



INCLUSIVE GROWTH  
COMMISSION



# **Inclusive Growth** **Putting Principles** **Into Practice**

March 2017

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*“We are moving from an era when cities were the problem to a period when nation states are not capable of problem solving.”*

Tony Travers, London School of Economics

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## Introduction

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How does a town or city or region set about driving inclusive growth? There is a demand, not so much for instructions or directions, but for ideas, case studies, patterns and stories. In this document, published to accompany the Inclusive Growth Commission's final report, we set out how places in the UK and all over the world are starting to find ways to spread prosperity more widely. *Inclusive Growth: Putting principle into practice* charts the directions they are taking, draws parallels and puts these stories in context.

Many of the ideas are in their earliest stages of development. They are only now being put into practice, so they come with no guarantees of success. What the examples we set out here do show is just how much creative and practical energy is now going into generating inclusive growth, and in spreading local prosperity, even in the most disadvantaged places. None of it is easy. But it is a tribute to the practical and entrepreneurial leaders which can be found across local government and throughout civil society that – despite the huge challenges they face – this is a story full of imagination and optimism.

### The meaning of inclusive growth

Central to Theresa May's post-Brexit agenda is the Prime Minister's aspiration to 'make a country that works for everyone'.<sup>1</sup> The RSA's Inclusive Growth Commission defines inclusive growth as "broad-based growth that enables the widest range of people and places to contribute to economic success, and to benefit from it too. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes."<sup>2</sup>

A few years ago, inclusive growth might have sounded like a lacklustre compromise, a third way between, on the one hand, ideals of fairness and equity and, on the other, hard-nosed productivity and growth. It is now clear to almost everyone that success in one place, or corner of a place, doesn't automatically spread everywhere else. Prosperity does not 'trickle down' sufficiently to justify giving sustenance to this model of social and economic policy. Simply, social policy cannot keep up with addressing the challenges for those left behind by the old, narrow economic growth regime.

Inequalities between people and places are unsustainable for three reasons. They are morally problematic, in a society with enough affluence in aggregate. Secondly, the social costs of the incumbent growth model creates a drag on growth and rising demand on public funds, because

the contributions of millions of unemployed, underemployed and economically inactive are missing. Thirdly, the interplay of moral choices with public finance challenges, in an era of low aggregate economic growth, create a political climate in which disaffection is the largest political force – and parties that capture and attempt to ally themselves with this sentiment see rising success.

Getting under the skin of this complex problem, let alone finding a coherent set of practicable solutions, has been a tall order. Once you start to unpack economic policy, to work out why it has failed to work effectively for so many people and places, you are soon confronted with a vast agenda – spanning social, fiscal and monetary policy, psychology, culture, identity, and much else besides.

There are also clear distinctions between inclusive growth *policies*, which are applied to the existing economic model but try to ameliorate barriers to inclusion, and an inclusive growth, in which the structures and assumptions of how places and people prosper are challenged. In practice, the Commission's final report combines elements of both, because we have a responsibility – not just to develop better ways for prosperity – but to make them pragmatic and actionable in the short term.

### The economic challenge

The interests of places and national governments are not always aligned. There are important ways that cities and national government are bound to see their economic objectives differently. For central government, with economic and social objectives neatly and traditionally divided between departments, it doesn't necessarily matter if economic growth is unequally distributed between places, as long as it is turbo-charged in some places to maximise the national tax take, maximise Treasury revenue and to throw up international competitors capable of taking on the world.

It may not matter to national treasury departments that some places don't maximise their productivity, because other places generate a surplus which can be redistributed. But for city-regions and local authorities (especially in England, where the core local government grant is set to be phased out), it matters very much. Places know that – only if they can get their whole population to fulfil their potential in terms of economic and social productivity - will they start to bring down or stabilise costs and increase revenue-raising capacity, which is currently tightly constrained (despite new 100 percent business rate retention proposals).

The RSA's Inclusive Growth Commission was launched in April 2016 to wrestle with these issues and to put practical recommendations to central government, local government, business and civil society. Throughout the course of the Commission's inquiry, we have identified five key principles – based on UK and international case studies and analysis – that need to be applied if we are serious about

1 May, T. (2016) Statement from the new Prime Minister Theresa May 13 July 2016. Available at: <https://www.gov.uk/government/speeches/statement-from-the-new-prime-minister-theresa-may>

2 Inclusive Growth Commission (2016) *Inclusive Growth Commission: Emerging Findings*. London: RSA. Available at: <https://www.thersa.org/discover/publications-and-articles/reports/emerging-findings-of-the-inclusive-growth-commission>

driving inclusive growth locally and nationally. This guide devotes a chapter to each of these principles. Together they represent a whole-system change approach to inclusive growth; the scale of the challenge demands nothing less.

The Commission’s final report discusses how we can bring the five principles for inclusive growth into effect. But the hard work has to be done in our cities and towns to identify what inclusive growth can and must mean for particular places, and how places can achieve this individually and collectively.

## Five principles of inclusive growth

1	2	3	4	5
<b>Creating a shared, binding mission</b>	<b>Measuring the human experience of growth not just its rate</b>	<b>Seeing growth as the whole social system, not just a machine</b>	<b>Being an agile investor at scale</b>	<b>Entrepreneurial, whole-place leadership</b>
<p>The complexity of the challenge of inclusive growth demands a shared, binding commitment to the task with a common narrative about the vision for change, how it can be achieved and the roles that business, civil society, central and local government can play in this.</p> <p>This needs to be a national agenda, designed and delivered locally, where there is a stronger sense of identity and where people have a greater stake in the outcome.</p> <p>As a citizen of a place with a binding mission for inclusive growth, I know that there are opportunities for me to make a contribution to the local economy and my community, and for this to be valued. I feel that I belong to a place that matters, and is heading somewhere.</p>	<p>Let’s measure what we value and want to achieve from inclusive growth. Is it easy and affordable for everyone to travel to work and to access public services?</p> <p>Do working age people have access to quality jobs, where they are paid fairly and have opportunities to learn and progress? Is there a difference in the healthy life expectancy between certain groups in my community?</p> <p>Do people believe in their own future and their ability to succeed? We need to make inclusive growth our yardstick of economic success, capturing the value of our social as well as economic infrastructure.</p>	<p>Get underneath the skin of the problem inclusive growth is designed to solve, including what is having an impact, where and why, and where services or spending are having perverse effects on inclusive growth outcomes.</p> <p>At a place level, this will involve data analysis, public engagement, democratic processes and deliberations with employers, investors, public service professionals and civic institutions. How might this process signal opportunities for change?</p> <p>Are there sticking points that might just have be worked around? At a national level, how might the system need to be rewired – structurally and culturally – to support inclusive growth ‘on the ground’?</p>	<p>Ensuring sufficient, strategic, integrated finance of social and physical infrastructure so as to maximise the value of public, private and third sector investment across generations.</p> <p>This might require a shift of spending towards preventative, rather than reactive spend, as well as scope for more flexible use of smaller-scale funding to pump-prime public innovation and social enterprise.</p>	<p>Bringing together, at a place level, business, civil society and political leaders, formally and informally, to drive system-change. This will involve mobilising the full force of local resources and stakeholders to build on existing assets and opportunities, as well as develop new innovative and investable propositions for change.</p> <p>This will demand: clarity of vision for what actions are needed, the means to respond dynamically as circumstances shift, the capacity for economic leadership, ability to think creatively about what (or who) might present an opportunity for impact to create change, the courage to experiment, iterate and scale, and the humility to learn from failure.</p> <p>Places that have strong entrepreneurial leadership understand the need for a broad-based movement for change, building local legitimacy and channelling the collective energy of wider civil society.</p>

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# 1. Creating a shared, binding mission

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Across the world, cities which have cracked the issue of broadening and increasing prosperity have at least one thing in common, they have taken the time, and put in the effort, to construct a widely shared agenda for change – a binding mission that allows them to deliver inclusive growth.

The best examples in the world are places like Helsinki, Louisville or Seattle, which have all put substantial time and resources into finding a mission that can motivate the people who live there. Until recently, UK cities have been hamstrung – their attempts to construct a binding mission were constrained by how little room for manoeuvre they had. Trying to generate a sense of local mission which they had few powers to put into practice might, they feared, open them to ridicule.

Yet paradoxically, it was the UK city with the fewest direct powers which has led the way to shaping a binding vision across their agencies and communities which charts a direction for the future. Belfast has only just been given land use planning powers (they had been the only city in Europe outside Kosovo without them). Other agencies have been responsible for education, housing, transport and social services. While the council has good working relationships with them, the city recognised there was a need to coordinate the direction of travel and so began the Belfast Agenda.

The reform of local government in Northern Ireland two years ago was the original reason for embarking on such an ambitious project as the Belfast Agenda. The number of local authorities was reduced from 26 to 11, and Belfast had outer suburbs added to its administrative boundaries, covering another 60,000 people. It was a moment to get together their health, housing and education partners to agree a shared agenda for the city that had been so bitterly divided.

The city council launched a series of events led by the voluntary sector called the Belfast Conversation, supported by a survey of opinion.<sup>3</sup> The aim of the Conversation was to build consensus around long-term wellbeing outcomes and use this as a basis to work back to priorities and actions for change. The council's youth forum led on the meetings in schools to discuss the city's future, and – in corners of the city with particularly intractable social and economic problems – the conversations sought to diagnose local issues with the people who lived there and work out practical solutions. In four

areas, they organised design workshops focusing on the misuse of prescription medicine in one area, entrepreneurship for young men in another. It is small-scale and in its early stage, but the hope is that it might produce more effective ways of tackling complex issues than just imposing solutions from above.

The meetings are still going on and the community plan which takes Belfast to 2035 is now out for consultation. It sets out five outcomes, one of which is inclusive growth – or, as they put it, “where everyone benefits from a thriving and prosperous economy”. There are also a series of priorities to cover the next four years, which includes more jobs, more people coming to live in the city, and a reduction in the life expectancy gap between different communities. The idea is that every four years there will be new priorities, and space for new ideas and new developments too.

Inclusive growth often starts with similar exercises to this, partly because it focuses minds and builds commitment, partly because it demands solutions along these lines, allowing mayors and city leaders to do what they do best, to see broadly across the range of interacting issues, to focus on what is possible and to make it so. In leading a whole city and its myriad of people and institutions, where your main leverage is inspiration, then you need a vision that can generate a shared commitment.

## Strategising horizontally

But there is another lesson here: place-based strategy and a vision for inclusive growth doesn't have to involve central government imposing its will. It may even be that this kind of simple hierarchical approach, where somebody has to decide and everyone else has to follow, is now ineffective, because it does not bring with it the whole-hearted commitment of those taking part.

In fact, one of the characteristics of many of the collaborations set out here is that no one organisation is more powerful than the others. The individuals need to know each other, trust each other and be able to work together on an equal basis to find common objectives. Strategising horizontally, in this respect, means linking up with peers to make things happen, without having to construct or go through vertical hierarchies. An example is the efforts of the Key Cities network to create a cross-city strategy for automotive manufacturing.<sup>4</sup>

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<sup>3</sup> Belfast City Council. 'The Belfast Conversation'. Available at: <http://www.belfastcity.gov.uk/council/Communityplanning/TheBelfastConversation.aspx>

<sup>4</sup> Key Cities, representing 26 of the UK's mid-sized cities, have started to develop a collaborative, city-level approach to industrial strategy. Beginning with the automotive industry, Coventry and Sunderland have since made concerted efforts to assemble land to give the sector space to expand. In addition, 200 supply companies have joined the North East Automotive Alliance, creating the potential for it to become a formidable force for research, shared learning and raising performance.



Belfast, City Hall, UK

What binds people to a common cause? What keeps them delivering that shared objective, rather than falling back to their own priorities? Experience suggests that they believe, together, that they can put the strategy into better effect. The ability to work towards shared objectives – even when cities have no direct control over crucial aspects of the strategy – was pioneered in the Netherlands and known as the ‘politics of accommodation.’<sup>5</sup> It is only possible once places have been able to move on beyond the question of who has control. It isn’t necessarily about compromise – all policy involves priorities – but it means working together to make things happen, in a way that seemed hobbled in the days of ‘partnership working’ by central directive.

Take Pittsburgh, for example. Until the 1970s, it was a byword for industrial pollution and post-industrial decline. But by 1985 a series of entrepreneurial mayors had led them to the top of the Rand McNally Liveability Index, which galvanised a sense of possibility. Their Strategy 21 dates back to that same year, in collaboration with the presidents of Carnegie Mellon University and University of Pittsburgh. This was a ‘call to partnership’ by the city that was able to embrace public and private agencies and civic actors throughout the city, region and state. The plan was designed to “reinforce the region’s traditional economic base, convert underused land, facilities and labour force components to new uses especially those involving advanced technology, enhance the region’s quality of life and expand

opportunities for women, minorities and the structurally unemployed.”<sup>6</sup>

It meant investing in the city’s universities, which created anchor institutions that attracted high value research and development to the region. The plan reused derelict steel plants and mills along the city waterfront, including creating a new Pittsburgh Technology Centre. It has also led to a range of other cross-sector initiatives, like the Pittsburgh Sprout Fund, a joint public-private venture to fund projects likely to catalyse change to make Pittsburgh a better place to live.<sup>7</sup>

Pittsburgh is an example of a binding mission, involving all the different sectors across a city, to concentrate resources according to local needs, which required a rethinking of their strengths (waterfront dereliction became an opportunity, for example). According to the Brookings 2016 Metro Monitor Report, Pittsburgh is one of 37 of the hundred largest metropolitan areas in the USA that posted improvements in all three prosperity indicators across three-, five- and ten-year time periods.<sup>8</sup> It is also a region that has managed to pivot from an economy significantly dependent on steel production to competitive core sectors in advanced manufacturing, energy, healthcare, financial and related services and information technology.

