

Report to: West Yorkshire Combined Authority

Date: 5 April 2018

Subject: **Embedding inclusive growth across City Region activity**

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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:	N/A

1 Purpose of this report

- 1.1 To provide an update on the inclusive growth project and to set out how inclusive growth will be embedded across the City Region's expanded policy framework.
- 1.2 To illustrate the work of partner authorities in delivering prototype services which, subject to further investment, might be extended across the city region to deliver inclusive growth outcomes.
- 1.3 To agree the approach for resourcing the inclusive growth work within the Combined Authority.

2 Information

The inclusive growth challenge

- 2.1 The LEP Board (23 November 2016) and West Yorkshire Combined Authority (1 December 2016) endorsed a project to spearhead inclusive growth and make it a key cross cutting policy for Leeds City Region. The project was

established following compelling work by the World Economic Forum¹ and Organisation for Economic Cooperation and Development (OECD)², who demonstrated the 'recovery' from the global financial crisis of 07/08 had seen unbalanced growth that has exacerbated inequality. In light of the EU referendum result, Members also concurred with the Royal Society of Arts' (RSA)³ analysis that driving inclusive growth is vital to address the concerns of the electorate – particularly those people feeling economically insecure, who feel they haven't benefitted from globalisation and are most vulnerable to further public sector austerity.

- 2.2 In some ways the UK and Leeds City Region economies have seen strong growth (output growing by almost 20% from 2010 to 2016, employment levels the lowest since 1975, and halving the rate of young people not in education, employment or training). For many in the City Region however, this has not resulted in better living standards through inclusive growth – with in-work poverty becoming particularly stark:
- 147,000 children (22%) live in poverty
 - Of 1,325 care leavers in West Yorkshire (aged 17-21yrs) only 670 (51%) are in work, education or training
 - 25% of jobs in the City Region pay less than the real living wage of £8.75
 - The employment rate of Bangladeshi and Pakistani women is half that of white women (72% versus 32%)
 - 27% of the adult population are qualified below level 2 or have no qualifications; Leeds City Region is ranked 33 out of 38 LEPs for this measure
 - The employment rate for disabled people is only 52% compared with 79% for people without a disability
 - When in work, one in five families (165,000) rely on in-work tax credits to top up their income. The cost of working and child tax credits for West Yorkshire is £1.3 billion
 - 16% of households (159,000) have no-one in work, with 177,000 people (9% of adults) in receipt of out-of-work benefits
 - Of 122,000 people claiming Employment and Support Allowance in the City Region, half have mental illness or a behavioural condition

Tackling inclusive growth

- 2.3 Inclusive growth cannot be delivered individually by any organisation or sector. Many public, private and community organisations across the City Region have inclusive growth at the heart of their activity – whether that's providing good work or training opportunities, to those helping people overcome physical or mental ill health. Local authorities play a vital role in identifying local challenges and opportunities to act on inclusive growth – including the prevention, mitigation and alleviation of poverty.

¹ http://www3.weforum.org/docs/WEF_Forum_IncGrwth.pdf

² <https://www.oecd.org/els/soc/cope-divide-europe-2017-background-report.pdf>

³ https://www.thersa.org/globalassets/pdfs/reports/rsa_inclusive-growth-commission-final-report-march-2017.pdf

- 2.4 Given the consensus across the City Region that inclusive growth needed championing and promoting, a Director of Inclusive Growth was appointed last year and started the inclusive growth project. Achievements are set out in **Appendix 1**.
- 2.5 The project has also identified some specific projects that partner authorities are delivering to drive inclusive growth. Learning from these projects will be considered across partners with a view to extending successful methods, subject to further investment. This may be a major ask of future negotiations with Government.

