

City of Bradford Metropolitan District Council response to the RSA Inclusive Growth Commission

December 2016

1. Overview

Bradford is enterprising, energetic and extraordinary. As the youngest, and one of the most dynamic places in UK, realising the potential of all our people is very important in delivering inclusive growth. If we are to create an economy that works for everyone we must ensure that productive growth happens everywhere and economic prosperity reaches our most deprived residents and communities. This requires greater **integration of social and economic policy** and **long term public investment in our social and physical infrastructure** to create the local conditions for productive, sustainable and inclusive economies. This means investing in transport connectivity, housing, innovation and R&D capacity. We also need to build a strong social infrastructure that enables all people to fulfil their potential recognising that such investment is as much a driver of a productive and resilient economy as investment in physical infrastructure.

Creating a more inclusive economy also requires a shift away from fragmented policy developed nationally to one where **local leaders work together with national government, businesses, public services and residents to design and implement services that respond to local need and provide the platform for economic growth, successful places and stronger communities.**

A key focus must be **developing inclusive labour markets** through an employment and skills system that moves beyond simply moving people into any job as quickly as possible to one that delivers the skills that productive businesses need. We have many companies in Bradford with vacancies and the potential to grow if they can attract skilled workers and we have many people who would like to work given the right support – bringing the two together will promote inclusion and productive growth at the same time.

This means changing the current fragmented set of employment and skills agencies, programmes, and providers to **build a more coherent and effective workforce development system.** Currently, the District's workforce programmes do not work cohesively due to a 'marketised' system spanning a myriad of agencies and service providers with many different providers, brands and programmes. The absence of co-ordination sharply reduces the value that jobseekers and employers derive from public investment in workforce programmes. The opportunities that jobseekers can access are arbitrarily limited by where they seek services because there is no full-system perspective. Employers face the inverse of the same problem. All too often, the system's design and narrow focus on entry-level placements discourage employers from accessing the public workforce system altogether.

2. Place based approaches

Creating more jobs and getting more people into good jobs is at the heart of strategies to increase prosperity in the district and beyond. **Bradford Council is committed to creating a high-value, high-skill economy driven by innovative and productive businesses that delivers growth, jobs and opportunity for all.** Leeds City Region is

serious about good growth too - it is at the heart of the city region's Strategic Economic Plan.

For many people, 'trickledown' economics hasn't worked. Regeneration, like the economy, happens in places, but we have to be clear that the true measure of success is the **sustained impact on the people who live in those places**. This means having a greater understanding of the barriers that exclude certain groups from sharing in the economic growth that happens around them and a commitment to helping all members of our communities overcome those barriers.

We fully support the call for '**Grown-up devolution**' that is nuanced to the realities of local economic geographies. We agree that this needs to avoid a simplistic 'devolve or centralise' approach, recognising that effective solutions will be a blend of national, regional and local policies and actions based on a clear understanding of who does what best. We also support the idea of a 'road map' for inclusive devolution to avoid the danger that meaningful deals will only be offered to – and will only benefit – those places that already have higher performing economies.

While many cities have seen significant investment and improvements over the last decade, their revival has often not spread beyond the major city centres. Initiatives such as the Northern Powerhouse provide a real opportunity to rebalance and shape a stronger and more balanced economy, but this needs to enable all people and places with the opportunity to contribute and to benefit.

The new Industrial Strategy will need to explicitly address inclusion. This means understanding the reasons for the relative decline of the UK's second and third tier cities, the role of devolution and developing customised place based industrial strategies that build on local strengths and opportunities. We need to look at how we better support areas to transition from overdependence on industries that are declining. It also means **redressing the imbalance that has seen London receive nearly three times more government investment per head than Yorkshire and the Humber.**

