



Inclusive Growth Analysis Unit (IGAU)
Submission to GM Local Industrial Strategy Call for Evidence

Ruth Lupton, Ceri Hughes and Andrea Westall

Inclusive Growth Analysis Unit

November 2018

Contents

Summary	1
1. About this submission.....	5
2. Inclusive Growth and Local Industrial Strategies.....	5
3. Evidence on local inclusive growth strategies and actions.....	9
GMS Priority 3: Good Jobs with Opportunities to Progress and Develop	10
GMS Priority 4: A Thriving and Productive Economy in All Parts of Greater Manchester.....	15
Inclusive Economies: Strategic Approaches.....	17
4. Implications for GM’s Local Industrial Strategy	19

Summary

Inclusive growth and Local Industrial Strategies

The idea of inclusive growth is one of economic prosperity that is widely and fairly shared. It proposes that the widest range of places and people should be able to contribute to and benefit from prosperity. We understand that GMCA is firmly committed to inclusive growth and to using its Local Industrial Strategy to promote it.

Inclusive growth can be understood in different ways which have different implications for industrial strategies. When it is understood as “growth with inclusion” or “growth plus”, the emphasis tends to be on strategies which increase employability and connect people to jobs. When it is understood as “inclusive economy” there is more emphasis on the economy itself and its capacity for more people to benefit and prosper from economic activity. These have different implications for Local Industrial Strategies – the former suggests the importance of investments in people and social infrastructure; the latter the importance of shaping the nature and distribution of economic activity to deliver greater economic justice. Both may have spatial dimensions.

How different interpretations of inclusive growth intersect with industrial strategy

Growth Plus or Growth with Inclusion	Inclusive Economy
<p>In addition to strategies for maximising growth through e.g. innovation, R&D, inward investment, infrastructure development ...</p> <p>Industrial strategy also needs to emphasise social investments which will:</p> <ul style="list-style-type: none"> • increase human capital • reduce ‘participation gaps’ in the local economy • connect workers to workplaces and thus reduce skill-underutilisation and meet employer demand • increase worker productivity 	<p>Industrial strategy should not just be about maximising the volume of growth but also about shaping the nature of that growth to be more inclusive of people and places.</p> <p>This might include interventions around:</p> <ul style="list-style-type: none"> • The kinds of industries we promote • Who owns firms and how profits are distributed • Levels of pay • Standards of employment • Opportunities for development and progression • Building on the opportunities, assets and skills of local areas

The emerging consensus is that both are necessary. The evidence we present in this submission focuses on the inclusive economy elements, since we believe that ‘growth with inclusion’ elements have been better covered by existing GM strategies. Aspects relating to education and skills are addressed in our other submissions to the review. We organise the material around three themes:

- GMS Priority 3: Good Jobs with Opportunities to Progress and Develop
- GMS Priority 4: A Thriving and Productive Economy in All Parts of Greater Manchester
- Strategic Approaches to Inclusive Economies at the City/City Region Level

Good Jobs with Opportunities to Progress and Develop

A key plank of local inclusive growth strategies is supporting employer behaviour that raises wages, improves job quality and builds opportunities for in-work skills and pay progression.

A key mechanism being developed in GM at present is the Employer Charter. IGAU has submitted specific evidence separately on this. Our main focus here is how the Charter could be supported by a broader strategic approach with infrastructure and activities to engage and support businesses in achieving change. Many suggestions for promoting better work and greater inclusion are aimed at 'businesses in general' and often at large corporates. To engage SMEs there is a need for stronger convening and coordination of relevant business support services and brokerage and accessibility within local areas (potentially by GM Growth Hub). Specific examples from elsewhere include: developing sector-specific strategies based on understanding of operating environments in each sector; strengthening business networks working through BME community groups to reach SMEs; investing in case studies and story-telling; and working through intermediaries (eg HR and legal firms).

A particular area in which evidence is developing is in relation to strategies to support individuals into better paid work. International evidence suggests that a sector-focused 'dual customer' approach – helping employers and low-paid workers through the same programme – can be effective. Such initiatives tend to work when they meet an identified employer need such as skills shortages or high labour turnover. Evidence points to the promise of sector-based approaches, which should incorporate three elements: a careers information, advice and guidance service for low-paid workers to support progression; an in-work advancement service focusing on employer-led training linked to career advancement; a business support service aimed at enhancing opportunities for part-time workers. Recently evaluated pilot programmes in the UK demonstrate the importance and value of support to low-paid workers in the form of funded skills training, one to one support, and employer engagement. It would be possible from the available information to estimate costs and benefits for similar approaches in GM.

As these kinds of initiatives are developed, it is important to consider the question of 'good jobs for whom?', ensuring that particular ethnic and social groups do not find themselves confined to the low quality sectors of the economy. This is an area in which strategic commitment and responsibility can be taken at the city-region level by establishing targets or monitoring (eg a local Race Disparity Audit) and by building equalities into existing initiatives (e.g. apprenticeship strategies, progression initiatives, or employment charters).

We also point to the need to think about 'inclusive growth sectors'. Agglomeration economics tends to not to focus on promoting particular sectors because the evidence shows that the benefits of agglomeration come from scale and diversity not from sector clusters. However, some sectors are more likely to produce 'better jobs' for lower qualified workers than others. These include, in general terms, those dominated by large companies and/or with relatively high union representation, and specifically sectors such as information and communication, finance and insurance and construction. While no one suggests that cities should create and prop up economic activities in sectors for which there is no demand, inclusive growth strategies can involve exploring opportunities to grow sectors which have the potential to generate both more and better jobs, and to ensure that strategies for growth sectors have a focus on inclusion, including 'demand linkage' policies to strengthen local supply chains, and links to skills strategies and the creation of local talent pipelines.

Inclusive growth also suggests a greater focus on 'social economy' models of economic activity (social enterprises, co-operatives, and economic self-help groups). Together with other hybrid business models, such as employee-owned companies, B-Corps, and what the Government has called 'mission-led' businesses, diverse economic organisations enable resilience and innovation within localities or sectors, particularly at times of shock or rapid change. There are strong international examples of cities which have strengthened their social economy ecosystems, including developing networks, collaboration and knowledge sharing opportunities; using procurement processes; and providing support in the form of advice, training, incubators and premises.

A Thriving and Productive Economy in All Parts of Greater Manchester

Activities to promote inclusive growth generally are likely to have the effect of producing more spatially even shares in the benefits of growth, but inclusive growth can also be approached through an explicitly spatial lens, focusing on how the economies of struggling places can be developed to provide local economic opportunities, support thriving places and at the same time reduce travel to work journeys, carbon consumption and congestion. We cite some examples from international cities, not to suggest that they can be directly 'copied', but to indicate the kinds of approaches that are adopted when cities think not just about total short-term growth but about its spatial distribution, and about the longer term benefits of tapping wider economic potential. The use of spatial planning as a tool for economic and social inclusion has been much weaker in England than in many other European countries to date but the Mayor has some options in GM including: an Equalities Impact Assessment of the GMSF; pooling planning resources and developing a set of performance measures for planning relating to inclusive growth indicators, as well as a bottom up revisioning of GM's declining industrial towns and their designation as Mayoral Development Corporations.

