



# Achieving Inclusive Growth in Greater Manchester

## What can be done?

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# Introduction

The Inclusive Growth Analysis Unit was established in 2016 by the Joseph Rowntree Foundation (JRF) and the University of Manchester (UoM) to support inclusive growth in Greater Manchester and other UK cities. Its objectives are to help ensure that poverty reduction is central to current policy debates and action around economic growth, the 'Northern Powerhouse' and devolution in Greater Manchester, and to support the development of evidence-based strategies for inclusive growth.

This report follows our initial publication: *Inclusive Growth: Opportunities and Challenges for Greater Manchester*, which set out the statistics on economic growth and poverty in Greater Manchester since the mid-2000s. The report revealed some major challenges: an increasing need to build a broader and stronger skills base, an uneven geography of growth, and a labour market with problems of low pay and increasingly precarious work. Although GM is one of England's largest and fastest growing economies, an estimated 620,000 people were living in relative poverty in 2013/14.

These challenges are not unique to Greater Manchester. They reflect processes of economic globalisation and technological change and how these have been handled in UK policy, producing high levels of poverty and inequality. Particular parts of large industrial cities, and particular groups of people, have experienced the sharp end of these changes. So these problems will not all be solved at local level. But in an era of metro mayors and the devolution of powers to city-regions, it is timely to consider what could be done differently in GM to ensure that as the city-region becomes more prosperous, it also becomes less poor and more equal.

To help start this conversation, we conducted a consultation with a number of individuals and groups in Greater Manchester who are knowledgeable about the city-region's economy, poverty and inequalities, and the connections between them. They included representatives of local authorities and other public sector bodies, third sector organisations of various kinds, businesses and trades unions. More details are included in Appendix 1. We asked these stakeholders to take stock of progress on inclusive growth to date, identify priority areas for action and highlight examples of existing work which could be built upon. We also conducted a review of local authority and GM-wide strategies around economic development, employment and skills and poverty reduction, to identify ways in which linkages are being made between the economy and the life chances of the city-region's most disadvantaged residents.

What we report here is the result of that listening exercise. Through reporting on these conversations and strategies, we aim to help build an understanding of some of the things that might be done locally in order to build a more inclusive economy and to include more people in economic opportunity. As inclusive growth

comes onto the political agenda internationally, nationally and locally, what kind of things could be considered at the GM level? Who, beyond the city-region authorities, needs to act? What assets, resources, relationships and ideas already exist that could be developed and capitalised upon?

The report is not a strategy for inclusive growth, nor is it comprehensive. It does not cover all potential stakeholder views. Similarly because of time and resource constraints the views of specific communities are not represented. We have not tested people's suggestions in the light of other evidence, worked out what they would cost to implement or modelled their potential effects. Nor have we estimated the potential and limitations of any local action vis-à-vis changes to national policies and investment strategies.

However, we hope that the coverage of this exercise can provide some initial insights into what inclusive growth means and might look like in Greater Manchester.





## Opportunities and Challenges in Greater Manchester: A Summary

In recent years, the Greater Manchester economy has performed relatively strongly compared with that of other UK cities. GM was England's third largest city-region economy in 2014, and had experienced the fourth highest growth rate between 2007 and 2014.

But Greater Manchester has not been immune to the economic restructuring that has accompanied globalisation and technological change, including increasing problems of low pay, precarious work and lack of in-work progression, and uneven geographies of growth which have left particular areas and groups of people behind - neither able to contribute fully to, nor benefit from, the growth of the economy overall.

In Greater Manchester:

- an estimated 620,000 people were living in relative poverty in 2013/14;
- 21% of neighbourhoods (Lower Super Output Areas) were in the top 10% most deprived in England in 2015;
- 23.2% of the jobs done by residents paid less than the UK Living Wage in 2015, compared with 20.7% nationally;
- 180,000 working age people in 2015 had no qualifications;
- Although central Manchester is the driving force of Greater Manchester's economy, Manchester (LA) had the lowest employment rate in the city-region in 2015 at 62.8%, compared to 73.5% for the UK as a whole, partly but not wholly accounted for by its student population. Rates were only a little higher in Oldham and Rochdale (64.8% and 64.6% respectively);
- Growth in economic output (GVA) has been strongest in the centre and south of the conurbation as has employment growth. There are now 60,000 more jobs in the south of GM than before the recession whilst the north has only just reached its pre-recession level.

There are also persistent differences between social and demographic groups in their access to the labour market. In 2015 in GM the employment rate of people from ethnic minority backgrounds was 57.2% compared with 72.9% for people from white ethnic backgrounds, while only 42.7% of disabled working age people were in employment.

All these data suggest that despite recent economic success and despite clear political commitment to greater inclusion, there is a very long way to go towards being a city-region with sustainably low levels of poverty or one in which everyone can contribute to and benefit from growing prosperity.

These high levels of economic exclusion have enormous human, social and economic costs. They are detrimental not just for the people who experience poverty and low labour market opportunity but for everyone, whether through lost productivity, lower spending and tax revenues or through the need for additional public spending on policy interventions that aim to tackle the causes and consequences of poverty.

Further analysis and detail can be found in our first report: [\*Inclusive Growth: Opportunities and Challenges for Greater Manchester\*](#).

# Understanding Inclusive Growth

## What is inclusive growth?

Inclusive growth is a relatively new term, gaining traction because of growing evidence that increasingly prosperous cities are not necessarily decreasingly poor, nor more equal. The key idea is that if we want to have societies which are more equal and have less poverty, we need to focus on the economy and the connections between economic and social policies. Strategies for investment and economic development, productivity, skills, employment and wage regulation must be integral to attempts to achieve greater fairness and social inclusion. Likewise, enabling more people to participate fully in economic activity must be fundamental to developing prosperous and sustainable economies.

The OECD describes inclusive growth as economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society (OECD 2015)

## Different interpretations of inclusive growth and IGAU's position

Inevitably, inclusive growth means different things to different people. Some people use the term inclusive growth very broadly, to describe an overall agenda of social justice, fairness and social inclusion operating across multiple spheres of activity, not just the economy. As one respondent in our consultation put it *"Inclusive growth is really about the inclusivity of everything"*.<sup>1</sup>

In this report, and in IGAU's work more generally, we take a narrower focus. **We see inclusive growth as being about the economy and economic inclusion.** Inclusive growth will contribute directly to reducing poverty and economic inequalities, and should contribute to reducing wider social injustices in the sense that they are linked to income, wealth and economic participation. However, inclusive growth is only a subset of a broader social justice agenda and indeed of notions of what a 'good city', 'fair city' or 'just city' should look like.

Working within this economic understanding of inclusive growth, there are also different perspectives. Some people come to the idea emphasising the need for greater inclusion within the broad parameters of existing

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<sup>1</sup> To protect the anonymity of respondents, no quotations have been attributed.



economic models. They emphasise issues such as better connectivity, remodelled and improved public services, and developing assets, resilience and enterprise. In Figure 1, we describe this as a 'growth plus' perspective on inclusive growth – the nature of the economy goes relatively unchallenged, and the need for wider economic participation and a fairer distribution of benefits are emphasised. People taking this view tend to talk more about the importance of economic growth as an objective and emphasise the point that excluding many people from economic opportunity is a constraint on growth.



**Figure 1: Different interpretations of the term 'inclusive growth'**

Other people offer a stronger critique of current models of growth placing more emphasis on changing the economy in ways which are less likely to produce poverty and inequalities. In Figure 1, we describe this as an 'inclusive economy' perspective. People holding this view tend to argue that economic growth should only be one of the goals of a successful society, and that growth strategies should be designed with other goals such as well-being or equality in mind. Among the people we interviewed, some people prioritised poverty reduction, and this is an element that is integral to IGAU's objectives. Others pointed to persistent inequalities: a 'social class divide' or sharp differences between the experiences of different ethnic groups.

IGAU's position is that the 'inclusive economy' position is a stronger version of 'inclusive growth' than the 'growth plus' version and that engagement with the nature of economic growth is fundamental to reducing

inequality and to reducing poverty. However, this does not mean that nothing can be achieved by a 'growth plus' version if this is more actively pursued than it has been in public policy in recent decades.

Not everyone is convinced that 'inclusive growth' can deliver,<sup>2</sup> and concerns about its adoption in national and local policy were expressed by some of the people we consulted. Some respondents were suspicious that inclusive growth might be being adopted as a politically acceptable term by corporate interests and politicians who had no real commitment to change but recognised the need to be seen to be taking action. It might therefore lead to a weak and insufficient response focusing on familiar policy discussions of productivity, labour markets and skills rather than economic change. It might also have insufficient focus on reducing poverty. Some respondents disliked the implied focus on future growth, and stressed the need for a better distribution of the benefits of the growth achieved to date. There was also some support for the view that further economic growth would be environmentally unsustainable – some felt it should therefore not be the objective and strategies for inclusion should not depend upon it.

Despite these reservations, there was a widely shared view amongst the stakeholders we consulted that the emergence of the term inclusive growth, however imperfect, offered an opportunity to convene people around ideas of a fairer city with less poverty. Some respondents went as far as to say that they were 'relieved' or 'excited' that inclusive growth was being talked about in the city-region. Different perspectives will continue to exist on what inclusive growth is or should be, but we suggest that the idea is broad enough to provide a 'jumping off point' for a set of strategies and actions designed to ensure that prosperity and inclusion go hand-in-hand.

## An overview of what inclusive growth might look like

Taking the broadest understanding of inclusive growth, it is evident that almost any aspect of economic and social policy could be considered, including: reducing housing and living costs; ensuring adequate social security; enabling participation in decision-making; building social connections and cohesion; reducing isolation; reducing hate crime; stimulating volunteering; improving access to advice and support services; opportunities to participate in culture, sport and recreation; and increasing community safety.

