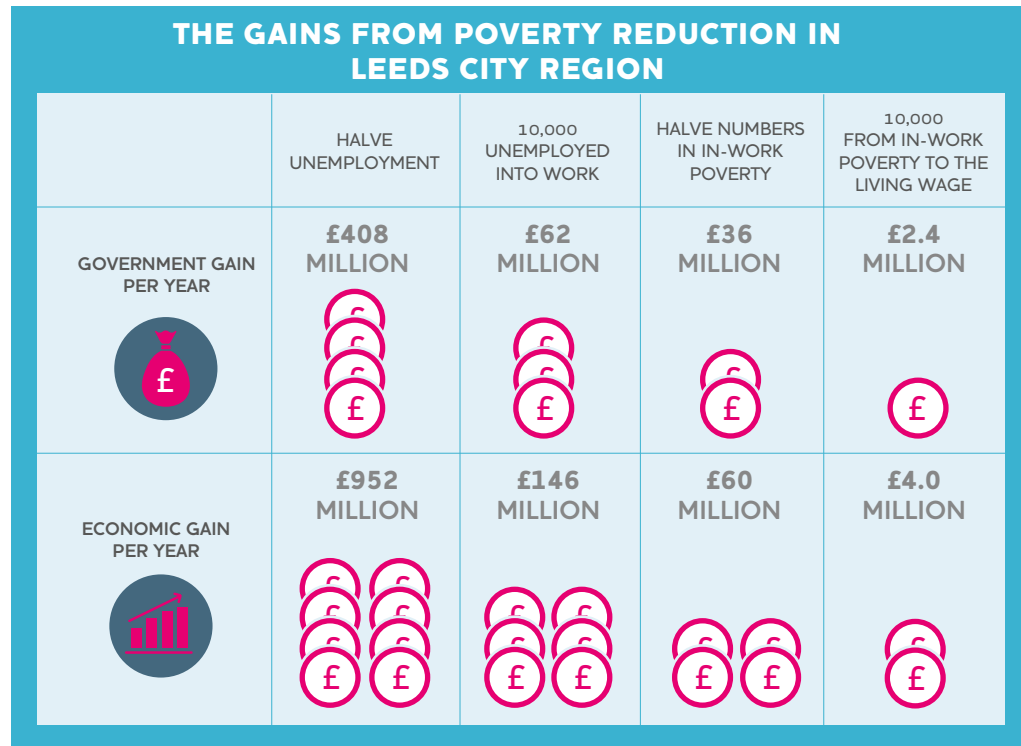
## ECONOMIC GAINS

The economic gains from reducing poverty are even more substantial. Whenever an out-of-work benefit claimant moves into a job paying the Living Wage, on average, the local economy will benefit to the tune of £14,643. Output increases by the value of the contribution of the additional worker and the ‘multiplier’ effect of their increased spending on the rest of the local economy. So, if it was possible to halve unemployment in Leeds City Region, the overall economic gain to the local economy would be £952 million per year. This is equivalent to 1.8 per cent of the region’s gross domestic product (GDP) – representing an additional 1.8 per cent growth. More modestly, for every reduction of unemployment of just 10,000, we could add £146 million (or 28 per cent) to GDP, annually.

## COSTS AND BENEFITS

Most people will move out of poverty into work or better jobs without state assistance. However, some will need help in the form of government Welfare to Work programmes such as the Work Programme or Youth Contract. Others will access more limited or different assistance through Jobcentre Plus or various local schemes and support. The costs associated with helping people into work can be estimated, and this expenditure compared to the benefits gained. Approaches to cost benefit analysis are explored in further detail in *The benefits of tackling worklessness and low-pay* report.

“For years lots of effort has gone into tackling poverty but in complete isolation from growth”





