Submission to the RSA Inclusive Growth Commission

Summary

A.1 The RSA’s Inclusive Growth Commission can shape a new place-based approach which gives all communities the opportunity to contribute to, and benefit from, growth. This will require a strategy for raising productivity which focuses on people, assets and place – bringing policies together in places so that they can be more effective. It must be underpinned by a strong, integrated, growth-driven regeneration strategy that tackles barriers to investment and enterprise, and combine the economic and social – aligning policies focused on delivering growth with those focused on reforming services. Inclusive growth, which extends opportunities, reduces inequality and tackles poverty, requires system-wide change – investing resources in early intervention, supporting individuals, families and communities to build on the assets they hold, and investing in skills and infrastructure.

A.2 This response to the Commission draws on Greater Manchester’s (GM’s) extensive, and in many ways unique, experience of understanding and removing the barriers that prevent people from playing a full part in economic success, so that no-one is left behind, and reforming the way that public services are delivered, tailoring them to the needs of individuals and places. The 2013 GM Strategy (GMS), Stronger Together, set out our shared ambition to pioneer a new model of sustainable economic growth based around a more connected, talented and greener city region where all residents are able to contribute to, and benefit from, sustained prosperity and enjoy a good quality of life. GM therefore adopted an approach encourages economic growth while reforming public services so that the city-region’s residents can take advantage of the benefits growth brings.

A.3 There is a long history of strategic collaboration and capacity building in GM, with close collaboration not only between districts but also between civic authorities, businesses, voluntary and community groups and social enterprises. This has provided a rich body of evidence and experience on which to draw, built up from a strong track record of delivery and intelligence-gathering, with analytical and case-making capabilities. The strength of this approach has been reflected in the freedoms, flexibilities and up-front investments awarded to GM in a series of City and Devolution Deals. This will reach a
new level with the introduction of the organisational arrangements and devolutionary measures that will accompany the direct election of a GM Mayor in May 2017.

A.4 GM’s experience of growth over the last 20 years is impressive by the standards of the UK outside London and the South East with higher productivity sectors and businesses, at the cutting-edge of innovation, playing an important role in driving productivity growth and creating well-paid jobs. In the decade before the Financial Crisis, real wages grew by 15.3 per cent and the employment rate rose by 4 percentage points. Inequality tended to fall as wages for those on low pay rose more quickly than those of the higher paid.¹

A.5 But significant challenges remain. Despite relatively strong recent productivity and employment growth, productivity is still significantly below the UK average – with an ‘output gap’ of £10bn between GM and the UK – and there are still pockets of entrenched worklessness. Some communities and neighbourhoods face high barriers to the labour market, with just 39 of 215 wards accounting for 70 per cent of the employment rate gap between GM and the UK average. The proportion of GM neighbourhoods in the bottom fifth most deprived nationally has fallen over the past ten years (from 39 per cent to 35 per cent) but is still very high. There are concentrations of deprivation both close to regional centre and in areas close to town centres across the city region. Low paid work is widespread with low levels of skills, lack of career progression and firms who are forced to compete with business models based on low skills and low pay.

A.6 Raising productivity – a basic requirement for inclusive growth – has been a long-standing challenge for the UK, and one which the heavily centralised approach over recent decades has failed to meet. It has failed because although it has identified many of the right levers for raising productivity – better infrastructure, more investment, higher skills, greater innovation – it has been unable to bring these together effectively. Central government silos have failed to join up and co-ordinate strategies and policies at the level where they can work in a collaborative way to affect people and businesses – the places where they are living, working and investing.

A.7 A recent example is the Science & Innovation Audits (SIAs) which took a place-based approach to science and innovation assets – giving a rich analysis, endorsed by Central Government, of how these assets can drive growth locally, nationally and internationally. However, since their launch Government announcements on further investment in science and innovation have only given passing reference to the SIAs as a criterion for

¹ Resolution Foundation, New Order: devolution and the future of living standards in Greater Manchester, November 2016
decision making. Government could demonstrate its commitment to inclusive growth by using such a local evidence base, endorsed nationally, to drive its decisions joining up people, assets and place to achieve inclusive growth in a way that ‘spatially blind’ central policies are unable to do.

A.8 **A new place-based strategy is needed which joins up people, assets and place, combining the economic and social, addressing both growth and reform.** The factors which are preventing inclusive growth range from global economic trends through to local issues at the level of individual communities, neighbourhoods or families. Addressing them will therefore require a jointly-pursued place strategy, with the policies of central government, city regions and districts working together to regenerate places, creating communities where businesses want to locate and invest, and people want to live.

A.9 A clear example of where this lack of co-ordination undermines inclusive growth, as the detailed assessment below sets out, is the lack of an integrated system improving education and skills and the failure to raise ambition and resilience right through from early years to lifelong learning. Instead, the current centralised system is fragmented, inconsistent and unresponsive, with a plethora of agencies and competing priorities in the system, not only undermining skills but failing to provide the information, advice and guidance needed by young people to develop their careers. The Government’s Green Paper *Building Our Industrial Strategy* has recognized the need to take action in areas where where skill levels are too low and holding back opportunity and growth. But Government needs to back this approach with integrated place-based tools to achieve it.

A.10 Reform also needs to be properly funded. The significant squeeze on public spending since the Financial Crisis has severely restricted the ability of authorities to invest in areas – such as skills development, infrastructure, health services and pre-emptive investment to tackle social issues – which are vital to raising productivity through inclusive growth. The economic and social infrastructure which support people into work, to progress in work, and business to grow, needs proper investment.

A.11 **GM’s place at the forefront of reform has led to the development and implementation of innovative programmes and policies.** With local services working together, focused on people and place, GM is transforming the role of public services, taking a more proactive approach rather than responding to crises. This includes transforming the way information is used, enabling frontline workforce to make informed decisions about how and when they work with individuals and families. Building on the principles of prevention and early intervention, GM aims to deliver the appropriate services at the
right time, supporting people to become healthier, more resilient and empowered. This is crucial for inclusive growth as skilled, healthy and independent people bring jobs, investment and therefore prosperity to GM and enable residents to connect to opportunities being created. The Voluntary, Community and Social Enterprise sector are a key strategic partner in delivering this, and are an important provider of social and structural capital in GM, often best placed to engage with GM’s most excluded residents.

A.12 The reform programmes and pilots that GM has implemented over recent years have had a significant impact. However, the rising demand caused by complex issues within individuals and families continues to pose a challenge. GM has redefined its reform programme to recognise the need for a new relationship between citizen, state and society. The pace and scale of reform needs to be raised in order to realise the savings that reform can generate and ensure that all communities become increasingly resilient.

A.13 Delivering on this agenda poses a significant leadership challenge for public services. Even where greater co-ordination is beginning to take place GM faces an unprecedented challenge: the £6 billion currently being spent on health and social care has not improved the long term outcomes for people living in GM. If action is not taken now to radically change the way things are done, by 2021 more people will be suffering from poor health, outcomes will remain worse than the rest of the country and GM will be facing a £2 billion shortfall in funding for health and social care services. Current centralised systems have no way of accounting for the future demand which is building up in the current system or, therefore, the impact of social investment. Individuals, families, and communities require a system that understands the issues, takes ownership, and eradicates duplicated effort. The urgent need is for a significant shift in the system, made possible through place-based budget settlements, not just for adjustments to the provision of individual programmes which has too often been the focus of devolution to date.