There are also examples of cities which have targeted existing opportunities and strategies in order to support the 'bottom-up' growth of local economies in areas where there is low labour demand and corresponding weakness in skills. One obvious opportunity is the adoption of a strategic approach to major new development projects, using planning and procurement policies to create employment and skills opportunities for target groups or areas, linking this to developments in training provision and support services. Another is to maximise the economic impact of local 'anchor' institutions, those organisations with significant spend that are part of a locality and unlikely to leave, such as hospitals, universities, local authorities and major cultural institutions.

Inclusive Economies: Strategic Approaches

On the basis that an effective industrial strategy is unlikely to involve more than a scattering of isolated initiatives, we also bring forward examples of cities that have attempted to take a strategic approach to developing more inclusive economies. These include Glasgow, which states that inclusive growth is at the heart of the economic action plan that it developed in 2017. Examples include commitments to actively use the procurement system to benefit local SMEs; to adopt a City Region approach to maximise the use of community benefits clauses throughout public sector procurement; to provide a unified business support service; to increase the number of social enterprises and co-operatives and investigate innovative models of financing. New York has pledged an 'inclusive, equitable economy that offers well-paying jobs and opportunities for all New Yorkers to live with dignity and security'. Growth, equity, sustainability and resiliency have been adopted as four key overarching lenses and there are specific goals to reduce inequality and lift 800,000 New Yorkers out of poverty. The industrial action plan promotes sectors which have the

potential to provide relatively well paid and good quality work, especially at the lower skill end of the labour market, and these are supported by strategies to use the city's own land and property to provide space and to gear training to these industries through a new Career Pathways programme. Seoul has adopted a goal to be a "City of Economic Democratisation": creating "an environment in which imbalances between large conglomerates and small businesses, between citizens, and between generations are resolved, sustainable economic growth is pursued, unfair trading practices are improved, and the economically underprivileged are protected".

Given the difficulty of applying specific examples across urban and international contexts, we also point to some more general principles drawn from UK and international studies: creating a shared binding mission; seeing growth not as an end in itself but a means to achieve inclusion and shared prosperity; being proactive in shaping good quality jobs; providing support at key transition points, and others.

Implications for GM's Local Industrial Strategy

By contrast to the situation at the time of the MIER, the need for new and different approaches to deliver more inclusive growth is now recognised internationally, nationally and locally. Other international cities are beginning to signal different paths through economic strategies which make commitments to reshaping their economies in the interests of more broadly shared outcomes. GM's positioning as a trailblazer area for local industrial strategies gives it an opportunity to move on decisively from the MIER, to lead the way in the UK in showing how local strategies can contribute to more widely shared prosperity.

We propose that a simple way to signal this is to follow the example of other cities in the naming of its strategy: for example as 'strategy for economic growth and economic justice' or 'strategy for shared prosperity'.

Throughout the paper we highlight specific examples of actions that may be taken but perhaps more critical at this stage of development is the "how" of inclusive growth. How does GM move to long term plans for inclusive economic transformation? We argue that this requires greater capacity for national and international learning, for modelling distributional and spatial implications of policy and investment proposals and understanding the costs and benefits of investing in struggling towns and neighbourhoods. We suggest that GM's LIS could set out how it will, working with central government, develop and sustain this evidence base, and how it will develop other kinds of economic 'soft infrastructure' to support inclusive growth: for example support for anchor institution activities and employer engagement and involvement of people who have 'lived experience' in decision-making and implementation of policies.

1. About this submission

- 1.1. This submission adds to a number of other contributions IGAU has already made to the work of the GM LIS expert panel. We have, at GMCA's invitation, provided analysis of inequalities in GM and of educational transitions. We have also submitted findings from an expert workshop on the four Industrial Strategy grand challenges and their likely impact on inequalities. This submission focuses specifically on the relationship between inclusive economic growth and LIS.
- 1.2. In Section 2 we briefly review what inclusive growth is and its implications for the content of local industrial strategies. This is not a semantic discussion about definitions. It is important because different understandings of inclusive growth will produce different strategic and practical responses. Unless inclusive growth is clearly understood, there is a danger that it becomes little more than a buzzword, or worse *"a sort of placebo: helping policy-makers feel they are doing the right thing, but without leading to meaningful change"* (Lee 2018 p8)¹.
- 1.3. The rest of the paper addresses the question "what needs to be done differently at a city-region level?" (whilst recognising that much related and reinforcing activity will be necessary at national level). Since 'inclusive growth' is a growing area of practical and research focus, the research base is currently limited. However, there is existing research which can helpfully inform LIS development. We summarise findings in Section 3 before drawing out key implications for the GM LIS in Section 4.

2. Inclusive Growth and Local Industrial Strategies

- 2.1. Inclusive growth tends to be generally understood as "broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success", the purpose of which is "to achieve more prosperity alongside greater equity in opportunities and outcomes".² However, there are important differences in the ways people interpret this concept which have implications for the connection with industrial strategies and the policies pursued.
- 2.2. Some people purely interpret inclusive growth as "**growth with inclusion**" (we have sometimes referred to this as "**growth plus**")³. Under this interpretation, the nature of the economy is usually assumed to be unproblematic. Greater economic and social inclusion (or 'inclusivity') is achieved through supply side policies (such as education, skills, health, transport, housing, advice and information), as well as through equality and diversity and local employment policies. Inclusive governance may also be prioritised. These approaches connect more people to the economic opportunities created by growth, and it is argued that this also produces more growth by utilising more of the productive potential of the population and minimising the

¹ Lee, N. (2018) Inclusive Growth in cities: a sympathetic critique, Regional Studies, DOI: 10.1080/00343404.2018.1476753

² RSA (2017) *Inclusive Growth Commission: Making our economy work for everyone*. <https://www.thersa.org/discover/publications-and-articles/reports/final-report-of-the-inclusive-growth-commission>

³ Lupton, R. and Hughes, C. (2016) *Achieving Inclusive Growth in Greater Manchester: What can be done?* <http://hummedia.manchester.ac.uk/institutes/mui/igau/IGAU-Consultation-Report.pdf>

negative effects of inequalities and social division. Thus, more equal economies are more productive⁴.

