



Glasgow City Region - City Deal

Cabinet

Report by Commission on Economic Growth compiled by David Waite

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Item

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Commission's inclusive growth update

Purpose of Report:

To present an update on the Commission's inclusive growth work.

Action:

For noting and approval.

Commission Update on Inclusive Growth

The purpose of this note is to update the Cabinet on the inclusive growth work that has been undertaken, and continues to be progressed, by the Glasgow Commission for Economic Growth. The note reflects on work undertaken to date, and, as requested by the PMO, presents two new pieces of work for consideration by the Cabinet.

Background

Inclusive growth has moved to a central position in Scottish public policy following the release of the Scottish Government's 2015 economic strategy. Whilst it is interesting to line up quotes from earlier decades which point to remarkably similar policy emphases, few would challenge the notion that we still confront the challenge of ensuring growth reaches and impacts more people across the city-region positively. Saying it, however, is somewhat easier than doing it. Indeed, a critical view is emerging in commentary pieces – such as those from the Fraser of Allander Institute (2019) and the Poverty and Inequality Commission (2019) – highlighting dis-junctures in the agenda from marshalling coherent statistics, to effectively framing future interventions through an inclusive growth framework.

City and Growth Deals in Scotland are beginning to evidence a stronger commitment to inclusive growth; at least in the stated intention. This reflects the evolution of the deals being struck, and notably the demands of the Enterprise and Skills Review (2017) which required all new deals to show how they would contribute to inclusive growth. The Edinburgh City Deal, which was agreed, in 2018 presents a high-level framework for inclusive growth, for example.

Beyond Scotland, inclusive growth is emerging through the work of bespoke commissions – such as the RSA inclusive Growth Commission - as well as the emphasis placed on the agenda by specific localities (e.g. Leeds City Council; the North of Tyne Combined Authority; West Midlands Combined Authority). In Wales, inclusive growth is clearly reflected in the work of the Futures Generation Commissioner (which has a legislative basis).

Responding to the re-emphasis given to inclusive growth by policymakers, recent academic work has set out some of the conceptual and implementation challenges. For example, Lee (2018) highlights how inclusive growth builds on but differs from “pro-poor growth” approaches, whilst Sissons et al (2018) assess the apparent marginalisation of inclusive growth approaches within devolution deals agreed to date. Work in the US, meanwhile, highlights successful and other less successful attempts to try to implement inclusion approaches within metropolitan governance (Benner and Pastor, 2013). Further contributions bring into focus the attempts made in European cities to apply inclusive growth (Green et al., 2017).

The city-region perspective

In late 2017, Cllr Aitken wrote to the Chair of the Commission seeking support on what inclusive means for city-region policymaking and what responses are required. The three points noted in Cllr Aitken's letter are summarised as follows:

- “Developing an approach to measure and maximise inclusive growth in the delivery of individual projects”
- “Articulating the Glasgow city-region city deal contribution towards inclusive growth”
- “Provide advice on the support required from partners to achieve inclusive growth”

Since (and before) receiving the letter from Cllr Aitken, the Commission has produced a number of pieces of work and undertaken supporting activities that contribute to an evolving response. These are listed as follows:

- Overview note to Cabinet – **December, 2017**
- Canal and North pilot evaluation paper – **June, 2018**
- Gap analysis of inclusive growth activities in other UK core city/growth/devolution deals – **June, 2018**
- Consultation with CEs led by Prof Duncan MacLennan – **summer, 2018**
- Workshop led by Lorna Kelly, with David Middleton and Des McNulty – **October, 2018**

Across the activities listed above, the Commission has endeavoured to balance, one, providing reviews of the research and policy area, with, two, the perspectives of officials and politicians across the city-region.

Further to the above, numerous presentations have been given on the Commission’s interests and emerging work in this area, and interim updates have been presented to the Cabinet.

The remainder of this note presents two new pieces of work that relate to inclusive growth:

- How inclusive growth could be considered as part of a wider project change mechanism.
- Development of high level city-region indicators with some connection to inclusive growth (to inform revisions to the Assurance Framework).