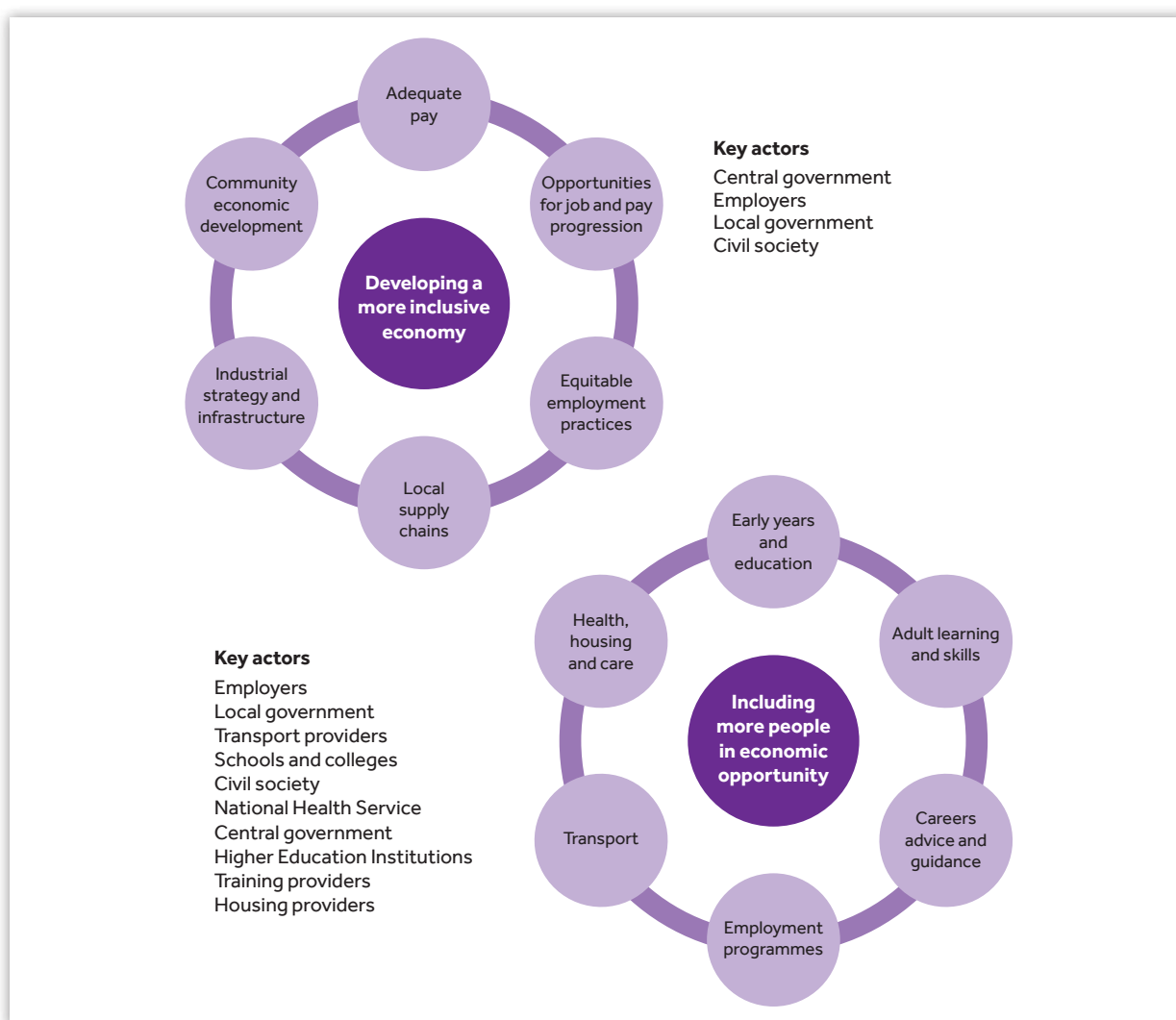
In line with our 'more economic' understanding of inclusive growth, we have concentrated on those strategies and actions related more directly to the economy. We see these as being contained in two broad spheres: 'developing an inclusive economy' (sometimes broadly described as the 'demand' side of the labour market) and 'including more people in economic opportunity' (sometimes described as 'the supply side' of the labour market).

Figure 2 outlines very broadly the kinds of things that could be included, and the different kinds of actors who might be involved in delivering change.

This framework and emphasis influenced our choice of consultees for this report and the people whom organisations nominated to respond. As Appendix 1 shows, the majority of interviewees were in roles concerned with economic development, employment, enterprise and skills, or were in broad roles which gave them perspectives on issues relating to poverty and inequality in the city-region. Far fewer were involved directly with the many and various wider strategies that support employment such as transport, housing, childcare and elderly care and health, nor wider aspects of place and the environment. It is important to emphasise that the sections that follow do not claim to develop a comprehensive framework for inclusive growth policies. They reflect the experience and views of people working in these primary areas.

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<sup>2</sup> McInroy, N. (2016) Inclusive growth: the next oxymoron? New Start blog <http://newstartmag.co.uk/your-blogs/inclusive-growth-next-oxymoron/>; Lee, N. (2016) Our divided society: challenges for achieving inclusive growth in the UK, blog <http://blog.policy.manchester.ac.uk/posts/2016/08/our-divided-society-challenges-for-achieving-inclusive-growth-in-the-uk/>



**Figure 2: Action to support inclusive growth**

We have also concentrated on what could be achieved at city-region level in Greater Manchester. Respondents to this consultation were well aware of the constraints on achieving inclusive growth locally. National policies – from taxation, industrial strategy and investment decisions, through finance and industrial relations systems, to investment in training and education, housing, health and other social policies – set the framework for growth and inclusion in England. Respondents commented particularly on the limits of devolution and the continuing climate of public spending cuts, with welfare cuts taking money out of the economy and job losses in the public sector. In this context, one version of inclusive growth was growth that delivers improvements to ‘the public sphere’ (public services and amenities), reversing some of the effects of austerity measures. However, devolution and the mayoral election were also seen as opportunities to set a new agenda – one that should not just be left to politicians and the public sector – and to work together on developing a Greater Manchester approach to inclusive growth, identifying the actions that can be taken at the city-region level. As one respondent put it:

*“devolution has opened up a conversation about what Greater Manchester is, what it does, what it wants to be and what levers the leaders can use to encourage a more evenly shared prosperity”*

The rest of this report aims to contribute to that conversation, taking stock of the situation to date and exploring some of the options for future action in the devolved context.

# Developing a more inclusive economy

## Improving pay and job quality

The challenges of low pay in Greater Manchester, and in the UK more generally, are extensive. New Economy has estimated that 22.5% of people in Greater Manchester were low paid in 2014 (earning less than two thirds of national median income), higher than the UK average at 21.2%. An even higher proportion earned less than the UK living wage of £7.85 in 2015 (just over 24%).<sup>3</sup>

The issue of low pay is of increasing importance in Greater Manchester; between 2004 and 2014 the number of low paid workers increased by around 23,000 to 233,500 people even as the proportion remained largely stable, reflecting increases in the overall size of the workforce. There is also evidence that opportunities to move out of low pay are limited. 61% of low paid people are estimated to still be in low pay around one year on (99,000) in Greater Manchester. A third (33%) escaped low pay and 6% were workless, meanwhile 51,000 people who were not initially low paid at the start had moved into this category 15 months later.<sup>4</sup>

The historical situation of better terms and conditions in the public sector is also being eroded to some extent under the pressures of austerity. Real wages in the public sector have fallen by around 20%, and unions report hidden pay cuts (such as one local authority requiring staff to take five days unpaid leave per year) as well as increased workloads as staff numbers have been heavily cut. Pressures on local authority spending have led to particularly difficult conditions in outsourced services, with many staff in these services not being paid the Living Wage and some experiencing substantial cuts in income due to changes in terms and conditions (e.g. premiums for unsocial hours).<sup>5</sup> While the UK Home Care Association (UKHCA) estimated in September 2014 that councils would need to pay £15.74 per hour of homecare (including 47p profit) to enable providers to comply with the National Minimum Wage, rates in Greater Manchester at the same time were substantially lower than this – ranging from £11.30 in Tameside to £13.71 in Wigan.<sup>6</sup>

But structural problems with the labour market are not confined to the issue of low pay. Job security and access to basic employment rights (including leave entitlements and a safe working environment) have all been ranked

<sup>3</sup> New Economy (2016) Low Pay and Productivity in Greater Manchester; provisional estimates for low wage jobs done by residents (rather than workers) in 2015 show a similar, if slightly lower, proportion were paid below the Living Wage (23.2%). See IGAU (2016) Inclusive Growth: Opportunities and challenges for Greater Manchester.

<sup>4</sup> <http://neweconomymanchester.com/media/1701/progression-from-low-paid-work.pdf>

<sup>5</sup> Memorandum on public sector employment provided by UNISON North West

<sup>6</sup> Short Briefing on the State of Social Care in Greater Manchester, UNISON North West

as highly important for low paid workers.<sup>7</sup> Yet there is concern about a worsening of employment standards for some workers. For example, national survey data suggest that 2.5% of people in employment were on zero hours contracts in 2015.<sup>8</sup> Though people on these contracts were working an average of 26 hours per week, the contracts would appear to offer little security to workers and around a third of people on them wanted more hours. Overall, Citizens Advice estimate that 4.5 million people in England and Wales are in insecure work where they don't have regular hours or predictable shifts.<sup>9</sup>

Meanwhile, a much greater proportion of people undertake part-time work, which is associated with low pay and affords fewer employment protections. People earning below the weekly earnings limit (equivalent to around 17 hours employment on the 2015/16 minimum wage) have no right to statutory sick or maternity pay. Self-employed workers are also in a vulnerable position as they are not employees and therefore do not have employment rights and do not benefit from employer national insurance contributions. This is concerning given that there are indications that bogus self-employment exists in many sectors of the economy and may be being promoted by some payroll companies.<sup>10</sup>

Grimshaw et al. identify four kinds of 'protective gaps' that are contributing to low pay and precarious work:<sup>11</sup> social protection gaps (such as benefits and tax credits), enforcement gaps (such as tribunals), representation gaps (such as union representation) and employment rights gaps (such as stronger minimum wage regulation and working time requirements). This framework makes it clear that much of the scope for action in this area currently lies at national level. Some respondents to this consultation were also clear that, given issues of low pay and poor job quality in the public sector, a fairer distribution of the proceeds of growth can only be achieved by increased public spending on services such as residential care. Current arrangements also place these responsibilities at central government level.

Nevertheless, respondents highlighted things that either were being done or could be done at the city-region level.

The Living Wage campaign, outlined in the box below, was repeatedly cited as an important and effective initiative but one which needed to achieve much broader reach. The campaign works with employers to promote payment of a wage calculated with reference to the cost of a basic standard of living in the UK. The Living Wage is distinct from the 'National Living Wage', the enhanced minimum wage introduced in 2016 for those aged 25 and over.

## Living Wage campaign

The Living Wage is calculated with reference to the cost of living and is £8.25 per hour in the UK (£9.40 in London) in 2015/16. To become an accredited Living Wage employer, employers must pay the Living Wage to all their direct employees as well as other workers and contractors.<sup>12</sup> The Living Wage is calculated each year and employers must then increase the base rate in the months following the announcement of the new Living Wage rate. Employers sign a licence with Living Wage UK to this effect.