A.14 GM is using this experience and analysis to refresh its strategy to deliver growth and inclusion, but this cannot be achieved through local action alone and with the current limited tools available. The Commission should make the case for national action on:

- The need for an integrated place-based approach, bringing together policies covering people, assets and place, as the only way to deliver the productivity needed for inclusive growth. This should be the approach of the Government’s developing Industrial Strategy, with place as the unifying theme running through the Strategy.
- The need for system-wide change if the social and economic aspects of inclusive growth are to be delivered, with local and national government working together,
based on a deep understanding of the place and the people and assets within them. That would require greater co-commissioning between central and local government, as well as better co-ordination with business, community and voluntary activities, and giving city regions flexibility over resources through place-based budgeting so that they can be best used to address local challenges.

- **The need to do this through an acceleration and deepening of the devolution process, based on functional economic areas such as city regions where there is both significant potential and high levels of need.** Authorities need to be given the powers and resources needed to grow the local economy and reform public services, based on their understanding, knowledge and experience of the unique strengths and assets of their area, and of the specific challenges that must be addressed if we are to both maximise growth and to ensure that all residents are able to benefit from and contribute to that growth.

A.15 This submission is structured as follows:

A.16 **Section 1 summarises GM’s developing understanding of inclusive growth and how it should be measured.** While the exact definition of inclusive growth is widely debated, there is general agreement that it describes a situation where every community is able to contribute to, and benefit from, growth. A significant hurdle to driving inclusive growth is the lack of ability to measure it, although work is being developed on a range of indicators by the Inclusive Growth Analysis Unit at the University of Manchester.

A.17 As the Commission’s interim report concluded, a measure of Quality GVA is also needed given that the exclusive focus on GDP – or GVA at the regional level – is too narrow. Based on work by Diane Coyle, we need a small basket of measures capturing productivity, employment and earnings which is published in a timely way and at a level of detail which can be used to assess and improve measures to drive inclusive growth.

A.18 **Section 2 examines the opportunities and barriers to inclusive growth in GM and draws out lessons for inclusive growth elsewhere.** The analysis shows that there are the three interlinking factors which sit behind productivity and inclusive growth:

(i) People’s occupations and skills and the need to grasp emerging challenges and address the backlog of low skills;

(ii) The productivity of business and other assets and the need to remove barriers to growth and competing on high skills, investment and innovation;

(iii) The importance of place in bringing together interventions so that they are effective and create attractive communities to live.
A.19 Because a centralised approach is unable to provide solutions which join up people, business and place – addressing these three factors together – it cannot raise productivity by ensuring that everyone can contribute.

A.20 **Section 3 explains GM’s developing approach to delivering inclusive growth, based on a granular understanding of GM’s economy, with a focus on raising productivity growth and innovative reform in the public sector.** Economic growth and productivity is being driven through a particular focus on high value sectors, and on assets that are or have the potential to be world-leading and globally distinctive. It also describes how the Greater Manchester Strategy (GMS) has brought together service reform, designed around a person-centred approach which prioritises early intervention, to be co-ordinated with skills, transport and housing infrastructure, and business support. This has enabled a developing approach which targets both the social and economic aspects of inclusive growth.

A.21 **Section 4 summarises the results of a Call for Evidence, issued to inform this response.** It illustrates the activity underway across GM, complementing the Combined Authority’s growth and reform programmes, seeking to drive inclusive growth at a local level.

A.22 Districts, voluntary and community groups and social enterprises are all developing innovative approaches to tackle the barriers to inclusive growth. It shows how there is a significant volume and breadth of activity underway in GM, although much of this activity is at small scale through pilots and testing approaches, often supported by limited-term funding sources. There are a number of ways in which some of the approaches exemplified could be supported at a national level, for example incentivising fair employment practices and apprenticeships, enabling the development of bespoke pre-employment and employment support models and diverse routes into employment, promoting and supporting small enterprise and the development of entrepreneurial skills and ensuring public transport is accessible.
Section 1: GM’s Understanding of Inclusive Growth & How it Should Be Measured

1.1 GM has extensive experience of driving growth and reform so that all communities are able to contribute to, and benefit from, growth. This has been based on a deepening understanding of inclusive growth and its measurement, which has been crucial to developing integrated policies and evaluating their impact on growth and inclusion. The close links between the Combined Authority, districts, businesses, universities, think tanks and voluntary groups across the city region have allowed theory and practice to develop together.

1.2 The current, widespread interest in inclusive growth reflects growing international evidence that the benefits of global economic change over the last 30-40 years, while they have clearly reduced differences in wealth between countries, have been unequally shared within them. The most dramatic change during that time has seen people in the top 1 per cent of the income distribution enjoy huge increases in their personal wealth and remuneration. For the vast majority of individuals and households, however, the factors that have accounted for growing disparities in disposable incomes and life chances are long-run sectoral, occupational and labour market changes.

1.3 In established ‘developed world’ economies such as the UK’s, a combination of the progressive loss of middle income jobs, especially in manufacturing, and growth in both higher and lower income occupations within service sectors has produced growing disparities in personal incomes. In parallel, a rise in labour force participation rates amongst women, along with the tendency for households to be formed by people of similar status and employment prospects, has meant still greater divergence in household incomes. In the UK’s case, the impact of these changes on household income polarisation was felt most strongly during the 1980s and early 1990s. Since then, income disparities have remained broadly constant, albeit at a level that makes the UK more unequal than most comparable large national economies.

1.4 There is evidence, however, that disparities in household wealth have continued to grow. OECD data shows, for example, that whilst average levels of household wealth in the UK fell between 2006 and 2012, that of the wealthiest 20 per cent grew marginally and the top 1 per cent saw their net wealth increase by more than 8 per cent. Structural economic change has had uneven impacts geographically as well as socially, with London and its vast hinterland experiencing significantly higher growth rates than

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the rest of the UK. While GM’s experience of growth over the last 20 years is exceptional by the standards of the provincial UK, none of the country’s larger conurbations, with the exception of the city-region centred upon Bristol, has experienced growth rates that match a national average inflated by the performance of the super-region centred on London.

**Defining Inclusive Growth**

1.5 Organisations that have adopted and popularised the notion of ‘inclusive growth’ have yet to produce a concise, agreed definition of the term. As is the case with broader concepts like ‘inclusive economy’ or ‘inclusive society’, discussions of inclusive growth tend to view it as one potential outcome of a highly complex system. Whether sustainable growth is, or can be, accompanied by various forms of inclusiveness is seen to depend upon a huge range of institutional and individual choices, few of which are made with their system-wide ‘inclusive’ implications in mind.

1.6 The OECD’s idea of inclusive growth, which is reflected in most definitions, is that increasing economic prosperity should create opportunity for all segments of the population and that its benefits should be distributed fairly, reducing inequalities. In very broad terms, the principal concerns raised by debates on inclusive growth are with supply and demand side factors that influence life chances, and especially prospects for good quality employment. On the supply side are a range of factors that enable people to lead productive and rewarding lives, particularly in relation to access to the labour market. On the demand side are factors that shape quality of life, especially with respect to the security and quality of employment and the prospects of job-progression.

