

Report to: West Yorkshire Combined Authority

Date: 9 March 2021

Subject: **Inclusive Growth Framework**

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

Author: James Flanagan, Head of Public Sector Reform

| | |
|---|---|
| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |

1 Purpose of this report

- 1.1 To seek Combined Authority authorisation for the adoption of an Inclusive Growth Framework as part of the region's overall 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 regional priority.
- 2.2 A draft Inclusive Growth Framework has 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. It has also informed the development of the West Yorkshire Economic and Transport Recovery Plans.
- 2.3 The draft Framework, along with a working indicator set and a pipeline of potential interventions was endorsed by the Inclusive Growth and Public Policy Panel in December 2020, and by the LEP Board in January 2021. In February the LEP Board considered a revised indicator set, and in principle

'early win' interventions, noting that any future funding decisions would rest with the Combined Authority. A pipeline of potential interventions to drive inclusive growth in the region will be considered in a future report.

- 2.4 This report sets out the draft Framework which is 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.

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 significant set of 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 challenges and opportunities, an 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 (also known as 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** or strategic themes, 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 gained from reduced income inequality in terms of

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

- reduced benefits payments, and health and social care savings ('fiscal spillovers').
- Measuring delivery of the Framework. A working draft dashboard is included and is aligned with the SEF indicators. Appendix 2 includes a working draft data set which quantifies some of the issues, inequalities and gaps facing the region; and
- Reflecting the views of the LEP Board, the dashboard now includes measures for healthy years of life, "early years" wellbeing, and overall personal wellbeing/happiness.

Strategic Links

- 2.11 It is proposed that, once formally adopted by the Combined Authority, the Framework would form part of the 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, by working in partnership with the public and private sectors, to the proposed Inclusive Growth Framework.
- 2.13 To embed inclusive growth ambitions in the region's wider ongoing work the LEP Board agreed in January that all Panels, Committees, the LEP Board and Combined Authority should consider Inclusive Growth Implications in future reports.

3 Inclusive Growth Implications

- 3.1 The report establishes a strategic Framework for delivering Inclusive Growth in the region.

4 Tackling the Climate Emergency Implications

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

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.

5 Financial Implications

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

6 Legal Implications

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

7 Staffing Implications

7.1 None as a direct result of this report.

8 External Consultees

8.1 None as a direct result of this report.

9 Recommendations

9.1 The Combined Authority is requested to adopt the Inclusive Growth Framework as part of the overall Strategic Economic Framework.

10 Background Documents

10.1 None.

11 Appendices

11.1 Appendix 1 - Draft Inclusive Growth Framework

11.2 Appendix 2 - Working Indicator Set