Devolution also offers a real opportunity to develop locally appropriate solutions to reach those 'harder-to-help' unemployed and underemployed people in the light of failings in marketised, nationally commissioned employment support programmes. With the Work Programme, only 1 in 20 ESA claimants find a sustained job. The focus on market led accountability, and 'crude' payment by results has designed in perverse incentives that have led to 'creaming' – with the majority of interventions focused on helping those who least need it - and 'parking' – leaving those with the biggest disadvantages to fend for themselves as there is no 'profit' for contractors in helping them. We would argue that there needs to be greater connection between organisations helping people into work and the people they are working with. This requires a much greater connection and commitment to the places employment support providers work in and to the most disadvantaged residents. We are advocating for a **bottom up co-produced programme focused on long-term value building to support progression to and within 'quality work' that supports wellbeing and builds resilience in individuals, families and communities.** Experience in Bradford has shown how locally led employment and skills initiatives such as Get Bradford Working can be more effective in getting the most disadvantaged people into sustained employment as well as supporting business to improve their workforce performance. This needs to be recognised and supported by national government.

Preparing people for the world of work also requires a fully devolved and coherent mainstream skills system and locally focused careers guidance. There is a real opportunity to use the devolution of the **Adult Education Budget** to councils to end the age based fragmentation of education and skills funding agencies. Councils, working with public partners and business, should have a clear role to play in future commissioning.

Community anchors in Bradford District such as Trident, Carlisle Business Centre, Royds and Inspired Neighbourhoods have demonstrated that they can play an important role in regenerating neighbourhoods, supporting employment and promoting locally inclusive economic development. Community anchors act as a hub for local residents, community groups, businesses and other organisations in an area and play an important role in helping them access key services. At their best they **deliver services that are tailored to local need and circumstances, in ways that are person centred and preventative in approach and that provide more cost effective solutions**, improving people's lives as well as saving money.

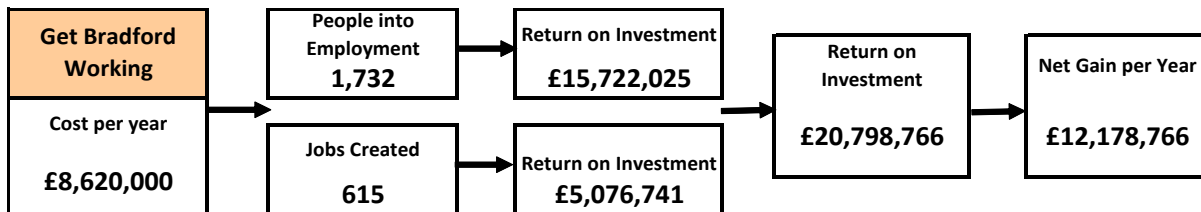
Community anchors are also visible 'go to' places for local people looking for a range of services and support including employment and training, financial advice, benefits, legal advice, business support and health care. Community owned and managed delivery of services can be more effective in delivering positive outcomes compared to mainstream activities because they are locally rooted and engaged with local people.

We believe that community anchors present a major opportunity for supporting inclusive growth in Bradford and across the UK. This requires a commitment from all levels of government and the wider public sector to engage proactively with the sector to support their long-term development through investment in income-generating assets for organisations and encouraging greater levels of public services contracting and partnership arrangements. An initial cost benefit analysis by Bradford Council has indicated that an investment of around £2 million could yield Treasury benefits in the order of £10 million through reduced benefit payments and increased tax revenues.

3. Returns on investment

Social infrastructure – schools, colleges, health and care provision, criminal justice system and welfare – drives economic and social wellbeing and needs to be seen as investment that helps create the strong society and the skilled, healthy, productive workforce that businesses need. Spending on social as well as economic infrastructure, in areas such as early years, education, adult skills and enterprise support underpins long-term economic success.

We recognise that this requires **significant long term resources** to provide effective support to people and families furthest from the labour market. Bradford Council **Cost Benefit Analysis** of the additional public expenditure savings that can be accrued from local employment programmes like Get Bradford Working provides a case for **government to significantly rethink their approach to social investment**. Our analysis shows that while investment in such projects is costly, the potential return on investment from reductions in benefits, increased tax take, jobs and GVA growth more than covers the initial expenditure even before adding in wider benefits to health budgets, police budgets etc. The economic case for Get Bradford Working based on the added impacts is summarised in the diagram below.