1. Considering Inclusive Growth as Part of a Wider Project change mechanism

The purpose of this note is to suggest an outline approach for applying inclusive growth to project change within the infrastructure fund. The approach hinges on using local outcome improvement plans (LOIPs), and related work on community plans, to give an effective definition for inclusive growth. In setting out the possibility of using LOIPs in this way, the note touches on the challenges of application, from balancing local and regional priorities to considering what LOIPs actually reflect vis-à-vis their supposed purpose as set out through legislation. This note hinges on a review of documentary material – notably the LOIPs themselves and documents reviewing/critiquing LOIPs – plus selected engagements with senior officials.

This note sets out the basis of and rationales for LOIPs, and considers the challenges of applying them to respond to the inclusive growth agenda. In this regard, the LOIPs are positioned as potentially useful, but may require further iteration and development for particular localities. The note sketches a general approach with more consideration needed to be given, by the PMO, to implementation issues such as weightings. The approach outlined melds the local priorities evidenced in the LOIPs with the regional priorities drawn from the emerging work of the Economic Intelligence Working Group (this is noted further below).

This note reflects a request from the PMO and the Scottish Government to further clarify and elaborate on what the inclusive growth component of such an assessment may involve. The advice provided in this note consists with the roles and functions agreed by the Commission, notably:

“The Commission does not take a position on project selection; for example, making suggestions on discarding or adding a project. Should discussion arise - or if a question emerges - the Commission might take a view on the criteria by which a new/alternative project may be considered. However, it would be beyond the remit of the Commission to make suggestions/recommendations connected to the decision-making process at a project specific level.”

Paragraphs 7.5.1 to 7.5.5 set out discussion on “project change” within the current draft of the revised Assurance Framework. This, in essence, relates to the logic of choosing an intervention, should an existing intervention within the infrastructure fund no longer be progressed. Under 7.5.4, the note states “Key factors which will be assessed include ... whether the change is likely to result in other benefits/dis-benefits which could positively contribute/negatively impact upon inclusive growth”. The note provides a basis for such an assessment.

The proposed approach would see inclusive growth defined through commitments already made by each local authority in their LOIPs. The plans, which are developed by community planning partnerships (CPPs), set out local priorities in alignment with the Scottish Government’s national outcomes (s4(4)): “[LOIPs] show how local authorities/community planning partnerships will contribute to the National Outcomes” (Scottish Government, 2018). Audit Scotland notes the key requirements for a LOIP as follows:

- “should set out clear and agreed priorities for improving local outcomes and on tackling inequalities, and demonstrate a robust link between these and the CPP’s understanding of local needs, circumstances and aspirations
- identify those geographical communities / communities of interest that experience significantly poorer outcomes
- outline how participation with communities, businesses and third sector has helped to develop and influence this understanding.”

The logic here is that the LOIP is required by the Scottish Government – as set out in legislation (The Community Empowerment (Scotland) Act) – which in turn requires localised responses to issues that all fall under the banner of inclusive growth: “tackling inequality”, “poorer outcomes” and “participation with communities”. As a consequence – and with LOIPs hinging on community consultation processes (s6(3)) - the LOIPs may be considered to: one, reflect a localised definition of inclusive growth; and, two, provide some basis for prioritisation frameworks.

With this assumption - where the LOIP defines and frames inclusive growth for each local authority area - each suggested new project could then be assessed against whether or not it contributes to the priorities set out in the LOIP. Here, indicators would need to be assembled to give a reasonable data proxy of the LOIP priority. This inclusive growth view would then be set against the existing commitments to assess the economic impacts, as are typically required. A political decision would then be required from the Cabinet to judge how the inclusive growth fit sits alongside the GVA fit; and comparative judgements across projects may be required.

