

The Improvement Service

ELECTED MEMBER BRIEFING NOTE

# Inclusive Growth



# What is the purpose of the briefing note series?

The Improvement Service (IS) has developed an Elected Members Briefing Series to help elected members keep pace with key issues affecting local government.

Some briefing notes will be directly produced by IS staff, but we will also make available material from as wide a range of public bodies, commentators and observers of public services as possible. This note was prepared for the Improvement Service by associate David Smart of Smart Consultancy (Scotland) Ltd.

We will use the IS website and elected member e-bulletin to publicise and provide access to the briefing notes. All briefing notes in the series can be accessed at [www.improvementservice.org.uk/elected-member-guidance-and-briefings.html](http://www.improvementservice.org.uk/elected-member-guidance-and-briefings.html)

## About this briefing

This briefing note provides background and explores: the practical importance of ‘inclusive growth’ for elected members; the key delivery role of local authorities; and how operationalising these objectives can improve economic outcomes and lead to a wider range of sustainable improvements in key outcome areas.

# What is ‘inclusive growth’ and why does it matter?

The terminology ‘inclusive growth’ has become increasingly important in recent years at both Scottish and local levels. The debate on its meaning and application is now well developed, but can become quite complex. This note seeks to simply explain the key principles behind the concept, what these mean for local authorities and elected members, and how inclusive growth can be applied in practice.

The Scottish Government definition of inclusive growth is contained within the Scottish Economic Strategy:

*“Growth that combines increased prosperity with greater equity: that creates opportunities for all and distributes the dividend of increased prosperity fairly.”*

It is not an ‘add on’ Government objective: inclusive growth has equal status in the Scottish Economic Strategy alongside the three other key themes of innovation, internationalisation and investment.

Inclusive growth demands we connect and integrate our actions to develop the economy much more with a range of traditional ‘social’ policies – including childcare, school attainment, tackling poverty, welfare reform, and community participation – and in maximising positive environmental action. It also links closely to other key and recent policy developments, notably the Fairer Scotland Duty, which came into force in April 2018.<sup>1</sup>

Consequently, inclusive growth relates to and advances other key strategies linked to anti-poverty, social inclusion, employability, wellbeing etc. It critically demands that when growth and wealth creation is pursued we continually ask:

- ‘who benefits and in what way?’ and
- ‘whether we can do more to spread the benefits to those most in need?’

## Some other ways of simply explaining ‘inclusive growth’?



*“We need to grow the pie and ensure everyone gets a fair slice.”*

*“In economic terms, a rising tide does not automatically float all boats – but it certainly helps!”*

<sup>1</sup> The Fairer Scotland Duty, Part 1 of the Equality Act 2010 places a legal responsibility on particular public bodies in Scotland to actively consider (‘pay **due regard**’ to) how they can **reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions**. Interim guidance on this duty came into force in April 2018 with a three-year implementation phase.

The case for inclusive growth is both ‘economic’ and ‘social’: over time it is argued that the more equally the benefits of growth are distributed, the more likely further growth is. It can also contribute to reducing pressures on the welfare system.

But we know from history that inclusive growth is not automatic or inevitable: it demands action, political priority, and practical development and implementation skills. It also needs hard headed measurement and evidence of progress – the road to ‘non-inclusive growth’ has often been paved with good intentions!

The pursuit of inclusive growth can start from different perspectives and levels:

**Inclusive growth for identified groups –** initiatives that explicitly seek to help groups that historically do not necessarily share the gains of growth such as long-term jobless people, women, ethnic minority groups, people with disabilities, and young people leaving care.

**Inclusive growth for communities –** linked to historic multi-dimensional area regeneration strategies focused on maximising outcomes for areas identified with high levels of deprivation.

**Inclusive growth for regions/wider areas –** in Scotland this is now increasingly focused around City Regions and Growth Deals which seek to share and maximise the benefits of growth across all areas and groups.<sup>2</sup> This includes considering and ensuring gains for more rural areas within City Regions.<sup>3</sup>

A key opportunity and objective is to maximise connections across all of these levels.