<sup>7</sup> Stuart, F., Pautz, H., Crimin, S. & Wright, S. (2016) What makes for decent work? A study with low paid workers in Scotland, Initial Findings.

<sup>8</sup> Estimate for October to December 2015. ONS (2016) Contracts that do not guarantee a minimum number of hours

<sup>9</sup> Citizens Advice analysis of Labour Force Survey data for Q2 of 2015. Insecure work estimates are an aggregate of estimates for zero hours contracts, those reliant on paid overtime, people working more than 8 hours overtime per week, on a temporary contract, working for an agency or working irregular shift patterns (split, day/nights for example)

<sup>10</sup> Grimshaw, D. Johnson, M., Keizer, A. and Rubery, J. (2015) Reducing Precarious Work through Social Dialogue: An analysis of 'protective gaps' facing people at work in the UK - Part 1 Report. <http://www.research.mbs.ac.uk/ewerc/Portals/0/Documents/uk-national-report-part-1.pdf>

<sup>11</sup> Ibid

<sup>12</sup> Anyone who works two or more hours in any given day in a week, for eight or more consecutive weeks in a year



GM has a successful Living Wage campaign, with over 100 accredited Living Wage employers. Many more employers are paying the Living Wage but are not formally accredited. Nationally, the Chamber of Commerce estimates that over half of members are paying the Living Wage to all their staff.<sup>13</sup> Salford City Council is an accredited Living Wage employer, and negotiations are on-going to secure the commitment of other local authorities to Living Wage accreditation.

A recent study of the impact of the LW in parts of London found that employers benefited from increased worker commitment and decreased recruitment costs.<sup>14</sup> Yet the Greater Manchester Chamber of Commerce has highlighted that firms with many part-time employees on longer hours face particular disincentives when considering a switch from paying the National Minimum Wage to the Living Wage: employer National Insurance Contributions will rise substantially for people who are working part-time for 20-24 hours, from 0-3.4% (plus a rebate) to 10.8-13.4%.<sup>15</sup>

Interviewees also described how 'employment charters' were already being implemented in some local authority areas. These were seen as a way of encouraging the wider adoption of the Living Wage whilst promoting a wider range of good employment practices (see the box below). The examples highlight the different ways in which a charter might be used across Greater Manchester as a whole to endorse particular employment practices, and a number of interviewees raised the idea that this might be something the new mayor could champion. Discussion would be needed to determine what 'standard' would be required of employers wishing to sign up, and precisely what the incentives should be, in order to make adoption less of a 'hard sell' for employers. For example, one interviewee argued that business rate discounts, now devolved to local authorities, might be offered to Living Wage employers.

## Employer Pledges and Standards

Several GM Local Authorities have launched schemes to engage employers and secure their support to boost employment standards. **Salford City Mayor's Charter for Employment Standards** aims to encourage employers in the city to create jobs and training opportunities for disadvantaged people, work toward the introduction of the Living Wage, oppose the use of zero-hour contracts and promote other working practices. Employers may also make an additional pledge to source goods and services from local companies. Employers can sign up as a Supporter (working towards implementation of the pledges) or a Charter Mark Holder. In return the council may offer business support services, such as assistance with local recruitment and selection and advice on access to local supply chains. The charter was launched in 2013. Salford Council is also the only GM local authority that has become an accredited Living Wage employer, although several others are in contact with the GM Living Wage Campaign.

### The Salford Standard

<http://www.visitsalford.info/locate/the-salford-standard.htm>



<sup>13</sup> British Chambers of Commerce (2014) Workforce Survey [http://www.britishchambers.org.uk/J4990%20-%20A4%20BCC%20WORKFORCE%20SURVEY%20INFOGRAPHIC%20-%20JOBS%20AND%20GROWTH\\_V5.jpg](http://www.britishchambers.org.uk/J4990%20-%20A4%20BCC%20WORKFORCE%20SURVEY%20INFOGRAPHIC%20-%20JOBS%20AND%20GROWTH_V5.jpg) (accessed 08/09/16)

<sup>14</sup> Trust for London (2012) Costs and Benefits of a Living Wage, <http://www.trustforlondon.org.uk/wp-content/uploads/2012/10/Living-Wage-Costs-and-Benefits.pdf>

<sup>15</sup> GMCC, The Living Wage: stating the case

In **Oldham** the Council invites employers to commit to a **Fair Employment Charter**. This sets minimum standards for jobs within the borough, including paying the living wage, trade union membership, stable employment and progression. Employers may sign up to the Charter without subscribing to all of its elements, or whilst working to achieve some (such as paying the Living Wage) – applications are assessed by the council's fair employment team.

#### Oldham Fair Employment Charter

[http://www.oldham.gov.uk/info/200270/working\\_at\\_the\\_council/1303/oldham\\_s\\_fair\\_employment\\_charter](http://www.oldham.gov.uk/info/200270/working_at_the_council/1303/oldham_s_fair_employment_charter)

Other councils have developed employer pledges with the aim of encouraging employers to make jobs and skill development opportunities available to local residents, and particularly to young people. For example, Bolton Council developed the **Bolton Employer Pledge**, which employers signed up to to demonstrate their 'commitment to skills development and supporting people into employment in Bolton.'<sup>16</sup> Like the **Trafford Pledge** this focusses on advertising vacancies locally, offering placements and apprenticeships to local young people and people with disabilities. Unlike the previous examples, these have less to say about the quality of the jobs that are on offer, with the emphasis on supporting employment entry.

Despite these activities aiming to tackle low pay and raise employment standards, a number of interviewees expressed concern that significant numbers of employers rely on low-skilled labour to support their business models. In fact New Economy estimates that a greater proportion of employers operate 'low cost, low value' business models in Greater Manchester than in the UK as a whole (21% compared to 18%). In recognition of this, some interviewees emphasised the need for greater investment in business support and development activities to help employers move up the value chain to compete for higher value goods and services and to be in a better position to increase wages and invest in their workforce. We return to this issue later in the report.

The role of public sector employers, acting individually and collectively, was strongly emphasised by some consultees, who argued that there should be a standard 'ask' of the city-region's major public sector employers, as well as perhaps its wider 'anchor institutions' (large and long standing organisations) such as universities, leading firms and sporting and cultural institutions.<sup>17</sup> This could involve paying the Living Wage as well as trade union recognition and maximising the local benefits of procurement processes. The latter are discussed in more detail in the following section. It was thought that the city-region's major employers are likely individually to be promoting a range of good practices in terms of employment or workforce development which offered the potential for mutual learning and perhaps collaboration. Our attention was also drawn to examples from previous policy eras and from other cities that could be revisited, such as the NHS Skills Escalator which aimed to promote worker progression and encourage NHS employers to participate by making explicit career progression pathways between different levels in the organisation.<sup>18</sup> The idea of a charter or charters for major public sector employers or for anchor institutions more broadly was also mooted. For example, nationally, UNISON has an 'Ethical Care Charter' which councils and care providers are encouraged to sign up to, involving commitments to staff training, to not using 15 minute visits, and to paying the Living Wage. Large councils in the North West including Lancashire, Cumbria and Wirral have already signed up to the Charter, and support is being sought from councils in Greater Manchester.

<sup>16</sup> <http://www.bolton.gov.uk/sites/documentcentre/Documents/Pledge%20card%20front%20and%20back.doc>

<sup>17</sup> An instance of this is discussed in Jackson, M. (2014) Living wage and the role of local government, CLES and the Greater Manchester Living Wage Campaign

<sup>18</sup> Ray, K., Foley, B. & Hughes, C. (2016) Rising to the challenge: a policy agenda for tackling low pay. The Work Foundation.

Several respondents pointed to the importance of flexible working, given that a large share of non-employment and underemployment (working below a person's potential) has been linked to caring responsibilities, particularly for women.<sup>19</sup> The Timewise Foundation can offer support and encouragement to councils and other employers to implement best practice around flexible working.<sup>20</sup> But few other programmes have tended to explore this aspect of job design.<sup>21</sup>

## Boosting employment through building local supply chains

Maximising the extent to which existing local firms and public sector organisations buy goods and services from local suppliers is widely seen as an important way of boosting local employment.<sup>22</sup> The Centre for Local Economic Strategies (CLES), based in Manchester, has been particularly active in the development of this agenda, with recent work focussing on the role of anchor institutions and their impact on local economies as well as skills and education programmes.<sup>23</sup>

Greater Manchester has been at the forefront of work around social value and procurement, both before and after the legislation of the Public Services (Social Value) Act 2012.

A baseline analysis commissioned by AGMA and conducted by the CLES found that 84.8% of the total direct spend (£1.003 billion) by Greater Manchester authorities with their top 300 suppliers by value is with organisations based in, or with a branch in Greater Manchester; this equates to £851million. These 300 suppliers created an estimated 6,756 jobs in Greater Manchester in the last year including 1,640 for hard to reach groups, as well as 1413 apprenticeships. Manchester City Council is also regarded as a particularly good example which demonstrates the potential power of 'bending' mainstream spend in this way.

### Developing Local Supply Chains: Manchester City Council

Manchester City Council has been working with the CLES since 2008 using the 'Local Multiplier 3' (LM3) method to monitor and increase the proportion of its spend that ends up in the local economy. LM3 was developed by the New Economics Foundation (NEF). It calculates the value of contracts between the local authority and locally-based suppliers and the sums spent on salaries and wages of direct employees who live in the local authority area. It also estimates the re-spend of local suppliers on their own local suppliers and the re-spend of direct employees upon goods and services in the local economy.

Armed with this information, Manchester City Council has been able to increase the proportion of its direct procurement spend in the local economy from 51.55% in 2008/9 to 68.9% in 2014/15.

Strategies pursued by the Council have included: making the Council's strategic priorities prominent in procurement documentation; setting criteria around social value in procurement; setting up a cross department commissioning and procurement group; and establishing a network of suppliers. In



<sup>19</sup> Ray, K., Sissons, P., Jones, K. & Vegeris, S. (2014) Employment, pay and poverty: evidence and policy review. Joseph Rowntree Foundation.