Owing to the differences among some of the existing LOIPs, and in recognition of the regional focus of the City Deal Programme, there is a requirement to establish a selection of region-specific Inclusive Growth priorities. Based upon the analysis carried out by the Economic Intelligence Working Group (EIWG) for the Regional Strategic Assessment and subsequent consultation with stakeholders, a draft set of regional priorities have been proposed. The draft list of the six regional priorities as at June 2019 will be included within a subsequent report brought forward by the PMO in relation to the project prioritisation process (it is expected that these will be updated annually). The regional inclusive growth priorities will also be set out in the Programme Business Case. The Commission is represented on the EIWG and has inputted into the development of these priorities. The Commission is mindful, furthermore, that SIMD data was used to determine a “programme minima” for project selection within the infrastructure fund. Such data may usefully complement the regional priorities being established (and give consistency in approach).

In setting regional alongside local priorities, however, a possibility of conflicting objectives may emerge (in essence, what happens if local priorities do not align or work against regional aims in some way?). This raises the question of whether regional priorities need to override local priorities. If local priorities override regional priorities on the other hand, what would be the basis or necessary justification for this? The possibility of conflicting priorities highlights one of the challenges of city-regionalism - how to reconcile local commitments with priorities derived from a broader appreciation of regional interests/concerns.

An approach to be improved upon

Table 1 sets out an overview of the LOIPs across the Glasgow city-region.

In considering the information in the table, we should be mindful that LOIPs will be worked on and improved upon over time. In this respect, a June 2018 report from the NHS, Audit Scotland and the Improvement Service arrived at the following “emerging findings” on the evidence and analysis base the documents present [not italicised in the original]:

- “LOIPs are based on statistical information, national evidence as well as community engagement showing local needs, but *it can be difficult to see the links between the evidence base / community engagement and the agreed outcomes. There are also variations in the quality and quantity of data used.*”
- “LOIPs tend to be focused on a limited number of priorities, however *it is not always clear how priorities are decided or linked to the evidence base*, however; ▫
 - Some LOIP priorities appear as though they are *trying to cover too much* rather than pinpointing areas of greatest inequalities and poorest outcomes. *There is a need for a sharper focus on the more intractable issues* that require joint commitment and resourcing to make a difference, rather than a widening out of all potential inequalities
 - There is scope for better identification of communities of interest rather than very broad demographic categories such as children, young people, older people.”
- “LOIPs are supported by locality plans, though for many these are still under development. Some aim to have locality plans across the area while most focused on specific localities.”
- “There is a clear rationale behind choosing which localities to focus on.”
- “Some LOIPs have very specific areas of focus, for example young mental health clients while others have very broad priority areas such as health or economy. This has implications for achievability and performance monitoring.”
- “Huge variations in length and breadth of the plans (5-65+ pages), with some LOIPs just covering the basics in terms of how LOIPs are to be used and how they will be implemented and handled within the system, whilst *others are very well developed and are the finished product.*”

In summary, we should be under no illusions that the evidence base provided in LOIPs is consistent or necessarily sufficient. Indeed, some LOIPs will be more able to direct priorities for project change than others. Others will require further winnowing and sharpening of priorities. To help with this, in some cases, reading across the document to consider “priorities”, “outcomes” and “key issues” could lead to important underlying themes being exposed. Additionally, it seems plausible that localities could align the LOIP with other documents to give further focus and definition (particularly where other documents are based on consultative steps, thus echoing the focus of inclusive growth).

Despite the caveats above, the core purpose of and rationale for the LOIP gives them a common foundation, which - as an interim measure at least - maybe useful for localities to set out an approach to defining inclusive growth.

Considerations regarding application

The mechanism proposed could potentially be used for both project change within a project (e.g. an element changes) or for consideration of a new project, should funds become available.

The method for assessing consistency with a LOIP may be of a quantitative or qualitative nature, depending on the metrics that can be found (acting as a proxy for the LOIP priority) and the ability to assess ex-ante impacts on these proxies through the logic chain. One limitation with the approach, however, is that should a cross-LA project be proposed, as a new project, there would be an issue of considering multiple LOIPs for the inclusive growth criteria. Further thought is needed regarding the plausibility of amalgamating or prioritising certain indicators etc.

Though the details of scoring a project through the use of LOIPs will be a matter for the PMO (and work is progressing on this, we understand), there are issues of logic to consider:

- Does GVA take priority - as with the first round of project selection for the infrastructure fund - with inclusive growth factors then regarded as an additional health check?
- How do you consider two projects producing equivalent GVA impacts that both argue for LOIP criteria being met?
- Determining the balance of local and regional priorities (as discussed above), particularly where they do not align?