5 Lijphart, A. (1975) *The Politics of Accommodation: Pluralism and Democracy in the Netherlands*. Oakland: University of California Press.

6 The City of Pittsburgh (Caliguiri, S.), The County of Allegheny Board of County Commissioners (Foerster, T., Flaherty, P. and Hafer, B.), The University of Pittsburgh (Posvar, W.) and Carnegie Mellon University (Cyert, R.) (1985) *Strategy 21: Pittsburgh/ Allegheny Economic Development Strategy to begin the 21st Century*. Available at: <http://www.briem.com/files/strategy21.pdf>

7 The Sprout Fund. ‘Projects’. Available at: <http://www.sproutfund.org/projects/>

8 Brookings Institute (2016) *Metro Monitor 2016: Tracking Growth, Prosperity and Inclusion in the 100 Largest U.S. Metropolitan Areas*. Available at: <https://www.brookings.edu/research/metro-monitor/#V0G10420>

However, the disadvantage of embracing everyone in strategy-making is that it can take time. Leipzig's SEKO 2020 took two years and now has a permanent unit to spread the idea that the people who live there can take part in the life of the city.<sup>9</sup> San Antonio's 2020 plan involved 145 non-profit partners. On this scale, the process has to be as important as the destination. It may even build the relationships that make the destination possible, combining the best of each of the partners involved – their resources, capacity and commitment to the shared mission – to realise the vision. In a UK context, it is what the Inclusive Growth Commission meant by 'grown up devolution'.<sup>10</sup>

## Bringing together the economic and the social

One of the implications of this shift is that the old demarcation lines between economic and social policy, which derive from the boundaries between Whitehall budgets, are beginning to blur. It is clear in the cities and regions that separating these two aspects can be counterproductive, because they can see more clearly that the two affect each other. In a devolved world, cities and regions are finding that they need to bring these halves of their collective brain together.

There are more divisions than just those between economic and social objectives. Housing is often in a separate box to jobs and welfare. Skills are delivered by a range of different agencies, as well as schools. An effective strategy needs to be able to see the connections between these areas and act on them, which is what James Riccio has been doing in the USA.

Riccio is a US evaluation expert from the US with wide-ranging policy and programme experience, affiliated to the New York City thinktank mdr. His projects in New York and Memphis have used low cost housing as the platform for helping people into employment, and it effectively raised incomes across race and gender divides.<sup>11</sup> New York, under Mayor Bill de Blasio, has a reputation for merging economic development with workforce development. The original Riccio programme also included major cash transfers to give people in work the resources to rent better homes. Now Riccio's Jobs Plus programme is the model for a project organised across the Black Country in the UK, which is trying to overcome boundaries between housing,

welfare, job readiness and troubled families support. A new initiative provides people with repayable financial incentives to overcome costs associated with starting work.<sup>12</sup>

The Black Country approach (Working Together) manages to combine a whole range of tailored and face-to-face support under one umbrella, including career planning, CV preparation and tailored advice on jobs and benefits, plus pre-employment training and skills such as literacy and numeracy, mentoring, work experience and work placements. And once people have got work, the approach carries on helping them to progress, and supporting the same household, family or peer group, helping with the costs associated with the transition to work and rent freezes from housing providers. Unlike so many other schemes, in the Black Country support workers stay engaged and continue the support in order to help further career progression.

The plan is part of the Black Country's 2014 City Deal and targets the most disadvantaged, the long-term unemployed and economically inactive Black Country residents in areas of high concentrations of worklessness. The plan is to support 2,800 people, helping 900 into sustained work and increasing the earnings of 500 by at least ten percent a year. It is also not expensive given the returns expected. It is funded by £2.8m from Black Country partners and match funding of £2.8m from the government. The returns are estimated to include a £1.1m reduction in the welfare bill from savings on the transition from unemployment and into work, and another £19.7m associated with earnings gains.

The idea is to combine small local providers with real knowledge of the areas involved with programmes that are tailored to individual needs, using mentoring, one-to-one support and non-traditional training and engagement activities, from therapeutic gardening to micro enterprises. The main housing providers involved also employ community connectors to build trust and to identify the hardest to reach customers. Organisers suggest that it takes time to build up rapport; you can't just assume that people will trust you the moment you launch. It also has to be intensive if it is going to work. In addition, they have found it hard to get accurate data on unemployed social housing tenants.

This is not just about getting people into work. There are other initiatives involving cross-professional efforts to tackle skills problems and, often, they are linked to parallel efforts to tackle skills shortages (Manchester) or to link up with benefits staff (Suffolk). The common critical element is being able to see benefits – not just of working, but of genuine innovation (see Chapter 4).

<sup>12</sup> Conyngham-Hynes, D. (2015) 'Local Approaches to Boosting Earnings'. [Blog] 24 February, Learning and Work Institute. Available at: <http://www.learningandwork.org.uk/our-thinking/blog/local-approaches-boosting-earnings>

<sup>9</sup> Power, A. and Herden, E. (2016) Leipzig City Story. London: LSE Housing and Communities. Available at: <http://sticerd.lse.ac.uk/dps/case/cr/casereport107.pdf>

<sup>10</sup> See the Commission's Emerging Findings document: Inclusive Growth Commission (2016) *op cit*.

<sup>11</sup> Bloom, H.S. et al (2005) *Promoting Work in Public Housing: The Effectiveness of Jobs-Plus*. New York: mdr. Available at: [https://www.doleta.gov/research/pdf/jobs\\_plus\\_3.pdf](https://www.doleta.gov/research/pdf/jobs_plus_3.pdf). See also mdr. 'Jobs-Plus Community Revitalization Initiative for Public Housing Families'. Available at: <http://www.mdr.org/project/jobs-plus-community-revitalization-initiative-public-housing-families#overview>

## Blurring departmental divisions

Salt Lake City is something of an enigma. It has faced enormous demographic change in recent years, which means that anything up to half the families in the city's education system are in poverty, with deprivation concentrated in the west of the city. Yet somehow, during the recent long recession, Salt Lake City carried on rising up the quality of life indices. Salt Lake City's teacher salaries are also higher than three quarters of the other metro regions in the USA, even though local costs are low.

City mayor Ralph Becker laid some of the credit for their success at the door of the University of Utah, which he described as an "incredible engine of entrepreneurial activity and spin-offs"<sup>13</sup> The Mormon influence is clearly relevant too, and the commitment that local businesses have to the city, which provides energy behind any shared vision of the future. So is the broad participation which has been made possible by the project Envision Utah.<sup>14</sup>

So when the Salt Lake Chamber and Downtown Alliance took on the homelessness issue in recent years, they were able to look at the causes as well as the political kneejerk quick fixes, aware that helping homeless people and discouraging begging also meant educating the public so that they could invest in emergency accommodation, a new family and resource centre, and more affordable homes. They also

needed a way of people assessing services that was flexible enough to access education, health and advice as well, if that was what was necessary.

In other words, to make a real difference they had to build long-term alliances, linked across the city and to blur the sharp dividing lines between budgets, departments and professions. When they talked about a 'no wrong door' policy for homeless people, it meant they could allow people to use their services wherever they turned up. That requires a flexibility with budgets that is only becoming possible tentatively and experimentally in the UK.

<sup>13</sup> Cook, N. (2014) 'Salt Lake City's Secret to Escaping the Recession'. *The Atlantic*, 15 April. Available at: <http://www.theatlantic.com/business/archive/2014/04/salt-lake-citys-secret-to-escaping-the-recession/425730/>

<sup>14</sup> Benner, C. and Pastor, M. (2015) *Equity, Growth and Community: What the Nation Can Learn from America's Metro Areas*. Oakland: University of California Press.



Salt Lake City, USA

The problem here is not that local government in the UK is somehow unused to strategy. Quite the reverse: they are drowning under strategy documents. The difficulty is that the strategies themselves still follow the traditional divisions between Whitehall departments, their varying ministerial priorities and their determination to hold onto control. They don't always see the connections that work outside those silos, and especially between the economic and social. This is particularly so when it comes to economic development strategies.

Conventional wisdom suggests that cities need to identify and concentrate on key strengths. It is often some combination of the trendier end of hi-tech enterprise, like gaming, medical technology or similar. This is not exactly a recipe for an inclusive economy, either locally or nationally. Concentrating on strengths isn't bad advice, but the difficulty is that they can bear little relation to 'social' objectives or the actual assets that cities possess. Those left outside the less prosperous parts of the city are less likely to benefit directly from increased activity in prioritised sectors. Any vision needs therefore to break across those traditional divisions, if it is going to work effectively – not just for the highly-skilled and mobile regional workforce – but with everyone.

Perhaps the city currently with the most ambitious binding vision is Louisville, Kentucky. Louisville has always been an unusual place – 'Keep Louisville Weird' said the slogans on the coffee cups. Now Mayor Greg Fischer's 21 'goals' include the target of 750,000 'acts of compassion' a year, which would mean everyone doing something once.<sup>15</sup> This is part of the shared objective of having a human, compassionate city; there are other, more conventional inclusive growth objectives like raising wages, producing local food and encouraging innovation.

The key point is that Louisville needed to be able to inspire local organisations to move from the old measures of productivity – a narrow kind of efficiency that tends to impoverish – to a broader measure of inclusive growth that is able to spread the benefits of productivity through opportunities for good work for all. Measurement, distinguishing good growth from the less useful variety, and how to do so, is the subject of the next chapter.

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## 2. Measuring the human experience of growth, not just its rate

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Glasgow has a proud history in science, technology and the arts, in shipbuilding and innovation in metal working, but it has also been plagued by inequality and deprivation. Recent years have seen the former industrial city transformed into a clean, knowledge economy – at least for some: it has also left a significant section of the population with access only to an ever limited number of low-skilled, low-paid jobs. In Glasgow, perhaps more than other UK cities, this has focused local policy thinking especially around health inequalities.

"A boy born in Lenzie, East Dunbartonshire, can expect to live until he is 82," says the Scottish Health Observatory.<sup>16</sup> "Yet for a boy born only eight miles away, in Calton in the East End of Glasgow, life expectancy may be as low as 54 years, a difference of 28 years."

There had been real progress but, after 2008, the recession seemed likely to feed into local government budgets in Scotland as well as England, and the city's leaders were increasingly nervous that the progress they had made would be undermined. The result was a health inequalities commission. The Glasgow Health Commission emphasised the link between economics and health, and stressed how important it was to regard their whole population as assets, rather than just as potential drains on the public sector.<sup>17</sup> They also stressed the importance of measuring progress in terms of health. The result has been an innovative approach to measuring economic success or otherwise, which may well provide a blueprint for other cities, based on their Poverty Impact Assessment Tool.<sup>18</sup>

With other UK cities, Glasgow City Council has been working with the Joseph Rowntree Foundation, plus researchers at two leading Scottish universities – Glasgow and Heriot Watt – to develop an approach they call 'poverty proofing'. The idea is that this should provide them with a measurement tool they can use day by day to tweak budgets and policies, as set out in the 2016 economic plan which puts inclusive growth at the heart of their strategic planning

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16 Unison Scotland (2015) *Commission on Health Inequalities: Report for the Scottish Labour Party*. Available at: [http://www.unison-scotland.org.uk/labourlink/HealthInequalitiesCommission\\_ReportforScottishLabourParty\\_Oct2015.pdf](http://www.unison-scotland.org.uk/labourlink/HealthInequalitiesCommission_ReportforScottishLabourParty_Oct2015.pdf)

17 Glasgow Health Commission. *Growing a Healthier Glasgow: A report and recommendations of the Glasgow Health Commission*. Glasgow City Council. Available at: [http://www.understandingglasgow.com/assets/0001/0525/Glasgow\\_Health\\_Commission\\_final\\_report.pdf](http://www.understandingglasgow.com/assets/0001/0525/Glasgow_Health_Commission_final_report.pdf)

18 University of Glasgow. 'Serving Deprived Communities in a Recession'. Available at: <http://www.gla.ac.uk/schools/socialpolitical/research/urbanstudies/projects/servingdeprivedcommunitiesinarecession/>

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15 Louisville City Government. 'Goal 21: Grow as a Compassionate City'. Available at: <https://louisvilleky.gov/government/mayor-greg-fischer/strategic-plan/goal-21-grow-compassionate-city>



Glasgow, UK

process.<sup>19</sup> The purpose of the plan is to make Glasgow the most productive city in the UK, and their health inequalities are the most obvious barrier to achieving that.

