
Report to: Overview and Scrutiny Committee

Date: 18 January 2019

Subject: **Inclusive Growth**

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1. Purpose of this report

- 1.1 To provide the Overview and Scrutiny Committee with the following:
- An overview of the how the goal of delivering Inclusive Growth has progressed since the last report to this Committee,
 - Information on the early work and priorities of the Inclusive Growth and Public Policy Panel, and
 - An opportunity to discuss views about the emerging focus of the Panel.

2. Information

Background

- 2.1 The subject of 'Inclusive Growth' has increasingly come to the fore in recent years where, increasingly, income and health inequalities between people and places have widened. In recognition of the significant inequalities and the associated social, environmental and economic impacts, the Combined Authority has publicly stated that the City Region's ultimate goal is one of Inclusive Growth.
- 2.2 The 2017/18 Combined Authority Corporate Plan explains that "Our main goal is 'inclusive growth' – ensuring the widest range of people and places are able to contribute to, and benefit from, economic prosperity." This ambition is further emphasised in the 2018/19 Corporate Plan: "The achievements of the past year and more have put us in a great place to realise the strong, successful and socially inclusive economy that is the ultimate goal of political and business leaders".

Definition

2.3 As a starting point, the Committee is referred to the RSC's Commission into Inclusive Growth (2016) which settled on the term "Inclusive Growth" because it speaks to two related priorities in the post-financial crisis economy: economic inclusion and economic growth. The Commission therefore arrived at the following definition of Inclusive Growth:

- Enabling as many people as possible to contribute to, and benefit from, economic growth.

This ambition has two dimensions:

- Social - benefitting people across the labour market spectrum, including groups that face particularly high barriers to high quality employment
- Place - addressing inequalities in opportunity within an economic geography.

2.4 Delivering Inclusive Growth in the City region therefore means tackling the barriers that most constrain people from contributing to and benefitting from growth, such as poor skills, ill health (including those caused by environmental factors such as pollution), inadequate local transport, gender and ethnic inequalities, and childhood deprivation.

2.5 It is however recognised that there are a number of challenges in relation to the use of the term of "Inclusive Growth", including:

- The term is rooted in political and economic theory and is therefore innately abstract – which is arguably a barrier to community and business understanding and engagement.
- There is a potentially confusing array of similar terms in usage, each with a slightly different meaning, eg "more and better jobs", "quality jobs", "closing the gap", "an economy that works for everyone", "meaningful growth", "inclusive economy", "economic justice" etc.
- The risk that some of the associated policy language currently used, eg "deprived areas", is derived from technical sources (eg ONS data sets) and may be perceived negatively by some individuals and target communities.
- Although the analysis of the problem has been high profile and thorough (eg OECD, RSC Commission into Inclusive Growth, World Bank and others), the policy prescriptions and interventions proposed have been much less well articulated, especially those applicable at the more local level.

Inclusive Growth across the Policy Framework

2.6 The LEP Board (November 2017 and January 2018) and Combined Authority (February 2018) agreed to broaden the city region's policy scope by working towards the development of a new, long-term strategic framework, with inclusive growth at its centre. This is attached as **Appendix 1**.

2.7 The key priorities of the emerging Leeds City Region (LCR) Policy Framework – in the shape of four key challenges - were identified at the LEP Board's September 2017 away day and re-endorsed in 2018. Inclusive growth

has been identified as an underlying driver across these challenges, which are:

1. The City Region's productivity gap with national and international peers is too large and growing. A more productive economy, where value is created and shared fairly across society, was identified as the single most significant driver of inclusive growth.
2. Investment is too low – particularly research and development investment by the private sector.
3. Half a century of continuously improving living standards in the City Region have stalled recently.
4. Stubborn deprivation persists, with the poorest communities staying the same over decades.

2.8 The City Region's existing strategies are being aligned and reviewed under the new policy framework. Inclusive Growth is one of the core principles of the new framework which ensures all strategies have a clear focus on tackling the above challenges, which feeds through into outcomes. These outcomes are being drawn together using what exists in current policies, plus new ambitions. **Appendix 2** provides an early draft of the City Region's emerging impact framework, which it is anticipated will be developed to include a more refined understanding of the impact felt by the most disadvantaged groups. This outcomes model will also be used to inform programme and project level appraisal and evaluation frameworks.

2.9 This broader framework also provides opportunities for partners to consider new and ambitious positions on topics that directly and indirectly affect Inclusive Growth. The Combined Authority's Policy, Strategy and Communications Directorate will, therefore, work with a range of partners to explore options on issues like tax, wages, welfare, labour market inclusion and the impact of automation on job roles.

