
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 20 January 2021

Subject: **Inclusive Growth Framework**

Director: Alan Reiss, Director of Strategy, Policy and Communications

Author(s): James Flanagan, Head of Public Sector Reform

1 Purpose of this report

- 1.1 To update the Board on the development of a strategic regional approach to Inclusive Growth, to seek views on key issues, and endorsement and adoption of the proposed Framework as part of the wider Strategic Economic Framework.

2 Information

- 2.1 Inclusive Growth, that is, enabling as many people as possible to contribute to, and benefit from, economic growth, is a key LEP priority.
- 2.2 A draft Inclusive Growth Framework was endorsed by a private session of the Inclusive Growth Panel in February last year, which had been developed through discussion and engagement with public, private and third sector (the third sector is also known as the voluntary, community and social enterprise, or VCSE, sector) stakeholders, and supported by a dedicated officers' group.
- 2.3 Last June's meeting of the LEP Board noted the progress that had been made in developing the regional Framework. It was recognised that, because inclusive growth is also a key priority for the West Yorkshire Economic and Transport Recovery Plans (ERPs), the draft Framework would need to be reviewed to consider what changes are necessary in light of COVID-19 and in order to enable a wider future discussion.
- 2.4 This report sets out the proposed revised draft Framework which is re-focussed around the ambition of an inclusive economic recovery in order to ensure that economic and social disparities - many of which have been exacerbated by the pandemic - are not just reduced but eliminated. Views are also sought on possible next steps, including supporting investments and interventions and relevant indicators.

Challenges

- 2.5 Pronounced and longstanding inequalities are being experienced by groups of disadvantaged people and in our most deprived places, such as:
- Poorer health and wellbeing evidenced by lower average life expectancy and years of healthy life;
 - Transport and fuel poverty and housing unaffordability;
 - Poor social mobility due to lower level (and no) formal skills; and
 - Rapid increase in unemployment since last March and the lack of access to good, and well paid, work and in-work poverty.
- 2.6 The OECD (Economic Outlook June 2020) has noted that the COVID-19 pandemic "... has triggered the most severe economic recession in nearly a century and is causing enormous damage to people's health, jobs and well-being."
- 2.7 The Resolution Foundation (Low Pay Britain, September 2020) has identified that the lowest paid (especially young people and women) have borne the brunt of the current crisis:
- They are around twice as likely as higher-paid earners to have lost their job, been furloughed, or lost hours and pay because of the crisis.
 - Have faced greater health risks – they are a third less likely than higher-paid ones (44 per cent, compared to 83 per cent) to have been working from home at the peak of the first lockdown last May.
- 2.8 The above and other inequalities and impacts resulting from the pandemic present a 'wicked' and urgent set of social, economic, and political challenges to be addressed.

Opportunities and Assets

- 2.9 Disadvantaged communities and groups also have enormous assets and potential. These assets are however often "hiding in plain sight" and remain unquantified, eg because they have not yet been mapped/recognised, are about potential and therefore intangible, or they are undervalued in national statistics, eg the economic contribution of volunteering. Examples of community-based assets include:
- Physical assets/capital – eg opportunities to re-use redundant buildings as community hubs;
 - Diverse communities – illustrated by the positive correlation observed between gender and ethnic diversity in the workforce and higher levels of innovation and profitability;
 - Social Capital and Value produced by communities and groups bound e.g., by culture, sport, faith and shared endeavour, including through organised volunteering, and which has been so important to our wellbeing in the face of the pandemic;

- Civil society, ie the third sector which unlocks untapped community-based assets and capabilities, and brings local insights, connectivity and holds the trust of communities, eg by acting as community builders and connectors with the passion, energy, self-sufficiency to support our most disadvantaged individuals to:
 - acquire relevant and transferable skills;
 - regain and retain robust physical and mental wellbeing; and
 - enter a pathway into Good Work, eg through paid employment within the third sector, volunteering, or building sustainable social enterprises.

A Framework for an Inclusive Economic Recovery

2.10 In response to the above complex challenges and regional opportunities and assets, a revised Inclusive Growth Framework is contained at Appendix 1.

This includes the following key elements:

- **Environment/context** comprising Inclusive national, regional, and local context and policies and funding programmes, including the range of regional strategies and plans encompassed in the SEF;
- **Asset Based Community Development (ABCD)** creating thriving and inclusive communities, as defined either by place, identity, or interest, noting the key role of the third sector in supporting our most disadvantaged communities, including during the response to the pandemic.
- **Goals**, which remain as originally proposed, i.e.:
 - Wellbeing;
 - Connectivity and Accessibility;
 - Relevant and Transferable Skills; and
 - Good Work.
- **Mission/ambitions** for our:
 - Individuals and communities to become Socially Mobile;
 - Employers to provide everyone with Good Work; and
 - Region to deliver an Inclusive Economic Recovery.
- **Measurement:**
 - Assessing the overall ‘prize’ of inclusive growth is a significant issue. For example, OECD analysis¹ concludes that income inequality has a sizeable and statistically significant negative impact on growth. This means that a relatively modest increase in income equality (or ‘levelling up’), specifically of the lowest 40% of earners, would deliver over 30 years a cumulative GDP gain of nearly 9%. In West Yorkshire, this would translate to **an Inclusive Growth ‘dividend’ of almost £7bn**. Additional benefits would also likely be accrued from reduced income inequality in terms of reduced benefits payments, and health and social care savings (‘fiscal spillovers’).

