

HOW INTERNATIONAL CITIES LEAD INCLUSIVE GROWTH AGENDAS

Inclusive growth is a major issue in the UK and internationally. To generate ideas to influence UK city leaders, this research examined examples of international cities that have implemented policies to combine economic growth and social inclusion.

Key points

- Inclusive growth is being used increasingly as a label for a range of policy approaches seeking to more closely align economic growth to broader base social benefits.
- The labour market is a core focus for policy to connect growth and inclusion. Inclusive growth frameworks include policies shaping the economy and labour demand, labour supply and supporting labour market engagement, and creating a well-functioning city.
- Some cities are focusing on equality of opportunity through anti-discrimination measures and transport to jobs from all parts of a city. Others have emphasised promotion of job quality and growing middle-income jobs.
- On the basis of international experience and actions in the UK, three key priorities are: paying greater attention to the demand side of the labour market; de-risking transitions into and within employment; and building connectivity to enable individuals and areas to access growth opportunities.
- Good quality up-to-date data is central to understanding, analysing and evaluating issues around economic growth and inclusion in cities. It is also important for evaluating policy interventions.
- Approaches to governance vary, with some cities setting out an overarching vision and developing a comprehensive strategy, and others taking a more incremental approach, building cross-sector initiatives around particular policy initiatives. Strong leadership (often from a city mayor) and/or use of soft powers are important in driving inclusive growth agendas. In some cities onus is placed on citizen engagement in shaping strategy.
- Cities in the UK have more limited local powers and responsibilities, and less control over finances than cities in certain parts of Europe and the USA, yet they are sites of new devolution and policy development. There is scope for learning about ideas and experiences of inclusive growth policies from cities outside the UK.

The research

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BACKGROUND

There is growing concern that economic growth in cities is not shared equitably or is not necessarily associated with better poverty outcomes, leading commentators and policymakers to try to identify more socially just forms of economic development, or inclusive growth. In the UK a relatively centralised system of governance and accountability means that there has been limited scope for policymakers and city leaders to set bold new agendas to develop and implement an inclusive growth agenda – but this is changing with devolution. This research aims to identify and review international examples of cities elsewhere in Europe and the US that have developed an inclusive growth agenda, in order to generate evidence and ideas that can influence UK city leaders.

What is inclusive growth?

Inclusive growth combines economic growth and labour market inclusion. For this research, the OECD definition of inclusive growth was adopted: *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.*

A core focus of policy supporting inclusive growth is the labour market, as the mechanism through which to connect growth and inclusion. But inclusive growth concerns also encompass territorial cohesion, social well being, issues of access and participation, and environmental sustainability.

The research addressed questions relating to the framing, design, implementation, impact and transferability of inclusive growth policies.

Framing, design and governance of inclusive growth

Inclusive growth can be conceptualised in a number of different ways. Some cities sought to *better distribute the benefits and opportunities associated with their current growth model* – for example, by improving transport connections from more deprived areas to jobs. Others sought to *change the model* – for example, by working to increase the number of middle-skill jobs in the labour market.

Across the case study cities, *drivers* of inclusive growth approaches included:

- the vision of the mayor;
- bottom up community activism;
- a common sense of solidarity born of crisis; and
- a drive to reduce welfare costs.

The case study cities *framed* their approaches in different ways. Some focused more on generating greater equality within the labour market. Others focused more on health and wellbeing, and ‘making poverty matter less’ through designing broadly accessible city services. Many approaches are relatively long term, with some cities actively anticipating and preparing for future change, while others focused on investing in their youngest residents in order to reduce levels of exclusion.

The approaches to *governance* also varied. Some cities have developed comprehensive overarching strategies, while others are building more flexible cross-sector alliances around particular initiatives. Inclusive growth approaches often involve extensive consultation and broad partnerships, with the Mayor’s office and/or the broader local authority often providing an important linking role, building taskforces to implement specific initiatives. Several of the case study cities were also attempting to forge new types of relationship with business and civil society.

Experience of implementation of inclusive growth policies: exemplar initiatives

Examples of policy initiatives on the demand side of the labour market concerned with *shaping the economy and labour demand* included:

- policies to *influence the sectoral structure of employment* – including through use of inward investment to create new jobs;
- broader approaches of *promoting growth sectors or clusters* as a means of promoting strategically important sectors and shaping the structure of the economy to support city economic growth;
- policies to *grow the quality of employment* – through attracting and supporting companies offering middle-/high-income jobs, coupled with associated supply-side policies to help link residents to quality employment opportunities;
- insertion of *clauses regarding quality in procurement contracts/agreements* – in order to embed the importance of employment quality in city and business development strategies and raise wage floors.