Crucially, we would argue that via grown up devolution deals, the savings that are made by supporting more people into better paid and more secure jobs need to be returned to local areas in **long term investment deals** with government.

Retention of business rates offers an opportunity to reward economic growth but there is a clear danger that 100% retention could increase economic disparities between the highest performing and least performing areas. The move to 100% business rates retention has to retain a strong mechanism for redistributing resources to balance revenues with local need.

There has been on average one recession every decade since the end of WW1. It is 8 years since the last recession, by 2019/20 it will be 11 years. Business rate income is recession prone. There was real decline in Net Rates Payable nationally of 4.5% and 6.8% 2009/10 to 2010/11. To ensure that authorities can make longer term plans, including plans that will support investment in growth, we need to ensure that authorities are adequately protected from business rates volatility and shocks in business rates income.

Alongside the local retention of business rates, there is also merit in looking at devolving other locally derived government income through **apportioning national taxation** such as income tax, corporation tax or VAT. This would enable public sector partners to make collaborative decisions on how best to use public funds to address local needs and introduce a greater element of local accountability for income that is currently raised locally but spent nationally.

4. Early intervention

With almost a quarter of our population aged under 16 years of age, Bradford is the youngest city in the UK. **Raising educational standards to ensure all our young people can succeed in later life and have opportunities to be socially mobile is critical.** DfE data shows educational outcomes for children from disadvantaged backgrounds are particularly low.

Only 34% of disadvantaged students attending northern schools achieve 5+ A*-C GCSEs including English and mathematics, compared to a disadvantaged average of 48% in London. There is also a bigger difference in attainment between advantaged and disadvantaged pupils within the North of England; the gap is 30.9 percentage points in the North compared with only 20.5 in London. Poor educational attainment has a big impact on a child's life chances; research from the DfE suggests that it is worth approximately £100,000 over the lifetime of an individual.

We note the big improvements in educational attainment by the most disadvantaged pupils in London in recent years and while it is clear that the drivers for these improvements are complex and have coincided with other initiatives and socio-economic factors, it seems clear that the **London Challenge initiative** has been instrumental in raising achievement through a combination of investment in teacher recruitment,

leadership and infrastructure targeted at the least performing schools. This should be repeated in Bradford and across the UK.

Bradford welcomes the announcement of the **Northern Powerhouse Schools Strategy** by the Government but note that the proposed investment of £70 million equates to just £44 per secondary school pupil in the North. Given that a recent report by the Institute for Public Policy Research found that secondary schools in the north receive on average £1,300 less per pupil than schools in London, we would argue that **the level of ambition and investment in education by the government needs to match that of northern authorities like Bradford.**

Putting spend per secondary school pupil in the North on a par with London requires an additional investment of £2 billion per year. Even if we target only the 20% most disadvantaged children this still requires an investment of £400 million per year compared to the £20 million per year that the NPSS will deliver.

Locally we have invested significantly in education attainment, supporting partnership peer school improvement to deliver the collaborative approach of mentoring and spreading best practice that was successful in London. Excellence in school leadership and teaching is linked directly to good pupil progress so we have invested directly in school recruitment and retention of good teachers, making sure we attract more high quality candidates to apply for jobs in our district. Our Education Covenant sets out Council pledges to improve education achievement and also asks for the necessary support from parents, young people, schools, businesses and employers, communities and Government.

We also need to make sure that there is **adequate funding for high-need pupils** and sufficient special school provision to ensure schools with high concentrations of students with special educational needs are fairly funded. Local authorities also require support and funding to ensure Special School provision is sufficient to meet demand.