Many of the features of inclusive growth are not new, but the increasing policy emphasis on the concept is nonetheless important in providing the foundation to apply it more in practice. Inclusive growth requires co-ordinated action across the public, private and voluntary sectors. In this partnership context, local authorities can rightly claim they have been at the forefront of practical action for many years – though normally applying earlier terminologies such as:

*“One of the things we have sought to do since we decided to prioritise inclusive growth, and many other countries are now doing as well, is increasingly recognise that those two challenges, of competitiveness and equality, are not competing with each other but two sides of the one coin. We will have an even more productive and competitive economy, if we had a fairer society.”*



**Nicola Sturgeon, First Minister**

2 The Scottish Government has required all City Deal and Growth Deals to focus on and evidence inclusive growth progress. This is not a requirement of equivalent Deals in England.

3 Recently articulated in ‘A New Blueprint for Scotland’s Rural Economy’ - National Council of Rural Advisors (September 2018). This notes that all rural economic development activities should support national outcomes that increase wellbeing and support sustainable and inclusive economic growth. The context of inclusive growth can be even more important in rural, remote and island communities where a sense of isolation and limited access to services can be acute.

comprehensive area renewal; integrated urban or rural regeneration strategies; joint social and economic strategies; anti-poverty initiatives; equality impact assessments, etc. Consequently, there is important experience and learning to build from, but it should not lead to complacency – there are many opportunities and policy expectations to do more.

It is difficult to overstate the importance of local authorities to the practical advancement of inclusive growth. This is fundamentally about fully appreciating the **corporate** role and potential of local authorities – seeing everything the authority does as ‘more than the sum of the parts’. This links to the interdependencies of council services and interventions, the significance of the unique ‘power of wellbeing’ given to local authorities,<sup>4</sup> and the opportunities from applying all council levers as an employer, a major purchaser of goods and services, and as an owner of assets.<sup>5</sup>

Local authorities also need to consider the importance of inclusive growth as a ‘preventative’ measure. If, for example, a development helps a vulnerable group or community to improve their skills and to access jobs, evidence shows that they are likely in future to reduce demands on a range of other key services – social work, housing, criminal justice, health, etc. This reinforces how inclusive growth demands ‘joined up’ thinking.

Councils have further opportunities to support inclusive growth through local partnership structures such as Community Planning Partnerships, and the associated Local Outcomes Improvement Plans (LOIPs). This recognises that inclusive growth principles also apply across all other public sector partners.

Four other observations and challenges of pursuing inclusive growth are important:

- in certain situations, there may be (or appear to be) a play-off – between ‘inclusion’ and ‘growth’ – it is possible to have one but not the other. Striking and judging the balance can be challenging
- inclusive growth needs to be about resource allocation as well as policy and strategy intentions – so it needs to be centre stage when setting budgets
- fully realising ‘inclusion’ and ‘growth’ outcomes may demand a longer-term perspective on some issues, and patience in appreciating when these will be delivered
- inclusive growth principles should also be fully considered when determining any potential service cuts. The same questions are relevant: who will be most affected; how; and what are the implications of this decision for other services etc. The need to ‘join up’ thinking in these scenarios is equally important.

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4 The Local Government (Scotland) Act 2003 gives Council’s a power ‘...to promote or improve the wellbeing of their areas and/or persons in it’. ‘Wellbeing’ is recognised as having economic, social, health and environmental dimensions.

5 See the Improvement Service [‘Economic Outcomes Programme’ report](#) – referenced below..

# The role of elected members in delivering inclusive growth

Elected members have a critical role in ensuring that local authorities maximise their contribution to supporting inclusive growth for a number of reasons, and in a number of ways:

1. Inclusive growth involves political judgement and balance – between ‘inclusion’ and ‘growth’ aspirations, and in determining the priority groups and communities that inclusive growth seeks to benefit.
2. The range and combination of council services, interventions and investments are, by some distance, greater those of any other individual partners. Councils are also very important sources of local jobs. Inclusive growth demands a truly corporate council response – identifying and maximising the impact of all relevant council services and investments.
3. Inclusive growth is not an automatic or inevitable outcome – it demands proactive commitment, action, and effective elected member scrutiny.
4. Inclusive growth can be very ‘local’ – from community to council area level. Councillors are the key elected representatives in these situations.
5. Inclusive growth principles and practice often need to be ‘stretched’ across different council services and investments, and demand new and imaginative connections – councillors have a key authority-wide input to promoting this.
6. Inclusive growth can be easier to say than do. Elected members have a critical role in continually scrutinising whether both the ‘inclusion’ and ‘growth’ objectives are being – or have been – achieved.
7. Elected members have a key role in communicating to the people they represent why inclusive growth is both fair and effective.

# Practical examples of inclusive growth

There are many examples of inclusive growth developments in Scotland pioneered by local government. The examples below seek to provide some ways in which inclusive growth is transferred to practical actions – and critically improve lives. These are only a flavour of what is happening; many other examples could be cited across the country.

**Renfrewshire Council’s ‘Invest in Renfrewshire’ strategy** originated from concerns in 2012 about very high unemployment (especially amongst young people), a shortage of local jobs, high levels of economic inactivity, and a recognition of the particularly high incidence of these issues in deprived communities. An additional £10.5 million was committed by the council (supported by EU funds) to establish a commitment between the council and local employers to increase employment levels and grow the local economy. The Invest model is rooted on a ‘deal’ where the public sector supports, enables and encourages employers to offer work and training opportunities, and wider ‘real world’ expertise and experience to local people seeking jobs. 1,100 companies are now involved, and key local economic indicators have improved significantly.

Further information: [www.investinrenfrewshire.com](http://www.investinrenfrewshire.com)

**North Ayrshire Council has piloted the Scottish Government’s Inclusive Growth Diagnostic** to identify the constraints and opportunities for driving local inclusive growth. This will now inform and prioritise future actions. The diagnostic is based on a sequenced process looking at data, constraints, community consultations, prioritisation of identified inclusive growth constraints, and results/conclusions. The council is now using the findings to inform investment and policy decisions in the short, medium and longer terms, with a focus on transformational change in local communities. The North Ayrshire Diagnostic received a Policy Development Award at the Scottish Public Service Awards in December 2017.

Further information: [www.inclusivegrowth.scot/wp-content/uploads/2018/06/SCRIG-Content-North-Ayrshire-Inclusive-Growth-Diagnostic-FINAL-1.pdf](http://www.inclusivegrowth.scot/wp-content/uploads/2018/06/SCRIG-Content-North-Ayrshire-Inclusive-Growth-Diagnostic-FINAL-1.pdf)

**Angus and Dundee Councils now operate the ‘Shared Apprenticeship Ltd (SAL)’ programme.** Originating in Angus, SAL stemmed from imaginatively combining a response to concerns on low wage rates, high youth unemployment and skills shortages in the construction sector. As a collaboration between the public and private sectors, SAL directly employs young people – many from disadvantaged backgrounds – as apprentices. Work placements are shared across a number of private sector companies and the project provides wider supports through mentoring and confidence building activities. In recognition of the project’s success, SAL won the Gold COSLA award for Delivering Excellence in 2018.

Further information: <https://awards.cosla.gov.uk/project/strong-and-sustainable-communities-angus-council-shared-apprentice-programme/>

**Glasgow City Council’s ‘Barclays Model’** – As part of the public sector support package to attract an additional 2,500 financial services jobs through the development of a new hub in

central Glasgow, Barclays Bank has agreed to offer at least 341 of these opportunities to people disadvantaged in the labour market and people with disabilities. This deal has been negotiated by the city council as a practical demonstration of inclusive growth. The council and partners will now work with Barclays through a series of employability interventions to ensure these new job opportunities are filled by suitable candidates. The model is specifically testing how disadvantaged groups can access job entry opportunities within a recognised growth sector and begin a career path to 'high value' jobs. It will identify potential new recruitment pathways to enable previously excluded groups equitable access and ensure Barclays and employability 'supply' agencies develop a common understanding to meet this shared objective. The council also views the 'Barclays model' as a testbed to subsequently roll out within other higher value job sectors.

