

Inclusive Growth Analysis Unit

Inclusive Growth in Greater Manchester 2020 and beyond

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Key points

- Inclusive growth is economic prosperity that creates broad-based opportunities and has benefits to all.
- Since 2016, Greater Manchester (GM) has taken important steps towards more inclusive growth. Policies include: a revised spatial framework; a good employment charter; skills and health initiatives; business support; and a Co-op Commission.
- In the next Mayoral term, GM needs to build on and embed these initiatives and set out a more ambitious and holistic approach to achieving sustainable and shared prosperity.

Introduction

Since the global financial crisis, sustained economic inequalities, increasing social divisions and the rise of nationalism and populism have led to calls for different models of economic and social policy which will involve more people in economic opportunity and result in prosperity which is more widely shared. Particular attention has been focused on what cities and city regions can do to promote more inclusive growth.

This briefing is a summary of a longer report which takes stock of the progress that has been made in Greater Manchester (GM) since 2016. We review developments in policy and practice, principally those of the Mayor and GM Combined Authority, but also of local authorities, businesses and organisations in the voluntary, community and social enterprise sector. We ask whether what has been done is sufficient and if not, what else could be done, drawing on examples from around the UK and abroad. The report makes recommendations for the next Mayoral term – 2020 and beyond.

Inclusive growth

Inclusive growth is the idea that economic prosperity should create broad-based opportunities and have benefits to all. It challenges economic models which have produced large rises in income and wealth for some, while sustaining high levels of poverty and high levels of inequality.

Inclusive growth policy and practice has two broad spheres of activity:

- **working towards economic structures and activities that are more inclusive by design**, for example: fairer systems for profit-sharing and reward; more equitable employment practices; and better quality jobs.
- **making sure that local people are connected to economic opportunities**, physically (in terms of housing, transport and digital connectivity) and in terms of having the education, training, health and care services they need.

Within these spheres, we expect to see a particular emphasis on **areas or groups of people more likely to have been excluded in the past**.

Why we need inclusive growth in GM

The GM economy as a whole performs relatively well compared to other UK cities outside London, but it underperforms the UK economy as a whole and that of other leading European city regions. The city region has high poverty and significant problems of neighbourhood deprivation, low pay and insecure employment. Women, minority ethnic groups and disabled people tend to fare much worse than others.

Tackling these social and spatial inequalities would enable GM to make more use of the talents of a wider range of its people. Changing economic behaviours and labour market practices would spread the benefits of economic activity more widely, raising living standards and combating poverty and injustice.

Challenges for inclusive growth in GM

POVERTY

Around 620,000 people live in relative poverty in GM. Two thirds of working-age households in poverty contain someone who is working.

LOW PAY

Median hourly pay for GM residents is 9% lower than the UK average. 24% of jobs are paid below the Living Wage.

POOR HEALTH

Life expectancy at birth is almost two years lower in GM than England as a whole.

LOW SKILLS & QUALIFICATIONS

21% of working age people in GM (365,600 in total) have either no or low qualifications, compared to 18% in England as a whole.

SPATIAL INEQUALITIES

The proportion of GM's neighbourhoods in England's most deprived decile increased from 21% in the IMD2015 to 23% in the IMD2019.


ETHNIC INEQUALITIES

All Black and Ethnic Minority (BME) groups in GM are less likely to be employed than white people.

Progress towards inclusive growth in GM

We assessed progress in GM against a wide range of ideas and examples that are emerging from cities in the UK and internationally. We looked at the two main spheres of inclusive growth policy – designing more inclusive economies and linking people to opportunities – and at policies to tackle social and spatial inequalities. We also looked at how GM is approaching inclusive growth in terms of strategy, leadership, delivery and measurement.

GM has made good progress. But what has not yet happened is the bringing together of emerging policies in a clear vision and integrated approach. By contrast some other parts of the UK are adopting inclusive growth as the central objective of economic plans and/or embedding it in policy-making and investment decisions through the use of inclusive growth metrics, decision tools, and new funds. Some cities globally have gone further in setting out long term visions, shared by citizens, about values and principles in relation to inclusion, growth and sustainability.

