

Public Service Reform Board

Date	6 September 2018
Report title	Inclusive Growth Framework
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Report has been considered by	

Recommendation(s) for action or decision:

The Public Service Reform Board is recommended to:

- (1) Endorse the first iteration of the Inclusive Growth Framework.
- (2) Note that the composition of the Inclusive Growth Framework and its underlying metrics will be adapted as the WMCA draws from Member, partner and citizen insight.
- (3) Recommend areas for further thought or development.

1.0 Purpose

- 1.1 To share the first iteration of the Inclusive Growth Framework, which seeks to capture the positive social and environmental outcomes that the West Midlands would like to realise as a consequence of its economic activity.
- 1.2 To provide a resource for Member Authorities and other interested organisations to understand how inclusive the economy of the West Midlands is, providing a basis for investment, commissioning and policy-shaping. It is the first of several tools to inform delivery, rather than a performance management framework.
- 1.3 To provide a solid basis for citizen and other stakeholder involvement in developing a definition, vision and set of useful tools relating to inclusive growth.

2.0 Background

- 2.1 The WMCA wants to “*link cranes with communities*,” to ensure that investment into transport, homes, and business premises benefits all citizens, across the region. This encompasses two ways of looking at the same ambition: citizens shaping and growing their local economy, and citizens benefiting from that growth in their homes and neighbourhoods. Both are important, but different: one is about the skills, support, resources and capacity to do purposeful, valuable and productive work, the other, about delivering the things that people value by doing that work. Defining and measuring inclusive growth should therefore encompass the agency to choose how to participate, the ability to participate, and the outcomes of that participation.
- 2.2 While not new, inclusive growth is a concept that is rising in prominence, driven by two global trends: “*widespread concern about the scale and consequences of inequality*,” and the “*growing economic and political importance of cities*”¹. Both trends are pertinent to the places of the West Midlands. As such, leaders from across the region have seized the inclusive growth agenda as a way of meeting the social and environmental challenges of their places, and to build a stronger, more productive economy by doing so. The Inclusive Growth Framework is the first step in realising that vision, and draws on emerging best practice from other cities and city-regions around the world. This includes the Thriving Places Index², Manchester’s Inclusive Growth Unit and Scotland’s Centre for Regional Inclusive Growth (SCRIG), among others. Nonetheless, this is a new way of working, and the West Midlands has the opportunity to show international leadership, and to be forward-thinking and innovative in its approach.
- 2.3 The structure of the Inclusive Growth Framework (*Figure 1*) is based on an economic model from Kate Raworth’s ‘Doughnut Economics’, which lends itself to simply and accurately reflecting the social, economic and environmental factors that need to be balanced in order to create an inclusive economy. The inner circle of the doughnut shows the social need we wish to meet, the type of economy we want, and broad participation in both. The outer circle shows the environmental limits to achieving the inner circle goals: limits which can in themselves be seen

¹ Lee, Neil - Inclusive Growth in cities: a sympathetic critique (2018): <http://www.lse.ac.uk/International-Inequalities/Assets/Documents/Working-Papers/III-Working-Paper-25-Lee-Inclusive-growth-in-cities.pdf>

² Thriving Place Index website: <http://www.thrivingplacesindex.org/>

as an economic opportunity. Birmingham-based business Aceleron³ is a good example of how to capture this opportunity – it repurposes and recycles lithium-ion batteries to meet demand from both vehicle manufacturers and individual consumers, preventing waste and decarbonising the economy. This takes us to the middle circle – the space where social need, economic ambition and our responsibilities to the environment are in balance. This is the space we are aiming to occupy.