Moreover, at what point is a political judgement needed on the aforementioned issues?

A further consideration raised by some stakeholders the Commission has engaged with relates to the original intention of LOIPs. Here, it has been noted that inclusive growth, articulated expressly at least, was not the driving consideration when LOIPs were being fashioned. Though the legislative basis, as stated above, would appear to warrant a central focus for inclusive growth within the development of a LOIP (even if the term inclusive growth is not expressly deployed), one may need to be aware of the emergence of the inclusive growth agenda (and, perhaps, some of the challenges in articulating what it means for local authorities). This perspective suggests that the use of LOIPs, to determine local inclusive growth priorities, is something to be worked on overtime, as LOIPs are revisited in due course (scope for this is provided in the legislation - s7(2)).

The upshot of the points noted above is that there is further work to be developed to consider the detailed application of LOIPs to advance local inclusive growth priorities. This reflects the variance in how LOIPs have been

developed, and the complex (and necessary) considerations regarding the balance of priorities at different geographic scales.

Table 1 – Overview of LOIPs - Detail and priorities across the Glasgow city-region

	Glasgow City	Nth Lanarkshire	Sth Lanarkshire	Renfrewshire	East Renfrewshire	East Dunbartonshire	West Dunbartonshire	Inverclyde
Priorities	• Transport • Childcare	• Homelessness • Looked after children and young people • Poverty Priorities as given in the more recent Plan for NL: • Improve economic opportunities and outcomes. • Support all children to realise their full potential • Improve the health and care of our communities. • Improve relationships with communities and the third sector. • Improve the council's resource base.	• Tackling poverty, deprivation and inequalities: reducing child poverty; reduction in employment deprivation; reduction in income deprivation	(only a sample included) Thriving: • Growing our working age population ... new people to settle here • Identifying opportunities for economic growth across the City Region ... • Achieving Inclusive Growth ... Well: • Promoting wellbeing and good mental health ... • Promoting healthy lifestyles ... • Tackling isolation and loneliness... Fair: • ... children get the best possible start ... • Addressing the poverty related attainment gap ... • Identifying people's needs early ... • Tackling health inequalities ... Safe: • Protecting vulnerable adults and children ... • Tackling domestic abuse and gender based violence • Managing risk of harm and offending behaviour	• Reducing the impact of child poverty • Promoting employability • Moving around • Improving positive mental health and wellbeing • Reducing social isolation, loneliness and increasing safety	(only a sample included) High level outcomes with priorities: "Sustainable and resilient economy" • Town and village centres • Business growth and support "equipped with knowledge and skills" • Returners to the labour market and 50+ workforce • People with significant barriers "children and young people"; • Additional support for learning • Corporate parenting "safe place"; • Anti-Social Behaviour and Community Safety • Reduction of crime ... "physical and mental health"; • Community capacity building • Alcohol misuse prevention and control ... support for "older population and more vulnerable citizens" • Adults with a learning disability • Alcohol and drug addiction recovery	• Flourishing • Safe • Empowered • Nurtured • Independent	• Population • Inequalities • Environment, culture and heritage