**The Improvement Service's Economic Outcomes Programme** analysed and quantified the wider contribution of local authorities in increasing local economic impact. The overview report, published in 2018, identified the very significant 'corporate' levers that councils control that can influence inclusive growth – noting that these go well beyond activity formally labelled as 'economic development'. Collectively, Scottish local authorities employ 187,000 FTE staff, procure over £7 billion of goods and service each year, and own over 40,000 physical assets. Maximising the positive impact of these economic levers that councils directly control could have a major impact on inclusive growth objectives. Indeed, there is potential to promote inclusion and generate additional benefits for disadvantaged citizens through this approach, even in the absence of growth. Individual 'economic footprint' reports were also produced for each local authority.

**Further information:** [www.improvementservice.org.uk/documents/econdev/eop-overview-report-aug18.pdf](http://www.improvementservice.org.uk/documents/econdev/eop-overview-report-aug18.pdf)

**Stirling Council** – Working with neighbouring Clackmannanshire local authority, Stirling Council has developed a systematic approach to inclusive growth. This began with a 'life stages' framework which identified challenges in the authority's most disadvantaged communities. From this, three priority action areas were identified: investment in sector growth and diversification; investment in skills and inclusion; and investment in income maximisation. A series of ways in which council service delivery is being influenced has now been identified for each priority. These are supported by a balanced scorecard measurement framework. Inclusive growth priorities are now incorporated within the Stirling Plan, and the council's 5 year business plan.

**Further information:** <http://minutes.stirling.gov.uk/pdfs/complan%26reg/Reports/CR20180329Item08IG.pdf>



# Potential barriers to inclusive growth

Delivering inclusive growth in practice is not always easy. A number of potential issues may require to be addressed, and some of these require careful consideration. These include:

**Resource constraints/budgets** – local authority budgets remain under considerable pressure. In this context, inclusive growth aspirations that require additional investment may be challenging. For example, where a procurement decision requires additional cost. Set against this, however, the costs of not pursuing inclusive growth principles needs to be factored: decisions which continue or potentially increase exclusion for vulnerable individuals, families and communities may simply transfer greater costs to other public services such as: the need for social work support, increased homelessness, increased offending, and more frequent reliance on mental and physical health supports. These issues require equal consideration in any discussions on budget cuts.

**Legislative barriers** – inclusive growth aspirations must work within legislative requirements and wider considerations of ‘fairness’. This is most immediately apparent in areas such as procurement and recruitment. It is important to ensure in this context that all options are considered.

**‘Inclusion’ and ‘growth’ can be seen as in competition.** Whilst these aspirations can often be mutually supportive, in other circumstances, a judgement may be required on the balance of motivations. For example, a major inward investment bringing jobs but where the employer is not prepared to offer ring-fenced opportunities to potentially excluded groups.

**Inclusive growth demands imagination and new thinking** – a core premise of inclusive growth is the potential to more effectively combine a range of interventions and services – often in ways not previously considered. This places new demands on people developing and implementing new ideas and approaches. It requires local authorities to positively encourage such innovation and change.

**Corporate and partnership working can be hard** – though inclusive growth has not invented these concepts, working effectively across services and agencies remains challenging and we do not always maximise its potential. Continual effort and capacity building is needed, as is the requirement to regularly review whether we are getting this right

**Evidencing impact can take time** – many of the challenges inclusive growth is seeking to address are long-standing and complex: it is often unlikely that there will be any ‘quick fixes’. This demands that clear monitoring and evaluative frameworks are in place and, alongside these, realism on the timescales within which significant change may be possible. Equally, it is also important to reflect that, if this is sometimes a long journey, ‘the sooner we start, the better’!

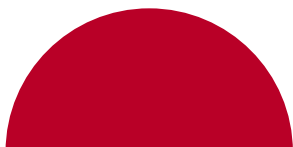
**Agreeing priority beneficiaries can be competitive** – many individual groups and communities can make legitimate claims to be the beneficiaries of inclusive growth. Identifying priorities, and sharing the gains appropriately, requires political judgement – informed, where possible, by the best available evidence.