Flexing Combined Authority projects and services

2.10 The Combined Authority has undertaken an initial survey of its activities to understand how it can best drive inclusive growth. This has led to several changes so far, such as:

- The Growth Service's grant support for small and medium sized enterprises (SMEs) to incentivise more inclusive growth commitments, such as undertaking training or helping improve progression amongst staff – which the Overview and Scrutiny Committee discussed at its 14 September 2018 meeting (further details below in 2.18 - 19).
- Targeting the enterprise advisor offer to schools in the most deprived areas, providing a rich experience of opportunities in different industries.
- Incorporating Social Value in procurement and certain minimum standards that suppliers must meet.

- Removing the photo requirement for young people to access subsidised bus travel, removing a barrier for some who require public transport to get to a place of education, training or work.
- 2.11 More broadly, inclusive growth is also being delivered across partner authorities. For example, the seven local authorities that are members of the Leeds City Region Business Rates Pool agreed to fund projects that are specifically aimed at driving inclusive growth across West Yorkshire, Harrogate and York.

The Inclusive Growth and Public Policy Panel

- 2.12 The Inclusive Growth and Public Policy Panel was established by the Combined Authority in September 2018 to advise the Combined Authority and the Leeds City Region Enterprise Partnership (LEP) in support of their ambition to secure inclusive growth. The Terms of Reference of the Panel are shown at **Appendix 3**.
- 2.13 Panel members have welcomed and noted the various achievements to date of partners across Leeds City Region in delivering Inclusive Growth activities. The need to understand the overall scale and complexity of the Inclusive Growth challenge, and maintain the focus on delivery in order to create a more socially inclusive economy, was also recognised as a core aim of the Panel.
- 2.14 The following issues and opportunities have been raised and discussed by the Panel as potential early priorities:
- Driven by financial efficiency requirements, businesses and institutions are increasingly providing more of their services either partially, or wholly, online. The example of ongoing bank closures was cited and the adverse social impacts were noted for individuals without access, or the skills to access, service online. It was noted that the issue of getting everyone online had been highlighted as a key issue in the emerging Leeds City Region Digital Framework.
 - A common ‘good employers’ framework was identified as needed for public sector employers, covering business leadership, poverty standards, living wage pay, elements of the low pay charter and other commitments such as around offering specialist skills through volunteering. It was noted that this would help to refocus the debate away from economic outputs (e.g., number of jobs created) and more towards the quality of jobs.
 - Inclusive growth through a healthy workforce – economic growth and living standards are intrinsically linked to peoples’ health. Preventing ill-health with the help of employers and public health partners is thus seen as a crucial element of inclusive growth.
- 2.15 In addition, Panel members express an interest in supporting emerging ideas being led by other Panels and Committees such as the LCR Inclusive Growth Corridor project, and the Healthy Streets project, that are currently being established under the auspices of the Transport Committee.

- 2.16 The Panel has identified there is a need to establish a clearer evidence base of the scale and nature of the regional challenge of stubborn deprivation and economic growth not being inclusive enough. It was also suggested by the Panel that the Combined Authority and other partners (e.g. local authorities, universities, colleges and schools) could usefully undertake an 'audit' of their work to establish a benchmark against which their future contribution to inclusive growth can be measured. To support this process, relevant indicators could be identified, with support from the higher education sector, for example on understanding the social return on investments made.
- 2.17 Finally, the Panel agreed to apply a strategic focus to its work. It was suggested that districts should report on their strategies and policies related to inclusive growth for the Panel to determine what can be up-scaled, supported or championed at a regional level. It was suggested that districts could provide inclusive growth updates at future meetings to assist the Panel's assessment.

Next steps and the role of scrutiny

- 2.18 At its 14 September 2018 meeting, the Overview and Scrutiny Committee considered an item on the business grants programme and discussed the inclusive growth criteria for BGP grants. The Committee concluded with a **recommendation** that:
- "...work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee".¹
- 2.19 Consequently, at its 16 November 2018 meeting the Committee agreed to request a report detailing the "consultation and development of the current inclusive growth criteria and policy for the Business Growth Programme (BGP) and an assessment of the options relating to extending inclusive growth criteria to all business grants programmes" to be discussed at the 22 March 2019 committee meeting.²

3. Financial Implications

- 3.1 None arising directly from this report

4. Legal Implications

- 4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

- 5.1 None arising directly from this report

¹ Minutes – Overview and Scrutiny Committee, 14 September 2018.

<https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CId=135&MIId=723&Ver=4>

² Minutes – Overview and Scrutiny Committee, 16 November 2018.

<https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CId=135&MIId=724&Ver=4>

6. External Consultees

6.1 None as part of this report

7. Recommendations

7.1 The Overview and Scrutiny Committee note and comment on the report.

8. Background Documents

None.

9. Appendices

Appendix 1 – City Region Policy Framework

Appendix 2 – Draft Ambitions and Outcomes Framework

Appendix 3 – Terms of Reference, Inclusive Growth and Public Policy Panel