Broad aims/focus area	Focus areas stated as: •economic growth; •resilient communities; •a fairer more equal Glasgow.	Community resilience – empowering communities to reduce inequalities. “Reducing inequalities is the thread that runs throughout all of the work of the partnership”	Approach to preventing and tackling poverty, deprivation and inequalities set out: promoting inclusive growth; developing a family focused financial inclusion strategy; supporting parental employment and childcare initiatives; improving quality of housing; supporting education, skills; health inequalities; improving the local environment. Additionally, priorities are noted for the: Safer South Lanarkshire Board; South Lanarkshire Health and Social Care Partnership; Sustainable and Inclusive Economic Growth Strategic Board; Getting it Right for South Lanarkshire’s Children Strategic Board.	Fair, sustainable, digital, involved are stated as themes for how the CPP will work.	Child poverty focus comes from data showing a rise in the rate, even though a low base relative to other parts of Scotland.	Guiding principles for the LOIP are: • Coproduction and engagement • Best value • Evidence based planning • Fair and equitable services • Planning for place • Prevention and early intervention • Sustainability	Guiding principles: “Adopt a preventative and early intervention approach”; “Ensure effective community engagement in the planning and delivery of local services”; “Work with our communities to empower them...”; “Promote equality and tackle inequality”	“Population” includes a focus on economic growth and tourism “Inequalities” includes a focus on economy, health and housing “Environment, culture and heritage” includes a focus on neighbourhood perception, physical activity, built environment, outdoor space, biodiversity, culture and community safety. These focus areas in turn shape metrics.
Inclusive growth (link/ reflection)	“Inclusive Growth for Glasgow is our key objective: •Everyone benefits from the city’s success ... •Everyone has a good start in life and is supported ... •There is greater equality and better health ... •Everyone is supported ... •People live in clean and safe neighbourhoods •People have the skills and	“Reducing inequalities is the thread that runs throughout all of the work of the partnership” Links to Nth Lanarkshire Fairness Commission noted.	Tackling deprivation, inequality and poverty is not a new agenda for the partners in South Lanarkshire. References JRF’s work on inclusive growth. Previous work of the “Tackling poverty and inequalities partnership” noted.	“Achieving Inclusive Growth by making sure Renfrewshire’s investment and opportunities deliver for all” Inclusive growth is also stated in the priorities.	Phrase not explicitly used.	Phrase not explicitly used.	Phrase not explicitly used.	Ambition for a “confident, inclusive Inverclyde ...”

	connections in their community ... • People are listened to and take part in decisions ... • Agencies and community groups will help people make the most of what is on offer ...”							
Consultation	330 responses from individuals and organisations; majority through survey monkey.	Not clear, from the document, how consultation informed the existing priorities. Discusses future activity through the NLP Community Engagement Strategy.	Consultation activities have been undertaken by different boards, as listed above, who contribute to the CPP. Ongoing survey instruments used to update work	Not clear, from the document, how consultation informed the existing priorities.	“East Renfrewshire’s CPP engaged with over 2,200 people between January and May 2017.”	“extensive consultation with partners and communities” was noted in the document, but not numbers are given in the document in terms of numbers reached.	“359 residents completed the survey during June and July, 2017	Focused around the Place Standard, there was consultation with “just under 2% of the population over 16 years of age”. Through a survey and a series of community events.
Measurement and reporting	“...involves the provision of effective [performance management framework] parameters to assist the development of Transport and Childcare Action Plans. Once the Action Plans are finalised, short/medium and long term outcomes, each with performance indicators/ measures and baseline targets will be agreed” “A comprehensive 10 year reporting timetable will be included in the final Performance Management Framework.”	Each priority area has a set of metrics underpinning them, that can be tracked over time. An annual update on the progress of the LOIP will be produced.	Clear metrics set out against priority and the approaches set out above. Targets are also set out across a series of time periods.	“The detailed indicators and targets that support the community plan will be developed alongside the detailed action plans, in consultation with partners and communities”. A sample of metrics are given in footnotes in the document for each priority area.	Indicators clearly set out for each priority area.	Indicators are set out for each local outcomes, and thus priorities.	Awareness is shown for how the area performs relative to key national indicators.	Metrics clearly set out for each of the priority areas, across timelines.
Link to national outcomes	Not explicitly set out.	Not explicitly set out.	Explicit links to national outcomes.	Not explicitly set out.	Links in Annex 2.	Given in appendix 2.	National outcomes are clearly positioned against “key local issues”.	Explicitly stated links to the National Performance Framework.