Bradford	<ul style="list-style-type: none"> • Poverty and Ethnicity – a JRF-funded project that works with local employers and Pakistani and Bangladeshi women to seek to overcome barriers and provide access to a wider, more inclusive workforce.
Calderdale	<ul style="list-style-type: none"> • People with mental health problems – alongside the clinical commissioning group and local voluntary organisations, extend a pilot on the mental health impacts of social isolation and loneliness, predominately amongst the over-50s. This included impacts on employability.
Kirklees	<ul style="list-style-type: none"> • Work Better – a £5.75m European Social Fund funded programme to help people who face significant barriers into work, along with personal support for the first six months employment.
Leeds	<ul style="list-style-type: none"> • Providing supported internships (courses offered by colleges and post-16 providers) to help young people with learning difficulties and disabilities achieve paid employment by giving them the skills and experience they need through learning in the workplace.
Wakefield	<ul style="list-style-type: none"> • A programme for children leaving local authority care to improve their offer for housing and employment, including through priority support to achieve apprenticeships and into suitable accommodation.
York	<ul style="list-style-type: none"> • Supporting financial resilience and inclusion for people in those areas of the city ranked amongst the most deprived nationally. It will reduce the number of people using unlicensed/unregulated money lenders and high cost loans, in rent arrears or experiencing fuel poverty.
West Yorkshire Combined Authority	<ul style="list-style-type: none"> • Deliver recommendations from the inclusive growth audit, undertaken in conjunction with the Joseph Rowntree Foundation, to target all projects and working practices to better deliver inclusive growth.

Embedding inclusive growth across a broad, agile policy framework

- 2.6 In August 2017, the LEP Board and West Yorkshire Combined Authority agreed, in principle, to expand the City Region's policy range. This recognised that, while the existing Strategic Economic Plan (SEP) drives vital activity to deliver new jobs and homes, there are broader opportunities (e.g. the role of culture and citizen experience) and issues that would benefit from a more comprehensive and agile approach.
- 2.7 The LEP Board in January 2018, therefore, agreed to work towards a broader policy framework (see **Appendix 2**) representing where partners agree to work together on a range of topics (e.g. culture, potentially new aspects of tackling disadvantage in health, early years and education) to drive inclusive growth.
- 2.8 Those shared priorities – in the shape of four key challenges - were identified at the LEP Board's September 2017 awayday:
1. The City Region's productivity gap with national and international peers is too large and growing
 2. Investment is too low – particularly in research and development investment by the private sector
 3. Half a century of improving living standards in the City Region have stalled
 4. Stubborn deprivation persists, with the poorest communities staying the same over decades.

Partners recognised that prevailing economic conditions are relatively strong (although by far from working in the interests of all), which provides the chance to address the City Region's structural weaknesses that are often the cause of inequality, poverty and lack of opportunity. **The single most significant driver of inclusive growth is a more productive economy, where value is created and shared fairly across society.** There will be a verbal update on the progress of the local inclusive industrial strategy, scheduled to be discussed by the LEP Board on 27 March.

- 2.9 The LEP Board also emphasised the vital importance of better understanding the **impact** of decisions on economic and social outcomes. This means decisions can be clearer about who will benefit, and how those improvements will be felt. Developing a clearer understanding of impact is an opportunity to refresh the City Region's outcome measures and targets. These will be discussed further with advisory committees and a wide range of stakeholders from across the City Region, but this gives may give room for aspirational aims as well as more formal commitments. Accordingly, Members are invited to comment on potential aims put forward by partners from the inclusive growth project:
- Reduce the proportion of jobs that pay less than the real living wage from 25% to 15%⁴.

⁴ The baseline for this indicator was set using data for 2016, taken from the Annual Survey of Hours and Earnings. It relates to Leeds City Region as a whole. In 2016 the Real Living Wage (set by the Living Wage Foundation) stood at £8.25 outside London. Pay data have subsequently become available for 2017, which indicate that 23 per cent of jobs in the City Region were below the Real Living Wage level (£8.45 in 2017).

- Triple the number of anchor organisations.
- Reduce the employment rate gap for all disadvantaged groups (e.g. disabled people, minority ethnic groups) by half⁵.