We would also argue that **greater attention needs to be paid to Information, Advice and Guidance** provided to young people to enable an impartial and pupil centred service that ensures young people and their carers are able to make informed choices regarding their future education and employment options. This is best delivered through locally developed services that sit at the intersection of employer demand and labour market supply. Bradford is leading on the development of sector based Industrial Centres of Excellence. These **industry-education partnerships are helping to equip young people with the skills employers need and the competencies, credentials, and experiences necessary for success in the employment market.**

Bradford is also establishing an initiative called Bradford Pathways as an effective integrated career and transition framework. We would welcome an opportunity to work with the Government to help us progress our approach and identify ways of devolving and investing funding to improve education and employment outcomes for young people in Bradford.

Intervening in the very early years, including starting from conception, secures better outcomes for children and throughout their lives. Our **Better Start Bradford** programmes are providing a model for how early intervention can work for the most disadvantaged to break inter generational cycles of deprivation and underachievement.

Preventative work with families in early years can have enduring impacts on future physical, emotional and economic well-being. The Troubled Families programme experience in Bradford is that it has made a positive impact and we would argue for a more evolved and **integrated approach to supporting families experiencing poverty**.

5. Growing good jobs and productivity

Inclusion needs to figure prominently in the new Industrial Strategy. Raising productivity means realising the potential of our most important asset – the skills, ingenuity and enterprise of our people. Too many people are currently disadvantaged and unable to participate fully in the economy and these people are also disproportionately represented in under performing cities and towns.

The UK productivity challenge lies in those areas outside London and the South East. 28% of the UK's GVA is generated by London alone. Raising UK productivity means ensuring other regional cities fulfil their economic potential. The new Industrial Strategy will need to explicitly address this. This means looking at how we encourage growth outside the major cities, the role of transport to connect areas to major cities and encourage productivity growth. We also need to look at how we better support areas to transition from overdependence on industries that are declining.

While we value entrepreneurialism, we know that self employment can be a precarious option and that much of the high wage employment growth needed will come from a relatively small number of high value, high growth businesses. Consequently we would suggest that there is a need to focus on **supporting business scale up as well as start up** enterprise support.

Investing in R+D and innovation will increase productivity and create better quality employment opportunities. Nationally, the North receives less government R&D spend than London and the South East, and we would suggest that use of public resources could result in better economic and social outcomes if targeted more effectively in areas where there are greater opportunities for market growth.

Focusing solely on key high value growth sectors will increase productivity. But it is also important to recognise that productivity growth does not always create significant numbers of new jobs. Meeting the UK's productivity challenge means that we also need to focus on **increasing productivity and wages in low pay sectors** that employ large numbers of people such as retail, hospitality and the care sector and this has to be reflected in the development of the UK's Industrial Strategy.

There is also evidence to show that the rise in the use of zero hours contracts and the emergence of the so called 'gig economy' is undermining earnings, leading to a big increase in households that are 'just about managing'. We need to **make the UK the best place to operate a business and also the best place to work**.

Bradford Council along with other local authorities making up the West Yorkshire Combined Authority have recognised the importance of raising income and opportunities for our lower paid workers through a Low Paid Workers Group set up in Spring 2014. A **Low Pay Charter** has been agreed and significant progress has been made including:

- Pay – all WYCA authorities are now paying the living wage.
- An employee benefits package being developed.

- A range of Social Value policies with regard to procurement including Bradford development of a social value toolkit.
- Good progress on the use of zero hours contracts with no Local Authority directly employing anyone on this type of contract.

We would suggest that this type of approach is a model for other public and private sector organisations. Government should be working with and incentivising employers to commit to **progression routes that increase the earnings of their lowest paid workers** over time. In any economy there will always be some jobs that pay less than others – the key thing is to ensure workers doing those jobs do not get trapped in them for their whole working lives but are given the skills and opportunities to progress into better paid work over time. In some instance this will mean a **renewed commitment to tackling inequality in the work place** and in the light of Brexit we would be against the relaxation of employment legislation protecting the rights of employees with regard to gender, age, ethnicity, disability, sexual orientation, maternity/paternity etc and also with regard to working hours and ill health.