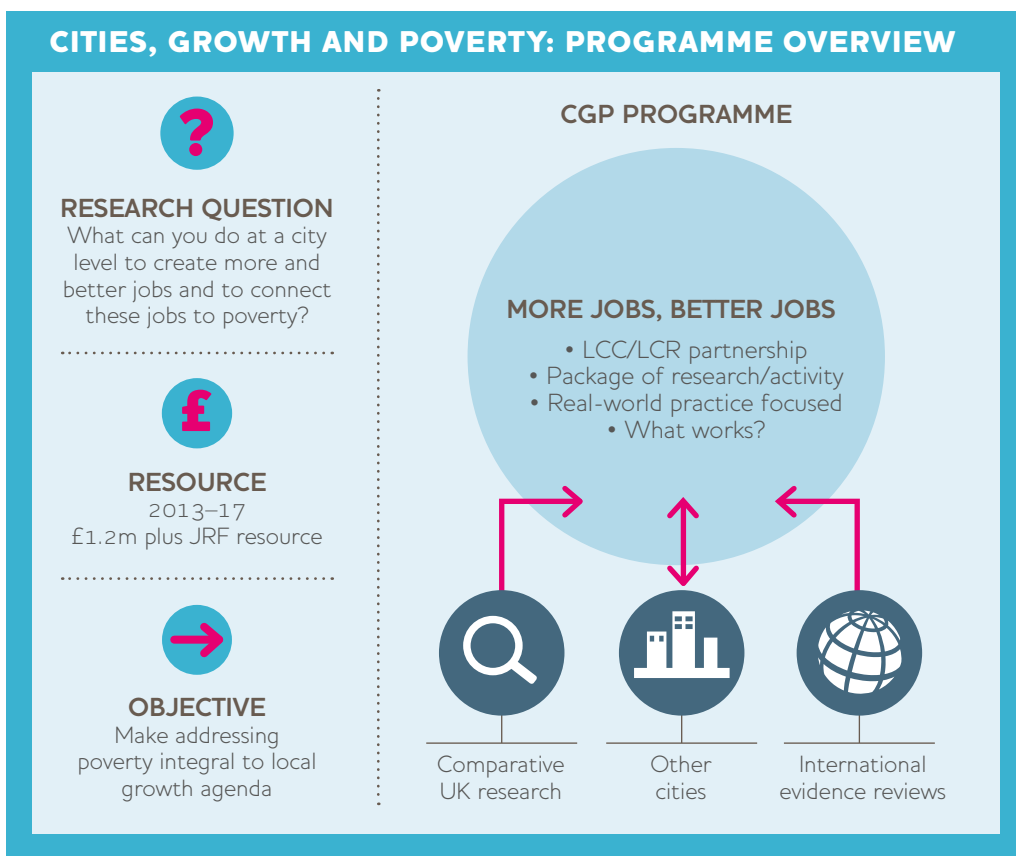
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## THE MORE JOBS, BETTER JOBS PARTNERSHIP: FUTURE PLANS

The More jobs, better jobs partnership sits at the heart of JRF's *Cities, growth and poverty* research programme which aims to:

- better understand the relationship between poverty and the economy at a city and city region level;
- identify what can be done and by whom at city/city region level to create more and better jobs;
- make a compelling practical case for change: how and why cities should link growth and poverty reduction;
- and make addressing poverty a more integral part of local growth strategies in cities and city regions.

## CITIES, GROWTH AND POVERTY: PROGRAMME OVERVIEW



The More jobs, better jobs partnership in Leeds City Region, launched in February 2014, provides the opportunity to explore these issues in depth and in practice over three years. It aims to make a real difference to the communities it serves, by identifying and supporting the adoption of new policy and practice.

A number of projects are under way:

### Jobs and skills

Leeds City Region's sector strategy is focused around key growth sectors:

- financial and professional services;
- advanced manufacturing;
- health and life sciences;
- low carbon and environmental industries;
- digital and creative industries.

These sectors are a priority for the local growth strategy but will they benefit all? The partnership wants to look beyond these 'usual suspects' and develop a clearer evidence base and strategy for growth in lower-skill sectors such as hotels and catering, retail and care, which are

“The growth and skills agenda closely relates to objectives to address poverty, reduce worklessness and raise living standards.”

particularly associated with low pay and entry-level jobs. Leeds City Region has a broad-based economy, and we need to better understand the characteristics and drivers for change of different sectors. We want to identify what can be done locally around the issues of job quality, skills utilisation and labour market progression.

### Anchor institutions

Anchor institutions such as local authorities, hospitals, universities, housing associations and significant private employers have an inherent stake in a city or region – they are the biggest employers, biggest spenders and biggest providers of services. We know, for example, there is potential for pursuing alternative approaches to public (and private) procurement which can have a bigger impact on the local economy ([www.jrf.org.uk/publications/tackling-poverty-procurement](http://www.jrf.org.uk/publications/tackling-poverty-procurement)). Working with these partners, we want to understand their contribution to the local economy and poverty reduction. The partnership is keen to identify possible procurement



IN 2013/14, BETWEEN  
20 PER CENT AND  
25 PER CENT  
OF WORKERS IN  
THE LEEDS CITY REGION  
EARNED LESS THAN THE  
LIVING WAGE OF  
**£7.65**  
**PER HOUR.**  
THIS AMOUNTS TO  
BETWEEN 275,000 AND  
343,000 PEOPLE

and recruitment practices which could maximise their impact locally.