Poverty proofing means there can be some connection between inclusive growth strategies and real-time social outcomes on the ground, eventually leading to improved life expectancy. That is the objective, to see progress almost as it happens. They have not finished this work yet, but the idea is to get a better picture of how the city really works (see Chapter 3): it is about really getting under the skin of what is going on from day to day, and then being able to see the impact of their interventions. It is about providing the kind of feedback that allows cities to respond dynamically to maximise their long-term results.

The poverty proofing approach divides local authority services into six categories, from pro-rich to pro-poor, with more neutral public usage in the middle. This has the potential to give policy-makers a ready reckoner to identify where the positive socio-economic focus of public investment is more pronounced, and where more investment may be desirable. How do you categorise libraries, for example? Pro-rich or pro-poor, or somewhere in the middle? Each city will be different, depending on how much – like Glasgow – their libraries have been orientated to support poorer communities. It implies that this is a measurement tool that can potentially be tailored to suit local preferences

and circumstances and drive pro-poor behaviour initiatives and innovations on the ground. ‘People make Glasgow’ was their strapline as hosts of the Commonwealth Games. They are hoping this new approach to measuring success will help make it a reality.

As Glasgow shows, measurement is complicated. It may be that the subtleties of inclusive growth make completely objective measurement difficult, but it is still necessary to try – otherwise the old measures will dominate both policies and investment decisions. The difficulty is that so many elements are included in the inclusive growth concept. Does the growth provide the local population with long-term sustainable assets? Can people afford to live without precepts from the state? Can people access good jobs where they are paid sufficiently to avoid poverty? Do people believe in their own futures?

One city which is facing up to the difficult choices involved as a result of measuring inclusive growth is Birmingham. Birmingham has committed the city to investing in growth that can spread prosperity. This ambition depends on being able to recognise the type of investment that can achieve inclusive growth – and, of course, to recognise when potential policies or investments are *not* inclusive, when they might actually make the city worse off. It isn’t easy for city leaders to reject growth today on the grounds that it isn’t inclusive, and to forego it in favour of – and with confidence in – securing inclusive growth tomorrow. They certainly won’t be able to unless they can point to some objective evidence that indicates they are taking the right decision.

<sup>19</sup> Glasgow Chamber of Commerce et al (2016) *Glasgow Economic Strategy 2016- 2023*. Available at: <https://www.glasgow.gov.uk/CHttpHandler.ashx?id=36137&p=0>

This was regarded as economic heresy in the days when all income, wherever it derived from, was regarded as identical, especially from the Treasury's point of view (depending on different tax brackets, of course). But on the ground, it is only too obvious that some investments spread prosperity and some – and investments in casinos or betting shops may be in this category – set prosperity, for most people, into reverse.

A summary of recent attempts to model and measure inclusive growth is set out in the Inclusive Growth Commission's Emerging Findings<sup>20</sup> document and discussed further in the final report.<sup>21</sup> The key question for cities is to find a measurement method that works for them, and which is complex enough to avoid manipulation and yet simple enough to be useable. Crucially, they will need to use these to look forwards and assess the likely effects of different decisions they contemplate.

### **Making genuine progress visible**

There is a predictable and probably sensible preference for simplicity, like monitoring the spread of jobs and skills – traditional ways of measuring success – and cities like Birmingham are beginning to assess alternative investment decisions along these lines (see Chapter 3). In practice, prosperity seems to be created best by the number of sustainable jobs, and the skills and assets that are spread as a result. One region which is focusing its attention on progress towards the goal of good jobs is West Yorkshire, where the No Silver Bullet Charter for low pay was released in 2014.<sup>22</sup> They make it visible with the help of a traffic light system.

As its name suggests, the charter accepts that there are no single policies that will make a difference by themselves, and they need to monitor a range of issues from pay to pensions – and back up that monitoring with action. The 2016 report of the Lower Paid Workers Group, which includes representatives from all the places involved, including Leeds, Huddersfield, Halifax, Wakefield and York (a little further afield), reports back on progress so far using traffic lights. Compiled by an independent consultant, it reports four greens and one red (going through local authority HR policies to revamp to make them more effective for lower paid workers). Together, they may not be enough to crack the inclusive growth problem, but they mark a successful contribution.

### **Spread the data**

In 2010, 6,000 residents in the Texas city of San Antonio got together to agree a vision for the progress they should make over the next decade. They agreed a statement about where the city should go, including ambitions to be the safest big city in the USA, with healthy citizens and access to good education and good jobs. They also agreed two other things – a permanent and funded third sector organisation which would monitor progress independently and 59 indicators to help them do it.<sup>23</sup>

That was how the non-government organisation SA2020 emerged to play such a role in local debate, as guardians of the independence of the data, and publishers of the online San Antonio Data Dashboard. SA2020 just hosts the data. It is collected and analysed by another new organisation called Community Information Now (known as CI:Now), promising to provide the information so that they can “visually display the data that our neighbours need to improve neighbourhood and regional conditions”<sup>24</sup>

San Antonio has a population of about 1.5 million, more than half of whom are Hispanic or Latino in origin. It is only one of nine urban areas in the USA to be above average on prosperity and inclusion. Part of that success is down to two innovative projects over the past decades – Project QUEST, funded by city, county, state and federal government, reskilling disadvantaged workers for better jobs; and Pre-K 4 SA, using local taxes to invest in pre-school education. The Pre-K project was a result of the mayor's Brainpower Taskforce in 2011, which brought together education and business leaders to discuss what would be the best use of a hypothecated 0.25 percent sales tax for eight years, another example of joint strategy (see Chapter 1).

What SA2020 makes possible, along with similar initiatives involving open data (Helsinki), is that evidence of the key progress is immediately available to all those people who took part in the strategy. It means that there is some trust in the figures that emerge when San Antonio releases graphs showing they are on track to raise the average wage.

20 Inclusive Growth Commission (2016) *op cit*.

21 Inclusive Growth Commission (2017) *Final Report of the Inclusive Growth Commission: Making our economy work for everyone*. London: RSA. Available at: <https://www.thersa.org/inclusive-growth-final-report>

22 West Yorkshire Combined Authority (2015) *No Silver Bullet: Doing more to support our lower paid workers*. Available at: [http://www.westyorks-ca.gov.uk/uploadedFiles/Content/News/Articles/LPWC\\_Draft%20Report\\_v8\\_FINAL%20POST%20LEADERS.PDF](http://www.westyorks-ca.gov.uk/uploadedFiles/Content/News/Articles/LPWC_Draft%20Report_v8_FINAL%20POST%20LEADERS.PDF)

23 Editorial Board (2012) 'After one year, reason to celebrate SA 2020 vision'. *My San Antonio*, 26 May. Available at: <http://www.mysanantonio.com/opinion/editorials/article/After-one-year-reason-to-celebrate-SA-2020-vision-3586121.php>

24 See Community Information Now at: <http://cinow.info/>



Cleveland, USA

### Where does the money actually go?

Cleveland, Ohio, was the US city worst hit by subprime repossessions in the USA.<sup>25</sup> Two of the most significant institutions for the local economy are the publicly-funded university and the hospital. To maximise the local economic impact of the hospital, the Greater University Circle Initiative has focused on the supply chain clustered around and dependent on the Cleveland Clinic and university hospitals, starting with a sustainable laundry business, followed by a renewable energy company, and with installations on the hospital roof. Incorporated as Evergreen Cooperatives, these businesses employ local people and redirect the spending power of the local hospital to launch them and underpin them. They have also launched a project to help cooperative employees into home ownership. It does require money (and the federal agency HUD has backed the project with \$1.5m), but it is about encouraging money that is already being spent to be used more effectively; it is about altering where it flows. The institutions involved have all been able to increase the proportion of their spending in the city and surrounding county.

The fundamental problem in most cases is that there is so little information about where money flows. The vast majority of the basic information flowing into the UK Treasury is national data. What has changed is the advent of 'big data.'

There is data available about energy use, public health, driving times, weather and a whole range of other behaviours, social and natural, and it allows managers, doctors and analysts to make smarter choices about when to intervene early, to sort out blockages and leaks or to save energy. We can even now sub-divide bank lending down to ward level, and obesity and diabetes down to street level. We can watch the flow of energy around local systems, or the flow of traffic around a city, but most cities have difficulty in watching the flow of money around their economies. The tools for doing so are in their early stages.<sup>26</sup> Opening up commercially sensitive data from businesses will prove difficult – the mastery of such data flows is itself increasingly a source of competitive advantage. But public spending is subject to transparency, and the UK government – centrally and locally – is in many aspects leading the world in this transparency.

The UK city which took the Cleveland approach most to heart has been Preston, after one of their councillors went to hear the person most associated with Cleveland's project, Ted Howard, speak about his work there. There are huge differences in life expectancy from one side of the city to the other (up to 14 years). Preston was one of the top ten relatively worst hit councils from austerity cuts in the UK. Yet, paradoxically, if you count the amount of money that pours through the economy, it may not be quite as impoverished as it first appears.

<sup>25</sup> Cleveland Foundation (2013) *Cleveland's Greater University Circle Initiative*. Cleveland: Cleveland Foundation.

<sup>26</sup> There have been various attempts to do so, notably in Michael Danson's micro studies, and much less precise attempts using the LM3 tool. See: <https://www.lm3online.com/about>.

With help from the Centre for Local Economic Strategies (CLES), Preston began by listing their potential anchor institutions in the area.<sup>27</sup> Then, one by one, they went to see them. The response from the cash-strapped chief executives was unexpectedly positive and now the group meets in Preston every three months to look at progress. The list now includes, not just Preston but also Lancashire County Council, Lancashire Constabulary, the housing association Community Gateway, Preston College, Cardinal Newman College – and, more recently, the University of Central Lancashire and Lancashire Teaching Hospitals.

What they found was that, with the top 300 suppliers, only about five percent of the money was flowing back through Preston and only 29 percent was flowing through Lancashire. Nearly two thirds of the money was, as they put it, “effectively leaking out of Lancashire each year” – with all those institutions combined, about £488m a year was flowing out of the area. Fair enough for a wealthy city, but – in a less than wealthy one – it seemed like a waste. Since the start of the project three years ago, their efforts have seen more than £4m extra going through the Preston economy.

The institutions became aware that their costs would be heavier – especially if they were public services – if too much of their contract money was going out of the area: the NHS would have more ill-health to deal with if people were not working, there might be more crime, people with skills might move away. At the very least, they wanted to know where their money was going, and where it was going after that. Sceptics were pointed towards other local authorities which have tried to increase the proportion of local spending in related ways (Manchester, Stockport, Northumberland). In Preston, the technique has involved persuading the local spending institutions to use the Social Value Act, if possible, to make sure contract money keeps circulating locally.

Often the solution was to develop a basic toolkit – cutting contracts into more manageable units, seeking out potential local suppliers and helping them understand the process better, helping them with the pre-procurement forms and sign-up, all of which increase the competition, rather than constraining it. As Nottingham and Birmingham (see Chapter 4) have found since, there are many ways of taking this forward and often it will dovetail with plans to increase the quality of local jobs so that people have the security to build some assets of their own, or to make sure that local investments feed through into local jobs (for example, in Oxford’s community employment plans).

These ideas are controversial. Economists can sometimes fear that measuring where the money is flowing locally can amount to a kind of protectionism – a sort of local Berlin Wall that keeps out quality and innovation. Of course, it could be like that. You can see why there is an official fear of second-rate local businesses driving out first-rate ones simply because they are local. That would be a recipe for higher costs.

But if staying ignorant of where your money is flowing might rule out a higher cost procurement option, which might cost less because of the broader economic impact beyond the contract value, that makes no sense (see Chapter 4). It matters how much people are able to build up financial assets, and their ability to do so will depend on being able to measure local economic achievements – assets and money flows – even if this can only be done tentatively.

Measuring the money is only part of a wider issue about measuring economic effects, so that decisions can be taken knowing their likely implications for inclusive growth. The question of how any institution, public or private, with an interest in the economic prosperity of the place they are based, chooses which investments to make, is tough. For public bodies, that is particularly so, because the answer also has to dovetail with legal duties which filter down (at present) from the European Union to record Gross Value Added (GVA), and it also has to work with the Treasury’s measurement bible, the Green Book.

But equally, if the Inclusive Growth Commission’s idea of ‘Quality GVA’ is to mean anything, then it must also be simple enough to apply to financial decisions about two options which might have similar bottom lines, but which might – as it turns out – narrow or broaden the prosperity of the city as a result. Between 2001 and 2008, cities with the highest increases in employment rates, not GVA, were most successful in reducing poverty – though this of course is no guarantee that these were quality jobs, and 55 percent of people classified as in poverty are also living in households with someone in work.<sup>28</sup>

Quality GVA is never going to be easy to measure, or entirely objective. No one measure, like employee compensation, is going to be definitive. Nor can this be a general measure which might be right to apply anywhere. It will have to be different from place to place, though the Treasury will also need better measures to track the national picture. It needs to relate to what the strengths and assets of the place are.