<sup>20</sup> Timewise, Guide to the Timewise Council Programme, [http://timewise.co.uk/wp-content/uploads/2016/07/Guide\\_to\\_Timewise\\_Councils.pdf](http://timewise.co.uk/wp-content/uploads/2016/07/Guide_to_Timewise_Councils.pdf) (accessed 08/09/16)

<sup>21</sup> See also the Timewise project with Pets at Home, funded by the UKCES Futures Programme <https://www.gov.uk/government/publications/ukces-futures-programme-progression-pathways-in-hospitality-and-retail-competition-brief>

<sup>22</sup> Ward, B. & Lewis, J. (2002) Plugging the leaks: making the most of every pound that enters your local economy, New Economics Foundation

<sup>23</sup> McInroy, N. (2016) Forging a good local society: tackling poverty through a local economic reset, CLES report for Webb Memorial Trust

particular, the Council identified businesses in the most deprived 10% of neighbourhoods nationally and contacted them to identify possible supplier opportunities. The Council has also been able to influence the behaviour of the supply chain, including emphasising fair pay, volunteering and apprenticeships.

To supplement this, in 2014, the Greater Manchester Combined Authority (GMCA) developed the Greater Manchester Social Value Procurement Framework. The Framework was designed to serve the dual purpose of providing a common means through which the ten Greater Manchester authorities could consider social value when commissioning and procuring public services; and also as a way of demonstrating the impact of spending choices on an ongoing basis. The framework very much has 'inclusive growth' goals at its heart, being based around the six outcomes of: promoting employment and economic sustainability; raising the living standards of local residents; promoting participation and citizen engagement, building capacity and sustainability of the voluntary and community sector; promoting equity and fairness; and promoting environmental sustainability. The Manchester Growth Company is working with the GM Social Value Network to help GM small and medium sized enterprises to understand how they can score well in relation to Social Value, thereby making them more competitive for public sector contracts. They also then support firms to deliver on their commitments.

However, more can be done through procurement mechanisms. Some consultees felt that strategies should aim to differentiate between firms with strong links to GM and those with an office in the area but who might actually be taking money out of the area, more opportunities could then be diverted to the former. Meanwhile, the Centre for Local Economic Strategies has recommended among other things that all local authorities consider social value as a matter of course in procurement, and that they analyse influenceable leakage out of the GM economy. Flows of public spending across the conurbation might also be better understood – that is to say (for example) the extent to which spending by Manchester City Council benefits local economies in Rochdale or Wigan. The same strategies might also be extended to other organisations, for example those in the health and higher education sectors, large businesses, the Local Enterprise Partnership, and those funds being devolved through the Greater Manchester Devolution Deal.

Examples of these wider strategies do exist elsewhere. For example in Preston, the City Council is working with other anchor institutions to map their total spend and to follow this up by seeking out existing local suppliers that might be enabled to bid for contracts and also to develop new social enterprises and in particular, co-operatives, to plug gaps where there are no suitable existing local businesses.<sup>24</sup> The aim is to increase the amount spent on non-specialist goods and services locally, where spending is not tied up in long-term framework agreements, but also to engage local anchor institutions in thinking about the impact they can have on the local economy.

Supply chains were not the only aspect of local economic dependencies that stakeholders thought could be better understood and acted on. Respondents articulated the need for a more systematic understanding of the ways in which money already in the GM economy can be put to work in the interests of reducing poverty and inequality. There were also discussions about the ways in which high value housing and mixed communities can be beneficial in disadvantaged areas by generating increased local spending (although they may also have negative effects), and about other ways in which output growth can be translated into reducing poverty (such as local investment funds, in-kind support for small firms and local civil society organisations, and philanthropy). There were also calls to support greater financial literacy of residents, particularly in the context of payday loans and supporting credit unions.

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<sup>24</sup> Jackson, M. & McInroy, N. (2015) Creating a good local economy: the role of anchor institutions, CLES

These were all areas where examples were not readily offered and the need for more evidence and piloting was identified. One promising recent development is a commitment by Manchester Growth Company to encourage and support companies that have received business support to engage and commit resources to social outcomes – for example linking SMEs with third sector organisations to promote employee volunteering or to provide in kind support such as mock interviews and work experience placements.

## The nature of economic development

Perhaps the most challenging aspect of the inclusive growth agenda is working out its implications for economic development strategies. In the GM context, our consultation suggests that there is wide recognition of the success, in terms of GVA and employment growth, of the economic strategy the city-region has pursued since the IRA bomb in 1996 and since the Manchester Independent Economic Review. Much of this report addresses the challenges of making this kind of economy an inclusive one – challenges of low pay at the bottom end of the labour market, insecure work, ensuring local people have the skills to take the jobs available, and that housing and transport enable them to reach them.

But questions were also raised about whether the city-region's economic strategy per se could foster more inclusive economic outcomes. A number of respondents articulated demands for a more diverse economic strategy, emphasising more the kinds of economic development that could bring better paid and more secure jobs not just high volumes of jobs, and strategies to enable the bottom-up development of local economies, especially in areas where residents have not benefited substantially from the existing major investments and growth hubs. Some people argued that without this broader strategic approach, the GM economy will continue to deliver unequal outcomes.

The arguments here were broadly of four kinds. Some were more commonly mentioned and more fully developed than others in this consultation.

One set of suggestions was around fostering possibly slower or lower growing sectors but ones with potential to offer better paying jobs and greater opportunities for progression, and to construct local value chains in these sectors. In this work, specific suggestions or strategies were not offered – rather this was suggested as an area for further investigation and analysis. Similarly, a second suggestion was around the need to better understand and explore the potential for small specialist clusters outside the main growth hubs, in order to bring higher value employment to more economically marginalised areas of the conurbation, supported by strategies of supply chain development, specialised training, and employer links with schools and colleges.

A third set of suggestions was around the more extensive promotion of alternative models of economic organisation, in which the value generated is more likely to remain in the local area than to be extracted by non-local shareholders, and is likely to be more evenly distributed within firms/organisations. This could include:

- Delivery of public services and development of new community-based facilities and services by non-profit 'social enterprises';
- Broader promotion of different kinds of business model such as co-operatives and mutuals. Social enterprises often have these forms of organisation but they can also exist in other sectors – notably in retail. Several respondents remarked that such forms of economic development are in the 'DNA' of Greater Manchester, the home of the co-operative movement.

In this consultation, more information was offered about social enterprises. Social enterprises are by their nature more likely to distribute the benefits of growth than profit-motivated businesses since their objectives are primarily social and their surpluses are principally reinvested for that purpose. In other ways they are also



more likely to be 'inclusive': they are approximately twice as likely as other businesses to be led by women, disabled people or people from black and minority ethnic groups, and are more likely to be located in the most deprived areas of the country – 38% work in the most deprived 20% of communities in the UK, compared with 12% of traditional SMEs.<sup>25</sup>

Support for social enterprise is developing. In particular, in February 2015, Social Enterprise UK designated Salford as a Social Enterprise Place. The '**Social Enterprise City**' is supported by Salford CVS which is a prominent member of Greater Manchester's Social Value network and Salford University which recently launched a Centre for Social Business. Other allies include social housing providers such as City West, the city mayor and Salford Council, as well as the Business Group Salford, a network of local enterprises which unusually has managed externally funded programmes to support enterprise development amongst both local residents and new EU migrants in low income communities within the city.

A workshop with (mainly) third sector organisations working on local economic issues also identified good local examples of support for social enterprise. One of these was the Cheeky Monkeys Family Centre in Sale<sup>26</sup> – a childcare provider and facility which can be hired for children's parties at the weekends. Our attention was drawn to this as an example of the fact that successfully establishing a social enterprise can require the support (and start-up funding) of several different partners, a process which can be difficult to navigate and coordinate. In this case, Trafford Housing Trust's Development Manager nominated the project for the Trust's 'give and gain' days where their staff (including skilled tradespeople) worked alongside local people to rewire and redecorate the dilapidated building and also helped them raise funds to equip it with furniture and toys. Social enterprise support organisation Unltd provided resource, training and support to establish a Community Interest Company and social enterprise.<sup>27</sup> Further capacity building support was accessed from Trafford Housing Trust's capacity building team to help with business planning and access CSR support from the Trust's supply chain. While the workshop participants were able to cite other successes of this kind, they also argued that social enterprise support in Greater Manchester at present is '*unfocused*' and '*patchy*' and needs more strategic direction.

Research on social enterprise development in the UK and locally suggests that while the obstacles to success for social enterprises are similar to those for SMEs generally, they are more likely than average to find obtaining finance an obstacle, even though the levels that they require are lower than for SMEs overall. Nationally, 39% cited obtaining grant funding as a barrier to their sustainability – the most common barrier experienced.<sup>28</sup> Another principal barrier to the growth and sustainability of social enterprises is public procurement policy (contract size, capacity, access and payment models). Just under half (49%) of social enterprises working mainly with the public sector reported that the Social Value Act was yet to be implemented in the commissioning process. In addition, the other key barriers for social enterprises in Greater Manchester are: accessing support; lack of capacity; business skills and practices; and networking opportunities.<sup>29</sup>

Finally, a fourth and linked set of suggestions was about what could be done to support enterprise and small business growth (in the for-profit sector not just in organisations with social purposes), thus building sustainable local economies from the bottom up rather than relying on major firms and projects.

Respondents recognised that this kind of economic development can be complex, messy and risky, and that its gains are necessarily more incremental than large scale inward investments. Access to finance is often reported as a barrier, but multiple forms of support may be necessary, some of which may be very small scale.

<sup>25</sup> Social Enterprise UK (2013) State of Social Enterprise 2013; The proportion fell to 31% in the 2015 survey.

<sup>26</sup> <http://4cheekymonkeys.co.uk/about.html>

<sup>27</sup> Notes from GMCVO workshop, 27 May 2016.

<sup>28</sup> Social Enterprise UK (2015) State of Social Enterprise 2015

<sup>29</sup> Dabbs, C. (2015), Social Enterprise – summary, Salford: Unlimited Potential

Banana Enterprise Network (see box) was one example of a successful and growing local model. We were also told about the Liverpool Enterprise Hub – an overarching brand made up of 11 delivery partners to support self-employment throughout Liverpool City-region, and on a smaller scale, about the example of Calderdale Council, which had changed its business grant scheme to classify home-workers as eligible businesses. Respondents also argued that a more strategic approach to fostering a culture of entrepreneurship was needed, with mainstream education and skills programmes being designed to offer insights into the realities of both entrepreneurship and employment.