- 2.3. Other people (while not usually disagreeing about the central role of public service reform and investing in people), also understand inclusive growth to be about the organisation of economic activity so that it produces widely shared participation and prosperity. They emphasise economic activity and growth which is by its nature inclusive. We have previously referred to this as an **'inclusive economy'** view of inclusive growth (see footnote 3).
- 2.4. These different interpretations bring different policy tools into play. Under the **'growth with inclusion'** interpretation, social policies are the principal mechanisms for change. Under the **'inclusive economy'** interpretation, a much wider range of policies becomes relevant, including economic development, infrastructure investment, spatial planning, business and labour market regulation.
- 2.5. It seems clear that it is the intention of central government in the UK that industrial strategy should be a tool for greater inclusion. In her introduction to the Industrial Strategy White Paper⁵, the Prime minister emphasised her ambitions to “shape a stronger, fairer economy” (p4) make “a country that truly works for everyone” (p5) and “create high quality well paid jobs throughout the country” (p4). Given this, and given GMCA’s existing commitments to inclusive growth, it seems to us that the question in GM is not whether industrial strategy can play an important role in creating a more broadly shared prosperity, but how.
- 2.6. Table 1 illustrates how, depending on one’s perspective on the meaning of inclusive growth, different implications arise for industrial strategy. We suggest that places where inclusive growth is understood only or predominantly as ‘growth plus’ will tend to focus mainly on the kinds of things in the left hand column, and not see their industrial strategy as being about transforming the structure and nature of economic activity. This in itself would be an extension of more limited past views of industrial strategy as being only about ‘industrial matters’ such as sector deals to boost particular industries, infrastructure or R and D. However, the more that inclusive growth is understood as being about an ‘inclusive economy’, the more industrial strategy is likely to focus on the demand side of the economy, including more of the kinds of interventions in the right hand column.
- 2.7. As ever, these are not either/or approaches. Indeed, as the inclusive growth debate matures, and the evidence base around these different perspectives strengthens, there appears an increasing consensus around convergence - that productivity and inclusion are linked – and that therefore any proposed strategies need to be broad – including both supply (enabling people to access good work and business opportunities) and demand-side measures (the nature of the working environment, and even business model, itself).⁶ We also note the view of the independent Industrial Strategy Commission⁷ that part of the role of industrial strategy in fostering better social outcomes, more widely shared, is its contribution to an effective, efficient and financially viable health and social care system, seeing social care, public health,

⁴ Ranieri, R., & Ramos, A. R. (2013). *Inclusive growth: Building up a concept* (Working Paper No. 104). Washington, DC: International Policy Centre for Inclusive Growth.

⁵ BEIS (2017) Industrial Strategy: Building a Britain Fit for the Future

⁶ Centre for Progressive Policy (2018). *Inclusive Growth: Why it can rekindle progressive politics*

⁷ Industrial Strategy Commission (2017) *Final Report of the Industrial Strategy Commission*

the NHS and industrial sectors in pharma/life sciences and medical technology as a whole system.

Table 1: How different interpretations of inclusive growth intersect with industrial strategy

Growth Plus or Growth with Inclusion	Inclusive Economy
<p>In addition to strategies for maximising growth through e.g. innovation, R&D, inward investment, infrastructure development ...</p> <p>Industrial strategy also needs to emphasise social investments which will:</p> <ul style="list-style-type: none"> • increase human capital • reduce ‘participation gaps’ in the local economy • connect workers to workplaces and thus reduce skill-underutilisation and meet employer demand • increase worker productivity 	<p>Industrial strategy should not just be about maximising the volume of growth but also about shaping the nature of that growth to be more inclusive of people and places.</p> <p>This might include interventions around:</p> <ul style="list-style-type: none"> • The kinds of industries we promote • Who owns firms and how profits are distributed • Levels of pay • Standards of employment • Opportunities for development and progression • Building on the opportunities, assets and skills of local areas

2.8. In this submission, we want to emphasise the centrality of the ‘inclusive economy’ perspective to the emergence of the concept of inclusive growth and therefore to its delivery. Calls for more inclusive growth, internationally and in the UK, are not principally a response to failures of social policy to connect people to economic growth, but a recognition that increases in the volume of economic activity and national income overall have not led to increases in living standards for all (Lee, 2018, see footnote 1). Economically successful cities have not necessarily been able to reduce poverty and have experienced rising wage inequality⁸. Productivity improvements have not necessarily led to a fairer distribution of outcomes, either at the firm or societal level⁹. This evidence has called into question orthodox and long-held policy assumptions, including that growth will spread out/trickle down. More commonly now, it is recognised that there are structural features of the contemporary economy that prevent spread out/trickle down: an increasing concentration of wealth; increasing divergence of pay and benefits within firms; the increase in precarious employment; skill under-utilisation and a new

⁸ Lee, N., & Sissons, P. (2016). Inclusive growth? The relationship between economic growth and poverty in British cities. *Environment and Planning A: Economy and Space*, 48(11), 2317–2339. Lee, N., Sissons, P., & Jones, K. (2016). The geography of wage inequality in British cities. *Regional Studies*, 50(10), 1714–1727. 9

⁹ Ciarli, T., Salgado, E. and Savona, M. (2018) Does increasing firm and sector productivity drive up wages for workers? <https://www.jrf.org.uk/report/does-increasing-firm-and-sector-productivity-drive-wages-workers>; Green, A., Sissons, P., Qamar, A., and Broughton, K. (2018) Raising productivity in low-wage sectors and reducing poverty <https://www.jrf.org.uk/report/raising-productivity-low-wage-sectors-and-reducing-poverty>

economic geography which has particularly left some former industrial areas unable to attract jobs in anything like the numbers that were lost during deindustrialisation.

2.9. For these reasons, supply side policies such as skills, transport and health improvements are necessary but not sufficient. Nor will the tax/benefit system be sufficient on its own to address inequalities through redistribution. Some people are workless and/or poor because there is no demand for their labour or because the jobs available offer insufficient wages to meet basic living costs or are not flexible enough to meet family circumstances. The spatial reconfiguring of labour demand, combined with wage stagnation, means some people are difficult to connect to jobs even when they have skills. Transport costs are uneconomic for some people in lower waged, part time or insecure work. This is why, in their recent high-profile report¹⁰, IPPR's Commission argued that 'economic justice' has to be 'hard-wired' into the way the economy works: the labour market and wage bargaining; the ownership of capital and wealth; the governance of firms; the operation of the financial system and the rules that govern markets.

2.10. While we're not claiming to offer a complete international review of inclusive growth here, it is worth noting that a similar focus on an inclusive economy (albeit in varying forms) is prominent in understandings of inclusive growth worldwide. An inclusive economy focus for the OECD began in 2007, in *The Social Economy: Building Inclusive Economies*.¹¹ In 2015, they acknowledged evidence that growth-oriented policies in isolation can increase inequality, such as those focused on technological change that raise the wages of higher skilled workers, relative to those in other sectors.¹² More recently there has been a focus on inclusive growth and productivity;¹³ as well as inclusive business.¹⁴ The G20 Job Quality Framework¹⁵ took a more inclusive growth perspective from the start addressing strategies for earnings level and distribution, labour market security and equality of the work environment; and the ILO, UN and EU have highlighting the importance of achieving a more resilient and inclusive economy, by recognising and increasing the contributions of the social economy and diverse business models.¹⁶ This year's World Economic Forum recognised that "the current economic model is unsustainable" setting up a 'GrowInclusive' platform to increase companies' transparency, inclusivity and sustainability.

¹⁰ IPPR (2018) *Prosperity and Justice: A Plan for the New Economy: The Final Report of the IPPR Commission on Economic Justice*. Cambridge: Polity Press

¹¹ OECD (2007) *The Social Economy: Building Inclusive Economies*.