 What's needed	How GM has done	Ideas and examples from other places
Strategy, Leadership, Delivery and Measurement <ul style="list-style-type: none"> ■ Making inclusive growth a 'mission' shared and delivered by multiple organisations. ■ Measures of inclusion as well as growth. 	<ul style="list-style-type: none"> ■ Political commitment. ■ Broader governance. ■ No well articulated vision. ■ No central resource or tools to embed policy change. 	<ul style="list-style-type: none"> ■ Inclusive growth diagnostics and planning tools. ■ Broader leadership. ■ Long term visioning with citizens.
Towards a More Inclusive Economy <ul style="list-style-type: none"> ■ Change business models and behaviour; develop sectors with good jobs; develop the 'social economy'. 	<ul style="list-style-type: none"> ■ Good employment charter and business support. ■ A Co-operative Commission. ■ Early days, not yet an integrated strategy. 	<ul style="list-style-type: none"> ■ 'Ecosystems' of support for a more plural economy. ■ Growing home-grown firms. ■ Grants to support growth and quality in the foundational economy. ■ Re-organising care services as co-ops.
Connecting People to Opportunities <ul style="list-style-type: none"> ■ Quality public services and infrastructure. ■ Education and training. Targeted initiatives for least advantaged. 	<ul style="list-style-type: none"> ■ Devolution has brought advanced progress on many fronts. ■ Key opportunities include bus franchising and unified public services model. ■ Closer integration with growth strategies needed. ■ Lack of strategic oversight of education and training. 	<ul style="list-style-type: none"> ■ System-wide approaches to education. ■ Connecting disadvantaged groups to growth sectors including green industries. ■ Subsidised travel.
Addressing Spatial Inequalities <ul style="list-style-type: none"> ■ Changing priorities for infrastructure and investment. ■ Building local economies. ■ Targeted social policies. 	<ul style="list-style-type: none"> ■ Much increased focus on spatial inequalities from 2019. ■ Revised GM Spatial Framework and focus on place in industrial strategy. ■ Neighbourhood structure for public services. 	<ul style="list-style-type: none"> ■ Stronger alignment of plans for growth sectors and places. ■ Governance mechanisms to ensure a spatial focus across policy and focus on the highest priority areas. ■ Support for community economic development.
Addressing Disparities Between Groups <ul style="list-style-type: none"> ■ Attention to who is not currently included and why. ■ Tailored strategies for particular groups. ■ Underpinned by wider representation and 'inclusive governance'. 	<ul style="list-style-type: none"> ■ New GM-level panels improve representation. ■ Some economic initiatives e.g. BME apprenticeship and female-led businesses. ■ Overall not yet a systematic approach and insufficient monitoring and impact assessment. 	<ul style="list-style-type: none"> ■ Systematic assessment of impact of policies on different groups. ■ Tailored programmes as part of inclusive growth policies. ■ Developing wider leadership.



Summary of recommendations

In the next Mayoral Term (2020 -2024) the Mayor of GM should signal a commitment to inclusive growth as the central motif of his/her Mayoral term. His/her central objective should be to set GM on a long term path towards a fairer and more sustainable economy and society. To support this:

- the political leaders of GM should adopt a clear statement of what they mean by inclusive growth and how it will make a difference to GM citizens, including those on the lowest incomes. This should be the centrepiece of the new GM strategy (GMS).
- Stronger mechanisms should be established to ensure that inclusive growth outcomes are considered in all major policy decisions.
- GM should establish a successor organisation to IGAU to ensure it has dedicated support for research, analysis and policy development on inclusive growth.
- GM should work with central government and other cities to clarify the financial, policy and regulatory barriers to inclusive growth and how these can be addressed in future devolution settlements.

Between 2020 and 2024, The Mayor, Combined Authority and other GM leaders should take specific action to embed and develop inclusive growth strategies for the economy, places and people.

On the **economy** they should start to build a stronger and more integrated inclusive economy eco-system. They should commit to the development of the good employment charter, publish their plan for the foundational economy, and provide resources to develop the work of the Co-operative Commission. The Mayor should establish an Inclusive Growth Investment Fund to support innovative proposals led by business, voluntary, community and social enterprise actors.

On **places**, GMCA should develop inclusive economy plans for all major development sites identified in the GM Spatial Framework. The Mayor should appoint a Neighbourhoods Champion to ensure all neighbourhoods of GM benefit from the city's economic, technological, environmental and social transformation. GMCA should develop 'Total Place Plus' pilot projects incorporating shared planning and delivery in public services with place-based social economy and employment initiatives.

On **people**, the Mayor and GMCA should establish strategic oversight of the GM education and training system as a whole, whether or not additional formal powers are devolved. GMCA should develop inclusive education and training plans for growth sectors, supported by the proposed GMLIS investment pot. They should strengthen links between equality and diversity strategies and education/employment/skills strategies.

The Mayor should also take steps in the next mayoral term to set a more ambitious long term economic, social and environmental vision for GM. Following the examples in this report, he/she should commission deliberative work with residents in order to understand what they mean by 'prosperity', 'inclusion', 'living standards' and inclusive growth and establish what kind of GM people want. This should be the basis for the 2024 GM strategy.