1.7 The RSA’s Inclusive Growth Commission rightly set out, in its interim report, the need for a better way of measuring economic progress than just GVA. Some measures have been developed to capture both growth and inclusion. In GM, the performance of the Greater Manchester Strategy in delivering inclusive growth is captured through 12 indicators which are designed to be broad in scope; outcome based; simple to understand; limited in number; minimise overlap; and statistically robust at the GM level. Three primary indicators are identified (the number of full-time equivalent jobs, ...
GVA, and number of out of work benefit claimants), and nine secondary indicators including business start-up rates, qualification levels, median salary levels, early years education performance, all-age mortality levels, crime levels, public transport usage, net house completions, and CO2 emissions. Stretching targets at the GM level were identified for each of these indicators and progress towards these targets has been reported and discussed annually at key leadership groups. In recent years, in recognition of the growing interest in the spatial distribution of growth and the performance of different geographic parts of GM, progress against these indicators has been reported on a district as well as GM footprint.

1.8 The most comprehensive UK work to date on measuring inclusive growth is an ‘inclusive growth monitor’ produced for the Joseph Rowntree Foundation (JRF). This work finds there to be ‘a clear positive association between prosperity and inclusion levels’. GM, along with the much more expansively-defined Leeds LEP area, is found to have performed best amongst urban areas in northern England on prosperity indicators within an overall geography of prosperity that is heavily skewed towards southern England. GM also ranks eighth within a leading group of LEP areas, otherwise dominated by southern England, in which prosperity indicators were most positive for the 2010-2014 period. As is the case for all of England’s larger, historically more industrialised urban areas, GM fares less well on inclusiveness indicators. Its comparatively low inclusiveness ‘scores’ are explained by labour market factors, including: the relatively high percentage of residents who are in receipt of out-of-work benefits and in-work tax credits or are economically inactive or unemployed; wage rates for the lowest paid; and households lacking anyone in paid work.

1.9 The Inclusive Growth Analysis Unit at the University of Manchester, supported by the JRF, is currently updating the indicators used in the ‘inclusive growth monitor’ and are looking at other examples and options for indicators. This reflects the fact that different sets of indicators may be needed in different circumstances, for example to make comparisons over time and between places, or to reflect local objectives.

1.10 Such indicators provide an important insight into the economic dynamics of an area, bringing a focus on the importance of inclusivity and the various dimensions on which it needs to be considered. However, they should be treated with some care where they score areas which are not functional economic areas. For example, at a district level the indicators show that areas that contain significant shares of high quality suburban housing and provide the largest volumes of commuters to GM’s main employment centres rank highest on prosperity and, more surprisingly, on inclusiveness. This is because factors such as high house prices mean that those who are excluded from the
labour market or from highly paid jobs are also excluded from the area. It is inclusive only in the sense that those who are excluded from growth are also excluded from the area.

*Quality GVA*

1.11 While a scoreboard of measures can give a comprehensive insight into the economic performance of an area, it is more complex to understand and communicate than a single measure. That is why GDP – and GVA at a regional level – have maintained their place as headline measures for the success of an area.⁹

1.12 However, work by Professor Diane Coyle at the University of Manchester, summarised in more detail in Annex A, shows that there are several drawbacks from the exclusive use of GVA for this purpose, given that it omits many important aspects of economic progress. It excludes sustainability, whether environmental or financial. It ignores questions of distribution, and the role of unpaid work outside the market economy. It is also now failing to record well the structural economic change that is under way, affecting the way people work and the kinds of businesses and networks of businesses that are emerging.

1.13 Since it was created, critics have pointed out that GDP omits a large amount of valuable but unpaid labour, especially child care and work in the home. The only household service counted in the figures is an estimate of the rent owner-occupiers would have to pay if they did not own their own property, on the grounds that this was a large figure and leaving it out could lead to big swings in GDP if people simply changed their housing tenure. Yet the ONS estimates that the value of childcare provided by family in friends is even larger, and again can lead to swings in GDP if people pay for crèches and nurseries instead. For people on low incomes, unpaid care for children or dependent adults is particularly important. It is not possible to know what public services are needed without better information about the need.

1.14 Another key omission from GDP is the cost of economic growth in terms of its impact on the environment, either short-term effects such as pollution, or longer term damage to natural assets. This information is only just starting to be recorded. Again, this is important for people on low incomes. Air quality is likely to be lower, green space rarer, in areas where there is greater poverty. Natural capital is one of the only forms of capital to which those with nothing else have access – it should be possible to assess the

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⁹ The relationship between GDP and GVA is: GVA + taxes on products - subsidies on products = GDP.
extent to which anyone is having to breath more polluted air or has next to no access to nature.

1.15 Finally, GDP was a measure of the aggregate economy devised for the age of mass production manufacturing. The character of the economy has changed greatly. It is now largely based on services and new types of business are being enabled by digital technologies. The nature of work has been changing, but the categorisation of occupations and industrial sectors dates from a time when manufacturing was far more important. There is fine detail for different occupations or sub-sectors in manufacturing, but broad-brush categories for services. It provides no assessment of how many people are working in the ‘sharing economy’ businesses, or on zero hours contracts. People working on software development or video games or social media marketing could select various high-level categories to describe their job. The GDP total is itself affected by difficulty in accounting for the value people get from free digital services, and by changes in business models such as the bundling of services, which makes it tricky to calculate the price index and therefore real growth.10

The Regional Dimension

1.16 These shortcomings of GDP are exacerbated when measuring economic progress at a regional level. The long delays before the publication of data, and the lack of collection of adequate data at a local level, makes it impossible to respond in a timely way to local economic developments. There is a year’s delay between national and regional GVA figures and it has not previously been possible to adjust regional GVA for regional price adjustments (although this is being piloted experimentally). The method for calculating regional GVA by starting with the national figures for the total and dividing it up by applying a regional growth indicator (calculated from various sources as a guide to how the region is doing) is also rather arbitrary.

1.17 Nor does GVA provide any meaningful information on the distribution of prosperity which is essential to inclusive growth. GVA per capita is published, but mixes together workers and residents; many city centres have high GVA per capita because of the work done by commuters but can also have many people on low incomes living in them. The GVA per hour worked figures are a good indicator for thinking about productivity but

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not about living standards. One alternative for the latter is to look at the evolution of income per household, but even then these measures are mean averages, so do not reveal much about changes in inequality across the distribution.

**Measuring Quality GVA**

1.18 Ideally, there would be a single and timely measure of regional Quality GVA, which could be easily communicated to inform public debate and policy responses, and captured the distribution of growth. Exploratory work by New Economy using international data on major metropolitan areas demonstrates the usefulness of a single index in putting the performance of GM into broader national and international perspectives. Initial results of the work, which combines a proxy measure of productivity (GDP per head) with one of labour market inclusiveness (employment rate), suggests that GM’s performance since the turn of the century trails that of many international comparator areas where consistent improvements in productivity have been achieved at the same time as an increase in labour market participation.\(^\text{11}\)

1.19 However, bringing together different components into any index would mean it would still have to be unpicked to understand developments over time, and would implicitly require a judgement about the importance and weighting of different elements of the index – a judgement which should really be an explicit matter for public debate.

