

Inclusive Growth Analysis Unit

Leading inclusive growth
in Greater Manchester

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Key points

- 'Inclusive growth' is a long-term, multi-faceted agenda, not a single policy initiative. It demands connecting more people to economic opportunities and rebalancing our economy.
- To make it a reality, resources will need to be committed to policy and practice innovation. Important policies such as the GM Spatial Framework, Life Chances Investment Fund and Apprenticeship Levy will need to be put to work.
- The mayor of Greater Manchester has a key role to play but inclusive growth has to be a shared agenda. The mayor should adopt a distributed leadership approach, identifying and involving leaders across the private, public and VCSE sectors who can make inclusive growth happen.

Since the global financial crisis, there has been increasing recognition that the economic growth of the post-industrial era has not led to higher living standards for everyone. There are persistently high levels of inequality and poverty and many people and places left behind.

International organisations such as the Organisation for Economic Cooperation and Development (OECD) and the World Economic Forum (WEF) are leading moves to re-think economic and social policies in ways which mean that **prosperity can be more evenly shared** and more people have the chance to develop their potential and contribute to the economy. Such '**inclusive growth**' would have economic, social and fiscal benefits.

The RSA's Inclusive Growth Commission has recently called for inclusive growth to be taken up as a '**binding mission**' in UK cities.¹ The Joseph Rowntree Foundation says cities need to adopt inclusive growth as their '**organising principle**'.

This briefing draws on some of that work, and our own, to explore what it would mean for Greater Manchester, under its new mayor, to adopt inclusive growth as its 'organising principle'. What kinds of actions would be involved, and how could change on a large scale be achieved?

¹ RSA (2017) Inclusive Growth Commission: Making our economy work for everyone

The current situation in Greater Manchester

Greater Manchester is in a unique position among UK cities to implement inclusive growth. It has exceptionally strong collaborative working arrangements across local authorities, the most extensive range of devolved powers, and from May 2017, one of the first 'metro mayors'. There is a strong and well connected VCSE sector; a practical history of businesses working in partnership with the public and voluntary sector to increase inclusion; active 'anchor institutions' including the universities; an established city-region-wide Poverty Action Group, and multiple ground-up resident-led initiatives to make change happen. There are already existing political commitments to a fairer economy,² and in 2016, the GM Combined Authority established a cabinet portfolio for Fairness, Equalities and Cohesion, with responsibility for inclusive growth. If any city-region is in a position to adopt inclusive growth as its organising principle, it is Greater Manchester.

There has been progress, both on growth and inclusion. The Greater Manchester economy performs relatively strongly compared with other UK cities. There are fewer 'deprived' neighbourhoods than a decade ago, lower unemployment and fewer people with low or no qualifications.³ There are also nationally recognised examples of leading practice, such as GM's Working Well programme which is helping people with health problems get and stay in work.⁴

But a step-change is needed. Over half a million people in Greater Manchester are in relative poverty, many of them in working households. Nearly a quarter (23%) of workers are paid less than the Living Wage. One in four children lives in poverty. While 180,000 people have no qualifications, over a fifth of businesses report vacancies they cannot fill due to skill shortages. People from some minority ethnic groups and people with disabilities still face big disadvantages in the labour market. There are neighbourhoods close to the centre of Manchester where many people are still disconnected from opportunity,⁵ while parts of the north of the city region have experienced no or low job growth in recent years.⁶

Although these problems are common to many cities in the UK, they are worse than in many European cities. A new approach is needed if they are to be effectively tackled. At the Greater Manchester Fair Growth conference in November 2016,⁷ delegates argued for a 'bold vision, a 'culture change'. In this paper we summarise some of the actions and policies that are needed. We also look at how such a vision or culture change might be achieved.

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.

Stronger Together: The Greater Manchester Strategy 2013

² Stronger Together: Greater Manchester Strategy (2013). The Greater Manchester Strategy is currently being reviewed.

³ Lupton, R et al. (2016) Inclusive Growth: opportunities and challenges for Greater Manchester, IGAU

⁴ Lupton, R. & Hughes, C. (2016) Achieving Inclusive Growth in Greater Manchester: what can be done?. IGAU

⁵ Hughes, C. & Lupton, R. (2016) Residential & labour market connections of deprived neighbourhoods in Greater Manchester & Leeds City Region, IGAU

⁶ Lupton, R et al. (2016) Inclusive Growth: opportunities and challenges for Greater Manchester, IGAU

⁷ IGAU (2016) Fair Growth Conference proceedings, November 2016 <http://hummedia.manchester.ac.uk/institutes/mui/igau/events/GM-Fair-Growth-conference-18-November-proceedings.pdf>

Inclusive growth involves action across many policy areas

One element of more inclusive growth is **connecting more people to the economic opportunities that are available**. This means physical connectivity – looking at the cost and availability of transport and the availability and location of affordable housing. But it also means doing more to dismantle some of the barriers preventing people from getting work: inflexible hiring; a lack of affordable high quality childcare; lack of opportunity to acquire and develop skills; disengagement from or lack of success in the education system, chronic health and mental health difficulties.