2.10 It is vital that inclusive growth is embedded across the policy framework. In addition to that, there is opportunity to examine where policy and programmes might go further. The following themes will be examined, working with experts from councils, universities, think tanks, business groups and Government -

- **Good work in 2030** – linking with work on productivity, skills and the future workforce, covering issues like sharing platforms and safeguards (as the UK leaves the EU), job design and flexibility, wage levels and workers roles in decision-making. At its last meeting the Combined Authority requested an update to a future meeting on skills, including retraining, working practices and the apprenticeship levy. Under the leadership of the Employment and Skills Panel, the policy and strategy team are undertaking a review of the Employment and Skills Plan. This will make sure that the priorities are still correct, identify whether there are any gaps, and feed into industrial strategy work. There will be external consultation in May/June, with a more detailed report to the Combined Authority once this has taken place.
- **Future of municipal energy** – how the energy sector delivers clean, reliable and affordable that reduces fuel poverty, based on the City Region's commitment to clean growth.
- **The best start in life for all children** – how a child's first 1,000 days shape their attainment and how opportunity can be extended in early years.
- **Future funding** – including the role of pension funds, crowdfunding and philanthropy to deliver the City Region's overall policy framework.

Resourcing inclusive growth within the Combined Authority

2.11 Whilst the secondment of the Project Director for Inclusive Growth will come to an end in May, the inclusive growth agenda remains critical for the reasons above and so will continue at pace. To resource the specific inclusive growth topics, and to provide leadership, it is proposed that:

- The Head of Economic Policy will lead on inclusive growth:
 - with support from a dedicated policy officer and administrative support.
 - by coordinating the work of the policy and strategy team to ensure inclusive growth is considered across all policy topics.

⁵ The key disadvantaged groups for which employment rate data are available at local level are: disabled people, ethnic minorities and older people (aged 50-64). The latest available estimates for the City Region (taken from the Annual Population Survey for October 2016 – September 2017) show an employment rate gap for disabled people (vs non-disabled) of 27 percentage points; a gap of 15 percentage points for people in ethnic minorities (vs white people); and a gap of 14 percentage points for older people (vs people aged 25-49).

- by the policy and strategy team providing advice to the City Region's Business Rates Committee about its activity, including the inclusive growth programme.
- The role profile for the Director of Strategy will be revised to have a stronger focus on inclusive growth.
- The Head of Communications will lead on ensuring that Combined Authority activity – including development of the local inclusive industrial strategy – is rooted in strong engagement, particularly targeting 'real voices' from disadvantaged communities.
- The core group of policy officers from across the districts will continue to meet to ensure that work is progressed collaboratively.
- External challenge is commissioned to support both the Combined Authority and the districts in their change programmes around inclusive growth.
- The SIGG (Steering Inclusive Growth Group), chaired by Cllr Sheard, will continue to provide oversight for the work. Options will also be examined to formalise the Steering Group's position as an advisory committee to the Combined Authority, with an appropriate remit.
- Our approach to devolution is geared towards achieving inclusive growth.

3 Financial Implications

- 3.1 Staff time will be allocated from existing teams and budgets.
- 3.2 The commissioning of external challenge (para 2.11) is not included in existing budgets and will be subject to a further report or potentially incorporated via business rates pool will be considered.

4 Legal Implications

- 4.1 There are no legal implications directly arising from this report.
- 4.2 Formalising the Steering Inclusive Growth Group (para 2.11) is subject to further development and a formal Combined Authority decision about its status and remit, as appropriate.

5 Staffing Implications

- 5.1 The staffing implications are noted in para 2.11 and involve the re-prioritisation of existing staff time.

6 External Consultees

- 6.1 No external consultations have been undertaken.

7 Recommendations

- 7.1 That the Combined Authority notes the update on the inclusive growth project and agrees that inclusive growth continues to be embedded across the City Region's expanded policy framework.
- 7.2 That the Combined Authority notes the work of partner authorities, including where activity might be extended across the city region to deliver inclusive growth outcomes.
- 7.3 That the Combined Authority agrees the comprehensive approach to resourcing inclusive growth work within the Combined Authority described in para 2.11.

8 Background Documents

LEP Board report (23 November 2016)

West Yorkshire Combined Authority report (1 December 2016)

West Yorkshire Combined Authority report (3 August 2017)

LEP Board report (29 November 2017)

West Yorkshire Combined Authority report (14 December 2017)

LEP Board report (16 January 2018)

West Yorkshire Combined Authority report (1 February 2018)

9 Appendices

Appendix 1 – Summary of achievements of the inclusive growth project

Appendix 2 – City Region policy framework