The difficulty is that single measures produce crude outcomes. Single measures of inequality are particularly misleading, because they can’t distinguish between poor but equal places and

<sup>27</sup> Preston City Council. ‘The Preston co-operative initiative’. Available at: <http://www.preston.gov.uk/businesses/co-operatives/preston-co-operative-initiative/>

<sup>28</sup> Lee, N. et al (2013) *Cities, Growth and Poverty: a Review of the Evidence*. York: Joseph Rowntree Foundation.

rich but unequal ones. Nor can they distinguish between people occupying the first step of an accelerating career path, and people stuck in dead-end, zero-hours agency work year after year.

There are certainly difficulties in broadening economic measures to make them more informative. The broader the measures, the more they can be informed by wishful thinking about the direction a city is taking. They can even provide excuses for poor economic performance – just as poverty has in the past allowed cities to excuse poor schools. And if measures are too complex they are only accessible for a technocratic elite.

Useful economic statistics need to open the city to criticism as the Portland Plan seems able to do (Portland, Oregon).<sup>29</sup> Although these approaches are bound to be different, they may need to be distinctive – not every city is the same – whether they target equality between neighbourhoods (Barcelona), housing affordability (Hamburg), or wellbeing (Helsinki).<sup>30</sup> They probably also need to be easy to follow (though Malmö has 24 objectives, 72 actions and 17 goals).<sup>31</sup>

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### 3. Seeing growth as a social system, not just a machine

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Imagine that you understood the intricate detail of the way neighbourhoods worked that you could reinvent public services from scratch, so that you didn't have to pick up the pieces when families unravel – but you could start work upstream of problems before they become acute. Imagine you could bring together the alphabet soup of acronyms of the different welfare agencies and council departments – so that they didn't have to argue about sharing data and the boundaries of the services their targets allow them to shape, but could tackle everything, and do so early. Before you came anywhere close to this, you would have to really know how communities work.

People have discussed these ideas for years, but it was never clear how you would take a city from where it is now to the new, more effective system design. But that is exactly what the London Borough of Barking and Dagenham is doing under the title Community Solutions.<sup>32</sup> They realised, as other local authorities have, that budgets are now so tight that they can no longer afford to run services like housing or skills in the same old separate ways. You can slice money from the budgets up to a point, but when those budget cuts amount to 40 percent or more, some kind of major rethink is necessary. To do this they had to really understand how the various social systems interacted with each other.

With significant land identified as having the potential for new development, Barking is set to be one of the fastest growing parts of London and of the UK. This opportunity is underpinned by a new pragmatic and innovative cadre of local leaders (and not just in Barking).

Community Solutions is not the only result, but it may be the most far-reaching. It brings together teams which used to be responsible for addressing worklessness, skills, poverty, debt, mental health, homelessness, domestic violence, antisocial behaviour and family support, all of which used to be tackled separately and – if the connections between them were ignored – at greater expense. Community Solutions allows issues to be taken together and to mentor and support individuals and families to help them be more self-reliant, and facilitate some measure of mutual support.

As such, the idea borrows from projects like the Family Intervention projects, which also brought together a whole range of services, wherever their clients needed to make a difference. It borrows from some of the early

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29 Green, A. et al (2017) *op cit*.

30 *Ibid*.

31 Green, A. (2016) *How do cities lead an inclusive growth agenda?* Warwick: University of Warwick.

32 London Borough of Barking & Dagenham (nd) 'Service Design Proposal. Community Solutions'. Available at: <http://modern.gov.barking-dagenham.gov.uk/documents/s100922/A2020%20Report%20-%20App.%205.pdf>

intervention projects which can tackle problems much earlier and before they overwhelm, and they borrow from American thinking about co-production whereby people are helped in building the social networks they need to sustain quality of life (see below).

It means there will soon be no traditional housing service, nor anti-social behaviour unit in Barking and Dagenham. Those teams may not always understand the need to shift institutions from the shape they have been in recent decades, but they have understood that most of their clients face multiple and inter-related challenges, and one size no longer fits all – if indeed it ever did. Perhaps the biggest challenge has been to assure existing staff that they haven't failed, rather the way they work has got to change to meet the way the world actually is. That's what happens when you really understand the system.

Many local authorities are wrestling with parallel issues and will be watching Barking and Dagenham when they launch the new service in spring 2017. They are also aware that other services, especially in education and health, remain outside their influence – never mind their control – and may have to be integrated too, if the new shape is to work at its utmost.

Integration, in government, has traditionally meant sharing information or making efficiencies in back office functions. Places like Barking and Dagenham are realising that innovating in the delivery of services may be the only way of reaping economic benefits, not just from savings in delivery, but in making services more effective – so that this impacts on the economy too.

To act upstream of problems and prevent them, or tackle them effectively early enough, requires two absolutely vital elements. That implies that local government will need to understand far more about how the elements of the giant system that makes up the city's social economy actually works – not how it is supposed to work according to departmental demarcations, but how it *really* works: what causes what and how. They also have to be able to reshape their services accordingly, aware that the neat Whitehall divisions can mean inflexible programmes that actively undermine each other when they get to local level. They need not necessarily have actual control over these central programmes, but they need to be able to bring their local insights to bear.

This chapter is about what becomes possible when cities truly begin to understand their local systems.



Barking and Dagenham, UK

## Sharing budgets

Perhaps the most ambitious approach to addressing the challenges facing the health and social care system is under way in Greater Manchester. The Memorandum of Understanding negotiated in early 2015, by Sir Simon Stevens as head of NHS England, the then Chancellor, George Osborne, and Sir Howard Bernstein as the GMCA's Head of Paid Service, devolved responsibility for £6bn of health and social care funding across Greater Manchester from April 2016.

Greater Manchester's Strategic Plan - *Taking Charge* - was produced in December 2015 and sets out how, by 2021, GM will radically reform the way the health and social care services are provided to deliver improvements to health and wellbeing across Greater Manchester, and address the £2bn shortfall in funding for health and social care services.

The plan is based on improving primary care services, with a focus on early help and prevention through community-based care, so that demand for expensive, reactive acute hospital services is reduced. It is built on five component parts:

- Improvements to public health services, encouraging and supporting people to make healthier choices, promoting wellbeing and preventing ill health in the first place.
- Transforming primary care so that people are able to get the care and support they need from organisations close to home, reducing demand for expensive hospital services.
- Accessing high quality specialist services, applying best practice to improve patient outcomes across the city region for those people that do need hospital care.
- Standardising clinical support and back office services and setting up coordination centres to help people navigate through the complex health care system to get the services that they need.
- Underpinning the service with new organisational structures, new ways of commissioning, contracting and payment design and standardised information management and technology to incentivise new ways of working across GM.

All Greater Manchester's ten local boroughs are developing 'Locality Plans' for the integration of health and social care provision and wider public service reform in their area, reflecting the particular priorities, opportunities and challenges of each individual area, within the framework of strategic plan.

Access to a £450m Transformation Fund, which was secured as part of the 2015 Spending Review to support the change required to deliver the financial and clinical sustainability

of the GM health and care system, will depend on the proposals set out in those local plans demonstrating value for money. The money is allocated by a Strategic Partnership Board, which brings together representatives of the 37 statutory organisations responsible for delivering health and social care services across GM.

Bringing together services in this way, and reforming the way that resources are allocated, opens up a range of opportunities to shift the economic impact of service spending.

Greater Manchester's approach to integration also neatly sidesteps one of the key problems when you invest to prevent rather than to solve problems. Old fashioned accounting means that the savings tend to appear in somebody else's budget. Greater Manchester's approach tries to bring together the savings achieved through reform for re-investment in further reforms.

The Transformation Fund provides the capacity to invest in preventative services alongside the existing services – effectively 'double-running' services before the savings begin to kick in. That is a luxury that may not be available to everyone.

## Investing in prevention

Greater Manchester's approach is also designed to tackle one of the most pervasive problems that get in the way of inclusive growth: the way that longstanding failures in the health and social care sector have prevented people from playing their full part in the economy.

But they have done so at a moment of crisis for social care, which has frightening knock-on effects in the management of the NHS. The pressure on social care budgets poses a real threat to Greater Manchester's plans: unless adequate investment can be made in primary and community care services too, many people will continue to go to A&E because they can't get an appointment with their doctor, too many vulnerable people will end up in residential care because they can't access the services they need in their home, and too many people will be stuck in expensive hospital beds because they can't get the support they need within their local communities.

Once that is understood, it then becomes worthwhile to shift some services from tackling health problems to preventing them – especially when two factors, more than any others, are predictors of a new baby's chances in life: its mother's mental health and its parents' employment.

There is an understandable reluctance among cities, however radically they are thinking, to reorganise their services along the lines of a grand redesign. That means that they need to start at a point where multiple issues intersect, and services disconnect with each other at a local

level. Now that Greater Manchester has a joint commissioning board which brings together commissioners across acute and community based care, across health and social care, they are determined to tackle one disconnect to start with – the one where skills and job readiness programmes make no connection with health.

To do something about that, the pioneering programme, Working Well, brings together health specialists and employers.<sup>33</sup> So when people fall out of the world of work for health reasons, there is a holistic, wrap-around package of health and support. Similar initiatives have been developed in Sheffield and Portsmouth and Southampton.

These programmes are more able to target resources precisely, using the insight that 80 percent of health conditions which get in the way of work emerge from mental health or musculoskeletal problems, or some combination of the two. That means directing people towards more available talking therapies or to osteopaths. The idea is to make those referrals quickly and to get people the support they need before their working lives unravel, rather than waiting for months before bringing in health professionals.

What is fascinating about this approach is that it targets resources precisely at the heart of the issue, which is possible because the new health managers in the city are able to see – partly thanks to the data – how the system is actually working.

Among the many issues that have got in the way of investing in prevention have been the fear at the centre of a cacophony of indistinguishable issues that all seem to act on each other – with a result that no one solution seems any more effective than any other. The data from pilots is often framed positively, because people's careers depend on them being so, yet almost none are taken mainstream. The result has been a catastrophic loss of belief in the possibility of permanent change.

Actually, recent research seems to imply that the problem may be simpler than it seems. One study in Newcastle has been particularly influential because it confirmed what many of those who wanted to reform the services believed, that the place to intervene in the social exclusion cycle was to support pregnant mothers, particularly those with mental health issues.

The Newcastle research was designed to identify what the drivers are of low achievement among the city's NEETs (not in education, employment or training). It was organised through the Newcastle 2020 partnership, which is

chaired by the city's chief executive and includes representatives from public, private and voluntary sectors, and it was a ground-breaking attempt to understand their life stories in Newcastle more deeply.<sup>34</sup>

It was this research which revealed that 67 percent of NEETs had repeated contacts with social care teams in the city. This implies an important role for family breakdown. It also implies that intervention, if it is going to be effective, will need to happen well before GCSEs at the age of 16, and probably a good deal earlier. The research also showed that, without intervention, a small but identifiable group of people will grow up to cost the justice system, homelessness authorities and a range of other services, very large sums. It implies that there needs to be pooled resources by these services to target early intervention on children meeting that profile and, the research concluded, on their mother's mental health.

The city has been working out how this insight needs to be put into practice. It implies some kind of long-term mentoring relationships – precisely what the public sector has found most difficult in recent decades – and of targeted, holistic support tailored to a range of different circumstances. It implies school-based support with continuity, holiday support and life skills teaching (given that they will face life difficulties earlier than most).

This will all require coordination and shared resources across a combined authority which resisted cooperation in the past. It will require that, when the problems fall between three central government departments, Work and Pensions, Health and Education – all of which understand the issues but have found it difficult to work together and share budgets – integration needs to be made easier locally.

And when it comes to integrating any interventions with the skills system, things get even more difficult under current arrangements. Just as it really isn't possible to mentor NEETs from Whitehall, or to look after their mothers during pregnancy, so it is very difficult to drive labour market productivity or get worklessness down without strong local relationships – people (and places) come with issues of all shapes and sizes. You can do it cheaply from the centre, but the evidence suggests that you can't do it effectively, which is really the only justification for spending public money on doing it at all.

The challenge is not necessarily to devolve everything. It is to develop new delivery models that allow the centre to see more clearly how their different funding streams can corrode each

<sup>33</sup> Dickinson, S. (2015) *Interim Evaluation of Working Well. The Big Life*. Available at: <https://www.thebiglifegroup.com/wp-content/uploads/2015/08/Big-Life-Working-Well-Interim-Evaluation-Final-Draft-for-Circulation-13-07-2015.pdf> See also About Manchester (2016) '15,000 people in Greater Manchester to start Working Well'. Available at: <http://aboutmanchester.co.uk/latest/15000-more-people-in-greater-manchester-to-start-working-well/>

<sup>34</sup> Social Finance et al (2016) 'Tomorrow's unemployed youth already known to children's social care'. Available at: <http://www.socialfinance.org.uk/wp-content/uploads/2016/07/NEWCASTLE-NEETS-REPORT-PRESS-RELEASE-12-JULY-2016.pdf>



Manchester, UK

other if they are not better planned. Otherwise we will continue spending a high proportion of our budgets without effect.