Inclusive growth requires an inclusive labour market. Through our work with the JRF Poverty and Ethnicity Programme we have identified persistent levels of labour market disadvantage that disproportionately affect women, people with disabilities and certain ethnic minority communities. Tackling this requires concerted effort and a level of resources to tackle long standing and entrenched barriers to employment. This means providing **personalised support** above that provided for by mainstream programmes if we are **to help those furthest away from the labour market into well paid work**.

We would also argue Government has a critical role in helping to create a more inclusive economy as it is a major employer. Civil services jobs are over concentrated in London and some major cities and there is a clear inclusive growth argument for relocating these jobs to regional towns and cities. The presence of relatively high skill and well paid jobs associated with government offices can help create a stronger and more balanced local economy.

We would also argue that simply relocating public service jobs to those cities that have seen strong growth will fail to capture the full range of benefits that would accrue from locating in second tier cities where these jobs would have a greater impact. The recent move by HM Government to rationalise and improve the cost efficiency of property assets occupied by the public sector through the 'One Public Estate' initiative is an example of how Government policy is running counter to the inclusive growth agenda.

In Bradford's case, HMRC is implementing an initiative named *Building our Future* and have announced plans to consolidate their existing 170 offices across the UK into 13 regional centres. Leeds has been announced as the location for the Yorkshire regional centre that will accommodate up to 4,400 employees and will see the loss of HMRC jobs from Bradford Grimsby, Harrogate, Hull, Sheffield, Shipley and York. For Bradford this will mean the loss 2,300 jobs that will have a significant negative impact on Bradford District including:

- An £110 million decrease in district GVA
- The loss of up to £10.5 million of district retail spend
- A loss of £1.2 million business rates receipts for the local authority
- Additional public spending costs of £2.5 million

HMRC accounts for two thirds of civil service employment in Bradford District. At 66 civil service jobs per 10,000 resident population, Bradford already has the lowest density of civil service jobs of any major UK city and losing 2,300 HMRC jobs would take this figure to just 22 jobs per 10,000 resident population compared to an average of 68 across England and Wales.

We have looked at economic impacts that the loss of existing HMRC jobs would have on Bradford District which include:

- a) The loss of 2,300 largely high skill, high wage jobs an area that has an unemployment rate that is double the UK average
- b) An £110 million decrease in district GVA
- c) The loss of up to £10.5 million of district retail spend and 210 associated jobs
- d) A loss of £1.2 million business rates receipts for the local authority
- e) Additional public spending costs of £2.5 million

Whilst recognising the importance of delivering effective and affordable public services we would encourage the government to factor in the wider costs and benefits of such decisions. What is good for HMRC as a service may not necessarily be the best solution for the country as a whole. We would argue that inclusive growth metrics need to be part of the evaluation process used by departments when making decisions about where to best locate operations.

6. Measuring success

We strongly agree with the RSA Emerging Findings on the importance of robust indicators to measure progress on inclusive growth and the importance of spatial domains which **allow indicators to geographically drill down as far as possible**. This will help **build effective place based strategies** and the more that these measures allow us to **reflect 'real life' in neighbourhoods** (i.e. are able to be disaggregated from local authority levels and informative enough to tell stories about living in a particular neighbourhood), the better.

As part of building this place based approach we would also look for indicators that allow a **breakdown by gender and ethnicity** where available. Telling the story in real numbers as well as percentages also helps clarify the scale and magnitude of the issues we face – a problem that affects 200,000 people is probably more pressing than one that affects 50. The indicators selected should help point to where 'externalities' are operating. So, in an inclusive economy, someone working full time even in a low paid job should be able to sustain and house themselves with some dignity. If a company is able to return a profit to its shareholders, but the employee (the labour that creates value for the company) requires state or other forms of assistance to sustain themselves, this is an externality.

Finally, the relationship between the measures is important. We need to be able to **distinguish leading and lagging indicators**, how one factor influences another. There is a lifecycle element to some of that, e.g. how poverty is accumulated over time – beginning with early years (by 22 months a child's language development can predict outcomes at age 26).