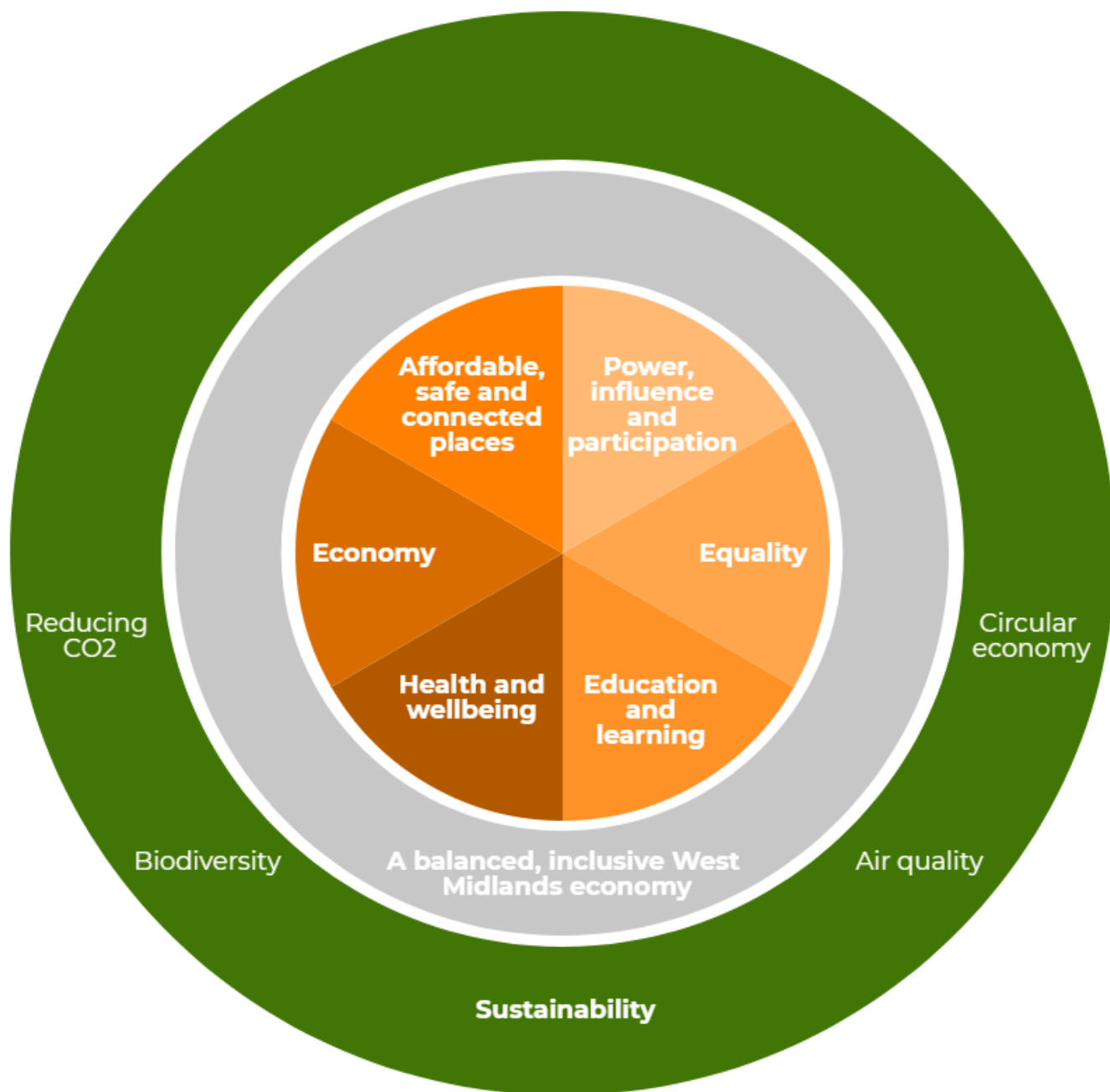


Figure 1 Inclusive Growth Framework - the space for a balanced, inclusive economy is where social challenges can be met without degrading the environment

2.4 This is the first iteration of the framework, which reflects the health of the region's 'balanced' economy. This will be amended subject to consultation with Members, partners and citizens, and reshaped as it is used by all of those groups. It will

³ Aceleron website: <https://www.aceleronenergy.com>

enable the Mayoral WMCA, its Member Authorities and other partners from across the region to shape and prioritise investments and policy interventions.

- 2.5 In June 2017, WMCA Board approved its Policy Research Plan, which placed inclusive economic growth as one of four priorities for further thought and development. In September 2017, the Productivity & Skills Commission’s call for evidence backed this direction of travel, with the Joseph Rowntree Foundation saying “*a more inclusive West Midlands economy would see more people in employment, and more jobs with decent pay and prospects, bringing economic benefits*”. In January 2018, WMCA Board supported the next steps for developing the Cohesion and Integration portfolio, which included specific deliverables around ‘Sharing Economic Growth’, including the establishment of the Inclusive Growth Unit. In June 2018, the WMCA’s Inclusive Growth Unit was launched, which will enable leaders of place from across the region to shape and deliver this agenda. This was shortly followed by the publication of the Leadership Commission, which made recommendations to improve the diversity and inclusivity of our regional, cross-sector leadership. Finally, in July 2018, the WMCA State of the Region – drawn from the WMCA Performance Management Framework – demonstrated the link between delivery of the WMCA’s Strategic Economic Plan and inclusive growth.
- 2.6 If this framework is correctly and collectively assembled, it will enable everyone who is trying to define, shape and deliver inclusive growth to understand the path to our future economy, and how to prioritise investments into places and people in order to get there. GVA features in the framework as the headline indicator of the Economy theme, but its limits are more clearly understood. It is a good indicator of our ability as an ‘economic footprint’ to deliver those things which allow human beings to thrive within their environment, but not of whether that occurs in reality. Taken in isolation, it can point us in the wrong direction. For example, when people are unwell, they spend money on healthcare products and services, which adds to GVA. In that scenario, the stance of the region would be clear – we want our citizens to be healthy so that they can fully participate in their economy and society. We would trade the GVA associated with ill health in order to realise good health.
- 2.7 The themes indicated in the ‘doughnut’ are underpinned by a selection of sub-topics and indicators:

Figure 2 Inclusive Growth Framework – top-line structure.