The RSA argues that these 'social investments' cannot be seen as something that happens after economic growth, filling in the cracks. Instead, they should be viewed as equal to physical infrastructure investments in creating a productive, sustainable and inclusive economy.

An integrated place-based approach is needed, because the barriers people face are interlinked. And different neighbourhoods have different issues and challenges.

Inclusive growth may also demand rebalancing our economies, both geographically and structurally. Post-industrial growth in business and service sectors has favoured city centres. Place-based industrial strategies are also needed to develop and connect neglected communities. Different economic models such as social enterprises, co-ops and mutuals, which spread benefits more equally, could be promoted especially in areas of low private investment or in low pay sectors such as social care. Large institutions can support smaller local firms, disadvantaged individuals and communities through local procurement and employment practices.

Firms operating on low-cost business models can be supported to move up the value chain through investing in training, workforce development and innovation, thus increasing numbers of better paid, higher quality jobs and increasing productivity. Action is needed on excessive executive pay, zero-hours contracts and other exploitative and discriminatory practices.

The new GM Mayor can use both hard and soft powers to drive inclusive growth

The new mayor of Greater Manchester will not be the only person responsible for achieving inclusive growth, and will be building on the existing commitments and actions of the GM Combined Authority and other key partners. However, the mayor will have some new delegated powers and new policy tools – for example powers over transport and a housing investment fund and to establish a Development Corporation. In addition, the mayor can use the 'soft powers' that come with the position.

Some of the proposals that have emerged from IGAU's consultative work in Greater Manchester and from examples in other cities are shown in Figure 1. Some of them involve reviewing policies that are already in place: such as the

“The Mayor can be the champion of inclusive growth; raising ambition, shaping strategy, inspiring action, marshalling resources, fostering collaboration and asking difficult questions”.

Joseph Rowntree Foundation⁸

⁸ JRF & IGAU (2017) Inclusive growth in Greater Manchester: an agenda for the new Mayor, York: JRF.

Apprenticeship Levy and the GM Spatial Framework, to see how they can be used for greater inclusion. Others involve lobbying government for greater flexibility or changes in regulation. Some are about setting up new cross-cutting roles, taking a lead on setting new standards, or seeking new sources of finance.

More details of these can be found in our previous reports or in upcoming briefing papers. This is not an exhaustive list, but aims to give an indication of the kinds of actions that might form part of an inclusive growth agenda.