### Social networks

There is a sense in which inflexible social policy programmes, and especially welfare programmes, have also corroded – or at least failed to nurture – the built-in support systems that neighbourhoods have to protect them from harm. These are the elusive social networks which do so much to support children and keep them safe, to look after older people or prevent crime. New research by the Centre of Economics and Business Research suggests that knowing our neighbours can generate around £32bn for the public purse, thanks to extra costs that flow indirectly from social isolation, and extend to extra policing and lost productivity.<sup>35</sup>

The pattern confirms the work of Nobel Laureate Elinor Ostrom, whose work with the Chicago police in the 1970s first proposed that social networks and social trust underpins the success of public professionals.<sup>36</sup> It was she who first coined the term ‘co-production’ to describe this critical partnership between professionals and their clients. The implication is that cities need to find new ways that public services can reach out into the neighbourhoods they serve and rebuild social networks, through mutual support, volunteering and the ability to broaden and deepen what the service is achieving.

The term co-production now covers a multitude of different approaches, from consultation to volunteering, but as set out by Elinor Ostrom and other thinkers like the civil rights lawyer Edgar Cahn, it is a means by which – by asking public service users for something back – communities can rebuild networks of mutual support around them.<sup>37</sup>

There are already a range of innovative services which involve lay people or volunteers, like KeyRing or Shared Lives, both of which are UK charities which in different ways help disabled people to live fuller lives at home or in the homes of volunteers. Or there are services like Local Area Coordination, a more informal approach to social care which was pioneered in Australia (and is seen in Derby and Middlesbrough in the UK). All of these build on what users *can* do, rather than focusing all the professional attention on people’s needs, as if they had nothing to offer.

One of the most ambitious examples of this is the Spice Time Credits system, Timeplace, which pays credits to recognise people’s volunteer efforts. Research suggests that time credits can attract people to volunteering in hard to reach groups, and has a particular track record for people with physical or mental disabilities engaging with service users and hard to reach communities. The Spice version has been rolled out through towns and cities too (Cambridge, Chorley, Hackney, Lewisham, West Norfolk, Westminster), pulling together multiple examples of people giving back to public services.<sup>38</sup>

<sup>35</sup> Eden Project Communities. ‘The Cost of Disconnected Communities’. Available at: <https://www.edenprojectcommunities.com/the-cost-of-disconnected-communities>

<sup>36</sup> Ostrom, E. and Baugh, W.H. (1973) *Community Organization and the Provision of Police Services*. Beverly Hills: Sage Publications.

<sup>37</sup> See Boyle, B. and Harris, M. (2009) *The Challenge of Co-production*. London: NESTA.

<sup>38</sup> See Spice website at: [www.justaddspice.org](http://www.justaddspice.org)

One city which has invested widely in time credits has been Cardiff, focusing on two estates.<sup>39</sup> The credits themselves are just pieces of coloured paper, looking like bank notes – and with safeguards against forgery – but they seem to be able to catalyse the kind of shift in local public service systems that makes them more responsive and able to build networks of mutual support. They mark a recognition that services can no longer afford to tackle human needs if those needs just grow, or come back over and over again.

The Timeplace project in Ely-Caereu, in Cardiff, began in 2012 and brought together 80 local organisations to take part in the scheme. People earn time credits for contributing to their community or service, from befriending to baking cakes. They can then ‘spend’ them to access events, trips, training or leisure services, or to thank other people who help them. It isn’t a market payment but it is a recognition, and one that can make a big difference to people who have always received and never felt they could contribute. The scheme lets people access activities and outings with their families which they often couldn’t afford before, with 54 percent of participants in Cardiff saying that they can afford to do more as a result of time credits. It provides a dignity to people who are earning credits which they don’t get from public services usually, and that makes a difference.

Spice emerged in 2008, growing out of the Wales Institute for Community Currencies at the University of Newport, and specifically out of the problem of community centres lying virtually empty in South Wales. Despite quality facilities with professional staff, time credits had dramatic effects on rates of local volunteering, and brought people in. There were even measurable reductions in crime in one area as a result.<sup>40</sup>

Since the Spice rolled out its Timeplace across Cardiff, it has been embedded in the Families First services in the city.<sup>41</sup> Over 3,000 people have donated more than 100,000 hours of time in Cardiff time credits so far, and 46 percent of members had not regularly volunteered before getting involved in the scheme. The next stage is to embed it into Cardiff’s substance misuse programme, to support service users to give time and engage with their local community building social capital and ultimately resulting in a more inclusive, resourceful and resilient community, earning credits for anything which helps confidence and recovery for them and those around them.

The time credits scheme also emphasises an important idea at the heart of inclusive growth: that no amount of exhortation or consultation is going to work if you don’t inspire people to *do things*. The power of volunteering, for example,

is a latent resource, and when widely activated is associated with greater social and economic inclusion. The old model where the centre instructed and the cities did as they were told, and the service users stayed quiet so they could be processed more easily, is beginning to disappear. The implication of inclusive growth is that a new model is emerging where the centre enables, the cities innovate to find the most effective shape and form of a service, and the citizens *do* – because that appears to be the most effective way to create positive social outcomes. It may also be the most sustainable and cost-effective.

Shifting the main task of public services from the old ways to the new ones isn’t easy. Nor can you convert machines designed to prescribe predefined solutions against predefined symptoms, into machines which learn how to tackle underlying causes in a responsive way. But we can begin to see, thanks to innovative work in towns and cities around the UK and beyond, what the new public service system may look like. It will be cross-disciplinary and be able to focus resources and knowhow much more flexibly where it matters. It is paradoxical too. The old system was designed to save money by tight central control, yet it ultimately increases overall costs by failing to tackle basic problems head on and quickly; the new system is designed to be more effective when looking from the point of view of both people and place, and it looks likely that it will also save money.

Other cities around the world are attempting similar approaches, all of which involve understanding how the system and neighbourhoods actually work – then using that knowledge to intervene far more effectively. Cities are increasingly pooling budgets to make things happen (Hamburg), or integrating services so that they can be more effective and under one roof (Helsinki). Often it involves open data (Helsinki again).<sup>42</sup>

There is also a repeated theme of humanising services, by making support increasingly face-to-face (Newcastle) or more responsive, like Helsinki’s 25/7 initiative, to provide an extra hour a day to people by providing smarter technologies with which to engage with services. But humanising services only works when it is cost-effective, and it can only be cost-effective when it is also effective. That depends on a basic understanding of the way people navigate the complexity of society.

39 Cardiff Partnership. ‘Cardiff Time Credits’. Available at: <https://www.cardiffpartnership.co.uk/partnership-delivery/get-involved/time-credits/>

40 Spice (2009) *Looking Back: A Review of the Community Time Credit Systems that have given birth to Spice*. Spice: London.

41 ACE (Action in Caerau & Ely). ‘Timeplace’. Available at: <http://www.aceplace.org/timeplace/>

42 Green, A. et al (2017) *op cit*.

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## 4. Being an agile investor at scale

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Most people agree that more financial independence is one of the elements of devolution that is necessary to make more political independence effective. But there is not much clarity about how this is going to be possible – only that cities and towns are going to need to be much more aware of their assets, and how the money flows around their area. One city which has pioneered that awareness, and sought out ways in which they can affect those money flows, has been Nottingham, which has managed to increase the proportion of city council procurement spending that goes through their local economy from under 20 percent three years ago to over 70 percent last year.

Nottingham has been particularly careful to stay within the legal framework, and to stay absolutely fair and transparent. They were also aware that, if suppliers trust the system – and you can attract more of them to bid – that will also increase competition, which can drive down costs and drive up quality. They can also use the Social Value Act 2013 to make sure that procurement can meet broader social and economic objectives.

Nottingham is a unitary authority and the council spends a total of up to £230m a year; it makes sense for them to think about whether there might be ways of spending it more effectively when it procures goods and services. There is also a political drive to get more local jobs and to make money work harder for people. This has translated into asking companies that were using public money to offer more apprenticeships. They didn't have to be apprenticeships for local people, but they did tend to be in practice.

Council officials also began to monitor where they were spending on local companies, or local to the region, and managed over the last two years to be above 60 percent, and one year above 70 percent. Even at 60 percent, that meant that over £180m went through the local economy, and that makes a difference. They are not spending any more, just guiding the money to create greater social value locally, as far as possible, so that it has a double or triple effect.

The next stage has been to formulate and test a soon to be launched Business Charter (incorporating a Jobs Pledge), which is designed to improve the quality of jobs, asking local providers to sign up to specific ethical standards. It is all voluntary, of course, but it does draw a line which makes it clear that the city prefers apprenticeships and commitment to employees to a pattern of zero-hour contracts – and that is how

they want their own money spent.<sup>43</sup> They will be asking everyone with a contract worth over a million pounds whether they can offer work experience internships. Can you go into schools to give advice? Can you employ people leaving care at 18 years?

The next stage is to start tracking how much goes into small business and social enterprises, aware of the extra impact that has on inclusive growth. Small business tends to have more local commitment, to employ more local people and to use what they earn more locally. This won't always be the case, but it will often be, which is perhaps why US research suggests small business can have a greater economic impact on local economies than big business.<sup>44</sup>

Procurement teams are under huge pressure across the public sector. As so often, part of the challenge was not so much to convince them that this was worth the effort, but bringing everyone into one team and creating a vision, so that they could see that procurement could be more than a simple transaction based on price. It could also be a strategic function too – a more ambitious, more complex and more expert task at the very heart of shaping the city for the future.

The Nottingham story exemplifies the way the most innovative cities and local authorities are seeking out a more flexible resource base. They are looking at every area of local life to identify potential assets and opportunities. Of course, there may be conventional assets which can be treated as such, like land or property, which can be better used to meet local needs. But it may be a less conventional list. It means asking whether there are vacant buildings which might be used to support local enterprise or development. Are the people who use local services a potential asset (see Chapter 5)? Can the money that the city is spending be made to go further? These questions open up the possibility of a broader, more flexible resource base.

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43 Nottingham City Council (2016) *Business Charter*. Nottingham: Nottingham City Council. Available at: <http://www.mynottinghamnews.com/wp-content/uploads/2016/04/Nottingham-Business-Charter-2016.pdf>

44 Glaeser, E.L. and Kerr, W. (2010) 'The Secret to Job Growth: Think Small'. Harvard Business Review, July-August issue. Available at: <https://hbr.org/2010/07/the-secret-to-job-growth-think-small>; Fleming, D.A. and Goetz, S.J. (2011) 'Does Local Firm Ownership Matter?'. *Economic Development Quarterly*, 25(3), 277-281.



Freiburg, Germany

## Money flows

In Birmingham, for example, where the political leaders and senior officers are involved in an ambitious project to work out where their money is going and what impact it is having, building on what has been done in Preston (see Chapter 2). The project is being organised with support from the Centre for Local Economic Strategies, funded by the Barrow Cadbury Trust, which has a particular interest in the West Midlands because of Bourneville, Cadbury's original model chocolate factory and village.<sup>45</sup>

In Birmingham, the steering group for the project to find out where their money is going is chaired by the leader, John Clancy. As in Cleveland, USA, it is a way to make the same money go further by finding out where it goes now. The first task was to map institutions which have an economic impact on Birmingham and its region, spending more than £10m or with more than 250 employees. There turns out to be more than 200 of them, from universities, hospitals, housing associations, football clubs, police and fire brigade and manufacturers.

The next stage is to whittle that long list down to a shortlist of ten of those anchor institutions with the greatest impact, and then work with those to see how it might be possible to change the way the money flows around Birmingham just a little – simply by being more aware of it. For example, are they spending in the poorest areas? Or is procurement spending

‘leaking out’? Are they employing staff on the living wage? Are their contractors doing so – and can their employees build up any kind of economic assets?

Another question is how the anchor institutions are using the land they own or control – is it building inclusive growth to benefit the city as a whole, or is the land lying idle or being used for speculation? Those 200 organisations control over 90 percent of the land in city.

The idea is to look at the potential at three levels – the spending that benefits Birmingham, the spending in the wider city and suburbs, and the spending across the Black Country and West Midlands. It is not a short process, but the plan is that a thriving small enterprise sector and effective local contractors may provide better value contracts in the long run for the big economic players, as well as keeping money circulating in parts of the city that other outside contractors don't reach. But, if this proves to be the case, it will take some time to build up the sector.

Birmingham faces challenges which are not unique but may be unique in their intensity. They have the same health and social care crisis as other big cities, but as the UK's second city, on a larger scale. The city's leaders are determined to make the council's culture more open-minded and outward-looking, and they see the Anchor Institutions project as a way to help achieve that – and to achieve the key inclusive growth objective of bringing together economic, social and commercial objectives.

<sup>45</sup> Barrow Cadbury Trust. 'Anchor Institutions Project launched in Birmingham'. Available at: <https://www.barrowcadbury.org.uk/news/economic-justice-news-and-events/anchor-institutions-project-launched-birmingham/>

In some ways, the idea of using the same money effectively for multiple objectives is not new. The team around John Maynard Keynes in the 1930s realised that spending money makes it circulate and create extra wealth as it re-circulates. They called this the ‘multiplier’.<sup>46</sup> And in the late 1970s, the Environment Secretary Peter Shore tackled the spending reductions during the IMF crisis of 1976 by a political catchphrase, which he called ‘bending the main programmes’.<sup>47</sup> But there is a limit to what can be done from the centre, at least one step behind from where the money is actually being spent.