1.20 The optimum approach to measuring Quality GVA in way which captures and promotes inclusive growth is therefore to have a small basket of indicators composed of:

- GVA per hour worked down to a local level, to capture productivity;
- A measure of earnings, including a distributional measure (comparing the mean and median, the Gini coefficient or fixed percentiles);
- A measure of employment.

1.21 These should be produced in the same release and at the same time – or even ahead of – national releases, so that they are clearly seen to be the appropriate measure of the state of the UK’s economies.

\(^{11}\) Within the sample New Economy examined as part of this initial exercise, drawing upon OECD data, a number of mature metropolitan areas in Europe (e.g. Leipzig, Munich, Helsinki, Lyon, Milan) the US (Portland, Austin) and Australia (Perth, Brisbane) were found to have experienced more inclusive and higher levels of growth during the 2002-2010 period than was the case in GM and other provincial metropolitan areas in the UK.
2.1 Greater Manchester’s understanding of inclusive growth is underpinned by an extensive and growing body of evidence. This section sets out the main themes and conclusions coming out of that analysis, which provide lessons for delivering inclusive growth across the UK as well as a strong basis for developing and delivering innovative policies within GM.

2.2 The assessment draws on work commissioned from New Economy by the Combined Authority to understand the current situation and barriers to improvements in productivity growth and living standards, including:

- Deep Dive analysis of economic issues and opportunities across GM to better understand how all parts of the conurbation can have a strong and positive economic function to support future growth and to maximise the ability of all residents to share in its benefits.\(^\text{12}\)
- Research into Low Pay and Productivity in Greater Manchester.\(^\text{13}\)

2.3 It also includes evidence from recent studies of the GM economy and its social context – such as reports from the JRF supported Inclusive Growth Analysis Unit at the University of Manchester\(^\text{14}\), and the Resolution Foundation\(^\text{15}\) – and draws on the latest lessons from this developing agenda in other cities, such as work by CLES on Creating Good City Economies in the UK.\(^\text{16}\)

2.4 Raising productivity is the basic requirement for raising growth and living standards. When productivity growth slows, businesses struggle and pay stagnates. But while many of the key drivers of productivity have been identified, the past approach based on heavy centralisation, has failed. The analysis shows that there are the three interlinking factors which sit behind productivity and inclusive growth:

(i) People’s occupations and skills and the need to grasp emerging challenges and address the backlog of low skills;
(ii) Business productivity and the need to remove barriers to growth and competing on high skills, investment and innovation;

\(^\text{12}\) Available at: [http://neweconomymanchester.com/publications/deep-dive-research](http://neweconomymanchester.com/publications/deep-dive-research)
\(^\text{14}\) Available at: [http://www.cities.manchester.ac.uk/igao/](http://www.cities.manchester.ac.uk/igao/)
(iii) Places’ importance in bringing together interventions so that they are effective and developing as places which are attractive for people to live and work and for businesses to invest.

2.5 Because a centralised approach is unable to provide solutions which join up people, business and place – addressing these three factors together – it cannot raise productivity by ensuring that everyone can contribute.

2.6 The need for a leap-forward in education standards and skill levels runs through several of the findings of the analysis. Unfortunately, this is a clear example of where the lack of co-ordination undermines inclusive growth is the lack of an integrated system improving education and skills and raising ambition and resilience right through from early years to lifelong learning. Instead, the current centralised system is fragmented, inconsistent and unresponsive, with a plethora of agencies and competing priorities in the system, not only undermining skills but failing to provide the information, advice and guidance needed by young people to develop their careers. In communities and neighbourhoods where skills are low, even proximity and transport links to concentrations of growth may not be sufficient for them to contribute to, or benefit from, that growth.

2.7 The assessment also shows that improving productivity and opportunities for residents requires not only improvement in the skills system (supply) but also in the utilisation of skills by firms through their business models (demand).

2.8 The improved utilisation of skills and higher-productivity business models are important not only in high-productivity sectors where areas are internationally competitive, but also in the sectors with high employment but low productivity. As in many other places, employment in GM is dominated by sectors such as retail, social care and accommodation, where there are concentrations of low productivity, low pay and insecure working. Ensuring that growth is inclusive and living standards are rising will require an Industrial Strategy which covers these sectors.

2.9 While the better development and utilisation of skills runs through much of the analysis, the importance of better health services to supporting people into work also stands out. GM has been at the forefront of development employment programmes which provide integrated support to those looking to get back into work. That experience shows that mental and physical health problems are biggest single barrier to work.

2.10 The rest of this section summarises the current situation on growth and inclusion in GM and then examines in more detail the three factors of people, business and place which are central to inclusive growth.


Growth & Inclusion in GM

2.11 GM’s experience of growth over the last 20 years is impressive by the standards of the provincial UK with higher productivity sectors and businesses, at the cutting-edge of innovation, playing an important role in driving productivity growth and creating well-paid jobs. In the decade before the Financial Crisis, real wages grew by 15.3 per cent and the employment rate rose by 4 percentage points. There were also reductions in inequality, as wages for those on low pay rose more quickly than those of the higher paid.17

2.12 But there is some way to go before growth reaches the levels of comparable cities in other countries and benefits all the communities in GM. UK productivity growth has been sluggish since the Financial Crisis, leading to what has become known as the ‘productivity puzzle’. Not only was there a sudden drop in productivity growth during the Crisis, but the UK growth rate since has been lower – output per hour is around 15 per cent below its pre-downturn trend.

UK Productivity

Source: ONS, Labour Productivity July to September 2016

2.13 Productivity in GM has followed a similar pattern. The gap between GVA per capita in GM and the UK average, which had been narrowing before the Financial Crisis, widened

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during the financial crisis and despite relatively strong growth in the most recent years the gap between GM and the UK remains around 15 percentage points.

2.14 This slow growth has intensified the debate about the relationship between prosperity and inclusivity, and the need for rising living standards which can support people to pursue healthy and fulfilling lives in cohesive and resilient communities – and vice versa. In economic terms, there are two groups excluded from growth:

(i) Those who are in work but who are facing low pay, insecure work and stagnating – or even falling – living standards;
(ii) Those who are out of work long-term, despite the relatively strong performance of the UK labour market, but who could work with the right support.

2.15 Low pay is a persistent problem across GM. Around 12 per cent of workers in GM currently earn the minimum wage and this figure is projected by the Resolution Foundation to reach around 17 per cent by 2020 as the National Living Wage increases. Social mobility is also constrained with workers trapped in low pay and making limited progress.

2.16 There are also strong geographical concentrations of worklessness, with just 39 of 215 wards accounting for 70 per cent of the employment rate gap between GM and the UK average. Employment outcomes for people with similar characteristics differ widely across the city region. For example, the employment rate for disabled people varies between 48.3 per cent in Trafford and just 33.7 per cent in Manchester, while the employment rate for those with low qualifications varies between 69.1 per cent in Stockport and 43.3 per cent in Manchester. Similar gaps are seen for residents from a BAME background, single parents and young people. While such groups will clearly not be directly comparable in different areas, such large gaps highlight the importance of understanding the role of place.