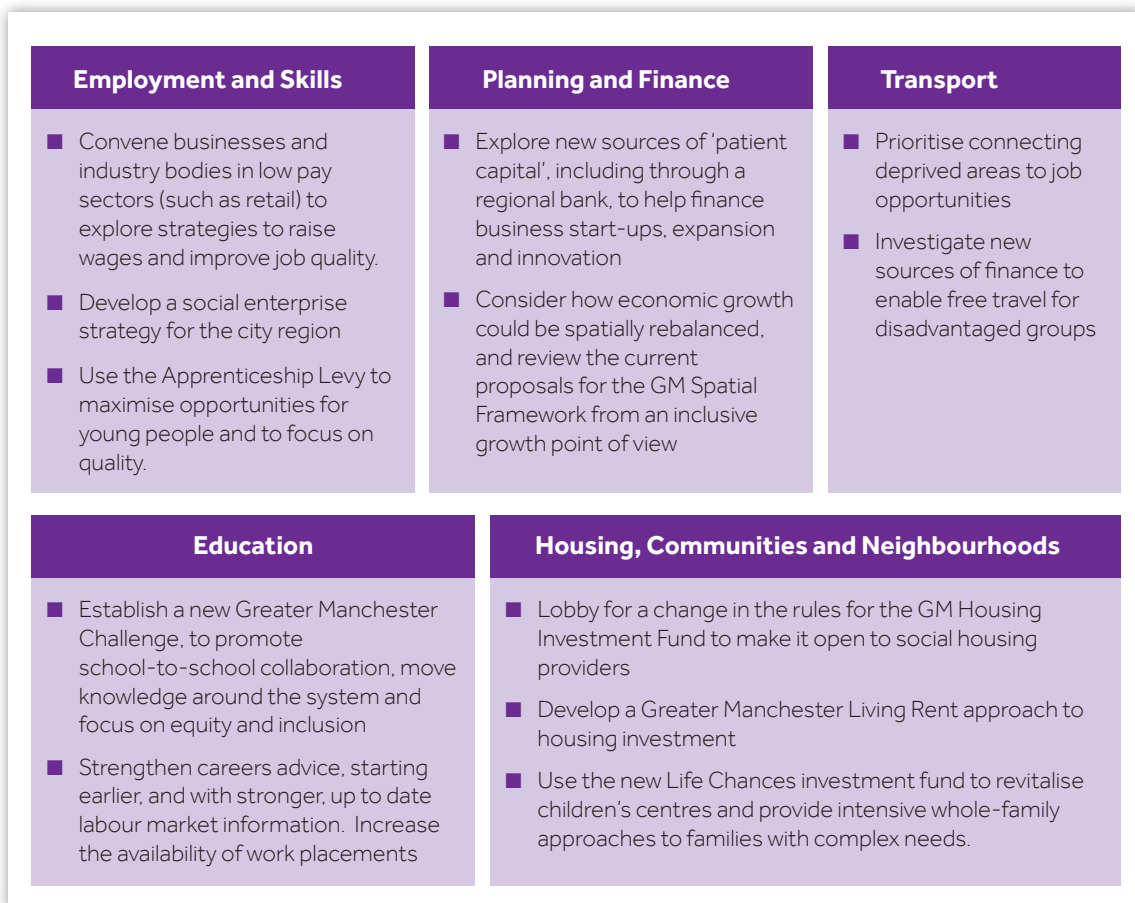


Figure 1: Some actions the mayor could take to promote inclusive growth

Inclusive growth needs a new kind of leadership, drawing on wider resources

Making progress on such a wide range of measures demands a new kind of city leadership. Local government will not be able to achieve inclusive growth just through public sector reform. Our research with stakeholders in Greater Manchester suggested that inclusive growth demands 'inclusive governance'.⁹ This idea has been endorsed and developed by the RSA's Inclusive Growth Commission, who argue for a new era of "confident, imaginative and collaborative leadership, mobilising the whole system to achieve inclusive growth".¹⁰

⁹ Lupton, R. et al. (2016) *Achieving Inclusive Growth in Greater Manchester: What can be done?*

¹⁰ RSA (2017) *Inclusive Growth Commission: Making our economy work for everyone*, p.6

This idea can also be described as a kind of **distributed urban leadership**, which has been advocated as a way to work in the 'in-between spaces' of urban policy in which no one institutional actor has a concrete or exclusive mandate – like inclusive growth – and in the challenging contexts of fragmented resources and state retrenchment which city leaders now face.¹¹

Distributed urban leadership recognises the activity and potential of actors such as leading firms and knowledge institutes, civic movements and community leaders as well as public authorities. City leaders see their role as empowering different types of leaders within and outside the public administration, valuing their different roles and abilities, mobilising their different kinds of power and influence. They embrace ambiguity and change and work in informal as well as formal spaces.

Two key issues in particular have emerged from our research in Greater Manchester. One is the key role and importance of **anchor institutions**. Research by the Centre for Local Economic Strategies has shown how the large organisations which are rooted in a local area and have strong networks and local relationships can use their combined local spend and influence to make a collective impact on the economy and set expectations of responsible local business.¹² Procurement of goods and services, employment practices, the deployment of assets (including buildings and people) are the key levers, but delegates at the GM Fair Growth conference recognised that organisations can be committed to a place in different ways, necessitating different approaches to engagement

The other is that people who have direct experience of being on the wrong end of 'exclusive growth' need to be included in policy development, whether these are young people struggling to gain employment, people with complex health and social needs, businesses in need of finance and support or many others. Their expertise can be central to unlocking longstanding problems and shifting power relations.

This requires different skills and instincts than those required of traditional public service management¹³ but ones which are already emerging in Greater Manchester. The 'Wigan Deal' and the 'Our Manchester' approach among others exemplify new relationships between local authorities and citizens.

“Cities are not governments, they are networks”

Bruce Katz, Brookings Institution 2017

“Anchors represent a form of 'sticky capital' as they are unlikely to close down and leave places. They make a significant contribution to the local economy through, for example, the large amount of money they spend procuring goods and services, their investment in real estate, the number of people they employ and their contribution to the strategic development of the local economy. They are often a very visible part of the landscape... they exert considerable influence on the local economy in their own right but it is in collaboration and collective action that their impact can become transformational”

Devins, D. et. Al (2017) Maximising the Local Impact of Anchor Institutions: A case study of Leeds City Region

“These are wicked issues. We need to listen hard and include more people in the conversation”.