## Supporting Local Enterprise

**Banana Enterprise Network (BEN)** is a Salford based social enterprise set up in response to an identified need for grass roots pre self-employment support and training for people. BEN provides an opportunity for people who are unemployed or low waged and interested in self-employment to build up their skills whilst finding out what is involved in running their own business. They can then make an informed decision about whether self-employment could be a viable option to help get them back into, or progress at work. BEN is currently funded to work in Bolton and Salford, where they provide one-to-one mentoring and training courses in the key skills necessary for running your own business, including personal development and confidence building. BEN builds partnerships with local grass roots organisations including community centres, social landlords and job clubs. They also take referrals from the Jobcentre. In 2015 (the charity's first year of trading), BEN supported 291 people. In 2016 they are forecasting that they will support over 500. The project's founder identified the following reasons for the organisation's success:

- Tailored packages of support, built around the needs of each individual and progressing at their own pace; no pre-set targets or time limited goals;
- Skilled trainers with expertise in business start-up, marketing and finance, complemented by additional one-to-one support to build confidence, personal development skills and resilience;
- 'Grow your own': on principle, BEN only employs trainers and mentors who have set up a business themselves, giving them a real understanding of the challenges facing their clients;
- Building a network of support, based on local community organisations and service providers and also other new entrepreneurs within the same neighbourhood.

The ideas offered in this consultation inevitably fall far short of a strategic approach. The key point was that respondents thought a more strategic approach could be taken to supporting local investment as well as what one contributor described as the '*big economics*' at which Greater Manchester had been demonstrably successful.



# Including more people in economic opportunity

## Learning and skills

Long-term changes in the structure of the labour market, and growth in flexible forms of work over the short-term pose a number of challenges for residents of Greater Manchester. While the proportion of people with no qualifications has fallen significantly over the course of a decade, there are still 180,000 working-age people who have no qualifications.<sup>30</sup>

Changes in the types of jobs on offer could also present a challenge to people with limited experience, or specialist skills that may not be in demand. While it is estimated that there will be growth in jobs in sectors such as financial and professional services, the skills and experience required to access these jobs may differ from those required for jobs in manufacturing, a sector where demand is predicted to fall by 2022.<sup>31</sup> Raising skill levels for residents and providing support to (re-) enter the labour market will be key in facilitating broader participation in the opportunities presented through economic growth in coming years. This is particularly important since residents with lower skills are not distributed evenly across the city-region, with concentrations in Oldham, Rochdale and Manchester.<sup>32</sup>

Unlike the issues discussed in the previous section, which were about shaping the economy and the behaviour of private firms and large employers (and notwithstanding the frequently articulated need for an employer-led system), influencing learning and skills is largely seen as a public sector responsibility in the UK. Consultation responses, where they addressed this issue, highlighted some of the acknowledged problems<sup>33</sup> with the system as currently configured, including:

- Large scale cuts in adult learning funds since 2010;
- A complex landscape of provision with multiple qualifications and providers, which affects both entry and progression;
- Lack of high quality and well regarded vocational programmes for young adults that offer transition routes from school to work that are as secure as those available to young people pursuing academic options;

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<sup>30</sup> IGAU (2016) Inclusive Growth: Opportunities and challenges for Greater Manchester

<sup>31</sup> New Economy (2016) Greater Manchester Skills Analysis 2015/2016

<sup>32</sup> According to the Annual Population Survey, 48% of GM residents with no qualifications were in these areas. For further analysis of skill levels in GM see IGAU (2016) Inclusive Growth: Opportunities and challenges for Greater Manchester, pp 20-21

<sup>33</sup> Lupton, R., Unwin, L. & Thomson, S. (2016) The Coalition's Record on Further and Higher Education and Skills: policy, spending and outcomes 2010-2015. Social Policy in a Cold Climate paper, CASE

- A weak apprenticeship system, with many apprenticeships being taken by adults and/or being 'conversions' from existing jobs;
- Fragmented and underfunded advice and guidance services;
- Incoherence of governance arrangements, in particular the development of a system of autonomous schools with no mechanisms for local accountability or coordination with other parts of the local learning and skills system.

Greater Manchester's strategies to date have recognised the central importance of learning and skills to the development of the GM economy and that devolution offers, in many respects, the opportunity to develop a local skills 'ecosystem', offering links and progression across ages and phases.

In particular, an ambitious set of reforms to early years services have been proposed as a part of GMCA's growth and reform plan (2014), with further detail coming in the subsequent Health and Social Care strategic plan (2015). The aim is to improve performance across a range of indicators. School readiness indicators for Greater Manchester, for example, are lower than the national average – almost two in every five children do not reach a good level of development at age five years, increasing to one in every two children in receipt of free school meals. The reforms aim to offer a 'new delivery model for early years' which will ensure a holistic approach to improving school readiness through integration of public services for parents and children, investing in evidence-based interventions and decommissioning those with a poor evidence base, targeting support on those most in need, workforce development, and improvements in data collection and sharing.<sup>34</sup> The plan is for an initial phase of testing and piloting, building up the evidence base for interventions and changes to service delivery. This would then lead to staged implementation across the region, building up to all children under 5 over the period 2015/16 and 2018/19. A recent update<sup>35</sup> noted that some areas have now implemented the model in pilot areas, or have undertaken borough-wide rollout of some interventions, but no council has yet fully implemented the vision.

Other current activities include on-going work on the design and delivery of further and adult education following the recent Area Review of FE colleges<sup>36</sup> and the development of a strategic plan for Careers Education, Information, Advice and Guidance across the conurbation, the latter sits within the Raising the Participation Age Strategy. Most of these reforms are underpinned by a common set of goals, aiming to ensure that the system is more responsive to employer needs and economic priorities and that there are clear routes from courses into academic and labour market careers.

Our consultation exercise and interviews highlighted similar concerns and a number of challenges that would need to be addressed to ensure that skills, education and training programmes were enabling wider participation in the opportunities on offer.

A number of interviewees were concerned that maintaining funding for holistic training programmes targeted at low-skilled groups, and for wider engagement efforts, could prove challenging in the context of a partially devolved but diminishing Adult Skills Budget.<sup>37</sup> As one interviewee put it, it is clearly necessary to focus on advanced vocational training but "*people have to get there*" and can't just jump from having low skills to achieving a Level 3 qualification. There was also concern that the consolidation of skills funding and that the move to

<sup>34</sup> Growth and Reform Plan (2014)

<sup>35</sup> Start Well Early Years Strategy (2016) <http://www.gmhsc.org.uk/assets/6a-Start-Well-Early-Years-Strategy.pdf> Greater Manchester Devolution Implementation Plan (April 2016)

<sup>36</sup> GMCA (2016) Greater Manchester Area Based Review: Option Recommendation: Part A; HM Government (2015) Reviewing post-16 Education and Training Institutions; [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/446516/BIS-15-433-reviewing-post-16-education-policy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446516/BIS-15-433-reviewing-post-16-education-policy.pdf)

<sup>37</sup> Provisional analysis by New Economy, referenced in presentation available at <http://www.gmpln.co.uk/resources/Productivity%20and%20Skills%20Conference%20Slides.pdf>

commissioning at GMCA rather than local authority-level would reduce flexibility and potentially lead to the loss of valued local programmes. Interviewees also expressed concern that the consolidation of the Community Learning Fund into the single skills funding pot would lead to resource being directed away from community-based outreach projects to projects that are more explicitly targeting employment entry.

A second issue raised was the need for in-work skills development. While there were concerns about school career advice and guidance services, interviewees also highlighted gaps in adult provision, and funding, particularly with regard to people who have moved in to work who may benefit from independent advice to help them to progress once in work. With this in mind, Oldham Council is currently trialling a new career advancement service for people in low wage work).

## Oldham Career Advancement Service

Adult careers advice services tend to be targeted at people who are looking for employment, rather than those people who are already in employment but who might be on low pay or in work that is ill-suited to their interests or skills. In 2016 Oldham Council set up a pilot Career Advancement Service with the initial aim of supporting over 400 residents who are already in work to progress from low paid, low skill jobs. The Oldham Work and Skills Strategy<sup>38</sup> makes the case that by supporting these goals they may help to increase productivity levels locally.

The pilot draws on funding from the Adult Skills Budget, European Social Funds, Advanced Learner Loans resources and an initial investment from the Council. In practice, it will act as an extension to the 'Get Oldham Working' programme, enabling continued support to be offered to people who move into work through the programme. The idea is that participants with low skills will be offered intensive career coaching and a personal budget to enable them to put together a personalised package of support to enable progression.

Progression outcomes will be measured in terms of the number of people that see employment progression (measurable pay/wage increases) as well as progression to advanced or higher level qualifications. The rationale for focussing on achieving higher qualifications as well as employment progression is that higher qualifications may act as a 'proxy for employability and salary progression'.

The pilot is in the process of being set up and so it is not yet possible to review outcomes or to assess the success of this initiative. However, it has the potential to develop a new model for adult careers advice services, offering insights for policymakers across the city-region and in the rest of the UK.

Lack of employer engagement and uncertainty about the quality of the qualifications on offer were two issues identified by interviewees. Both can make it difficult for learners to identify courses that will improve their employment prospects. Local commissioning is seen as one means of enabling greater responsiveness, alongside employer engagement and the roll out of apprenticeships. One area in which Greater Manchester is trialling a new approach to employer engagement is through changes to the eligibility criteria for the Apprenticeship Grant for Employers (AGE). The national scheme aims to encourage more small businesses to take on an apprentice, recognising that smaller employers can struggle to engage with skills programmes and offer development opportunities.<sup>39</sup> The scheme has been adapted in Greater Manchester to ensure that a

<sup>38</sup> Oldham Council (2016) Oldham Work and Skills Strategy 2016-20: Final Draft

<sup>39</sup> FSB (2016) Make or break: getting apprenticeship reform right for small businesses



wider range of employers can take advantage of the scheme and that it encourages progression to higher level apprenticeships. However, using apprenticeship funding strategically to develop employment opportunities for young people in particularly disadvantaged areas by working with locally based firms was mentioned as an avenue for further development.

In June 2016, the Manchester Growth Company also outlined a new set of services aimed at providing SMEs with advice and support around workforce development, including for example, where there might be business benefits to creating Higher Level Apprenticeships rather than recruiting graduates, working with schools to ensure a pipeline of potential employees and recognising the productivity gains of upskilling the leadership and management capabilities of their current workforce.

## Apprenticeship Grant for Employers, Greater Manchester

The Apprenticeship Grant for Employers offers incentives to small businesses who hire a young apprentice (aged 16-24). A number of eligibility criteria apply and these and the overall size of the incentive differ between areas.<sup>40</sup> The overall aim of the grant is to increase the number of small businesses that offer apprenticeships; as a result, the grant is targeted at employers that have not hired an apprentice in the last year. Nationally, it has been confirmed that the grants will continue to the end of the 2016/17 academic year, offering transitional support as other apprenticeship funding reforms are put in place.

The Greater Manchester scheme offers a £1,500 grant to employers with fewer than 250 employees who take on a young apprentice, with an additional £1,000 available where the young person progresses from a traineeship on to an apprenticeship, or where an employer offers a Higher Apprenticeship.<sup>41</sup> It is also proposed that incentives are offered to employers and providers delivering Trailblazer Standards.