<http://www.oecd.org/cfe/leed/thesocialeconomybuildinginclusiveeconomies.htm>

¹² OECD (2015) *Inequality and inclusive growth: policy tools to achieve balanced growth in G20 economies*. Framework Working Group Antalya, Turkey. Paris: OECD; Braconier, H, Nicoletti, G and Westmore, B (2014) *Policy challenges for the next 50 years*. OECD Economic Policy Papers No. 9m. Paris: OECD Publishing

¹³ <http://www.oecd.org/forum/issues/forum-2016-issues-inclusive-growth-and-productivity.htm>

¹⁴ <http://www.oecd.org/inclusive-growth/business.htm>

¹⁵ <http://g20.org.tr/wp-content/uploads/2015/11/G20-Framework-on-Promoting-Quality-Jobs.pdf>

¹⁶ TFSSE (2014) 'Social and solidarity economy and the challenge of sustainable development', a position paper by the United Nations Inter-Agency Task Force on Social and Solidarity Economy (TFSSE). Geneva: TFSSE; ILO (2011) *Social and solidarity economy: our common road towards decent work: the reader*. Turin: ILO; European Union (EU) (2014) *Rome strategy: Unlocking the potential of the social economy for EU growth*. Based on the Proceedings of the Rome Conference, November 17 and 18, 2014; European Parliament Social Economy Intergroup (2016) *Minutes: EP's Social Economy Intergroup public hearing on: The social economy: creating good quality jobs in Europe*.

2.11. A spatial dimension is not always central to the concept of inclusive growth, but is often a prominent element, in recognition of the fact that patterns of economic decline and growth has left some formerly thriving places struggling economically and socially.¹⁷ Arguing for more spatially inclusive growth strategies does not imply (as its critics sometimes seem to suggest) the adoption of a naïve vision of spatially even growth which neglects the realities of spatial location decisions and industry dynamics. It does imply careful attention to the economic opportunities for currently struggling places, the integration of demand side policies with other policies to connect, support and renew struggling towns and neighbourhoods, and spatial analysis of consequences of economic strategies and investment. As the Industrial Strategy Commission's final report argued: "*An industrial strategy should not try to do everything everywhere, but it should seek to do something for everywhere*"¹⁸. They argued that in some cases it may be the right thing to do to resolve equity/efficiency trade-offs in spatial decision in favour of equity. Other commentators are proposing what that 'something' might be, both questioning the dominance and outcomes of agglomeration approaches to city growth, and to propose more 'space-aware' development approaches in every area, informed by evidence but responding to the structural opportunities, potential and constraints of each place.¹⁹

2.12. In summary, local industrial strategies could incorporate a version of inclusive growth which is principally about strengthening public services (including through investment in health and care related industries) and connecting people better to jobs. However, this would be to miss a central focus of the emerging inclusive growth concept – the shaping of an inclusive economy. The consensus tends to be that both are necessary. There is also often a spatial dimension to inclusive growth, especially in contexts like GM where there is evidence both of economic success and of decline, affecting different parts of the conurbation.

3. Evidence on local inclusive growth strategies and actions

3.1. In this section we summarise some findings from UK and international research on inclusive growth actions and strategies which might be considered as elements of a Local Industrial Strategy.

3.2. We have focussed here principally on the 'inclusive economy' elements of inclusive growth, partly because, as indicated above, these are central to the concept and partly because we believe that other aspects have been better covered in existing and emerging GM strategies, and in our own other contributions to this review. This doesn't mean that we think that education, health, housing, transport and so on should not be part of an industrial strategy. They are just not our main focus here. We also do not cover issues of environmental sustainability.

¹⁷ See for example, Rodríguez-Pose, A (2018) 'The revenge of the places that don't matter (and what to do about it)', *Cambridge Journal of Regions, Economy and Society*, 11, 189-209.

¹⁸ Industrial Strategy Commission (2017) *The Final Report of the Industrial Strategy Commission*. <http://industrialstrategycommission.org.uk/2017/11/01/the-final-report-of-the-industrial-strategy-commission/>

¹⁹ Iammarino S, Rodríguez-Pose A, and Storper M (2017) Why regional development matters for Europe's economic future. Working Papers of the Directorate General for Regional and Urban Policy, WP 07/2017, Brussels, EC.

- 3.3. We organise the material around Priorities 3 and 4 of the Greater Manchester Strategy: ‘Good jobs with opportunities to progress and develop’, and ‘A thriving and productive economy in all parts of Greater Manchester’. We additionally include examples of places which have reconfigured the objectives and language of their economic strategies towards inclusive growth signalling a more comprehensive and longer term shift in approach.
- 3.4. The evidence presented here is based on our knowledge of the emerging literature. It is not a systematic review (although we recommend that such a piece of work should be commissioned). It should also be noted that inclusive growth, particularly at subnational level, is an emergent field and inevitably lacks large scale and long term economic evaluations. Much of the available evidence consists of small scale examples and case studies. This kind of evidence does not necessarily provide blueprints for action, but it shows that some places have departed from policy orthodoxies in a commitment to inclusive growth, and that some approaches appear promising.

GMS Priority 3: Good Jobs with Opportunities to Progress and Develop

- 3.5. The emerging evidence in relation to promoting good jobs at local level broadly covers two main areas; **raising the quality of jobs, pay and progression in existing sectors and activities;** and **stimulating sectors and activities with the potential to offer better jobs.**

Promoting better quality jobs in existing sectors and activities

- 3.6. A key plank of local inclusive growth strategies is supporting employer behaviour in all sectors to raise wages, improve job quality and build opportunities for in-work skills and pay progression. While supply-side policies that upskill workers are important, these will not raise earning power or increase inclusion without a parallel focus on the level of demand for skills and the way they are deployed and utilised within productive processes – what Keep (2013) has described as ‘the black box’ of the workplace.²⁰ We emphasise supporting employer behaviour because regulatory powers tend not to reside at the city-region level. The development of a Local Industrial Strategy is an opportunity to explore what mechanisms and resources could be deployed to make this influencing effective.
- 3.7. A key mechanism currently being explored in GM is a Mayor’s Employment Charter. IGAU (with Oxfam and Greater Manchester Poverty Action) has researched the use of such Charters elsewhere (see our [briefing paper](#)²¹ and for [case studies](#)²²). We have also submitted evidence to the [initial GM Charter consultation](#)²³ and [the current one](#),²⁴ so will not repeat our comments here, except to note that the evidence suggests that Charters may have a limited direct effect

²⁰ Keep, E. (2013) *Opening the ‘Black Box’: the increasing importance of a public increasing importance of a public policy focus on what happens in the workplace*, Skills in Focus, Skills Development Scotland and the Scottish Funding Council

²¹ Hughes, C., Hurrell, D-L, Ball, E. and Skinner, T. (2017) *Good Jobs in Greater Manchester: The Role of Employment Charters*.

²² Hurrell, D-L, Hughes, C., and Ball, E. (2017) *Local Employment Charters: Case Studies from the UK*. f

²³ Hughes, C. and Lupton, R. (2018) *IGAUs response to the ‘Greater Manchester Employer Charter’ consultation*, March 2018.