Delivery	Various forms of partnership working noted.	“How” sections are set out under each of the priorities, which indicate: partnership working; multi-agency leadership groups; using evidence from needs assessments; drawing experience from user groups	Focus and actions linked to delivery areas	Governance arrangements are set out, noting the roles of the following groups: economic leadership panel; health and social care strategic planning group; community protection chief officers group; improving life chances board; forum for empowering communities.	Delivery plans of existing bodies noted. The following partnerships are assigned to priority delivery: Improving Outcomes for Children and Young People Partnership; Local Employability Partnership; Transport Partnership Group; Improving Outcomes for Adults Partnership	Partners and preventative projects are listed next to each of the outcomes	Noted with respect to the delivery of some activities and projects.	Frameworks for the priority areas are set out. The following bodies are noted: the locality partnerships for east, central and west; cultural partnership; environmental partnership action group; repopulation partnership.
Other notes				“Our Renfrewshire is the Community Plan for the ten year period 2017-2027 and acts as Renfrewshire's Local Outcome Improvement Plan”	“Fairer East Ren” is the LOIP which sits within the Community Plan (2018)			
Pages	21	6	63	20	14 (for the Fairer East Ren part)	80	88	58

2. City-region Indicators

At the March Commission meeting, it was agreed that the Commission would come to a position on a small number of indicators to inform the review of the Assurance Framework (AF) and Programme Business Case (PBC) being led by the PMO. Prof Muscatelli made the point that a small number of indicators could usefully be presented across a range of categories pertinent to inclusive growth, and with some connection to what the City Deal is seeking to achieve.

The following table has been developed with this in mind:

- Prof Muscatelli suggested a small number of indicators be presented, not an exhaustive list. There is little merit in trying to replicate the diagnostic.
- The indicators must be based on publicly available data so that they can be easily collated and tracked.
- There needs to be some appreciation of the link to the City Deal logic chain (in broad terms), though - as noted below – substantial caution is needed in inferring attribution (that the City Deal caused/primarily caused the indicator to change). In some cases we may be pointing to background indicators; here we cannot expect the City Deal to have an impact on an indicator, but nevertheless believe the indicator is important to look at.

Some points of caution are warranted:

- It is important to consider that the indicators in the table below are likely to be driven, at a city-region level, by other activities outwith the City Deal, more than the City Deal itself (given the size and scope of the deal). Therefore, in suggesting effects brought about by the City Deal, substantial caution is needed.
- A number of the statistics may be open to substantial revision, and in some cases are based on modelled rather than actual data. This further underlines the need for a cautious interpretation.

The Commission is mindful that the indicators suggested below may be usefully considered against the indicators drawn together to form the Regional Strategic Assessment (and they therefore may be supplemented and refined in various ways). The table below - mindful of the caveats aforementioned - simply gives an outline view of the types of indicators that may be useful.

Table 1 - Indicators for Assurance Framework and Programme Business Case

All data at LA level unless otherwise specified.

SG Themes	Productivity	Population	Participation	People	Place
Indicator(s)	- Median earnings (incl. gender) (£) - GVA per worker	- Economic inactivity by ill health (%) - Attainment for those at and over 16 years of age (NVQ level; %) - Number without qualifications for those at and over 16 years of age.	- Low earnings (gross weekly pay at 20th percentile*) (£) - Employment in low pay sectors** (%)	- Out of work benefits (%) - Employment (%)	- Number of SIMD income ranking areas (10/20%) - Vacant and derelict land (% of pop'n within 500m) - Neighbourhood rating as "a place to live" (qual cat) - Digital connectivity
Data sources (public)	• ONS ASHE • ONS BRES	• ONS APS	• ONS APS • Scottish Household Survey	• ONS claimant count (DWP) • ONS BRES • ONS APS	• SIMD • Scottish Vacant and derelict land survey

					• Scottish Household Survey • SFBB, Ofcom
Relevance of indicator vis-à-vis City Deal commitment (deal document and modelling)	Remote	Remote	Remote	Some connection	Some connection
Cross-cutting themes -- <i>Disability; ethnicity; gender (apply, where possible, to the aforementioned indicators)</i>					

*"Twenty per cent of full-time workers receive earnings equal to or below this threshold" (JRF IG Monitor; Beatty et al., 2016)

**"% of workers employed in administrative and support services, wholesale and retail trade, accommodation and food services, and residential care sectors." (JRF IG Monitor; Beatty et al., 2016)

***The indicators selected draw on the JRF inclusive growth monitor and the RSA inclusive growth commission.