## Using rising land values

Freiburg im Breisgau is a German university town in the state of Baden-Württemberg that has benefited from high tech industry, and is about the size of Oxford. It is famous as one of Europe’s leading eco-towns, with low car use and high solar energy. The success of the town led to an influx of population and that meant that they needed to build two large new settlements on land the city acquired. One called Vauban is a former barracks. The other is Rieselfeld, built on a former sewage works.

The city has put in the infrastructure, and then let sites to private builders or housing associations, including over 130 *baugruppen* (building groups not managed by developers); they like self-build because the groups produce more imaginative and affordable buildings. They were able to do this because they were able, like the new town development corporations in the UK, to buy land at existing use value.<sup>48</sup> They can also raise the finance they need through long-term low interest loans from regional savings banks (*sparkasse*). Under German law, land values can be ‘frozen’ on sites identified for development in local plans, so that the uplift can fund the necessary local infrastructure.

That explains the excellent advance infrastructure built there and in other similar continental developments, like Vathorst, one of three sustainable urban extensions to the historic town of Amersfoort in the Netherlands. This development includes district heating schemes or ground source heat pumps which cut energy costs, plus open spaces that encourage walking and cycling which cut health costs. Money that in the UK would have ultimately gone from the end occupier, through a developer, to the landowner, has been in effect diverted by local government to pay for good quality infrastructure, squeezing out the ‘unearned’ profit to the landowner.

There have to be better ways that UK cities can tap into the money that flows through them, rather than waiting patiently as supplicants to central government. The UK government is committed to delivering 100 percent business rates retention for local authorities in England by the end of this Parliament. The idea is that it gives cities an incentive to grow their local tax bases. It should also give them more freedom to borrow against a predictable income stream and to take effective long-term investment decisions.

The difficulty is that business rates make up such a small proportion of city income that this will not, by itself, make the kind of difference that is needed. Experience in cities like Canberra and European success stories such as Copenhagen and the Dutch cities around the Randstad imply we may need a combination of new town-style community development corporations and other vehicles, such as joint ventures that can leverage public assets – all of which allow cities to focus capital (economic, environmental and social) to develop inclusive growth through new development.

Some of these will require the kind of financial support that continental state investment banks, like the German bank KfW or the Dutch BNG, are able to provide. We have had development trusts successfully in the UK since the 1960s and we are beginning to develop community land trusts.<sup>49</sup> But to capture the value inherent in land, in some cities, we will need a range of other institutions, including community development corporations and municipal investment bonds, most of which exist in some parts of the world, but not yet in any great numbers in the UK.<sup>50</sup> All of these could form a package which would allow cities to be less dependent on central government funding.

The purpose here is to take the wealth of our cities, tied up in their land and buildings, and create financial instruments that make it possible to innovate, and to learn from Scandinavia, the Netherlands, France and Germany how to create the financial institutions that can begin to make cities more independent and successful.

46 The Economist explains (2016) ‘What is the Keynesian Multiplier?’ *The Economist*, 8 September. Available at: <http://www.economist.com/blogs/economist-explains/2016/09/economist-explains-economics-3>

47 Shaw, K. and Robinson, F. (1998) ‘Learning from Experience? Reflections on Two Decades of British Urban Policy’. *The Town Planning Review*, 69(1), 49-63.

48 Hall, P. and Falk, N. (2014) *Good Cities, Better Lives: How Europe Discovered the Lost Art of Urbanism*. Abingdon: Routledge.

49 See National Community Land Trust Network at: <http://www.communitylandtrusts.org.uk/>

50 Hall, P. and Falk, N. (2014) *op cit*.

## Launching enterprises

Nottingham's leading party's 2012 manifesto included a commitment to launch a Nottingham energy tariff. There was already a local company providing district heating in the old style and council officers were not immediately clear what the promise meant or what they needed to do about it. It wasn't until relatively recently that the penny dropped. "Do you mean we should set up a fully licenced energy supplier?" they asked the leader. The next question was: "Have you any idea how difficult that is?"

In 2014, the city agreed to invest £2m to start their own energy supply company and set out to find premises. Two years later, Robin Hood Energy has 100,000 domestic customers in the region, and other commercial ones.<sup>51</sup> This isn't necessarily about taking from the rich to give to the poor – this is Robin Hood country after all – but there is an implication that the company is righting wrongs. At the moment, they are using their market clout to buy cheaper energy for local households, with long-term supply agreements, but the next stage is to start generating their own. There are plans for an energy-from-waste plant, a combined heat and power plant, and generating solar power from the roofs of local schools.

Robin Hood is a limited company but the city is the only shareholder, so it's a not-for-profit company.<sup>52</sup> The purpose is to provide heat and light as cheaply as possible: it does not subsidise council services. State aid rules were applied at every stage so that the company can never be accused by competitors of getting an unfair advantage. There are no preferential loan agreements. It is still the only energy supplier owned by a local authority, though Bristol is following suit.

Robin Hood is also running bulk energy purchase systems in Leeds, Liverpool and Leicester and other places too. The advantage of being the first mover is that you can then earn money telling others how to do it.

Cities are facing up to the idea that, if something needs doing, they may have to make it possible themselves, accessing local resources. And if they need a task done and the business sector is unable or unwilling to do it, it can make sense for local government or other civic bodies to start a local enterprise to make it happen.

If there are no housing developers able to build homes at affordable rents, then some cities have started their own development companies (Barking and Dagenham), or if there are no banks with a commitment to using local savings to invest locally, they set up their own (Cambridgeshire, Hampshire). Or if there are no local energy companies capable of investing in energy distribution or production, they start their own

too – or go beyond the bulk buying that Robin Hood has specialised in – or they use the services of a local social enterprise (Bath, Wadebridge).

All these stories share a similar idea – that, even in the poorest places, there are financial assets that could be put to more productive use. It might be the money that is flowing through any area, however poor. It might be the fruits of success in rising property or land values. It might be the local spending power which encourages local enterprises to respond to serve local needs.

Nor are all of these about taxation, though some are. They are more about building institutional support for local objectives, using local money, in such a way that it builds resources rather than letting them seep away. They may involve social clauses in procurement contracts (Nantes), pooling budgets (Hamburg), sales taxes to fund education (Hamburg, San Antonio). They may be about new kinds of money, including local currencies to link residents and businesses (Bristol, Exeter, Nantes).<sup>53</sup>

Of all the ideas likely to produce nerves among local authority accountants, the idea of new institutions to invest local savings and pension money probably produces most. Yet it isn't unknown for local authority pension funds in the UK, or local authority reserves, to use their money to invest in local success. Cambridgeshire famously set up the Cambridge and Counties Bank with Trinity Hall (a college in the University of Cambridge), to invest their own reserves in productive enterprise.<sup>54</sup> The state of North Dakota, one of the only US states in surplus, invests money in local enterprise through the Bank of North Dakota.<sup>55</sup>

There are clearly dangers here if local authorities and pension funds fail to see that their interests are different – but, equally, they have failed for decades to see that, in some respects, their interests are also the same.

This may also be the best source of regeneration investment in the new austere and devolved world. There have been attempts to ask local businesses to contribute into a regeneration fund, and to do so either because they are 'good corporate citizens', or perhaps because they will gain from investment because they have a local property portfolio. Liverpool City Region LEP is among those which have led the way to launching a regeneration fund.<sup>56</sup> The problem is that, as so often, the companies most able to invest may not exist in the places where investment is most needed.

<sup>53</sup> Community Currencies in Action (2015) 'New community currency for France: SoNantes launches'. Available at: <http://communitycurrenciesinaction.eu/new-community-currency-for-france-sonantes-launches/>

<sup>54</sup> See Cambridge & Counties Bank at: [www.ccbank.co.uk](http://www.ccbank.co.uk)

<sup>55</sup> See BND (Bank of North Dakota) at: <https://bnd.nd.gov>

<sup>56</sup> See The Chrysalis Fund at: [www.chrysalisfund.co.uk](http://www.chrysalisfund.co.uk)

<sup>51</sup> *Ibid.*

<sup>52</sup> See Robin Hood Energy at: <https://robinhoodenergy.co.uk/>

Another approach is for local authorities to invest themselves in key elements of the local infrastructure so that they can raise the value of their investments as a result of the success, and – one day perhaps – pay themselves back. This can be risky, and perhaps the justification for doing so is to provide better development, or development which is better aligned to local needs. Sheffield is one place where they are investing in economic development projects and will eventually pay themselves back from the sale of public owned land. Leeds City Region LEP is doing something similar and will recoup the original loan from future enterprise zone business receipts. In Norwich, a revolving loan fund for housing development has been negotiated.<sup>57</sup>

A version of this approach is happening much more widely, where local authorities are taking ownership of key assets so that they have, in a sense, ‘skin in the game’ – and for the wider public benefit. Chorley has bought their local shopping centre.<sup>58</sup> Barking and Dagenham is investing in local land and property, aware that their regeneration success will push up land values. When the public sector profits from eventual sale, this value is retained locally, and ultimately recycled for the benefit of local residents.

Many of these approaches to investment will benefit the wealthy places much more than the impoverished ones. That may be inevitable in a devolved world, unless we set up the kind of investment institution which the Inclusive Growth Commission is proposing.<sup>59</sup>

Cities also have their own reserves and pension funds, which could be available – with the most prudent lending – to finance local productive investment. American pension funds are usually major investors in low cost or social housing, because they are productive and largely safe investments.

What is missing are the local financial institutions that most other European countries enjoy and which made the expansion of UK cities possible in the nineteenth century. To leverage some of the local wealth, we may need trusted mediating institutions, or regional wealth funds, that can provide returns on investment for investors in very safe public sector investments – to follow the lead of cities that are funding transport infrastructure from rising land values (Copenhagen), or a range of other ways of tapping into existing resources. Alternatively, a national development bank, like the German KfW or the

Dutch FMO, needs to stand behind them.<sup>60</sup>

Trusted financial institutions are necessary – with a commitment to local business or infrastructure – especially now that many remaining local institutions that support inclusive growth, like bank branches and post offices, are so often being swept away for other reasons. As the Inclusive Growth Commission report argues, we need local institutions to provide for the basic financial needs of smaller business, whether they are community banks or new kinds of financial institutions capable of looking after deposits, savings and with the right access to granular local information so that they can make loans.<sup>61</sup> And institutions, and people who start them, are the subject of the next chapter.

57 See for example National Housing Federation (2016) *Briefing: East of England Local Enterprise Partnerships update*. Available at: [http://s3-eu-west-1.amazonaws.com/doc.housing.org.uk/Editorial/East\\_of\\_England\\_LEP\\_briefing.pdf](http://s3-eu-west-1.amazonaws.com/doc.housing.org.uk/Editorial/East_of_England_LEP_briefing.pdf)

58 Chorley Council (2016) ‘Market Walk extension moves a step closer’. Available at: [www.chorley.gov.uk/news/Pages/Market-Walk-extension-update-September-2016.aspx](http://www.chorley.gov.uk/news/Pages/Market-Walk-extension-update-September-2016.aspx)

59 Inclusive Growth Commission (2017) *op cit*.

60 See KfW at: <https://www.kfw.de/KfW-Group/About-KfW/>

61 Inclusive Growth Commission (2017) *op cit*.

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## 5. Entrepreneurial whole-place leadership

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One of the peculiarities of the UK economy is that most poverty is no longer the result of people being out of work – it occurs among people *in* work, but who are just not paid enough to get by. It is one of the main reasons why the inclusive growth agenda is so urgent.

In Suffolk, there was another oddity when they looked at their official statistics. The Ipswich economy seemed to have persistently high youth unemployment, with levels staying relatively constant through good times and bad, above both local and national averages.

The process of preparing the Greater Ipswich City Deal (in collaboration with a range of local partners) provided an opportunity to think about what might be done about it. And one thing was abundantly clear: the existing institutions, designed to support young people into work, were simply not effective, and particularly not the statutory services.

The first thing they did was to decide they would offer a guarantee to young people that, within three months of leaving education, employment or training, they would get a job or education, or training offer. The second was to ask the local academics to pinpoint the root of the problem. Researchers talked to a range of local young people and the answer was pretty clear: there was such an array of different programmes and possibilities, from a range of different organisations from all three sectors – but nobody to help to navigate young people through it.

It was a system built on the principle of ‘if you build it, they will come’, when largely – as it turned out – they didn’t. Young people were pushed from pillar to post and back again, with nobody interested in the whole picture. Nobody to help them develop a personal strategy – not just to get a first job – but to start and shape a career. It was, in short, an institutional failure.

The solution was to launch a new support service and the result was MyGo.<sup>62</sup> As so often with successful new institutions, it was forged through excellent relationships, in this case between the county council’s skills team and the Jobcentre Plus district manager and team – who also wanted to find a way to support young people in a more face-to-face, personal way. The MyGo Centre is described as a “free 1-2-1 career coaching, personal employment support, training and accredited courses, recruitment events, exclusive job opportunities, apprenticeships, traineeships and benefit advice; all within our modern, open employment centres across Suffolk.”<sup>63</sup>

MyGo is not a tick-box, target-driven exercise, but a real local institution which provides their young people with a coach or a trusted adviser who can support them, challenge them and provide a sounding board, who can help them get to grips with what their strengths are. They don’t have to make appointments or fill in forms: they can drop into the building where the county council and the Jobcentre teams have launched a joint MyGo centre.