# An inclusive growth ‘checklist’ for elected members

A key role for councillors is to consider some consistent questions in ‘proofing’ inclusive growth implementation. These apply in different ways to council developments/initiatives; budget decisions (including considering potential cuts); and policies and strategies.<sup>6</sup>

	✓
1. What is the evidence that inclusive growth principles have been fully and imaginatively considered and applied?	<input type="checkbox"/>
2. Have we maximised the opportunities to ‘join up’ all of the council’s services, interventions and levers?	<input type="checkbox"/>
3. Are inclusive growth principles truly integrated in all related policies and strategies i.e. not simply referenced as an add on or ‘tick box’?	<input type="checkbox"/>
4. Have we considered how our key community planning partners are advancing inclusive growth principles and how we might better apply inclusive growth across the partnership?	<input type="checkbox"/>
5. What groups and communities will benefit from developments in terms of their wellbeing – why, and in what ways?	<input type="checkbox"/>
6. How will we measure and know the anticipated inclusive growth outcomes have been realised in practice?	<input type="checkbox"/>
7. Is there a play off between ‘inclusion’ and ‘growth’ and, if so, how have we balanced these?	<input type="checkbox"/>
8. Which council services have been involved/consulted on this project, strategy, development, etc?	<input type="checkbox"/>
9. Have any examples from elsewhere of inclusive growth options in this type of development been identified and considered?	<input type="checkbox"/>

<sup>6</sup> This table is not presented to suggest assessing inclusive growth can be a simple yes/no ‘tick box’ exercise. Rather it is suggested as of potential value in ensuring the right questions are asked and assessed.



# Key issues to consider

Inclusive growth is a simple concept that can sometimes become harder to do and evidence in practice. But there is lots of good practice and more emerging, and local authorities are central to much of this. In this context, some key issues elected members may wish to consider further are:

- Are we doing enough in my council?
- Are the principles and practice of inclusive growth understood enough and embedded enough in my council?
- Why don't we do more/what stops us?
- How do we ensure inclusive growth really happens?
- What is the local authority role in ensuring and supporting all local partners step up to the inclusive growth challenge?

# Further information

## **The Scottish Centre for Regional and Inclusive Growth (SCRIG)**

The core functions of the Scottish Government's SCRIG are to:

1. Assist all developing regional economic partnerships and local authorities to embed an evidence-based approach in policy and decision-making, including investments such as City and Growth deals, to deliver inclusive growth outcomes.
2. Embed inclusive growth outcomes at the heart of regional and local economic development and provide a consistent framework for monitoring and evaluating inclusive growth outcomes for Scotland's regional economic partnerships and associated City and Regional Growth Deals.
3. Deepen the evidence base through providing data, analysis and insights on what drives regional inclusive growth.
4. Develop the partnership with the private, public and third sectors in the common inclusive growth agenda by enabling a network of practitioners to assemble an evidence base of successful practice in achieving inclusive growth.
5. Promote Scotland's international engagement on inclusive growth.

Further information - [www.inclusivegrowth.scot](http://www.inclusivegrowth.scot)

**The Economic Development Association Scotland (EDAS)** has established a community of practice on inclusive growth, with the support of the Scottish Government. This aims to:

- Allow practitioners to share the lessons of experience to help them improve practice.
- Provide opportunities to better understand policy initiatives and ideas along with developments in theory relating to inclusive development.
- Provide a channel to feedback to policy makers the lessons and insights gained from practice.
- Support local communities to help deliver inclusive growth.
- Develop the profession.

Further information is available at: [www.edas.org.uk](http://www.edas.org.uk)

## **Fairer Scotland Duty – Interim Guidance for Public Bodies (Scottish Government):**

<https://www.gov.scot/Publications/2018/03/6918>

## **A New Blueprint for Scotland's Rural Economy – National Council of Rural Advisors:**

<https://www.gov.scot/Publications/2018/09/4315>

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