¹ Trends in Income Inequality and its Impact on Economic Growth, OECD, 2014

- Measuring delivery of the Framework. A working draft dashboard is included, aligned with the SEF indicators considered in September. Appendix 2 includes a working draft data set which quantifies some of the issues, inequalities and gaps facing the region; and
- Noting also, the need to better measure our regional assets, e.g., the size and economic contribution of the third sector (as discussed elsewhere on the agenda, this is a material barrier to making the case for supporting and investing in the success of the sector).

Strategic Links

- 2.11 It is proposed that, once adopted, the Framework would form part of the LEP Strategic Economic Framework, recognising that Inclusive Growth sits within a wider regional economic policy context.
- 2.12 There are also broader strategic links that should be built upon. For example, in December 2020, The West Yorkshire and Harrogate Health and Care Partnership Board adopted six core areas for change in relation to the third sector.² Through supporting the most at risk and vulnerable communities and tackling health and social inequalities, these principles serve to underpin a healthy and vibrant third sector that actively contributes to the proposed Inclusive Growth Framework.

Issues and next steps

- 2.13 The LEP Board is requested to endorse and adopt the revised Framework as part of the SEF, subject to considering the following questions:
- **Have the key challenges and opportunities within our most disadvantaged places and groups been correctly identified, eg those at 2.5-2.9?**
 - **Does the Board agree with the Framework's proposed Goals and Ambitions?** Are the Framework's Goals and Ambitions outlined at 2.10 broadly the right ones and sufficiently encompassing and bold? And would the Board wish to see further work undertaken to establish a robust articulation of the economic 'prize' to the region of more inclusive growth?

² 1) Shift the paradigm - invest more in prevention and maintaining health and well-being of the population

2) A new investment model - a gradual shift of resources into prevention from acute health budgets at both system and place level which builds third sector capacity and improves population health and well-being outcomes

3) Third sector representation - at all levels of the Partnership and not in a tokenistic way, but as a key partner in decision making and shaping services

4) Commissioning - Introduce simplified, streamlined commissioning procedures that are inclusive and accessible, low in bureaucracy and transparent as an essential enabler for change

5) Invest in local third sector Infrastructure at place and neighbourhood level

6) Volunteering - build on the good practice and high standards of volunteering that exist in WY&H within the third sector.

- **Are the proposed Indicators, including those in Appendix 2, considered useful**, including for better understanding our Inclusive Growth strengths and weaknesses and tracking progress against delivery?
- **What actions would contribute the most to (a) building on the region’s assets and opportunities and (b) addressing the region’s challenges and inequalities, which are key to an inclusive economic recovery?** Much work has already been done across the Combined Authority and LEP to further inclusive growth, eg business grants conditionality, the digital framework and housing policy work. In addition to these and other examples, what more could be done, such as building on mainstream/ existing activity (eg specialist business support for start-up and growing social enterprises) and developing fresh approaches, eg support for, and investment in, the third sector and in social capital/infrastructure (the latter as set out in the recent Kruger report³)? A pipeline of possible interventions is included at Appendix 3 as worked up logic models for consideration under each Inclusive Growth Goal, plus a number of cross cutting interventions. The Board’s views are sought on this indicative programme and how it should be progressed.

2.14 To fully achieve its ambitions, the Framework will need to strongly shape and inform the ongoing work of the other Panels and Committees beyond the Inclusive Growth Panel, including Business Innovation & Growth, Green Economy, Skills & Employment, Transport and Place, including through the work of proposed Inclusive Growth Champions. It is therefore also proposed that “Inclusive Growth Implications” should be included in future LEP Board and Panel reports.

3 Clean Growth Implications

3.1 It is anticipated that the Framework will directly influence and shape an inclusive approach to delivering a net zero economy.

4 Financial Implications

4.1 None directly as a result of this report.

5 Legal Implications

5.1 There are no legal implications directly arising from this report.

³ “What is missing in our current model is community power: the role of local people, acting together spontaneously or through enduring institutions, to design and deliver the kind of neighbourhood they want to be part of. The economic and social model we need for the future has community power, and the civil society that enables it, at its heart. This is the way to level up the country - to make great places ‘from within’ rather than by outside interventions.”

6 Staffing Implications

6.1 None as a direct result of this report.

7 External Consultees

7.1 None as a direct result of this report.

8 Recommendations

8.1 The Board is requested to:

- Discuss the questions at 2.13.
- Endorse the Inclusive Growth Framework for adoption as part of the wider Strategic Economic Framework.
- Confirm that Inclusive Growth implications should be considered in future LEP Board and Panel reports, as proposed at 2.12.

9 Background Documents

9.1 None.

10 Appendices

10.1 Appendix 1 - Revised draft Inclusive Growth Framework

10.2 Appendix 2 - Working draft Indicator Set

10.3 Appendix 3 - Indicative Inclusive Growth Programme