The idea developed further during the commissioning process. Instead of the usual hands-off, impersonal commissioning, Suffolk’s team organised it through ‘competitive dialogue’ with potential bidders, and it changed their thinking. The result was that People Plus has been running MyGo from a new, friendlier building – where the Jobcentre is also based, and has done now for two years. “We knew that a straight tender wasn’t the way to go,” said one of Suffolk’s skills team. “It needed to be very different. We couldn’t do it the standard way.”

Suffolk also brought the same combination together under one roof to launch MyGo in Lowestoft in 2016, this time running the service themselves. The biggest challenge has been to make the two data systems talk to each other, and they are managing to make the interface seamless for the young people – but are still operating two systems behind the scenes. Yet it seems to be working and there will be a full evaluation published later in 2017.

Among the lessons of the MyGo approach is that forging a new institution out of national funding streams is likely to be far more effective than keeping these efforts separate (see Chapter 3). It is also a testament to how important face-to-face services are, especially when you are dealing with vulnerable people with multiple needs who don’t fit neatly into the categories the national policy-makers assume. But behind those lessons are what the MyGo story says about the way that local government officials behave – do they wait patiently for central government to provide resources, or the occasional dysfunctional national programme, or do they use the resources and networks available to them? Do they do as they’re told down the traditional tramlines, or do they act in an entrepreneurial way themselves – or by encouraging a more entrepreneurial city? It may be that more can be achieved by letting go of the need to control everything themselves, and setting up trustworthy, independent local institutions?

Both the council and the Jobcentre Plus teams also realised that, if they were going to make the step-change they needed, it was necessary to pool resources and share offices. That isn’t necessarily an easy thing to do. There will be resistance from those who guard the internal systems of both organisations, and possibly also

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<sup>62</sup> See MyGo at: <http://www.its-mygo.co.uk/>

<sup>63</sup> *Ibid.*

from Whitehall. Sharing budgets in this case made it possible to invest effectively in local people. It also makes it possible to build a trusted local institution, based on personal relationships, which can last for the long term. That may be another pre-requisite for effectiveness. It is a potential antidote to the problem that centralised funding programmes can undermine each other when they reach local level. The underlying problem is that the national funding programmes are too often organised in ways that, when they translate to local level, bear little relationship to the intricate reality on the ground.

### **Making it personal**

Oldham is a borough in Greater Manchester which became disillusioned with the ‘work first’ emphasis of skills and welfare programmes run by the Department for Work and Pensions.

The trouble is that conventional employment measures tend not to distinguish between good and dismal jobs. Welfare to Work makes no judgement about the quality of the work, whether it will help the individual progress, whether they will be paid enough to live on, whether they will be building assets – educational or economic – to support them in the future. All that is of interest has been whether or not they turn up on the first day and stay the requisite time so that the contractor can tick the box that unlocks their fee.

As a result, in Oldham at least, there has been a huge increase in working for agencies on short-term or zero-hours contracts – now covering four percent of Oldham’s working age population. It was becoming obvious that this was building up costs for the future. If the employers took no responsibility for the careers or financial wellbeing of their staff, then nobody would. Over the last generation, Oldham employment has shifted, with manufacturing and long-term jobs in decline and short-term recruitment methods and short-term contracts in warehousing or fulfilment centres more common.

Greater Manchester is taking some control over the delivery of welfare in their area (which includes Oldham) through the national Work Programme, and they are concentrating on integrating this into healthcare to tackle people’s long-term conditions. It is an ambitious programme (see Chapter 4), but Oldham has chosen to focus on helping people to escape from low-paid insecurity and to build careers.

The Get Oldham Working Career Advancement Service is in its early stages.<sup>64</sup> They are also aware that they need a personal approach. There is clearly an issue of confidence – it isn’t that people *can’t* improve their careers, but they sometimes need the encouragement and

<sup>64</sup> Oldham Council. ‘Oldham Council launches career advancement service’. Available at: [http://www.oldham.gov.uk/press/article/1270/oldham\\_council\\_launches\\_careers\\_advancement\\_service](http://www.oldham.gov.uk/press/article/1270/oldham_council_launches_careers_advancement_service)

self-belief to take the leap, including making a longer commute out of Oldham to other parts of Greater Manchester. The present system tends to abandon them in bad jobs, or sends them round the cacophony of local agencies with no guidance. It is highly efficient on its own terms, focusing on process, but dehumanising and consequently not effective when considering the bigger picture.

Oldham has developed two unique elements to fostering career progression. First, they have made agreements with local employers similar to those that the national Welfare to Work providers have with the national ones (one of the problems Oldham faced with the Work Programme was that the national employers have few jobs in the area). Second, Oldham Council has provided residents with ‘career enhancement loans’ that they can use to get the training they need to earn enough money to pay off the loans, but still be better off.<sup>65</sup>

Hounslow and Harrow have been on a parallel journey, joining forces in 2014 to raise money from DCLG’s Transformation Challenge Award, to see if they could shift the way they helped people into better paid jobs. The idea emerged when it became clear that 18 percent of their working populations had been stuck in low-paid jobs for the past five years. It was a key indicator of how little prosperity was spreading.

The idea of the Hounslow Skills and Employment Strategy was to work with people who were on universal credit but usually in work, and struggling to get by – some because they were not sure what training they needed, some because they *were* sure, but their employers wouldn’t invest in them, some because they simply lacked the information or weren’t confident enough to apply.<sup>66</sup>

It became clear that, when they worked separately, the various council departments found they were much less effective than they needed to be. In particular, it made sense to integrate their skills and career progression services with the housing department – which often had to pick up the pieces when people weren’t earning enough money to pay rent or get by.

Each of the two boroughs reached their target of having about 130 clients each for 2015-16 and over a third of them seem to have already progressed in their careers, whether through improving their income or starting training. These initial signs of success have meant that the team behind the project has been able to raise EU funding to secure it for several years to come, and have been able to launch also in neighbouring Ealing and Barnet.

<sup>65</sup> See a similar proposal in City Growth Commission (2014) *Human Capital*. London: RSA; if public bodies can lend people money to go to university, expecting them to pay it off through higher earnings, then it seems logical that they could also do it for high quality technical education.

<sup>66</sup> Hounslow Skills and Employment Strategy: 2014-16. Executive Summary. Available at: <http://democraticservices.hounslow.gov.uk/documents/s95000/Executive%20summary%20-%20Hounslow%20Skills%20Strategy%20230314%202.pdf>



Leeds, UK

Related schemes are operating elsewhere, and often independently, like SkillsHouse (Bradford) and Signposts 2 Skills (Cambridge) and work coaches in GP surgeries (Coventry). It might involve community support workers for enterprise (Coventry), or organising skills hubs (Bristol, Manchester, Newcastle, Nottingham). Or programmes to support people through a career (Oldham, Suffolk, Harrow, Hounslow). It might mean using a strategy that puts good jobs, or some other aspect of inclusive growth, at the heart of city policy (Barcelona, New York).<sup>67</sup> The strategy might target middle income jobs (New York, San Antonio) or it might target economic self-sufficiency (Portland, Oregon).<sup>68</sup> Or it might target job creation like Plymouth's 1000 Club or business problem-solving with schools (Sunderland).

There are a whole range of issues in these stories, but one of them is the importance of services which interact when it matters face-to-face. When you need to motivate people, experience suggests that technocratic or online efforts may provide services, but don't motivate or inspire or generate trust. If that is what you need – and some of these pioneering places judged that they did – then a more personal approach makes sense. It may be more expensive, because personal approaches often are, but if they actually work, then that can lead to increased prosperity, and lower future demand for the service.

## Partner with business

No inclusive growth strategy is going to succeed unless you can link up with local business, and draw them in to the binding mission. That is where the Good Jobs Strategy suggests a way forward. Good Jobs is an initiative of the UK Futures Programme, an initiative of the UK Commission for Employment and Skills, set up in 2014 and providing a £5m investment designed to unlock employer investment and innovation, so that smaller companies can experiment with new working practices.<sup>69</sup> It is based on the work of the US academic Zeynep Ton.<sup>70</sup> In Cornwall, it has been applied to raising the status of people working in the hospitality industry.

The Good Jobs Toolkit was the result of a national collaboration between telecom giant EE and the Living Wage Foundation.<sup>71</sup> It often involved increasing staff hours so the business is operating with slack, allowing time for training and greater attention to customers, and enriching the jobs people do so that they can develop and use a wider set of skills. Often that meant very simple changes like supporting new staff so that they stayed longer, saving the recruitment and training cost, inconvenience and impact

<sup>69</sup> Mackay, S., Chipato, F. and Thom, G. (SQW) and Hope, H. (UKCES) (2016) *Evaluation of UK Futures Programme: Final Report for Productivity Challenge 3: Pay and Progression Pathways in Hospitality and Retail*. UK Commission for Employment and Skills. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/545241/UKFP\\_PC3\\_FINAL\\_EVALUATION\\_REPORT.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/545241/UKFP_PC3_FINAL_EVALUATION_REPORT.pdf)

<sup>70</sup> Ton, Z. (2014) *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*. New York: Harvest Books.

<sup>71</sup> Living Wage Foundation (2016) *Good Jobs in Retail: A Toolkit*. Available at: [http://www.livingwage.org.uk/sites/default/files/Living%20Wage%20Foundation%20-%20Good%20Jobs%20Toolkit\\_1.pdf](http://www.livingwage.org.uk/sites/default/files/Living%20Wage%20Foundation%20-%20Good%20Jobs%20Toolkit_1.pdf)

<sup>67</sup> Green, A. et al (2017) *op cit*.

<sup>68</sup> *Ibid*.

on customer service that stems from high staff turnover. It also meant training staff to cover a range of different roles to make their working day more enjoyable, and the workforce more flexible.

The Cornwall Toolkit has also been re-written to include the best ideas put into practice by employers like Jamie Oliver's Fifteen Cornwall, Watergate Bay Hotel, St Austell Brewery, Cornwall College and Visit Cornwall. The result is a practical online guide to helping progressive hospitality businesses grow by investing in their people. Now there is Cornwall's own Hospitality Skills Network, a group of Cornish businesses committed to investing in their staff, sharing learning and to drive forward change.<sup>72</sup> Across the UK, more than 650 EE employees took up the offer of more hours. "The main benefit is that if we uplift people's hours – we've done a lot up to 35 hours rather than the 25 we offered before – it gives the people that stability," said David Botfield, EE resource manager. "They'll stay, get the stability, they can have a career. They can get a mortgage and they're happier, and a happier workforce delivers more."<sup>73</sup>

### Creating long-term institutions

Some local authorities have decided to tackle their local homelessness problem by setting up their own companies to develop housing (Barking and Dagenham). Leeds is trying a new approach which is to encourage a mutually-owned provider to set up in the city.

This is Leeds Community Homes (LCH), a new mutual, dedicated to building a thousand new homes across the region, built to high energy efficiency standards.<sup>74</sup> The idea is that they will continue to own the first 16 homes they build, which will soon be rented, but also to support other co-housing or community land trust plans on smaller sites across the city. It will be a housing provider, a housing developer and a source of expertise for what they hope will be a new wave of mutual housing development – realising that they will never get mutual homes to scale if they are the only ones building them.

The team behind LCH came mainly from the local Network of Social Enterprises, and they got together with the LILAC Co-housing project, a straw bale eco-housing community of 20 households in Bramley. It took them a long time and they realised there had to have a faster method of scaling up. LCH only began life at the end of 2016, with encouragement from the council. That was the result of a community share offer which raised £230,000 to help with their first project. Their first 16 homes are the result of a Section 106 planning agreement with developers, Citu.

Nine of these 16 are for social rent and the other seven will become a community land trust, which means that tenants can own the building but the underlying land or structure is held in trust, immune from wider house price inflation. The first homes will be ready early in 2018 and there are already six groups in Leeds which want to develop more.

One characteristic of many of the stories in this report is that they involve the launch of trusted, largely independent, local institutions – often because enterprising local government officials know they simply can't make things happen by themselves. Many cities and local authorities are realising that, if they want something done, they may have to set up their own companies and social enterprises to do it, or inspire others to be entrepreneurial as well.

<sup>72</sup> See Hospitality Skills Toolkit at: [www.hospitalityskills.net](http://www.hospitalityskills.net)

<sup>73</sup> Living Wage Foundation (2016) *op cit.*

<sup>74</sup> See Leeds Community Homes at: <http://leedscommunityhomes.org.uk/>

We don't tend to think of entrepreneurs in town halls or city halls. In some ways the culture suggests the precise opposite of enterprise. But the combination of economic and political crises has brought a new cadre of local government people who have a strong sense of how to make things happen to lead places. They may not be motivated in quite the same way as the popular caricature of an entrepreneur – they won't get rich this way – but they are imaginative, self-confident and innovative people and, if they are allowed to, they may change our cities completely.