Policy initiatives on the supply-side of the labour market concerned with *labour supply and supporting labour market engagement* included:

- *pre-employment* initiatives – including development of integrated intensive services, promotion of social enterprise, and early intervention initiatives;
- policies focusing on *employment entry* – including adoption of social clauses in procurement contracts, promotion of corporate social responsibility to support access to employment for disadvantaged groups, and galvanising activity through anchor institutions;
- policies related to *in-work progression* and *job quality* – notably career pathways initiatives; and
- taking account of labour market changes, policies equipping individuals to *engage in the new labour market* and reap the benefits of growth – including through creating opportunities for engaging in the new task-based economy and developing 21st century skills.

Policies to *build connectivity and create a well-functioning city* to enable individuals and areas to access growth opportunities included:

- transport policies developing physical connections with areas of opportunity and taking account of temporal and spatial aspects of routing and pricing;
- investing in housing and jobs – including through adopting densification to facilitate access to opportunities as a key principle;
- tackling poverty and enhancing quality of life in particular neighbourhoods by development of ‘complete neighbourhoods’ with easy and convenient access to essential goods and services; and
- enhancing city functionality for a diverse citizenry – through adoption of everyday design principles and use of open data and smart technology.

Although the examples underscore the centrality of the economy in inclusive growth, there is value in looking beyond the economic to include health, well-being and the quality of the built environment.

Data, evidence, monitoring and impact

Information derived from good quality, up-to-date data is central to understanding, analysing and monitoring a range of issues around economic growth and inclusion in cities. Indicators are important for capturing city aspirations and outlining what success looks like in the context of a broader narrative of city development. They can be the basis on which within cities ‘epistemic communities’ are formed, acceptance of the ‘same set of facts’ is grounded, and the need for change is articulated.

Access to data and information about their own environment is essential for citizens who want to participate in local decision making in a meaningful way. Open data initiatives have the potential to empower citizens.

Data are central to evaluating the progress and impact of inclusive growth initiatives and determining whether they have the desired effect on a neighbourhood or the city as a whole. Challenges remain in sharing and interpreting data: inclusive growth strategies and associated policy initiatives are complex and context dependent.

Conclusions

Based on the review of the evidence, the research drew out 10 *key principles* for policy concerned with inclusive growth:

1. See economic growth not as an end in itself but as a means to achieve inclusion and shared prosperity.
2. Be prepared to proactively shape the labour market and build quality jobs.
3. Prioritise connectivity and expand social networks so that they are less exclusive.
4. Make poverty matter less in accessing good quality city services.
5. View people as assets and invest in them at the outset and at key points in their lives.
6. De-risk transitions by providing safety nets at key junctures.
7. Be prepared to innovate and create opportunities for shared leadership.
8. See citizen engagement as a way to generate knowledge from the bottom up.
9. Get the fundamentals right (at national and local levels).
10. Focus on small incremental changes as well as large 'flagship' schemes.

Possibilities for action at city level – whether currently (using existing powers at city level) and/or in the short-/medium-term future (including as more powers become available to cities) may be organised in accordance with these principles.

On the basis of international experience and actions in the UK to date, three key priorities are:

- paying greater attention to the demand-side of the labour market;
- de-risking transitions – into and within employment; and
- building connectivity, enabling individuals and areas to access growth opportunities.

About the project

The research was undertaken by Anne Green and Erika Kispeter from the Institute for Employment Research (IER), University of Warwick, Paul Sissons from the Centre for Business and Society, Coventry University, and Francesca Froy from Whose City Ltd. It involved an evidence review of the national and international academic and grey literature; case studies of a selection of cities in Europe and the US, comprising a review of strategies and policies, plus consultation with key city stakeholders; an international workshop and a study tour to three cities in Europe; and identification of general principles underlying inclusive growth and associated learning points for UK cities.

FOR FURTHER INFORMATION

The full report, **How International Cities Lead Inclusive Growth Agendas** by Anne Green, Francesca Froy, Erika Kispeter and Paul Sissons, is available as a free download at www.jrf.org.uk. There are accompanying case studies of Barcelona, Cleveland, Hamburg, Helsinki, Leipzig, Malmö, Nantes, New York, Portland, Rotterdam and San Antonio, together with pen portraits of Cape Town, Medellin and Seoul, available at www.jrf.org.uk.

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