In Tameside the local authority has introduced additional incentives. The Tameside Business Grant (2015/16) is worth up to £1,500 and is available to small employers who create good new jobs at the Living Wage and who adopt good business and employment practices, or to small employers who take on a local apprentice. The grant can be claimed alongside the GM AGE scheme.

Finally, some interviewees commented on the tensions between governance and accountability arrangements in the school system and the goal of a local skills ecosystem. Increased autonomy and competition in the school system, with a focus on GCSE performance and an increased focus on academic subjects makes it harder to develop and implement a local offer to young people with high quality vocational options and a variety of routes to engage with and succeed at learning in the secondary years. Current policy requirements that young people who have not achieved the expected level at English and maths by age 16 must continue these studies in college are diverting substantial resources in the FE system to Maths and English GCSE courses, with generally low success rates and no implications for school budgets. While we were told about promising examples of collaborative working between schools and colleges, there were also demands for policy change at national level in the 14-19 phase.

<sup>40</sup> House of Commons Library (2016) Apprenticeships Policy, England: briefing paper, <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN03052> (accessed 26/08/2016)

<sup>41</sup> GM AGE Employer Fact Sheet from 1st April 2016

## Connecting people and jobs

Levels of economic inactivity are high in Greater Manchester compared to other city-regions and employment rates dip as low as 62.8% in Manchester, 64.6% in Rochdale and 64.8% in Oldham allied to high rates of ill health and disability.<sup>42</sup> There is a large evidence base on supporting people into employment to draw on in ensuring that the opportunities and jobs that are being created in Greater Manchester are accessible,<sup>43</sup> though the individualised support required to support those with health conditions into employment is not consistently available.

For those that are furthest from the labour market – including people who have been out of work for years due to health problems, or lack of opportunity – interviewees emphasised the need for support to be intensive, and available over the long-term. The Nu Traxx Connect programme, part of the Youth Contract extension, was an example of a programme that was seeking to support sustainable employment outcomes by continuing to support young people during the first few months of employment, who have moved into work.

Meanwhile, through development of the Working Well programme Greater Manchester is seen as leading the way in breaking down the barriers to employment faced by those groups that have not been served well by the Work Programme and other employability support services. The Working Well programme is being developed by the GMCA, with funding from the DWP. Following a successful pilot supporting ESA claimants exiting the Work Programme, Working Well has been expanded to enable support to be offered to a wider range of claimants, with referrals made by JCP Work Coaches and GPs. The service also offers additional services to support clients with barriers relating to mental health and low skills, reflecting the finding that these are amongst the main barriers to work experienced by clients.<sup>44</sup> An early lesson from the pilot was the importance of the keyworker relationship<sup>45</sup> – ratios of participants to staff are much lower than in the Work Programme. Integration boards in local authorities have played an important role in enabling sequenced access to the services needed. The aim is for the programme to engage a total of 50,000 people.

In addition, a number of well-developed programmes run by charities and third sector organisations have emphasised the importance of building relationships between participants and support staff and of developing strong local networks. These small, tailored programmes can operate more informally and are thought to enable the development of supportive relationships that would not have been possible in the context of a more formal programme. Some examples are outlined below. However, interviewees also raised concerns that there were still groups that were falling through the gaps, including refugees who may be far from employment ready but who are not generally offered support.

### Talent Match

*Greater Manchester Talent Match* is a Big Lottery-funded programme that supports young people (18-24 year olds) who are not in education, employment or training and have significant barriers, to develop towards and into employment. This involves a 'Talent Coach' (keyworker) building a relationship



<sup>42</sup> Annual Population Survey, 16-64 employment rates. For further discussion see IGAU (2016) Inclusive Growth: opportunities and challenges for Greater Manchester

<sup>43</sup> Green, A., Sissons, P., Broughton, K., de Hoyos, M., Warhurst, C. & Barnes, S. (2015) How cities can connect people in poverty with jobs, JRF

<sup>44</sup> Manchester City Council (2016) Working Well Update: Economy Scrutiny Committee

<sup>45</sup> Based on the interim evaluation drawing on interviews and focus groups with clients, stakeholders and staff. Dickinson, S. (2015) Interim Evaluation of Working Well: report to Big Life Enterprises by Scott Dickinson Ltd <https://www.thebiglifegroup.com/wp-content/uploads/2015/08/Big-Life-Working-Well-Interim-Evaluation-Final-Draft-for-Circulation-13-07-2015.pdf>

with and supporting the young person, to enable them to identify their barrier/s to employment and provide holistic support to help them to overcome this.

The programme differs from other youth employment schemes as it takes a predominantly community-based approach to identify and support hard to reach young people, and design a package of support that will suit them. To ensure the programme fits the needs of this group, the programme hosts a Youth Panel which is involved in the governance and design of the programme across all levels.

By mid-2016 nearly 1,000 young people from across Greater Manchester had been engaged and nearly 250 had entered employment. Key factors in the programme's success include its model of working with community-based organisations to reach out to 'hidden' young people who would not traditionally engage with services; providing long term, one-to-one holistic support to young people with multiple barriers to employment, and supporting young people to realise and build on their talents to ensure sustained employment.

By bringing together partnerships of employers, education providers, and third-sector organisations, Greater Manchester Talent Match also aims to boost opportunities for young people in each area and develop new pathways to employment. An Opportunities Hub has been created for this purpose. This is an online portal that brings together information about existing opportunities available to young people in Greater Manchester.

## NEETs plus project

The Broughton Trust runs adult learning, youth work, employment support and community development projects with local residents. The Trust is rooted in the local community: most of its staff and volunteers live in East Salford and the Trust is run by a management board with a majority of local residents. It also has strong local networks and can work with the Council, local agencies and employments to find opportunities for young people.

In recent years it has run a NEETs-Plus project, working with young people who are not engaging in education, employment or training, and who have stopped claiming benefits. This is a group that often falls through the gaps in mainstream employment support. The Trust aims to engage young people, building trusting relationships with them and working with them at their own pace, to support them as they seek ways to move forward in their lives. The mentoring process continues as they transition from school to college, and college to work; the trust also brokers opportunities with employers, and is committed to continuing to support the young people for as long as they need, not just until the money runs out.<sup>46</sup>

Employer engagement and understanding the needs both of employers and potential employees emerge as important in these examples. Several projects engage directly with employers to identify their recruitment and training needs with a view to supporting local residents to apply for opportunities. The Works, for example, is run by the University of Manchester and works with major employers to match local residents to upcoming vacancies, offering training where appropriate. Meanwhile, the Workers Educational Association has developed a specialist training programme to support people to access employment opportunities at Manchester Airport. The strength of these projects, outlined in more detail below, is that they set out to prepare local residents to apply for actual vacancies.

<sup>46</sup> Input from Broughton Trust worker at IGAU event at GMCVO in Manchester on 27 May 2016.

Engaging employers could be difficult where they saw the activity as another 'public sector fad'. For this reason it was suggested that an organisation outside the public sector, such as the Chamber of Commerce, should be funded to play a key role in coordinating business support and engagement. Wigan Works was another project that was targeting local businesses directly. The digital portal aims to provide businesses with an overview of the benefits of working in the area and signposts them to local business support services, recognising that they are often looking for a simple and accessible route to find out about local initiatives and grants.

While it was recognised that major investment projects in the past had not always been managed in ways which maximised local employment benefits, it was seen as 'easier' for local authorities and other organisations to put schemes in place around these kinds of developments. Less easy was making sure that local residents benefited from regular small scale vacancy opportunities, and ensuring staff retention in times of retrenchment. In relation to the former, participants at the GMCVO workshop on local economic development talked about the need for culture change among employers as well as co-producing employment schemes with local people. Yet for small businesses in particular, the time and resources taken to work with people who have low skills and little work experience can be a challenge, making it easier to pick the 'low hanging fruit'.

## The Works

The Works is a one-stop-shop run by the University of Manchester in partnership with the Manchester Growth Company to support local people to find jobs, develop skills and access training. The scheme was originally set up to increase the number of local residents working at the University, but now also supports several other major employers including Greater Manchester Police and housing associations. Over 3000 people have been placed into jobs so far of which three-quarters are from Manchester's central wards. Over the next eight years, construction projects linked to the University's campus redevelopment are expected to deliver around 1000 jobs and will be a major focus for The Works.

Aspire Recruitment, a non-profit part of the Manchester Growth Company (MGC), matches people to upcoming vacancies and The Works provides support including CV writing, and job interview training as well as generic and job-specific training – including a catering academy, IT training and a construction skills academy. Funding for the project comes from MGC and the University (in the form of salaries and facilities) and courses are funded through the Adults Skills Budget among other sources. The project's director reports that the key to the success of the scheme is that it trains people for real vacancies, thus ensuring a much higher rate of success than is typically the case.

## Chinese Cultural Awareness

The Workers' Educational Association ran a series of short courses in 2015 in Chinese cultural awareness and basic language skills for local people in Wythenshawe and other surrounding areas who were looking for work at Manchester airport. The courses formed part of a three week employability and basic skills course delivered by Stockport college for the Manchester Airport Academy Project as part of the airport's community engagement programme.<sup>47</sup>



<sup>47</sup> <http://www.manchesterairport.co.uk/community/working-in-our-community/airport-academy/>

Trainees who completed the course were guaranteed an interview at the airport, over 80% of them went on to start work. The course proved very popular with students, and also with employers based at the airport, who were keen to recruit new staff who could welcome the many Chinese passengers taking advantage of direct flights to Manchester. The course was repeated several times throughout 2015, with over 50 people going on to start work as a result.

While there is a lot of activity underway aiming to support more people into employment in GM, some of our interviewees raised concern that there was a lack of understanding of specific barriers that may be affecting people from minority ethnic groups. It was not clear whether the inclusion of marginalised groups, and employment gaps for some ethnic groups was being taken into account across skills and employment strategies. One route to address this might be to establish an ethnic minority employment network.

## Transport infrastructure, services and cost

Transport emerged as a key component of inclusive growth strategies in a number of interviews. 31 per cent of households in Greater Manchester do not have access to a household vehicle, rising to 44.5% of households in Manchester itself.<sup>48</sup> Consultees noted the high cost of public transport (particularly the tram) relative to low wages, the fact that many bus services often do not run early enough in the morning or late enough at night for shift workers and that walking and cycling are only likely to become widespread if there are high levels of safety (such as cycle lanes, lighting and traffic calming measures).