Being entrepreneurial in the civic domain also means encouraging enterprise of all kinds and in all sectors. There is no tried and tested way of creating the culture of enterprise, though it suggests more effective ways of shaping local skills, of connecting technical universities with business and industry, as they do so successfully in Germany. They have also asked the clusters to lead on skills training in those areas. In Portland, Oregon, development finance is only available to companies offering middle wage employment and careers progression.<sup>75</sup> Both are examples of how to bring the strategic objectives together.

We know from research in the USA that places which have a powerful substructure of small businesses, rather than a handful of big employers or industries, are most successful at raising per capita income growth when the businesses are locally owned.<sup>76</sup> The loss of that diversity in so many parts of the UK may be one reason why prosperity has remained so elusively centralised. One of the most successful examples of enterprise support is based in Aberdeen, and it is delivered through the Scottish Business Gateway programme by an innovative social enterprise called Elevator.<sup>77</sup>

Chief executive Professor Gary McEwan travelled widely, especially in the USA, to look at successful models of enterprise support and concluded that three elements were absolutely critical – it has to be open access, without the need for appointments. Real advisers need to be available and on tap. And there needs to be an accelerator to train the entrepreneurs to scale up. It is an institution that is funded by the Scottish government and delivered locally by the third sector, and it has had a huge impact on the Grampian region. Aberdeen has one of the highest rates of start-ups in the UK.

Social entrepreneurs also tend to start new institutions, aware that this can make possible the kind of transformative personal relationships that can make a difference. But they

are also encouraging enterprise in their local populations too – which is why local authorities have launched funds to help put new ideas into practice (Haringey), or to reduce demand on services (Wigan), or even appointed social entrepreneurs in residence (Lambeth). Or they are encouraging other groups to take on local problems and issues (childcare among the small business sector of Cardiff, food in Sheffield). Or they are creating institutional links between businesses and schools to provide guidance or work experience for children (Manchester, Hamburg). Or training local people who have been out of work for specific opportunities ('microfranchising' in Rotterdam), or speedy wraparound support for people who are out of work (Manchester, New York). All these encourage a sense that enterprise needs to be a central purpose of a place – if it is going to lead to inclusive growth.

<sup>75</sup> Green, A., et al (2017) *op cit*.

<sup>76</sup> Fleming, D.A. and Goetz, S.J. (2011) *op cit*. "Economic growth models that control for other relevant factors reveal a positive relationship between density of locally owned firms and per capita income growth, but only for small (10-99 employees) firms, whereas the density of large (more than 500 workers) firms not owned locally has a negative effect."

<sup>77</sup> See Elevator at: [www.enetrust.com](http://www.enetrust.com)

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## What next?

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*“We’re committed to doing these things regardless of how much - money or otherwise - we get from Whitehall. Of course, if they invest in our potential, we’re much more likely to deliver. Either way, we need both true city sovereignty and certainty over what central Government plans are.”*

Marvin Rees, Mayor of Bristol

How do you make things happen across a city given the current levers, freedoms and flexibilities, barriers and constraints? It isn’t easy, and you don’t have to be cynical to see the problem – that so many of our local government levers have been moulded out of shape, to maximise their ability to deliver central government targets or tick certain boxes to access government funding, weakening the link to what makes a difference on the ground. There is often no shared agenda across the multiplicity of agencies, companies and charities across a city.

This is the problem now being faced by a new generation of city and regional mayors, charged with delivering complex and ambitious visions, and without the levers to pull to make them happen. They are also aware that the problems that really need tackling have elements in every professional discipline and professional department, with their roots in every government department. Their main hope is to be able to integrate in a focused, place-based way.

This is the idea behind the Bristol mayor’s new City Office, designed to mobilise effort across the city, using the influence and heft of the mayor, to make things happen around very specific problems.<sup>78</sup> In Bristol, they have concentrated on two of these so far – rough sleeping and making sure there is equitable access to good quality work experience for young people. The idea is to engineer and mobilise a network interested in the issue and able to get things done – city challenges are not solved by councils alone: they require the mobilisation of all the capabilities and resources across a place.

The idea for the Bristol City Office came when the new mayor, Marvin Rees, was wrestling with this question, aware of one-city planning (strategies that cover all aspects of a city’s life) in US cities and the One New York Plan (OneNYC), and attempting a more modest but equally effective way of translating that into UK terms, so that the mayor can focus his convening power towards a particular challenge.

The project draws on the work done under the auspices of the Rockefeller Foundation’s 100 Resilient Cities project, and on Marvin Rees’ own previous experience with the Local Strategic Partnership – an early attempt to do something similarly cross-disciplinary. What this couldn’t be was just another way of raising awareness. It also had to be effective and to mobilise the resources of all the sectors to make a difference.

The first tester project involves rough sleeping, and has three components: a campaign to challenge the normalisation of rough sleeping in Bristol, a livelihoods programme helping local business to support rough sleepers directly, and finding an extra hundred beds in a hundred days. The impact of the project will be evaluated in spring 2017, and the work has highlighted a range of barriers to both addressing the specific issue in hand and working city-wide in a new way. This experience will be used for future projects.

The key to the City Office is the additionality test – does it help to mobilise new resources or capability? Finance is not the only element of this – the aim is to bring something extra that people working on these challenges can’t currently do what they need to by themselves, and using the City Office to make it possible. It is about working with what you’ve got already and going with the grain of these organisations. It isn’t a huge shift yet. What it does have is the flexibility to make a democratic difference, on behalf of the people of Bristol, who want the mayor to be effective.

### Carry on devolving

Sir Keith Joseph, Margaret Thatcher’s intellectual inspiration, used to complain that he had spent his entire career trying to get his hands on the levers of power, only to find that they weren’t connected to anything.

He made that complaint in the 1960s, but we all live in that world now. The tight central control over budgets and programmes that so disempowered UK cities were partly created as a response to that sense of powerlessness at the heart of government. Devolution is partly a recognition that the centre never really had the power to shift – at least not by themselves – and the most effective cities in this book have clearly recognised a similar phenomenon locally: they may be paradoxically most effective when they recognise how little actual power they have. They know they will get most done if they can lead effective teams, across sectors and sectional interests, and for the long-term.

That is the paradox of local democracy. Cities know that, to be effective, they have to keep on devolving, both power and responsibility, downwards to neighbourhoods and suburbs – aware that it is their coordination and leadership, not their direct powers, that will make a difference. How that is best done to avoid the

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<sup>78</sup> Cork, T. (2016) ‘Radical new ‘city office’ will tackle Bristol’s homelessness crisis as rough sleepers near 100’. *Bristol Post*, 29 September. Available at: <http://www.bristolpost.co.uk/radical-new-city-office-will-tackle-bristol-s-homelessness-crisis-as-rough-sleepers-near-100/story-29763342-detail/story.html>

endless committees and talking shops, replacing what had been local government, is not yet clear – but it may be that, as we saw in Chapter 4, the most important thing is to interpret democracy in terms of *doing* things and making things happen.

So the devolution story does not end when the ink is dry on the Treasury agreement to devolve powers. It is really just the beginning. The race is then on to work out ways to make things happen, on behalf of all the people in the city, to build sustainable prosperity. One of the side-effects of inclusive growth is to rescue democracy from the assumptions of *non*-inclusive growth – the idea that the aspirations of some people must be set aside for the good of the many, and the fantasy that not everybody in the city is needed to create a prosperous, civilised place to live.

Cities might kickstart their inclusive growth mission by throwing open the underlying problem beyond the local authority (the Commission for a Socially Sustainable Malmö). It might mean involving people in the planning process (the Portland Plan, Sustainable Seattle, OneNYCPlan), or it might mean handing over a proportion of the city's budget each year for innovative ideas by its people (Paris).<sup>79</sup> It often seems to mean sharing the responsibility for the future in different ways with its citizens.

The democratic element of inclusive growth is not completely clear yet, though there are ways of using open source methods of unlocking innovation (Helsinki, Detroit, Boston).<sup>80</sup> This brings us full circle again, back to the idea of a binding mission, which is increasingly being pursued in the most innovative cities in the world.<sup>81</sup>

The Inclusive Growth Commission urges anyone involved in practical policy to look more closely at the interconnections between those areas of expertise which used to be heavily demarcated, their borders patrolled by accountants, ideologues and officials. We argue in this report, behind everything else, that seeing these connections and acting on them is the key to inclusive growth.

The alternative is that prosperity is inadvertently undermined by the maintenance of a rigid distinction between the economic and the social, between different town hall departments and rival, parallel departments of state or the different levels of government. Sustainable prosperity, inclusive growth, then slips through our fingers, corroded by rising public service costs. Most urgently perhaps – even

more urgently than the search for sustainable prosperity which can provide cities with some measure of local self-determination – is the need to see connections between the ability of cities to make things happen and the health of democracy itself. Democracy without action, and without effectiveness, and without being able to make a difference in the lives of those around you, is just a sort of gesture voting – and that leads to cynicism and intolerance.

Inclusive growth is no panacea, but at its heart lies this question of democracy, of the ability of our elected representatives to make a difference – so that democracy of the people, by the people, for the people, should thrive in our British cities.

<sup>79</sup> Green, A., et al (2017) *op cit*.

<sup>80</sup> See for example Anttiroiko, A. (2016) City-as-a-Platform: The Rise of Participatory Innovation Platforms in Finnish Cities. *Sustainability*, 8(9), 922.

<sup>81</sup> Devaney, C. (2016) 'A shared mission of sustainable growth'. *Citizens and Inclusive Growth*. Available at: <https://medium.com/citizens-and-inclusive-growth/a-shared-mission-of-sustainable-growth-e30937c50562#.38mc452wj>

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<sup>82</sup> Green, A. et al (2017) *How do cities lead an inclusive growth agenda?* York: Joseph Rowntree Foundation. Available at: <https://www.jrf.org.uk/report/how-do-cities-lead-inclusive-growth-agenda>

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## The Commission process

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The Inclusive Growth Commission was launched in April 2016, just two months before the EU referendum. The decision to leave, for the UK to ‘take back control’ exposed the central problem that had sparked our inquiry; too many families, communities and places were being left behind by our economy. This is bad for society and for trust in politics, but it is also bad for growth, productivity and the public finances. A new, inclusive type of growth would be needed, and only an inclusive process of research and engagement would give us a full picture of the scale and nature of the problem we were trying to address.

The Commission undertook a comprehensive programme of activity and engagement to understand the challenges of inclusive growth and how best to respond to them. It drew in evidence from across the UK, with the first of its evidence hearings taking place just days after the referendum result. Evidence gathering included:

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**Formal evidence hearings** to examine the challenges and opportunities for place-based inclusive growth in a number of cities: Sheffield, Plymouth, Nottingham, and Barking and Dagenham in London.

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**‘Deep dive’ research visits** for an in-depth examination of a small selection of places, including the Devolved Administrations. The Commission conducted research in Cardiff, Newcastle, Bradford and Glasgow, and also visited Belfast, Manchester and Bristol. A report on the deep dive case studies was published in September.<sup>1</sup>

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**An open Call for Evidence** which received approximately 50 submissions from a range of public, private and third sector organisations, as well as individual citizens.

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**A seminar series** exploring different aspects of the inclusive growth agenda, engaging with a variety of experts from across the country and internationally. Topics ranged from skills and labour markets, through to private sector leadership, industrial strategy, housing, and inclusive institutions.

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**Collaborating and sharing information** with a range of leading organisations in the UK and internationally, including the OECD, the Greater Manchester Growth and Inclusion Review, the Brookings Institution, New Economy and the Inclusive Growth Analysis Unit. The Commission was also supported by a Research Advisory Group.

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**Policy engagement** including briefings with key central and local government stakeholders, including senior Whitehall teams and political advisers. The Commission also spoke with business leaders, and third sector and trade union representatives.

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**Citizen engagement**, including working through the RSA’s Fellowship networks and learning from the PwC’s citizen juries and RSA Economic Inclusion Roadshow.

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**Publishing reports and policy papers.** This included the Commission prospectus,<sup>2</sup> a report on its deep dive research,<sup>3</sup> and the inquiry’s interim report,<sup>4</sup> supported by the Commission’s Research Advisory Group.

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1 Inclusive Growth Commission (2016a) Inclusive growth for people and places: challenges and opportunities. London: RSA. Available at: [www.thersa.org/discover/publications-and-articles/reports/inclusive-growth-for-people-and-places-challenges-and-opportunities](http://www.thersa.org/discover/publications-and-articles/reports/inclusive-growth-for-people-and-places-challenges-and-opportunities)

2 Inclusive Growth Commission (2016b) Inclusive Growth Commission: Prospectus of Inquiry. London: RSA. Available at: <https://www.thersa.org/discover/publications-and-articles/reports/inclusive-growth-prospectus-for-inquiry>

3 Inclusive Growth Commission (2016a) op cit.

4 Inclusive Growth Commission (2016c) Inclusive Growth Commission: Emerging Findings. London: RSA. Available at: [www.thersa.org/discover/publications-and-articles/reports/emerging-findings-of-the-inclusive-growth-commission](http://www.thersa.org/discover/publications-and-articles/reports/emerging-findings-of-the-inclusive-growth-commission)

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8 John Adam Street  
London WC2N 6EZ  
+44 (0)20 7451 6848

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