Theme	Sub-topics	Headline indicator
Affordable, Safe and Connected Places	<i>Local Centres & Neighbourhoods</i>	<i>Number of offenders and rate per 1,000 population.</i>
	<i>Reducing Crime</i>	
	<i>Homes for All</i>	
	<i>Digital Connectivity</i>	
	<i>Place Connectivity</i>	
Health and Wellbeing	<i>Long lives</i>	<i>Healthy Life Expectancy at Birth - (Males and Females)</i>
	<i>Healthy development</i>	
	<i>Mental health</i>	
	<i>Being active</i>	
	<i>Food and water</i>	
	<i>Relationships</i>	
	<i>Preventing chronic conditions</i>	

	<i>Living with disability</i>	
	<i>Ageing well</i>	
Education and Learning	<i>School readiness</i>	% of adults with Level 4 qualification or above
	<i>School age</i>	
	<i>Transitions to work</i>	
	<i>Working age</i>	
	<i>Access to learning</i>	
Economy	<i>Productivity</i>	GVA
	<i>Skills</i>	
	<i>Future-proofing</i>	
	<i>Spending power</i>	
	<i>Stability</i>	
Power, Influence and Participation	<i>Economic participation</i>	Total vote turnout (inc postal votes rejected and votes rejected at count)
	<i>Democratic participation</i>	
Sustainability	<i>Reducing CO₂</i>	CO2 emitted within SEP area by transport, businesses and homes
	<i>Improving air quality</i>	
	<i>Circular economy</i>	
	<i>Biodiversity</i>	
	<i>Land use</i>	
Equality	<i>Income and wealth</i>	Average Index of Multiple Deprivation (IMD) Score
	<i>Social mobility</i>	
	<i>Protected characteristics</i>	
	<i>Public services</i>	

2.8 Each ‘theme’ is weighted as being of equal importance to the balanced economy. Appendix 1 contains a list of the metrics that underpin each sub-topic, which are divided into four types. Understanding the gaps – e.g., ensuring that we have each indicator type for each theme, will help us to create a set of indicators that points those who are using it in the right direction, as well as enabling them to appreciate the pace at which change is possible:

- **Headline:** the measure that tells us most about how we are doing overall;
- **Short-term progress:** indicators that show movement towards or away from inclusive growth which can change quickly, by focused investment (or disinvestment);
- **Long-term outcome:** indicators that change slowly as a consequence of sustained improvement in population outcomes;
- **System:** measures of types of system collaboration, required to meet the desired outcomes.

2.9 As new iterations of this framework are created, new indicators will suggest themselves. For example, the University of Birmingham’s Mental Health Policy Commission⁴ has made a recommendation on categorising public spending according to whether it is preventative or ‘late action’. As such, feedback on the indicators and suggestions for others would help in creating a framework that points decision-makers, policy-makers and citizens in the right direction.

⁴ Burstow, P., Newbigging, K., Tew, J., and Costello, B., 2018. Investing in a Resilient Generation: Keys to a Mentally Prosperous Nation. Birmingham: University of Birmingham:

<https://www.birmingham.ac.uk/Documents/research/policycommission/Investing-in-a-Resilient-Generation-report.pdf>

- 2.10 Sandwell MBC has already started work on its Inclusive Growth Framework, which is composed of existing public data and a new ‘Sandwell Barometer’, which will collect softer insights from citizens as to how they feel about the economy and their place in it – see Appendix 2 for a case study. WMCA is working closely with Sandwell in order to learn from its work, and to offer support where required. One of the key functions of the new Inclusive Growth Unit will be to enable the WMCA and Member Authorities to create space to learn from one another, so that good practice is shared.
- 2.11 The WMCA is one of myriad organisations that can change how the West Midlands is shaped and developed, and is a recent addition to the region’s socioeconomic system. As such, this is not a Performance Management Framework, but a tool to inform delivery. The majority of these indicators are drawn from existing (and evolving) WMCA Dashboards and Performance Management Frameworks, and as a consequence, are already being managed appropriately.

3.0 Financial implications

- 3.1 There are no immediate financial implications arising from this report.

4.0 Legal implications

- 4.1 There are no immediate legal implications arising from this report.

5.0 Equalities implications

- 5.1 There are no immediate equalities implications arising from this report.

6.0 Other implications

- 6.1 The initial and ongoing engagement around how inclusive growth is defined and delivered is integral to its success. In the report ‘Inclusive Growth Indicators for Cities’⁵, which reviews many of the existing inclusive growth frameworks, a clear recommendation is that “*a consultative, participatory approach to indicator development can help to build a shared understanding around what is to be achieved*”. Some elements of the initial engagement are already underway, notably the Social Economy Taskforce and the civil society-focused engagement led by Localise West Midlands, commissioned via the WMCA Inclusive Growth Unit. Other elements – including the involvement of citizens, councillors and businesses – are still being shaped. As such, there is plenty of space for Board Members and others to inform how this works, by getting in touch with Claire Spencer: claire.spencer@wmca.org.uk or 0121 214 7669.

7.0 Schedule of background papers

⁵ Hughes, Ceri – Inclusive Growth Indicators for Cities: considerations and options (2017): <http://hummedia.manchester.ac.uk/institutes/mui/igau/briefings/igau-briefing-6-indicators.pdf>