²⁴ Hughes, C. and Westall, A. (2018) GMCA Good Employment charter consultation response. November 2018.

on employer behaviour unless supported by a strategic and carefully designed approach, with infrastructure and activities to engage and support businesses in achieving change.

- 3.8. Rafferty and Jelley (2018)²⁵ reviewed the mechanisms available to influence business behaviour both nationally, and within Greater Manchester – the current ‘ecology’ of business support. They identified some key challenges in the current situation. One is that systems for promoting corporate social responsibility (CSR) (such as the Global Reporting Initiative) tend to be fairly weak in the area of ‘decent work’, although this situation is beginning to change. Additionally, such frameworks are more orientated towards large and publicly listed organisations that have greater public visibility, although issues of business responsibility are also important to private and small and medium size enterprises (SMEs). SMEs have different incentives (for example, they do not have ‘enlightened investor’ pressure to motivate CSR and social reporting but alternatively may have strong community connections and hence reputational concerns) resources, internal motivations, and pressures (for example they may lack time and specialist expertise in management or HR, or to translate their ethical activity into consumer value).
- 3.9. Another challenge is that while Greater Manchester has an extensive range of business support, including support for different aspects of decent work and an inclusive economy, and including other sources of information and advice such as employer confederations, industry accreditation bodies, trade unions, business networks, accelerators and hubs, this support is very fragmented, often only addressing certain elements of inclusion or good work, may be restricted to paid-for activities or membership bodies, and tends to be geographically clustered in the city centre. The authors concluded that in order to engage SMEs there is a need for stronger convening and coordination of relevant business support services and brokerage and accessibility within local areas (potentially by GM Growth Hub), greater development and awareness of the business case for smaller businesses within localities or specific sectors to provide ‘decent work’, or encouraging firms to consider paying the Living Wage or providing apprenticeships, while accessing other forms of business support (eg accessing finance), or thinking about financial or other kinds of incentives where the business case is less clear. The CIPD’s People Skills Pilot²⁶ which tested a model of free local HR support to SME’s along with an online support system, provides some support for these suggestions. The evaluation demonstrated demand for HR support. However, take up was mostly from SME’s who were already engaged in some way with partners (eg the Chamber of Commerce or local authority). Initial advice sought tended to be able basic matters such as contracts, rather than more transformational issues related to local employment or workforce development.
- 3.10. A number of examples and proposals were also offered at IGAU’s (Dec 2017) conference on “Local Approaches to Improving the Quality of Work”²⁷ including strengthening business networks working through BME community groups to reach SMEs; investing in case studies and story-telling; and working through intermediaries (eg HR and legal firms), as well as the specific example of UNISON’s Ethical Care Charter – eliminating zero hour contracts, paying for travel time, pay a living wage and provide sickness protection.

²⁵ Rafferty, A. and Jelley, R. (2018) Ways to promote a responsible business agenda in UK Cities: Greater Manchester IGAU Responsible Business Report 2 of 2.

²⁶ CIPD (2017) An Evaluation of HR Business Support Pilots https://www.cipd.co.uk/Images/hr-capability-small-firms_2017_tcm18-27313.pdf

²⁷ All the presentations and a summary of proceedings can be found at <https://www.mui.manchester.ac.uk/igau/connect/events/local-approaches-improving-quality-work/>

- 3.11. Many suggestions for promoting better work and greater inclusion are aimed at ‘businesses in general’ and often at large corporates. It is also important to understand and reflect the differences between sectors and the range of local and national action required. For example Ussher (2016)²⁸, looking at the retail sector, recommends that employers could re-design jobs and career pathways so that staff do not need to choose between part time hours and promotion, while national and local government can provide support both to employers (on workforce development and job design) and to young people starting out in retail (on career development). During autumn/winter 2018/19, IGAU is running some sector-focused roundtable events to explore specific strategies in retail, social care, construction (and possibly digital).
- 3.12. A particular area in which evidence is developing is in relation to strategies to support individuals into better paid work. Green et al. (2016)²⁹ pointed out that whilst governments have consistently framed skills initiatives as a means of improving the labour market position of disadvantaged groups, relatively few resources are dedicated to skills initiatives targeted at people who are in low-paid work. International evidence suggests that a sector-focused ‘dual customer’ approach – helping employers and low-paid workers through the same programme – can be effective. Such initiatives tend to work when they meet an identified employer need such as skills shortages or high labour turnover. As we highlighted in our [IGAU work on construction skills in GM](#)³⁰, such problems exist in growth sectors, but the emphasis is often on initiatives to attract and train young people, not to develop skills in existing workers. The US evidence (cited by Green et al.) suggests the promise of sector-based approaches. These should incorporate three elements: a careers information, advice and guidance service for low-paid workers to support progression; an in-work advancement service focusing on employer-led training linked to career advancement; a business support service aimed at enhancing opportunities for part-time workers.
- 3.13. Three recently evaluation local programmes in the UK provide some evidence of what can be done. The ‘Skills Escalator Pilot’³¹ implemented in four London Boroughs targeted individuals receiving housing benefit in the private rented sector or temporary accommodation with a funded skill enhancement offer, one to one support and advice, and employer engagement. One fifth of participants increased their earnings, most likely by progressing to a job with a new employer. A similar programme (Step Up)³² targeting groups of low paid workers in London, saw one third improve their employment as a result of the programme. Lessons from these pilots point to the importance of tailored, personalised advice and action plans, funded training, local coordination of support services and employer engagement. The

²⁸ Ussher, K. (2016) Improving pay, progression and productivity in the retail sector. York: JRF

²⁹ Green, A., Sissons, P., Ray, K., Hughes, C. and Ferreira, J. (2016) Improving Progression From Low-Paid Jobs At City-Region Level. <https://www.jrf.org.uk/report/improving-progression-low-paid-jobs-city-region-level>

³⁰ Lupton, R., Martin, T. and Unwin, L. (2018) The Construction Challenge in Greater Manchester: Employment, Skills and Training. IGAU working paper

³¹ Learning and Work Institute (2017) Evaluation of the Skills Escalator Pilot <https://www.learningandwork.org.uk/wp-content/uploads/2017/12/Evaluation-of-the-Skills-Escalator-Pilot-FINAL.pdf>

³² Learning and Work Institute (2018) The Step Up Projects <https://www.trustforlondon.org.uk/publications/step-evaluation/>

DWP's pilot of support to claimants of Universal Credit³³ also seems to indicate the value of tailored support and training. Participants who received more support, and those who took part in job related training, had more success in increasing earnings than others. We have not attempted to cost these initiatives or calculate ROI, but the information available should enable such calculations to be done, providing a tangible industrial strategy 'ask'. Oldham's Career Advancement Service also provides a GM model from which to learn.