Transport for Greater Manchester already runs a number of schemes with the aim of ensuring that economic opportunities are accessible to those who are out of work or on low incomes (see below). Bus franchising powers, currently being negotiated, should also provide scope for the GMCA, under the mayor, to ensure that buses better serve the needs of residents. However the key stumbling block is cost – with a constrained budget and requirements to meet the costs of the National Concessionary Travel Scheme for pensioners, costs for younger people have risen in recent years.

### Enabling travel across Greater Manchester

- 'Local Link' services fill gaps in bus service provision by offering subsidised shared taxi services where private bus operators are not covering routes and supported bus services would not be economical for Transport for Greater Manchester to provide. In some areas the Local Link services have an employment focus, with extended operating hours to allow for, as an example, early morning shifts patterns
- Transport for Greater Manchester, part-funded by the Department for Transport and supported by bus operators, offer free day bus tickets to jobseekers who are attending an interview, a free 28 day travel pass for bus and Metrolink services for those who move into work and then a discounted travel pass for up to 12 weeks provided that they remain in work. The aim of the scheme is to support people to access employment and to reduce living costs as people move into work. Jobcentre Plus advisors are gatekeepers for the scheme and TfGM offers training on transport routes and fares so that advisors can offer advice to claimants on ways to access work



<sup>48</sup> Transport for Greater Manchester (2016) Greater Manchester Transport Strategy 2040: evidence base, consultation draft



- Transport for Greater Manchester has introduced early morning Metrolink services to Manchester Airport, beginning at 0300, in order to provide connectivity from local areas to employment opportunities

In addition to supporting access to public transport, some interviewees argued that there was a need not just to connect up areas but also to raise demand for public transport in some areas and to encourage some people to go outside of their 'comfort zones' and explore a wider area. It was argued that existing travel patterns in some areas reflect a lack of familiarity with other areas but that improved transport links could help to change employment patterns and ensure more opportunities are within reach of residents. Action was being taken in some areas in order to promote the health benefits of walking and cycling, and the vision for the new GM transport strategy talks of the need to support more people to include these activities in their daily lives.<sup>49</sup>

## Supporting employment

While support for carers, and for those with health conditions will be an important part of any inclusive growth agenda these policy areas did not feature prominently in the interviews we conducted, likely reflecting the sample of interviewees. Likewise, there was less discussion of what action was being taken locally to support the delivery of secure, affordable housing in well-connected areas. These are areas that will need further elaboration in future work.

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<sup>49</sup> TfGM (2016) Greater Manchester Transport Strategy 2040: Our Vision



## Delivering inclusive growth

### An explicit strategy

In this section, we focus not on specific actions that could contribute to inclusive growth so that the processes through which a shift towards a more inclusive economy could be achieved in Greater Manchester. Four key points came up through our consultation.

The first was a need for an explicit strategy at the GM level.

Greater Manchester is a city-region already committed to inclusive growth. The Greater Manchester Strategy *Stronger Together* states that “by 2020, the Manchester city-region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener city-region where all our residents are able to contribute to and benefit from sustained prosperity and enjoy a good quality of life” (p73). The idea of a ‘virtuous circle’ of inclusive growth – that reducing poverty increases economic potential while growth enables more people to participate in work and escape poverty – is explicit in the Growth and Reform Strategies of the Greater Manchester Combined Authority. The desire among leaders to build a city-region which is both more prosperous and more inclusive was widely acknowledged in the work we conducted.

Stakeholders whom we consulted also recognised the importance of having a positive narrative about the city-region, rather than a focus on its problems. Nevertheless, there was a common view that the strategy to date had focused more on the quantity of growth, and on the ‘high end’ of economic development – inward investments, physical infrastructure, and high value employment, than it had on the mechanisms for making sure growth was inclusive. In this sense, it had reflected a separation of economic and social policies built into the structures of government in the UK and to some extent in the evolving structures of city-region devolution. Although this is shifting ground, ‘localism’ and devolution to Local Enterprise Partnerships and city-region authorities has initially focused on roles relating to economic development and skills. Anti-poverty work, neighbourhood regeneration, community-based services, education and equality and diversity policies have remained at the local authority level. As one respondent pointed out, there is no anti-poverty strategy at Greater Manchester level.

The desire for a more strongly articulated strategy for achieving both growth and inclusion for the city-region, making clear the linkages between economic and social policies, was therefore a common theme in the interviews we conducted. One suggestion here was the need for a set of indicators which would combine measures of inclusion and growth and provide a measure of success.

The long term collaboration of the city-region's local authorities and the fact that GM is more advanced in the devolution of powers than other areas were seen to give the city-region, as one respondent put it, "*more tools*" with which to do this, and indeed since we started the work for this report, GMCA has already made considerable steps towards such a strategy, commencing its own Growth and Inclusion Review to feed into the refresh of the Greater Manchester Strategy and creating a new portfolio for Fairness, Equalities and Cohesion.

## Multiple actors, inclusive governance, and strategic integration

The second key point emerging from the consultation was the need to see inclusive growth as a responsibility of the city-region as a whole – all its citizens and institutions – not just the combined local authorities, sporting and cultural institutions, and therefore of the need to include a wider range of people in strategy development and delivery.

As earlier sections of the report have indicated, key roles in inclusive growth can be identified for 'anchor institutions' such as the universities, local authorities, and hospitals, for large and small employers and for civil society organisations which are often hands-on in making the connections between people and jobs and knowledgeable about the issues to be addressed.

Conversations around these kinds of issues highlighted two main kinds of proposals. One was that exemplars and 'champions' need to be found and encouraged and supported to take leadership roles with others in their sectors – effecting a shift in approach from 'what the combined authority can do' to 'what we can do'. The benefits of inclusive growth for different stakeholders need to be clearly made – in particular the 'business case', showing how models based on Living Wages, secure work, local employment and procurement and workforce development can contribute to addressing human resource challenges such as recruitment and retention difficulties and time lost through absence, and to increased productivity. It was also argued that there needed to be wider recognition of the role that voluntary and community and others in civic sector organisations played in economic development, with work in this area being taken forward by the Greater Manchester VCSE Reference Group.

The other was for what was described as a more inclusive mode of governance, with inclusive growth strategies being developed in transparent and consultative ways and delivery mechanisms being co-produced. One respondent extended the discussion to issues of formal scrutiny, pointing out that these mechanisms are weaker (in general) at city-region level than at other tiers of government. More often, the emphasis was on greater collaboration and co-production. For example, among the 'priorities for inclusive growth' emerging from a workshop we ran for civil society organisations were many issues of process: "*more information about Devo-Manc; bottom-up not top down; better communication and consultation; including people to inform plans; listen to people in poverty; give charity organisations a place in decision making; give social entrepreneurs a voice; collaboration and recognition*".

Linked to this, numerous people mentioned that different organisations work on different parts of the problem and that effort and resources are wasted by working in silos. The need to develop and understand local ecologies of provision and support in a landscape no longer dominated by local authorities was emphasised, including the need to develop knowledge across fields and disciplines. Although many of these are familiar critiques of a lack of 'joined up' working, several respondents also made specific points about the different knowledge, training and language of those in the 'economic development world' to those in the 'anti-poverty world'. Some put forward specific ideas about the kinds of things that might aid 'translation', such as more online consultation and holding local meetings.

Our review of local authority strategies gave some support to this point that economic development and social and economic inclusion have for many years been compartmentalised in English policy. At the local authority level, reducing poverty is rarely mentioned in economic development strategies or in work and skills strategies, while anti-poverty strategies tend to concentrate on issues such as early years services, benefit take-up, home insulation and food poverty, debt advice and financial inclusion, and resilience. Most such strategies emphasise the importance of a strong economy in reducing poverty as well as the importance of getting people into work, but do not contain actions to address these. The different types of strategies necessarily have different targets and metrics and different actors are involved.

Nevertheless, there are examples of more integrated approaches, with anti-poverty strategies firmly rooted in strategies to improve high quality employment opportunities and connect people to jobs. These begin to suggest how 'inclusion' and 'growth' can be seen as a more coherent agenda, and how a wider range of actors can be incorporated.

## Integrating Growth and Inclusion in Local Authority Strategies

**Better off in Salford** is Salford's strategy to end family poverty and improve life chances. It identifies the need for four step-changes: neighbourhood early intervention and prevention, employer engagement, joining up investment, skills and adult learning and financial inclusion. Issues of decent pay and in-work progression are key themes and the strategy pledges to *"engage and work with new and existing employers in order to link more local families to work that pays as well as to make sure they have the support needed to continue to develop and progress once in work"*. Low adult skills are identified as a key driver of child poverty. The strategy also contains more familiar aspects of anti-poverty strategies, such as early years interventions and financial inclusion, but is notable for its focus on the economy and on employers as key actors in poverty reduction.

**Tackling Poverty in Tameside** identifies three key themes: working together (a partnership approach), prevention of poverty through a resilient local economy and alleviating the impact of poverty (through approaches such as reducing living costs and improving access to services). *"The cornerstone of our strategy and key to the prevention of poverty is the development of a resilient local economy to improve the availability of sustainable and well paid employment"*. There is a strong emphasis on low pay, especially for women working part time, and recognition of money flows in the local economy – increasing pay helps raise the aggregate demand for goods and services.

The **Wigan Deal for the Future** is Wigan's overarching strategy which aims to make Wigan a *"confident place ... Where people want to work, invest, live and visit"*. The Deal as a whole sets out an informal contract between the local authority, residents and businesses, recognising that all need to change and play their part. Key themes for the Council's work include a new relationship between public services and citizens, an asset-based approach and integrated services that place families and communities at the heart. These are pictured as providing the link between 'reform' and growth'. Officers identified the strong emphasis on partnership working as a key aspect that might be more widely adopted across GM. Wigan's Economic Prospectus links to the Deal as a whole, with four key strands: a) enabling growth; b) equipping local people to access work opportunities; c) ensuring the right infrastructure connections are in place; and d) building pride and belief in Wigan.

## Focus on the most disadvantaged people and places

Finally, it was pointed out that while our approach throughout this report has been to think about inclusion and inequalities as structural issues affecting the GM economy and society as a whole and to address them on an issue by issue basis, it is very often the same people and places that are affected by multiple issues.

Thus, as well as strategies that aim to create a more inclusive economy for everybody, there remains a need to focus on people who are experiencing or most at risk of social exclusion and on neighbourhoods with high levels of deprivation. The importance of place factors (neighbourhood environments, transport, community support and service provision for example) to people's life chances and opportunities was also recognised.