People: Occupations and Skills

2.17 The type of jobs being done, and the skills levels with which they are performed, are key to the understanding of productivity and pay in GM and therefore the barriers to inclusive growth. Levels of skills are a key determinant of levels of pay for individuals and

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18 This is only considering those who are able to work. Other groups rely on the tax and benefits system to redistribute growth. There are important questions to consider around the effective functioning and devolution of this fiscal system, but they are only considered here to the extent that they impact on those able to work.

levels of productivity for firms. Improving skills is therefore vital to delivering inclusive growth.

2.18 There are some positive trends – skill levels are rising and there is a growing number of senior and skilled roles in the city region. But this is starting from a low base, with a massive backlog of low skills and prevalence of low-skilled work. On current trajectories, it will take decades for this to be turned around.

2.19 Technology continues to create increased demand for higher skilled employees and reduced the demand for mid and lower skilled employees in GM. The shift towards higher skills and higher skilled occupations has still left a significant gap with other, more productive, parts of the UK, let alone leading international performers. Supply side challenges go as far back as pre-school; the proportion of GM children achieving a good level of development at Early Years Foundation stage, although improving, trailed the English average by 4.1 per cent in 2015. Attainment levels in formal education, while again showing significant recent improvement, have historically been below average. And in the workplace, GM has a significantly lower proportion of Level 4 workers employed within firms compared with the average for London.

2.20 The demand for skills in GM shows a mixed picture. There have been significant reductions in the proportion of GM employers reporting hard-to-fill vacancies but challenges vary considerably depending on the size and sector of the employer, and the type of vacancy being recruited for. There are also common skills challenges across all the sector reports irrespective of location: such as in management skills, digital skills, and replacing skill gaps in an ageing workforce. Too many GM firms have been forced to compete through a low skills business model, relying on holding down pay and conditions instead of driving up investment and innovation in order to improve competitiveness. Flexibility in the labour market – with the growth of temporary, part-time, and short or zero-hours contracts – has helped this business model remain competitive, with employment agencies generating more additional jobs in GM than any other sector between 2009 and 2014. But the flip-side is a lack of opportunities to progress, insecurity in work, intermittent and low pay, and in-work poverty.

2.21 Low skill levels and poor utilisation of skills are not the only barriers – poor health, both physical and mental, is also a key factor. Several studies have detailed the importance of the links between health and worklessness.\textsuperscript{20} In GM there is clear evidence on the cost to the public purse and the wider economy of health related worklessness\textsuperscript{21} – in

\textsuperscript{20} RAND (2015): Health, wellbeing and productivity in the workplace - A Britain’s Healthiest Company summary report
\textsuperscript{21} CLES (2011): Greater Manchester Health & Worklessness For New Economy and the Manchester Commission for Health
particular mental health and drug related issues such as rising use of anti-depressants. Over two-thirds of those attaching to GM’s Working Well programme, which has been successful in getting people back into work, rated mental health issues as a ‘severe’ barrier to work, followed by 62 per cent rating physical barriers as ‘severe’. Investment in addressing health related worklessness therefore has both an economic and a social payback.22

Business Productivity

2.22 A skilled workforce is vital for firms to increase their productivity, and the productivity gap will only be closed when the conditions and infrastructure are in place for more competitive sectors to increase their productivity.

2.23 A particular focus is needed on high value sectors, and on assets that are or have the potential to be world-leading and globally distinctive. That includes identifying and maximising global market opportunities that enable places to make the most of those sectors and assets and building a global brand. Businesses also need to be supported to invest, innovate and diversify, ensuring their resilience during the period of change and uncertainty that we have entered following the decision to withdraw from the European Union.

2.24 Recent analysis of GM’s sectors, as part of New Economy’s ‘Deep Dive’ research on the city region’s economy, found that the city-region has concentrations of specialised and distinctive economic activity that has the potential to drive future waves of economic growth. These include:

- Business, finance and professional services – including legal and accounting, insurance, and business services;
- Manufacturing – including advanced materials, textiles, chemicals, food & drink, and GM firms’ role in national supply chains;
- Health innovation – including life sciences, med tech/devices, health services, devolution;
- Digital – including media/creative and data analytics.

2.25 These findings – along with the energy sector – align with the conclusions of the Northern Powerhouse Independent Economic Review. But even in these prime capabilities, skills and productivity are lower than elsewhere in the UK.

22 LSE (2008): Employment and mental health. Assessing the economic impact and the case for intervention; New Economy – unpublished analysis on the links between depression, antidepressant use and worklessness
A significant improvement in the productivity of GM and the living standards of many residents would also require an improvement in the productivity of high-employment service sectors. Retail and wholesale, and hospitality, tourism and sport account for 23 per cent of all jobs in GM, and 16 per cent of total GVA,23 and are currently less productive than advanced European equivalents. National research estimates that the UK could eliminate a third of its productivity gap with Belgium, France, Germany and the Netherlands by raising the productivity of low wage sectors.24

Low wages are also more prevalent in small firms, partly due to the explosion of low-paid self-employment in recent years. There is a lack of high-quality data regarding the wages of self-employed workers in GM, but self-employment has grown faster in GM than in the UK (albeit from a lower starting point). While this is partly due to welcome support for enterprise, some estimates suggest around half of the self-employed are in low wage work.25 GM’s post recessionary work culture has become more ‘casual’, as evidenced by the rapid expansion of employment agencies. Employment agencies generated more additional jobs than any other sector between 2009 and 2014.

The productivity of firms of all sizes and across many sectors is likely to be being held back by weaknesses in some of the underlying drivers of growth. This lack of investment and weaknesses in the infrastructure for commercialising the strong science base in GM – highlighted by the Science & Innovation Audit – are one of the causes of low innovation in the city region. There are fewer businesses per head than in the UK as a whole, while the Inclusive Growth Analysis Unit has found that 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.

**Place**

The key factor bringing together people and assets is the place they are located – the communities and neighbourhoods where people live and work and businesses invest and grow. It is this element which has been missed from past attempts to improve productivity and inclusive growth which is why they have been ineffective. Only if

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23 Data from GMFM covering employees and self-employed, and GVA for each sector and all GM’s economy in 2014
Compared to the UK, German retailers have a more productive workforce and stronger demand for higher apprenticeships.
national and local policies are integrated and consistent, creating places where people want to live and businesses to invest, will inclusive growth be delivered.

2.30 Understanding the spatial dimension of GM’s economy has been a core element of the work of both New Economy and the Inclusive Growth Analysis Unit. New Economy has produced Deep Dive studies into the sector pattern across GM’s districts and neighbourhoods, while the Inclusive Growth Analysis Unit has examined some of the district and neighbourhood data in *Inclusive Growth: Opportunities and challenges for Greater Manchester*. They have also recently updated an assessment of mobility between different types of neighbourhoods which was originally carried out in the Manchester Independent Economic Review.