- 3.14. As these kinds of initiatives are developed, it is important to consider the question of 'good jobs for whom?', ensuring that particular ethnic and social groups do not find themselves confined to the low quality sectors of the economy. [In an IGAU briefing paper commissioned from the Runnymede Trust](#), Elahi (2018)³⁴ explored what could be done to address ethnic inequalities in the Greater Manchester labour market. She suggested that strategic commitment and responsibility can be taken at the city-region level by establishing targets or monitoring (eg a local Race Disparity Audit) and by building equalities into existing initiatives (e.g. apprenticeship strategies, progression initiatives, or employment charters). Public sector institutions can take the lead in auditing their BME recruitment rates and pay gaps while the LEP and business representative organisations can consider ethnic equalities in relation to strategies for growth sectors and skill shortages.

Stimulating Inclusive Growth Sectors and Activities

- 3.15. The MIER review concluded that, since there is "no evidence that the clustering of particular sectors, with one or two exceptions, is important for productivity" (p18) and because the benefits of agglomeration economies depend on being in a large and diverse urban environment rather than being close to competitor firms in the same sector "asking which industries Manchester should support is the wrong kind of question" (p6). From an inclusive growth perspective, it may be more important.
- 3.16. Some sectors are more likely to produce 'better jobs' than others. Pike et al. (2017)³⁵ analysed the Annual Population Survey to identify the proportion of low paid, insecure or underemployed workers in different sectors and occupations. Occupations with a very high proportion of poor quality jobs for workers with qualification levels below NVQ Level 4 included elementary service occupations (sales, cleaning and security), retail (sales assistants and cashiers) as well as elementary process plan occupations, childcare and related personal services, housekeeping, caring roles, elementary storage, food preparation and hospitality. Sectors with low probabilities of low quality work at these qualifications included information and communication and finance and insurance, mining and quarrying, electricity, gas and air conditioning supply and construction. Sectors dominated by large companies and/or those with relatively high union representation tended to provide good jobs for those without degrees.

³³ DWP (2018) Universal Credit In Work Progression Randomised Controlled Trial Summary Research Findings https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739766/summary-universal-credit-in-work-progression-randomised-controlled-trial.pdf

³⁴ Elahi, F. (2018) Ethnic inequalities in the Greater Manchester labour Market. Manchester. IGAU/Runnymede

³⁵ Pike, A. Lee, N., MacKinnon, D., Kempton, L. and Iddawela, Y. (2017) *Job creation for inclusive growth in cities*. York: Joseph Rowntree Foundation

- 3.17. The same authors therefore suggest that, as well as strengthening the quality of employment in existing low paid sectors such as social care, retail and hospitality (covered in the previous section) cities may want to particularly promote and strengthen tradeable sectors which produce better jobs. The proposal here is not that cities create and prop up economic activities in sectors for which there is no demand. It is that they particularly explore opportunities to grow sectors which have the potential to generate greater labour demand (more jobs) and which also tend produce better jobs. This of course depends on robust analysis of existing and emergent sectors and market opportunities, with a focus on the potential for good jobs. Policies may include the usual range of approaches to stimulating growth such as: business support (subsidised loans and grants; assistance with sites and premises, business incubators etc); economic development policies such as marketing campaigns, enhancement of infrastructure, amenities and services, tax breaks and incentives; and ‘demand linkage’ policies to strengthen local supply chains (through better information and coordination, business support and local procurement mandate). The point is that some of these are being targeted explicitly at growth in better job sectors.
- 3.18. These strategies are not alternatives to supply side policies – they need to be developed alongside such policies in a complementary way, for example with targeted skills development strategies to build the workforce in these sectors. Pike et al. cite the case of San Antonio, where sectors including health services, business systems and ICT were identified as having the potential to generate high quality employment. A programme of training for low income workers was established with local educational institutions to build skills in these sectors. More than four in five people completing the programme were placed into higher paying occupations. More recently, a Talent Pipeline Task Force has been established for some of these sectors and others such as advanced manufacturing and biosciences, to map out career and training pathways from entry level to high skilled work. Participants are also supported with childcare, after-school care, transport and meals.
- 3.19. The potential of ‘social economy’ models of economic activity to contribute to inclusive growth has been explored by international bodies such as the UN and OECD, as well as within the UK, for example by Vickers et al (2017)³⁶ and subsequently by Westall (2017)³⁷ in a document geared to the GM context. Social economy organisations exist primarily to promote social and environmental outcomes. They include social enterprises, co-operatives, and economic self-help groups. Their activities are often an important part of the local infrastructure for supporting educational attainment or transitions to work. However, less attention tends to be given to their role as key players within a diverse economy. Together with other hybrid business models, such as employee-owned companies, B-Corps, and what the Government has called ‘mission-led’ businesses, diverse economic organisations enable resilience and innovation within localities or sectors, particularly at times of shock or rapid change.³⁸ There is also growing evidence that business models such as cooperatives or

³⁶ Vickers, I, Westall, A., Spear, R., Brennan, G., and Syrett, S. (2017). *Cities, the social economy and inclusive growth*. York: JRF <https://www.jrf.org.uk/report/cities-social-economy-and-inclusive-growth>

³⁷ Westall, A. (2017) *Social Economy and the Greater Manchester Strategy*. Paper presented to GMCA to identify the opportunities and implications of JRF’s Cities, the social economy and inclusive growth (ibid).

³⁸ Stiglitz, J (2009) ‘Moving beyond market fundamentalism to a more balanced economy’. *Ann Public Coop Econ*, Vol. 80, No.3, pp. 345–360.

employee-ownership can promote increased productivity and can, under the right conditions, produce better pay and working conditions. In Europe there has been evidence that co-operatives performed better in terms of job retention during the recession, for the reason that the logic of their business model is to prefer employee solidarity and pay restraint or reduction rather than job losses in a downturn.³⁹ They should therefore be seen as an integral part of creating an inclusive economy, rather than just as a response to 'market failure'. We revisit them in the next section in relation to the spatial distribution of economic activity. Here, we note their potential to provide viable models of decent work (including within low productivity sectors such as elderly care).

- 3.20. Vickers et al. (2017) drew on international evidence to demonstrate the ways in which cities can develop social economy ecosystems, including developing networks, collaboration and knowledge sharing opportunities; using procurement processes; and providing support in the form of advice, training, incubators and premises. Coordination, mapping, governance and mayoral leadership are important. Montreal, for example has a Commissioner for the Social Economy and a sector body. The Seoul Social Economy Network is viewed as one way to reduce inequalities and support a new economic paradigm which includes solidarity and collaboration. A university, bank and innovation centres support the networks of co-operatives in Mondragon, which make up 80% of the economy and show relatively high per capita income and low pay differentials; whilst the Catalan Network of the Solidarity Economy operates as a laboratory for exploring new ways of working, consuming, and investing.