Delegate at Greater Manchester Fair Growth conference 2016

¹¹ Euricur (European Institute for Comparative Urban Research) and PWC (2016) : Enabling sustainable city competitiveness through distributed urban leadership

¹² Jackson, M. and McInroy, N. (2017) Building Community Wealth Through Anchor Institutions. Manchester: Centre for Local Economic Strategies

¹³ RSA (2017) Inclusive Growth Commission: Making our economy work for everyone

Learning from Other Cities

In its recent report,¹⁴ the RSA's Inclusive Growth Commission identified five key principles for inclusive growth at a city level:

- Creating a shared binding mission
- Measuring the human experience of growth, not just its rate
- Seeing growth as the whole social system not just a machine
- Being an agile investor at scale
- Entrepreneurial place-based leadership

The RSA's report exemplifies some of these principles in practice, drawing on experience in the UK and other cities. But inclusive growth is a new agenda. There is no template for how to achieve it. Sharing learning with other cities will be important as the inclusive growth agenda develops.

A recent review of international examples of city leadership for inclusive growth¹⁵ has shown that some cities have taken an incremental approach building cross sector alliances around specific priority issues – 'doing projects' - rather than setting broad goals for the city as a whole. A number of these projects are place-based initiatives, but across large tracts of the city not particular neighbourhoods.

Cleveland, Ohio, for example, developed a 'Greater University Circle Initiative' (GUCI), a partnership between some of the city's leading anchor institutions, the public sector and philanthropy, to help improve conditions and opportunities for disadvantaged citizens and neighbourhoods. Rotterdam has a long term multi agency plan to promote entrepreneurship and combat poverty in the worst off parts of the city. Activities include a 'children's zone'; labour market inclusion initiatives and efforts to improve public and private spaces.

In Bristol, a key initiative has been the establishment by the mayor of the City Office – an approach to mobilising energy and resources from multiple sectors around key hard-to-tackle issues, for example rough sleeping and equitable access to good quality work experience for young people. The principle is to get things done by working through new networks including local businesses and citizens as well as the public sector bodies who have traditionally had responsibility for solving these problems.

Other cities, particularly in the United States, have adopted a strategic visioning approach for the future of the city as a whole. New York is one example, where the election of a Mayor with a public commitment to reducing inequality led to a large scale consultation with citizens and stakeholder organisations, through the lens of growth, equity, sustainability and resiliency – and the development of the One New York Plan. These approaches are usually linked to the development of new indicators of success – a subject we cover in a further briefing. Delegates at the GM Fair Growth conference emphasised that inclusive growth demands a new set of outcome measures, since what is measured not only crystallises the city's vision but drives action through commissioning and procurement processes.

¹⁴ RSA (2017) Inclusive Growth: Putting Principles into Practice

¹⁵ Green, A. et al (2017) How International Cities Lead Inclusive Growth Agendas. York: JRF.

What the new GM mayor can do:

Earlier, we listed some of the specific policies that the new mayor could adopt. But inclusive growth is not just about specific policies – it is a long term agenda for the whole city-region, cutting across silos. How the mayor approaches this agenda will be as important as the specific things that he/she does. We suggest the mayor should:

- Recognise the need for a new approach to the economic and social challenges Greater Manchester faces, and explicitly adopt inclusive growth as an overall mission.
- Take the upcoming consultation on the new Greater Manchester Strategy as the starting point for a city-visioning process to establish what inclusive growth would mean for residents and stakeholders in GM and to establish priorities.
- Ensure that the distribution of economic benefits, as well as their scale, is measured – in high-level outcomes and in commissioning and appraisal processes.
- Commit resources to developing new approaches, top-slicing, if necessary, 'business as usual' functions and pulling in resources from outside the public sector. Establish multi agency, multi expertise policy teams to address key 'wicked issues' with a strong emphasis on learning, research, and innovation.
- Investigate new sources of finance for inclusive growth.
- Adopt and model a distributed approach to leading inclusive growth. Start by identifying leaders within the private sector, anchor institutions and the VCSE sector and engaging them in action-oriented projects to learn about how they can drive inclusive growth and how that work can be supported.
- Work with Greater Manchester's anchor institutions to help them develop individual and collective approaches to generate greater community benefit from their activities.
- Take a lead with other cities and city mayors in establishing a national 'inclusive growth centre' to share expertise, build a strong voice and evidence base in lobbying for additional powers from central government, and train a new generation of city leaders.

Where to find out more

This is the first of a series of briefing papers exploring different aspects of inclusive growth. Topics of forthcoming papers include:

- Planning for inclusive growth (with the Centre for Local Economic Strategies, CLES)
- Employer charters (with Greater Manchester Poverty Action and Oxfam UK)
- Education and skills
- Measuring Inclusive Growth
- Regional banks
- Ethnic inequalities in the labour market

Find out more on our website www.manchester.ac.uk/inclusivegrowth

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