2.31 The regional centre plays a crucial role as a driver of inclusive growth. Like other city centres in the UK and internationally, the population of the regional centre has grown and investment has increased in recent years. Specialists clusters have developed, for example in digital technology and media. The proximity of institutions which are crucial for growth such as universities and colleges, and transport links to the rest of the Northern Powerhouse and to London have attracted businesses across a wide range of high-value sectors, creating higher skilled and better paid jobs.

2.32 There is some evidence that growth in the regional centre has been associated with reductions in neighbourhood deprivation. Analysis of the Indices of Multiple Deprivation shows that overall there has been an improvement in relative deprivation levels. In 2004, 39 per cent of GM neighbourhoods were in the fifth most deprived nationally, with 24 per cent in the tenth most deprived. By 2015 this had reduced to 35 per cent and 21 per cent respectively. This overall improvement was largely been driven by Manchester, with a reduction from 72 per cent of its neighbourhoods in the top fifth in 2004 to 59 per cent in 2015. Salford also saw reductions as did Trafford, with both these areas also seeing increases in the proportions of least deprived neighbourhoods.

2.33 There were also reductions in the number of ‘isolate’ neighbourhoods in the period 2004-2015, according to a typology of neighbourhood change based on patterns of residential mobility. ‘Isolate’ neighbourhoods are those in which a majority of people who move in and out are from more or similarly deprived neighbourhoods. These areas might require particular attention as it would appear that residential flows into these areas will be less likely to lead to a fall in deprivation and people moving on do not appear able to upgrade to ‘better’ neighbourhoods. GM saw a reduction from 163 to 119
isolate neighbourhoods between 2004 and 2015, a reduction of 44, with 21 of those being in Manchester and 16 in Salford.26

2.34 Connectivity across the city region’s economy has improved significantly over the past two decades, including through the development of the tram system and cross-city bus infrastructure. However, the share of people from other local authorities in GM commuting into the regional centre has been relatively stable over the period of infrastructure investment, suggesting that the improved connectivity is not sufficient – on its own – to rapidly spread prosperity through the region. This may be explained, in part, by population growth in the regional centre, but the proportion of people living in some parts of the city region who commute into the regional centre is still low compared to what might be expected given the proximity and level of transport connectivity between these areas. There is certainly capacity in the public transport system for this to be increased.

2.35 There are clearly other significant barriers to some communities being able to contribute to, and benefit from, growth. Geographical proximity and even transport links to relatively prosperous areas are not, of themselves, sufficient to ensure a community is included in growth. The legacy of industrial development and de-industrialisation leaves communities and neighbourhoods with low employment rates, low skills, ill-health, and other associated social problems across the city region. Analysis by Sheffield University of neighbourhood labour market disconnection showed that many of GM’s most disconnected neighbourhoods are in very central and ostensibly well connected areas.27

2.36 The result is that, despite improvements, some neighbourhoods in Manchester local authority still are still among the most deprived in the city region, while there are similar challenges in Salford, Oldham, Bolton, Rochdale and Wigan. In some deprived neighbourhoods there has been little evidence of positive change. Comparing the Indices of Multiple Deprivation 2004-2015, Rochdale, Oldham, Bury, Bolton and Tameside all saw negligible change in proportions of most deprived neighbourhoods but some increases in least deprived neighbourhoods.28 Meanwhile, while claims for Housing Benefit, a means-tested benefit, are still largely concentrated in central areas,
recent analysis has shown that between 2011 and 2015 claim levels have tended to increase more in the outer areas of the region.\footnote{Hunter, P. (2016) Towards a Suburban Renaissance, Smith Institute}

2.37 Taking all the evidence together, it is clear that the benefits of a pattern of economic growth within which the regional centre has been the single most important driver, have begun to have an impact upon the scale and pattern of neighbourhood deprivation, ‘from the inside out’. It is likely, given what is predicted about future growth in GM’s population and employment, that this process will continue and intensify. What is important is that we are able to understand the way in which the dynamism of the regional centre will continue to impact positively upon inclusive growth, not least through the migration of young, skilled people out of their current residential bases in central locations. New Economy is currently developing its thinking on the future of the regional centre with a view to anticipating the implications that follow – and, just as important, do not follow – for inclusive growth across GM.
Section 3: GM’s Developing Approach to Inclusive Growth

3.1 GM’s place at the forefront of reform has led to the development and implementation of innovative programmes and policies. The 2013 GM Strategy (GMS), Stronger Together, adopted a twin track approach that aims to encourage economic growth whilst reforming public services so that more of the city-region’s residents can take advantage of the benefits it brings. Its starting point is that higher levels of growth and productivity create the most effective platform for greater prosperity but that improvements on both the demand (people) and supply (employer) sides are needed to enable the benefits of growth to be shared widely and equitably.

3.2 The GMS is in the process of being updated, based on extensive consultation with GM residents and businesses. It will update GM’s approach to delivering inclusive growth, taking account of significant recent developments such as the vote for the UK to leave the EU and the acceleration of disruptive technological change. An outcomes framework is being developed alongside the refreshed Strategy so that progress can be monitored and GM’s promotion of inclusive growth informs commissioning decisions across the whole range of GMCA functions, including those in which the implications of decisions for inclusiveness are not formally considered at present.

3.3 This section summarises how the GMS’s focus on growth and reform has made progress in developing approaches to deliver inclusive growth. Economic growth and productivity is being driven through a particular focus on high value sectors, and on assets that are or have the potential to be world-leading and globally distinctive. As powers and responsibilities have started to be devolved and delegated, policies have started to be joined up across the city region, making them more effective. This is key to raising productivity. A place-based approach, which understands the local barriers to growth and can integrate the range of services and policies – across skills, infrastructure, enterprise, innovation, and the environment – is vital to make it effective. That is why a place-based approach should be at the heart of the central government’s Industrial Strategy, bringing together the drivers of productivity in a new and more effective way.

3.4 For example, the devolution of significant powers over health and social care has meant – despite ongoing and severe funding pressures – that they can start to be joined up in a more integrated service, with the aim of improving health outcomes and therefore employment and productivity. There has been innovation in areas such as employment support – through the Working Well programme which has joined up local health and skills support within back-to-work provision.
3.5 By taking a proactive approach rather than responding to crises and building on the principles of prevention and early intervention, GM is aiming to deliver services and right point to support people to become healthier, more resilient and empowered. This is vital to meeting the rising demand caused by complex issues within individuals and families.

3.6 As the analysis above and evidence below show, investment in transport infrastructure and the reform of transport services also has the ability to transform locales and communities into much more attractive and prosperous places to live, work and invest. Significant improvements to the connectivity of the city region, for example through Metrolink, are putting in place the conditions for inclusive growth. And the institutional reforms to transport service delivery, for example in the context of bus franchising, will enable GM to actively shape, coordinate and deliver an inclusive, integrated and affordable public transport network that systematically removes transport barriers currently faced by people as they seek to access employment, skills and other opportunities.

3.7 But there are still too many small programmes and interventions which are closely controlled by central government. This lack of flexibility has prevented the system-wide change which would be need to have a bigger impact on the social factors holding back inclusive growth.

3.8 And in crucial areas such as education and skills, the system is fragmented with only adult skills being so far included in devolution agreements, which is too little and too late in the system to achieve a significant impact on inclusive growth. Greater co-commissioning and co-ordination of the system is vital.