GMS Priority 4: A Thriving and Productive Economy in All Parts of Greater Manchester

- 3.21. Some of the activities highlighted in the foregoing section are likely to have the effect of producing more spatially even shares in the benefits of growth, because lower quality employment is often spatially concentrated, and because marginalised individuals are also more likely to be found in struggling neighbourhoods.
- 3.22. However, there are also examples of cities which have approached inclusive growth with an explicitly spatial lens, focusing on how the economies of struggling places could be developed, to provide local economic opportunities, support thriving places and at the same time reduce travel to work journeys, carbon consumption and congestion.
- 3.23. These include instances where there has been a deliberate attempt to shift economic activity within a conurbation. For example, in Buenos Aires, the city's strategy for a slum area developed through informal settlement is not just to connect its residents to opportunities elsewhere in the city but to bring the rest of the city to them. Government buildings have been relocated, an education hub developed, and there has been encouragement and support for the development of new small business and shops as well as investment in new leisure and cultural spaces to draw people in. Strategies such as this may involve a short term trade-off between overall levels of growth and greater spatial evenness, challenging the MIER's

³⁹ Matrix Evidence (2010) The employee ownership effect: a review of the evidence. London, Employee Ownership Association. Pérotin, V (2014) 'Worker cooperatives: good, sustainable jobs in the community', *Journal of Entrepreneurial and Organizational Diversity*, Vol. 2, No. 2, pp. 34–47;

perspective that “there is no rationale for supporting policies which try to redistribute activity in some places at the expense of others which are more productive” (MIER p20). The rationale would be that improving disadvantaged places and the opportunities for residents within them will ultimately be growth producing as wider economic potential is tapped, as well as reducing the costs of servicing social and economic decline.

- 3.24. Other examples of inclusive growth strategies with a strong spatial element involve attempts to analyse and act on the growth potential of poorer areas in a strategic and long term way. Dallas, Texas, for example, has a long term plan for economic renewal for South Dallas which has 45% of the city’s population yet provides only 15% of the tax base. Recognising that areas need a critical mass of development to change market perceptions, the area has been divided into smaller ‘focus areas’, each with a core investment area and a wider improvement plan. The focus areas themselves are divided into those already on a clear path to successful growth, those with certain anchors in place and with potential to build from there, and those where public investment (for example light rail improvements) are laying foundations for growth.
- 3.25. Rotterdam provides an interesting example of a city which is attempting to bring together a number of local economic development and social inclusion initiatives together in a long term plan for particular neighbourhoods – its South Rotterdam plan. Activities extend from pre-school education, through skills development programmes which link schools with employers in particular sectors, support and funding for entrepreneurs and a social return policy by which all city funded projects over 15,000 euros have to allocate a certain percentage of their budget for employment opportunities for disadvantaged groups.
- 3.26. We recognise the difficulty of translating such examples to the GM context, given the particularities of regional and local economic geographies, growth potential and funding sources. We include them because they illustrate spatial approaches to city-region inclusive growth strategies and the use of spatial development plans. In [an IGAU briefing paper](#), Macdonald (2017)⁴⁰ argued that the use of spatial planning as a tool for economic and social inclusion has been much weaker in England than in many other European countries and explored some of the Mayor’s options in GM, including: an Equalities Impact Assessment of the GMSF; pooling planning resources and developing a set of performance measures for planning relating to inclusive growth indicators, as well as a bottom up revisioning of GM’s declining industrial towns and their designation as Mayoral Development Corporations.
- 3.27. There are also examples of cities which have targeted existing opportunities and strategies in order to support the ‘bottom-up’ growth of local economies in areas where there is low labour demand and corresponding weakness in skills. One obvious opportunity is the adoption of a strategic approach to major new development projects, using planning and procurement policies to create employment and skills opportunities for target groups or areas, linking this to developments in training provision and support services⁴¹. There are some good examples

⁴⁰ Macdonald, S. (2017) Planning for inclusive growth: from an urban to a social entrepreneurialism. <https://cles.org.uk/wp-content/uploads/2017/05/IGAU-CLES-Briefing-final.pdf>

⁴¹ Newby, L. (2017) Connecting Major Development To Jobs, Skills And Poverty Reduction In Leeds City Region. <https://www.jrf.org.uk/report/connecting-major-development-jobs-skills-and-poverty-reduction-leeds-city-region>.

within GM already. A cross GM strategic approach would enable the targeting of particular low employment areas or groups.

- 3.28. Another approach is to maximise the economic impact of local ‘anchor’ institutions, those organisations with significant spend that are part of a locality and unlikely to leave, such as hospitals, universities, local authorities and major cultural institutions. Through their procurement policies, recruitment and workforce development practices, assets, investments⁴² and community development activities, they are able to support their area’s economic development. Democracy Collaborative is a US organisation that has particularly promoted this approach in cities like Cleveland, Ohio, as part of creating ‘common-wealth’. For example, procurement spend has in effect been used as start-up money to help create employee co-operatives in low-employment areas and for disadvantaged people (by creating guaranteed income for a time). There are other prominent US examples, for example Chicago Anchors for a Strong Economy (CASE) which was set up by Chicago World Business, an organisation similar to the LEP in GM. CASE supports local businesses to tender for anchor contracts and ‘matchmakes’ anchors with local firms. In the UK, the Centre for Local Economic Strategies is working on developing collective anchor approaches in Birmingham, Leeds and Preston. In November 2018, IGAU supported an event hosted by the University of Manchester and GMCA to bring GM anchors together to discuss a similar approach here.

Inclusive Economies: Strategic Approaches

- 3.29. The previous sections draw on emerging evidence of the kinds of specific actions and initiatives that cities can use to foster more inclusive growth. An effective industrial strategy is, however, likely to involve more than a scattering of isolated initiatives. In this last section, therefore, we offer some examples where cities have attempted to take a strategic approach to developing more inclusive economies.
- 3.30. Glasgow City Region states that inclusive growth is at the heart of the economic action plan that it developed in 2017. The plan includes elements that might be expected in typical growth-oriented economic strategies, such as attracting and retaining talent, promoting growth sectors, initiatives to improve productivity, and promoting the city region globally. However there are prominent inclusive growth elements both on demand and supply side. For example there are commitments to actively use the procurement system to benefit local SMEs, to maximise the business and employment opportunities provided by major sporting and cultural events for SMEs in the City Region and to adopt a City Region approach to maximise the use of community benefits clauses throughout public sector procurement. There are commitments to increase the size of the regional business base and provide a unified business support service. The strategy commits to increasing the number of social Enterprises and co-operatives in the City Region. This will include investigating innovative models of financing, such as Social Impact Bonds and a Social Stock Exchange, as well as bespoke support. (This approach also reflects Scotland’s 2016 Social Enterprise Strategy⁴³ which sees social enterprise as a response to a failing economic model, as ‘a more inclusive way of doing business’ with the opportunity to

⁴² Sensier, M (2017) *Financing Inclusive Growth with a GM Community Bank*. Manchester: IGAU. <http://hummedia.manchester.ac.uk/institutes/mui/igau/briefings/IGAU-Briefing-3-Regional-Banks.pdf>

⁴³ <https://www.gov.scot/publications/scotlands-social-enterprise-strategy-2016-2026/>

'deliver truly transformational change for Scotland's communities'). On the supply side, there are commitments to giving those with lived experience of poverty a stronger voice in the development and implementation of policy and 'poverty-proofing' policies. Specific initiatives include: commissioning specialised employment services for people with health issues; in-work progression support for recipients of universal credit; a regional fair work strategy including the promotion of a Glasgow City Region Living Wage; and working towards a guarantee that provides every young person 16-24 years old a job, training or an apprenticeship.