### Infrastructure and development opportunities

The partnership is exploring how to ensure local households living in poverty benefit from the training and employment opportunities generated through new investments and developments.

### Incentives

There is an ethical case for making the connections between growth and poverty but what about the business case? If we are serious about making



poverty reductions more integral to local growth strategies, we need to be clearer about the scale of costs and benefits that accrue, in terms of driving local economic growth as well as managing future demand on local public services. The partnership's research has highlighted how the majority of fiscal gains accrue to central government (in welfare savings) and we intend to explore how connecting growth and poverty locally could be better incentivised.

The partnership is working hard to engage local stakeholders and has established a More jobs, better jobs LinkedIn group. [www.linkedin.com/groups/More-Jobs-Better-Jobs-Ensuring-8127210](http://www.linkedin.com/groups/More-Jobs-Better-Jobs-Ensuring-8127210)

The partnership is also developing a wider evidence base of comparative international and UK-wide research on the key levers that can be used to help those in poverty to access job opportunities. We hope this wider body of work can be built on in our partnership with Leeds City Council and Leeds City Region and, critically, that our work can also be transferred to other cities.

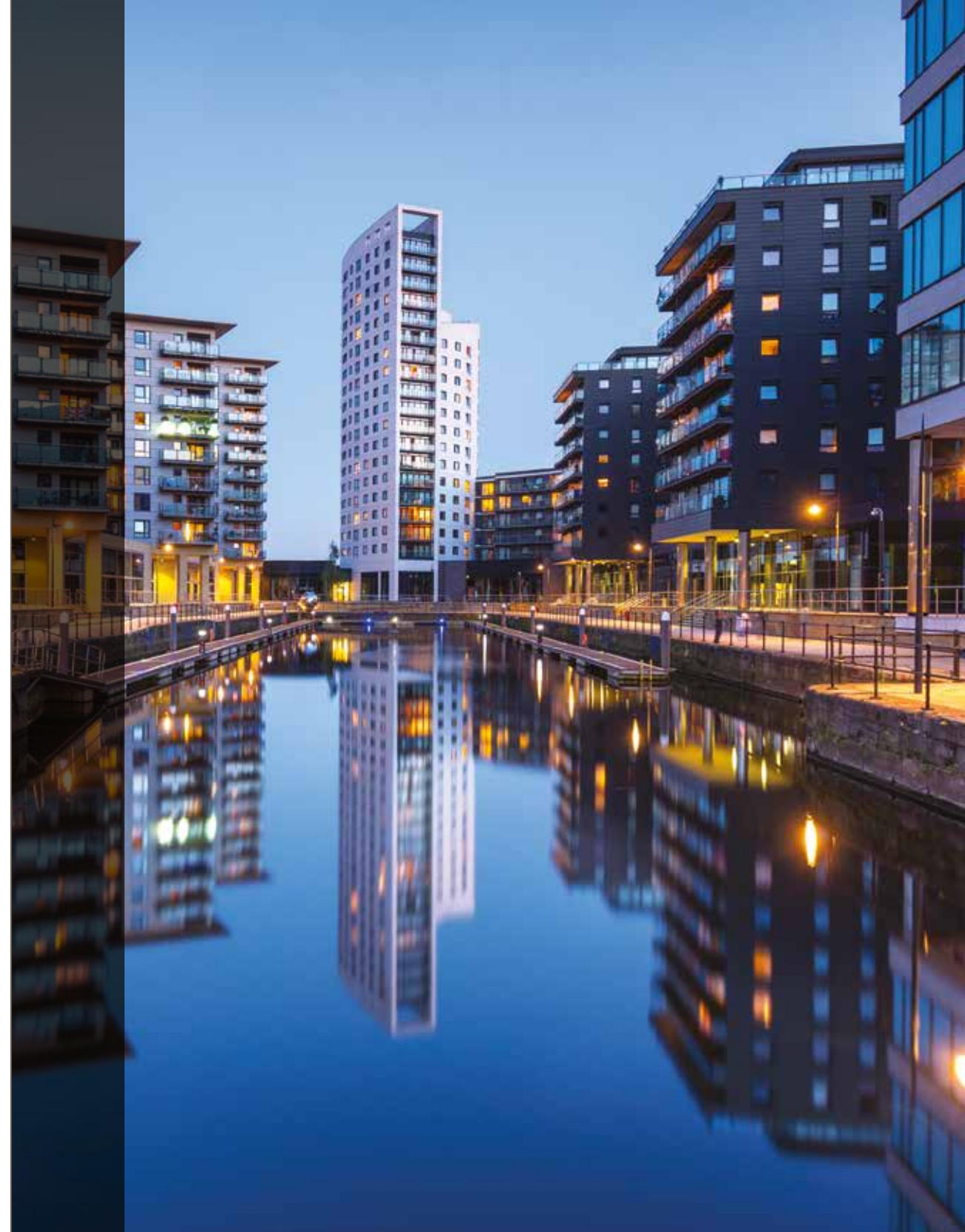
### **Making the most of the opportunity**