However, as one respondent pointed out, the wider implication is that there needs to be a clear focus on the poorest parts of Greater Manchester within economic strategies, not just within social programmes, and at GM level not just at local authority level. Similarly economic strategies need to be clear on issues of inclusion for groups who tend to be disadvantaged in the labour market – for example people with disabilities and some minority ethnic communities. The impact of major development projects on marginalised places and groups could be assessed as part of project appraisal, and the collective impact of major developments on these places and groups could be scrutinised over time – recognising that there can be unintended negative consequences and that proposed benefits are hard to deliver and will not always happen without reinforcement and remedial strategies.

Local place-based multi-agency working is crucial here and there will be multiple examples of such approaches across the conurbation. One example which was drawn to our attention was in Rochdale, where the local authority has initiated a multi-stranded project to address poverty and long term unemployment on the Kirkholt estate, including increased adult education at the local community centre, a community champions programme, and keyworkers from a multi-stakeholder team offering person-centred and voluntary support to households identified by police call-out rates. The complexity and long term nature of improving outcomes for the most marginalised groups came out in many of the case studies of existing local work that we have included here and others which, for reasons of space, we have not. The need for bespoke local solutions and continuity and security of funding were repeatedly emphasised, amid concerns that more centralised and larger scale commissioning and funding constraints risked squeezing out some of the organisations and projects most capable of delivering this work.





## Summary and conclusions

### The scope and limitations of this report

As the idea of 'inclusive growth' gains traction as a response to entrenched poverty and inequalities in advanced economies, this report is intended to help build an understanding of some of the things that might be done at a Greater Manchester level to build a more inclusive economy and to include more people in economic opportunity.

IGAU works with an understanding of inclusive growth as being about economic inclusion, and as therefore being only a subset of the policies and strategies that would be needed to reduce poverty and achieve greater social justice. Our work should therefore complement but not substitute for the efforts of other organisations striving towards those ends in the city-region.

We are also focusing on action at a city-region level. The problems of poverty and inequality that Greater Manchester faces and which we set out in our earlier report [\*Inclusive Growth: Opportunities and Challenges for Greater Manchester\*](#), were not locally created or unique to our city-region. They reflect processes of economic globalisation and technological change and the ways that these have been handled in UK policy. While this report looks to what could be done by actors in Greater Manchester in the context of city-region devolution, it does not mean to imply that all solutions can be found locally. In particular, the adequate funding of public services by central government is a key essential component of inclusive growth, as is social protection, employment regulation and other central government responsibilities. More needs to be done to understand the potential contributions of and limitations to local policies, and the action needed nationally and internationally.

This report is based on consultations with key stakeholders who were approached or nominated by their organisations because they are knowledgeable about economic growth or poverty and inequality in the city-region. It is not comprehensive – a wider consultation would have produced fuller coverage of some of the relevant themes. Nor does it claim to be an inclusive growth strategy. Ideas and suggestions have been taken at face value and we have not costed them or evaluated them in the light of other evidence. The report simply identifies examples of effective or promising strategies or practices that might be built upon, as well as some of the key gaps and challenges. We hope it will provide a framework and some ideas to be worked with by organisations and individuals working towards inclusive growth in Greater Manchester and in other cities.

## Towards Inclusive Growth – what should be done?

Key areas identified in this work to **develop a more inclusive economy** were:

- Increasing the number of employers paying the Living Wage, particularly those operating in low paying sectors and large employers, partly by promoting the Living Wage campaign but also by establishing and promoting standards of decent employment across the city-region, building on experience in certain local authorities.
- Maximising the local employment impact of the activities of the city-region's 'anchor institutions' by increasing local procurement and developing the capacity of smaller local business to supply goods and services.
- Understanding the contribution of flexible working to reducing non-employment and under-employment and seeking mechanisms to promote this.
- Understanding how different forms of economic growth contribute to inclusion and exploring broader economic strategies including: promoting different forms of business organisation (e.g. co-ops, mutual and social enterprises); developing sectors that may be slower or lower growing but create higher quality jobs; and increasing support for local start-ups and small businesses.
- Understanding more about the ways in which wealth generated within the Greater Manchester economy can be utilised for greater local benefit (for example through local investments, philanthropy or in-kind support to small firms or civil society organisations) and developing schemes of this nature.

It will be obvious, first of all, that much of the action proposed here relies on the private sector, although the potential for leadership by the city-region's public sector anchor institutions was also repeatedly stressed. Much more needs to be done to understand the current practices of firms and anchor institutions, in order to establish the capacity for change and the incentives, support and information that different kinds of employers would need to enable behaviour change on a significant scale. More detailed analysis is also needed to support the development of a robust economic strategy for the city-region that is also more diverse. What levels of investment in start-ups, social enterprises and local supply chain development would be needed to make a significant difference and how would these weigh up against other investment strategies? Should these be geographically targeted and if so where? How can links between major investments and community economic development be maximised? While the development of a more inclusive economy appears to have wide support, it also requires large-scale change and the development of new policies and strategies that have not been part of mainstream urban economic development in recent years.

Key areas for **including more people in economic opportunity** were:

- Ensuring that opportunities for people to gain basic and Level 1 skills are not squeezed out through a combination of funding constraints and centralised commissioning.
- Offering effective advice, guidance and funding to people who have moved from unemployment into employment in order to enable them to progress.
- Working with business to help them to see the benefits of workforce development and directly linking them to funding and support opportunities.
- Using apprenticeship funding strategically to support entry to employment for young people in disadvantaged areas.
- Ensuring long term, intensive and holistic support for those furthest from the labour market.
- Working with employers to develop training and into-work programmes directly linked to actual vacancies.

Compared with action to create a more inclusive economy, more of this sphere of activity comes under the remit of the public sector and civil society. In most cases people could identify the kinds of practices that were effective, and indeed many of these are going on across Greater Manchester. The search appeared to be less for innovation in delivery than for systems of commissioning and funding that could allow the sustainability of effective programmes, and for new ways of leveraging system-wide change. Funding from central government was clearly implicated. Nevertheless, devolution was seen as an opportunity to develop a shared vision and collaborative working across traditional public sector silos at the local level. Success is unlikely to be achieved unless employers are convinced of the business cases for local recruitment, apprenticeships, training and in-work progression so these cases have to be well evidenced and well communicated, working with employers

Overall, **key areas identified for the development of an inclusive growth agenda in Greater Manchester were:**

- The need for an overall strategy setting out objectives (and possibly indicators) for inclusive growth and integrating economic with social strategies.
- Seeing inclusive growth as a shared agenda with multiple actors and participants, not just as a public sector agenda.
- Finding 'champions' among anchor institutions, employers and other organisations.
- Developing forms of 'inclusive governance' allowing greater participation in economic decision making and greater co-production of services.
- Focusing on the most disadvantaged people and places, both through targeted interventions but also through impact assessments to ensure that major strategies and developments reach, and do not further disadvantage, people who are already marginalised.

## Next steps

At the time of writing this report, Greater Manchester faces some very significant challenges in achieving more inclusive growth. While there are many effective interventions and strategies locally, there is still a very long way to go.

However, the city-region has the advantage of clear political leadership on this agenda, a wider range of devolved powers than other city-regions and, as this consultation reveals, a considerable wider body of expertise, knowledge and commitment in public, private and civil society institutions.

IGAUI intends to support the development of an inclusive growth agenda through conducting further research and analysis and by convening stakeholders to promote discussion and dialogue around what can be done. Activities in 2016/17 will include:

- Independent and joint events to convene people around the ideas in this report and to develop areas of action and research.
- Initiating work to convene anchor institutions around their potential roles in inclusive growth.
- Undertaking in depth analysis to identify critical challenges and opportunities for inclusive growth in Greater Manchester's most deprived neighbourhoods, and working with residents and other experts to develop policy and practice proposals.
- An inclusive growth blog and commentary pieces, bringing evidence from other cities and countries to bear on the GM experience.

Please contact us – [igau@manchester.ac.uk](mailto:igau@manchester.ac.uk) – or visit our website – [www.manchester.ac.uk/inclusivegrowth](http://www.manchester.ac.uk/inclusivegrowth) – if you are interested in collaborating with us.

# Appendix 1: Methodology

This report draws on:

- A review of existing strategies relating to economic growth and poverty across the local authorities of Greater Manchester;
- Consultation and semi-structured interviews with a range of stakeholders;
- Gathering follow-up case studies of initiatives from GM and beyond that might belong to an inclusive growth agenda.

Some stakeholders were selected because they are members of the external advisory board for IGAU, occupying those positions in a representative capacity or because of their personal expertise in relevant issues. Others were nominated by local authorities or other key public sector organisations.

Stakeholder conversations were loosely structured, with participants asked to discuss what they meant by inclusive growth, and to identify priorities, success and gaps in any or all of the following areas (or others that they wanted to include)

- Economic development strategies and investment decisions
- Strategies to increase the quality of work and raise wages
- Strategies to ensure that the benefits of growth are reaped locally, such as building local supply chains
- Strategies to better connect disadvantaged people to job opportunities
- Strategies to promote learning and skill development
- Strategies to support employment and reduce living costs, such as transport, childcare and housing
- Overall strategies and actions for developing a shared vision and leadership of an inclusive growth agenda

## Interviewees represented:

- GM Health and Social Care Reform
- Trafford MBC (Economic Development)
- Salford City Council (Strategy and change)
- Rochdale MBC (Economic development)

- Stockport MBC (Economic development)
- Manchester City Council (Regeneration)
- Oldham MBC (Economic development, skills and regeneration)
- Tameside MBC (Economic development)
- Wigan MBC (Economic development)
- Bolton MBC (Economic development)
- GM Colleges Group
- Transport for Greater Manchester
- IPPR North
- Centre for Local Economic Strategies
- GM BME Network
- GM Council for Voluntary Organisations
- GM Federation of Small Businesses
- GM Living Wage Campaign
- GM Poverty Action
- Oxfam UK
- Steady State Manchester
- Trafford Housing Trust
- Unison North West

A number of colleagues from New Economy and the Manchester Growth Company (working on behalf of the combined authority) have also provided information about existing strategies and on-going developments in relation to early years, skills and employment programmes, careers information advice and guidance, business support, economic and growth and reform strategies and GMCA's growth and inclusion review,

### **Larger meetings and workshops**

- GM VCSE Devolution Reference Group
- Third sector workshop "Local Economic Development and Inclusive Growth in Greater Manchester", GMCVO
- Trades union workshop "Inclusive Growth in Greater Manchester: The Role of Major Employers" Unison North West -June 10
- Education and Employment Workshop at "Democratic Devolution – the Future of Greater Manchester" day, for 14-21 year olds





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