Reforming Services

3.9 The GMS placed public service reform at the heart of GM’s strategic ambition. The subsequent Growth and Reform Plan, devolution agreements, and the Health and Social Care Strategic Plan Taking Charge restated that commitment to reshaping our services, supporting as many people as possible to contribute to and benefit from the opportunities growth brings.

3.10 The need to address the £5 billion gap between public spending and income generated in GM is a clear driver for change. But GM also needs to improve outcomes for residents, increasing independence and reducing the rising demand on public services. Devolution to GM provides a unique opportunity for the next phase of reform: ensuring all residents are equally connected to current and future economic growth across GM.
3.11 Over the past five years, GM has made significant progress in implementing reform programmes, evidence of the impact of these programmes locally is provided within the Call for Evidence Annex to this submission. GM has also successfully made the case for the devolution of responsibilities based (in part) on our capacity to marshal the public service system to deliver integrated, place-based approaches to delivering financial resilience and improving outcomes for GM.

3.12 Historical opportunities and funding streams have meant that GM has a mixed economy of reform programmes, often structured around services, themes or government departmental lines. However there is no one factor that links together services, other than the people who use them and the places in which they live. In this context it is useful to think about how services are delivered across the life course and how they support people to Start Well, Live Well, and Age Well in the place they live. Public services need to be designed around people’s needs and expectations; and that services should always be relatable to personal experiences. Age, health and economic status are all factors that determine people’s use of services at any one time in their life.

3.13 The Marmot Review, Fair Society, Healthy Lives, recognises that people’s health is determined by many social factors. Reducing health inequalities will require a focus on wider policy objectives around early years, healthy places and standards of living. If it is recognized that the core basis of public services is to help people live as well as they can and as independently as they can for as long as possible, then it will be important to structure and prioritise reform activity around the areas that achieve the best outcomes.

3.14 The over-riding factor which limits impact is when the individual and the family (in the context of their lives and their communities) is not placed at the heart of interventions. Driving an integrated, person-centred response will create the right system for reducing the numbers in the overlapping ‘complex’ cohorts identified in a sustainable way. This approach will minimise the numbers where issues escalate and place ever increasing costs and demands on the system.

3.15 The individuals, families, and communities supported by GM require a system that understands the issues, takes ownership, and eradicates duplicated effort. A system that brings together a single assessment and plan in partnership with the right professionals. A system that has quick access to the right interventions that are sequenced in the right way to get results, deal with the root cause and support the individual and family to a position of self-reliance. The reform approach must be whole system pulling together and joining up programmes on health and care reform, tackling complex dependency,
employment and skills reform, justice and rehabilitation, early years, troubled families, and new areas of reform as they emerge.

3.16 In February 2015, following on from the devolution settlement between GM and the Government (November 2014), the 37 NHS and social care organisations (12 CCGs, 15 trusts and 10 local authorities) in GM signed a landmark devolution agreement with the Government to take charge of health and social care spending and decisions in the city region. GM faces an unprecedented challenge: the £6 billion currently spent on health and social care has not improved the long term outcomes for people living in the city region. If urgent action is not taken to radically change the way we do things, by 2021 more people will be suffering from poor health, our outcomes will remain worse than the rest of the country and GM will be facing a £2 billion shortfall in funding for health and social care services. Fundamental to the success of the ground-breaking agreement between the Government and GM, will be the ability to draw together a much wider range of services that contribute to the health and wellbeing of GM people.

3.17 The impact of air quality, housing, employment, early year’s approaches, education and skills on health and wellbeing is well understood. In GM, General Practitioners (GPs) spend around 40 per cent of their time dealing with non-medical issues. Thousands of people are treated in hospital when their needs could be better met closer to their homes, care is not joined up between teams (within health and social care, but also between wider public services) and is not always of a consistent quality. GM has one of the fastest growing economies in the country and yet people in the city region die younger than people in other parts of England. Cancer, Cardiovascular and respiratory illnesses mean people become ill at a younger age, and live with their illness longer, than in other parts of the country. The growing number of older people often have many long term health issues to manage. Skilled, healthy and independent people are crucial to bring jobs, investment and therefore prosperity to GM and to enable residents to connect to opportunities being created. People who have jobs, good housing and are connected to families and community feel, and stay, healthier. This means they will be more likely to be able to engage in the opportunities that the growth in the city region will mean in terms of employment, leisure, housing and other opportunities.

Implementing Reform

3.18 Work is now underway to implement an Integrated Framework for Reform across GM. This will address local and GM barriers to a whole system approach to reform. It will align and integrate existing strands of the public service reform programme. There is
recognition both at GM and borough level of the need to implement an integrated offer at scale for the most complex residents, and to put in place effective early intervention to improve outcomes and prevent the flow of demand into services in future. This offer needs to support GM’s ambitions for growth and increased productivity by supporting these families and individuals to improve their skills and ultimately progress into employment.

3.19 The emerging work stream on place-based integration will be a key component of ensuring the system response to complex needs is integrated at frontline level in neighbourhoods as well as acting as an enabler to creating community resilience. A place-based integration ‘neighbourhood adopter site’ is being established within each locality of GM in order to advance the full scale roll-out of place-based integrated working at the neighbourhood level. This is to allow the growth of learning and to understand the implications for workforce and organisational development, as well as whole system reform which should then inform locality-wide roll out. Principles of working are emerging from the neighbourhood adopters and we are learning what the right combination of skills and knowledge are needed in the roles within an integrated team, and the resources it is able to draw upon. There is particular emphasis on the role of place-based integration in identifying and exposing current system conditions and barriers, and the need to develop new ways in which leadership can act on the system to create reform which responds to the needs of citizens.

3.20 Alongside the development of the GM reform landscape, all local services continue to face significant financial challenges. The pressure to respond to current levels of demand with shrinking resources makes it imperative to implement effective approaches to reduce dependency on public services and make the most of assets in our communities. There is no room for duplication of activity between partners if the outcomes and budget savings required are to be achieved.

3.21 Further flexibilities from Government will assist in enabling place-based integration across GM. However, realising GM’s ambition for the next phase of public service reform also requires local flexibility. A focus on place and early intervention and prevention requires clear and comprehensive integration arrangements across a range of services. Those professionals on the frontline of engagement with the public (including schools and GPs) will have a vital role to play in identifying individuals and families in need of integrated support and signposting others to appropriate early help services. This shift will require new approaches to coordinating services in a place, consideration of our collective approach to commissioning, and thought on the roles staff at all levels of organisations will need to fulfil.
3.22 On health and social care reform, GM is taking action across the whole range of care services; upgrading our approach to prevention, early intervention and self-care; redefining how primary, community and social services become the cornerstone of local care; standardising and building upon our specialist hospital services through the development of shared hospital services; and creating efficient back office support.

3.23 GM’s Health and Social Care strategic plan explains how, as a system, GM is going to approach and achieve this and use the £6bn we spend annually and our transformation fund (£450m) to help change and radically shift the nature of demand and reform service provision. ‘Taking Charge’ means just that - taking charge of the money and the decisions about our health and social care services, so that through service planning, commissioning, delivery and reform, health, money, jobs, education and housing are aligned to tackle the challenges GM’s population faces and make the most of the opportunities the growth in the GM economy.