A rising tide will not lift all boats. The defining feature of our partnership is that we are approaching growth and poverty as a single, connected agenda. The growth and poverty reduction agendas have shared objectives. Aims to increase the employment rate and improve average pay levels lie at the

heart of Leeds City Region's Strategic Economic Plan ([www.leedscityregion.gov.uk/about/strategic-economic-plan](http://www.leedscityregion.gov.uk/about/strategic-economic-plan)). More jobs, better jobs is based on the same objectives. The challenge is to connect the benefits of growth and jobs to local citizens and those who need them most. This requires thinking beyond the confines of traditional approaches to economic development and poverty reduction. Households in poverty accessing jobs, sustaining jobs and progressing in jobs is multi-dimensional and cuts across economic development, skills, welfare and other areas such as childcare, housing and transport.

The partnership provides the opportunity for partners to join up and champion 'good growth' and avoid the creation of a two-tier city region. It coincides with a return to growth in many parts of the city region and the ongoing evolution of the local enterprise partnership and the emergence of the West Yorkshire Combined Authority. The new European Social Investment Fund programme (2015–2018) also provides the opportunity to design and deliver a coordinated set of initiatives which can respond to the growing agenda around job quality and progression.

The More jobs, better jobs partnership provides the opportunity for Leeds City Region to be at the forefront of new policy and practice development and to pioneer new approaches to better connect growth and poverty.



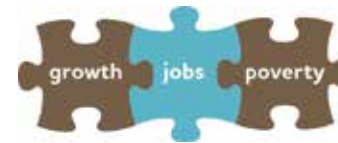
## FURTHER INFORMATION

**Josh Stott** is head of JRF's Cities, growth and poverty programme and the More jobs, better jobs partnership. He can be contacted at [josh.stott@jrf.org.uk](mailto:josh.stott@jrf.org.uk)

The programme adviser is Professor Mike Campbell.

More information about the programme and partnership including the initial evidence review, the baseline study, the report on the fiscal and economic benefits of poverty reduction and future reports are available at [www.jrf.org.uk/topic/cities](http://www.jrf.org.uk/topic/cities)

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## OUR EMERGING EVIDENCE BASE

Unequal opportunity: how jobs are changing in cities – Naomi Clayton, Maire Williams and Anthony Howell (2014) Centre for Cities.

Cities, growth and poverty: evidence review – Neil Lee et al (2014), JRF ([www.jrf.org.uk/publications/cities-growth-and-poverty-evidence-review](http://www.jrf.org.uk/publications/cities-growth-and-poverty-evidence-review))

Tackling poverty through public procurement – Richard Macfarlane with Anthony Collins Solicitors LLP (2014), JRF ([www.jrf.org.uk/publications/tackling-poverty-procurement](http://www.jrf.org.uk/publications/tackling-poverty-procurement))

The benefits of tackling worklessness and low pay – Paul Bivand and Dave Simmonds, JRF (forthcoming)

Also see our work on developing costed anti-poverty strategies for the UK ([www.jrf.org.uk/topic/anti-poverty](http://www.jrf.org.uk/topic/anti-poverty))

More jobs better jobs: Baseline study – Nicky Denison, Les Newby and Victoria Gell ([www.jrf.org.uk/publications/baseline-jobs-better-jobs](http://www.jrf.org.uk/publications/baseline-jobs-better-jobs))



For more about JRF's Cities, growth and poverty programme, please visit:

[www.jrf.org.uk/topic/cities](http://www.jrf.org.uk/topic/cities)

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