3.31. New York, under Mayor Bill de Blasio, has adopted the #ONENYC strategy which is known as 'the plan for a strong and just city', aiming to make New York an 'inclusive, equitable economy that offers well-paying jobs and opportunities for all New Yorkers to live with dignity and security'. Growth, equity, sustainability and resiliency have been adopted as four key overarching lenses. There are specific goals to reduce inequality and lift 800,000 New Yorkers out of poverty. While the plan incorporates hundreds of initiatives, perhaps of most salience here is the industrial action plan, which promotes sectors which have the potential to provide relatively well paid and good quality work, especially at the lower skill end of the labour market. These include manufacturing, freight and logistics, tech, fashion and health-tech. Strategies to support these sectors include using the city's own land and property to provide space, and gearing training to these industries through a new Career Pathways programme. The city also launched HireNYC, a targeted hiring programme to make sure that local people can access jobs created by the city's purchases and investments.⁴⁴

3.32. There are also examples of cities which are setting out their objectives in ways that are more challenging to orthodox models of urban economic development. Seoul has adopted a goal to be a "City of Economic Democratisation": creating "an environment in which imbalances between large conglomerates and small businesses, between citizens, and between generations are resolved, sustainable economic growth is pursued, unfair trading practices are improved, and the economically underprivileged are protected". Actions in this strategy include: 'partnership'- support to small businesses including those facing financial difficulties and providing financial welfare services to the financially underprivileged; Fairness - providing support to consumer advocacy groups filing public or class action lawsuits and establishing fair transaction and subcontracting practices and; Labour – a Seoul Living Wage, and providing irregular workers with regular worker status.

3.33. Given the difficulty of applying specific examples across urban and international contexts, it is also worth visiting the work of the RSA's Inclusive Growth Commission⁴⁵ which identified some broad principles which could underpin such strategies: creating a shared binding mission; measuring the human experience of growth, not just its rate; seeing growth as the whole social system; being an agile investor at scale; and entrepreneurial place-based leadership.

⁴⁴ This case study is sourced from :Green, A ., Froy, F., Kispeter, E. and Sissons, P.(2017) How international cities lead inclusive growth agendas. <https://www.jrf.org.uk/report/how-do-cities-lead-inclusive-growth-agenda>

⁴⁵ RSA (2017) Inclusive Growth Commission: Making Our Economy Work for Everyone. London, RSA

3.34. Green et al. (2017)⁴⁶ also drew some general principles from their international review of how cities are leading on inclusive growth. They identified 10 principles in seven categories, reproduced in the table below.

Table 2: Ten Principles of Inclusive Growth

Category	Principle
Economic growth as a means to achieve inclusion and shared prosperity	See economic growth not as an end in itself but as a means to achieve inclusion and shared prosperity.
Grow and shape the labour market – building quality labour demand	Be prepared to proactively shape the labour market and build quality jobs.
Linking supply and demand: prioritising connectivity	Prioritise connectivity and expand social networks so that they are less exclusive.
Investment in quality services	Make poverty matter less in access to good quality city services.
Regarding people as assets and facilitate positive transitions	View people as assets and invest in them at the outset and at key points in their lives. Providing support to people at key transition points in their lives and helping to reduce the associated risks (for example of coming off benefits) through providing social safety nets.
Innovation, leadership and citizen engagement	Be prepared to innovate and create opportunities for shared leadership. See citizen engagement as a way to generate knowledge from the bottom up.
Economic development fundamentals across spatial scales and policy domains	Get the fundamentals right (at national and local levels). Focus on small incremental changes as well as large ‘flagship’ schemes.

Source: Green et al. (2017)

3.35. In some of [IGAU’s early work](#) Lupton (2017)⁴⁷ applied these lessons from other reports and studies to make proposals for the leadership of inclusive growth in GM. These included explicitly adopting inclusive growth as an overall mission; developing measures of the distribution of economic outcomes in high level outcomes and in commissioning and appraisal processes; creating cross sector teams to drive specific inclusive growth projects and engaging leaders from the private sector, anchor institutions and the VCSE sector; developing an anchor institutions approach; committing resources to developing new approaches and exploring new sources of finance.

4. Implications for GM’s Local Industrial Strategy

4.1. By contrast to the situation at the time of the MIER, the need for new and different approaches to deliver more inclusive growth is now recognised internationally, nationally and locally. Other international cities are beginning to signal different paths through economic strategies which make commitments to reshaping their economies in the interests of more broadly shared outcomes. GM’s positioning as a trailblazer area for local industrial strategies gives it an

⁴⁶ Green, A ., Froy, F., Kispeter, E. and Sissons, P.(2017) How international cities lead inclusive growth agendas. <https://www.jrf.org.uk/report/how-do-cities-lead-inclusive-growth-agenda>.

⁴⁷ Lupton, R. (2017) Leading Inclusive Growth in Greater Manchester. University of Manchester, IGAU

opportunity to move on decisively from the MIER, to lead the way in the UK in showing how local strategies can contribute to more widely shared prosperity.

- 4.2. One simple way to do this is to follow the example of other cities in the naming of its strategy: for example as ‘strategy for economic growth and economic justice’ or ‘strategy for shared prosperity’. It may at least want to reflect central government’s twin industrial strategy goals – to boost productivity and earning power – ensuring that it emphasises earning power not just productivity.
- 4.3. There is emerging evidence of the “what” of inclusive growth strategies and we have presented numerous specific examples here. We offer these in the knowledge that they are of varying depth and quality and not by any means “off the shelf” solutions. However, they may give confidence to decisions to vary strategies and/or pilot new programmes.
- 4.4. Perhaps more critical at this stage of development is the “how”. How do cities move to long term plans for inclusive economic transformation? There are implications for knowledge and evidence. For example, cities need to be able to model distributional and spatial implications of policy and investment proposals; understand the costs and benefits of investing in struggling towns and neighbourhoods; and learn from the emerging experience of other cities (such as through the [OECD’s Champion Mayors for Inclusive Growth](#), set up in March 2016, and to which the GM Mayor now belongs). The current lack of a strong inclusive growth evidence base bespoke to GM is a barrier to confident policy innovation. GM’s industrial strategy could set out how it will, working with central government, develop and sustain this evidence base. The new ONS Centres on Subnational Analysis and on Equalities and Inclusion are likely to be an important resource to better understand areas of challenge and to better evaluate the outcomes of interventions, but greater capacity will also be needed locally, as will political commitment to different kinds of measures and analysis. The evidence also suggests that cities can develop other kinds of economic ‘soft infrastructure’ to support inclusive growth: for example support for anchor institution activities and employer engagement and involvement of people who have ‘lived experience’ in decision-making and implementation of policies. The Local Industrial Strategy might not be the mechanism by which to put all these elements in place, but it is an important opportunity to embed some of them in the approaches taken in the LIS.