Enabling Reform

3.24 GM’s ambition for reform and the integration of public services focused on the individual across their life course would be enabled by further flexibilities from Government. GM’s Life Chances Fund brings together funding streams which support reform and aim to improve the Life Chances of residents by investing in transformation approaches which will bring about sustainable system change. It will seek to bring together a wider range of transformation funding streams within this fund, which together with the powers to use this money differently, will allow more strategic investment rather than developing time limited solutions to single issues. This needs to be supported by cross-government working which is responsive to the changing landscape of public service delivery locally, whether it be through change in statutory framework, alignment or join up of inspection regimes, or more integrated policy development. For example the move towards a joint approach to Work & Health is welcome, and greater flexibility within nationally lead partners such as Job Centre Plus will be a significant enabler of effective integration locally.

Developing Skills

3.25 As the analysis above shows, education and skills, and the opportunities they provide for getting into work and progressing, have a crucial role in both the social and economic
aspects of inclusive growth. This requires a system which integrates both the different elements of the education and skills system, and the skills system with employment provision. This would ensure that young people leave education ready to succeed in the labour market, that adults have access to the skills and support they need from entering the labour market through to highly skilled employment, and that employers’ needs are met.

3.26 GM has therefore developed a Work and Skills Strategy, showing how a transformational education, skills and employment system is needed which delivers higher level technical and professional skills to drive productivity, and a step change improvement in basic and generic skills needed to support pathways into sustained employment. Based on the analysis above, four main skill trends have been identified which the strategy is addressing:

- Gaps in basic and generic skills which run across sectors, including English, maths, digital skills and generic skills such as management, communication and problem-solving;
- The need to shift skills delivery to higher levels across most of the key growth sectors (in terms of both GVA and employment), which increasingly need skills at higher levels, principally Level 4. It is forecast that almost quarter of a million jobs requiring skills to at least Level 4 will be created within GM in the years to 2022;
- The need to understand the specific skills needs and dynamics of GM’s main growth sectors (in particular Manufacturing, Financial & Professional Services, Digital & Creative Industries, and Health Innovation), as well as the sectors which support and enable that growth, and sectors in which specific skills gaps and shortages are reported;
- An exclusive focus on reforming the skills supply system will be insufficient – supporting businesses to move up the value chain will also enable skills performance and boost productivity, thereby improving skills performance and helping GM firms to innovate and compete.

3.27 Employers will also need to play an active role in co-producing and co-funding skills at higher levels, as well as investing in their own workforces and engaging with schools to prepare young people for the world of work. Better connection between demand and supply sides of the skills system will be essential for delivering inclusive growth, with dynamic long-term relationships between employers and GM’s Further and Higher Education institutions and training providers.

3.28 Ten work and skills priorities have been developed for the next three years:
(i) Improving careers education, information, advice and guidance (CEIAG) to support informed decision-making.

(ii) Reforming the work and skills system to focus on outcomes not inputs, with an outcome framework which will underpin all future commissioning of provision.

(iii) Developing GM’s work and skills infrastructure to meet the needs of the economy, working through the Area Based Review, JCP’s Estate Review and the One Public Estate programme.

(iv) Improving attainment from compulsory education, improving achievement of 5+ GCSEs including English and maths at age 16 and ensuring more young people achieve a Level 3 equivalent by age 19.

(v) Strengthening employer engagement, developing a comprehensive approach which puts employers at the heart of the system, from entry level employment to higher level skills.

(vi) Growing the quality and quantity of Apprenticeships, harnessing the opportunities around improved CEIAG, improved employer engagement and activity linked to the Apprenticeship Levy.

(vii) Developing higher level skills, ensuring a seamless system which supports young people and adults to progress routinely to degree level equivalent skills, and to retain that talent.

(viii) Redesigning universal support provision, providing an integrated and personalised support offer with a view to sustainable job outcomes.

(ix) Developing specialist support for hard-to-reach groups, utilising Working Well and the Work and Health programme to support adults who have been outside the labour market for long periods.

(x) Ensuring GM commissioned programmes have a skills and work focus, working with partners across the ESF, business support and health landscape to ensure all commissioning activity supports delivery of GM’s work and skills priorities.

3.29 However, at the moment the education and skills system is fragmented and devolution deals have offered very little opportunity to address this – focusing only on a small amount of resource for adult skills, which is too little, too late to deal with the fundamental barriers to inclusive growth. Removing those barriers would require much greater integration and co-ordination between central and local government, and the many other agencies involved through from early years provision to higher skills.
**Investing in Transport and Housing Infrastructure**

3.30 GM is working on spatial planning and housing interventions to help translate our strategic ambitions for inclusive growth into reality. The draft GM Spatial Framework (GMSF) published in October 2016 has now completed consultation, and work has begun on developing the next iteration. The GMSF is the first city-region wide plan for GM since 1981, and is intended to provide the spatial expression of the GM Strategy, underpinning delivery of the infrastructure and land supply needed for growth, while ensuring that all places and all residents in GM share in the benefits of that growth.

3.31 One of the major elements of GMSF is the identification of land for housing, and delivery of housing is a key objective for GMCA and partners. Through City Deal, we have been working jointly with Homes & Communities Agency via the GM Housing Investment Board since 2013, driving the investment of GM and Government funding and assets to maximise housing delivery. A dedicated £300 million GM Housing Investment Loan Fund is providing flexible loan finance to support new housing development, with repayments recycling back into the Fund as they are repaid. Almost £200 million of investment has been allocated in the first 18 months of operation, creating nearly 2,500 new homes. A number of alternatives to the traditional housing development models are being adopted around GM, including large scale partnerships with international investors in city centre Manchester and Salford, new build of family homes for market rent in suburban locations around the city region, and partnering with the GM Pension Fund to deliver a mix of market rent and sale homes on council-owned land.

3.32 However, housing also has much broader implications for inclusive growth, beyond the challenges of building new homes. The importance of a stable, warm, healthy and affordable home to residents’ quality of life is huge, and those GM residents experiencing the threat or reality of homelessness, and beyond that rough sleeping, are perhaps the furthest away from inclusion in the growth. We are working in a unique partnership with GM Housing Providers (27 of the main social housing providers in GM) on a wide agenda of collaborative working, including housing growth, but featuring work on our place-based integration of services, integrating housing with health & social care, growing the role of landlords on employment, skills and training and tackling fuel poverty. This broad public service reform role for housing providers starts from a recognition that engaging with and supporting many of their residents is vital to the success of GM’s inclusive growth strategies, and is captured in a Memorandum of Understanding between the GM Housing Providers and GMCA in August 2016.
3.33 GM has long understood the importance of investing in transport infrastructure and services to support long-term sustainable economic growth and access to opportunity for all. Sustainable economic growth depends in no small part on less congested highways and a comprehensive public transport network, providing better access to employment, skills and markets.

3.34 Transport for Greater Manchester (TfGM) oversees transport and travel, on behalf of the Combined Authority. The vision for residents, business and visitors is to establish a fully integrated, high capacity transport system for GM, with passengers at its heart, helping the local economy to prosper, and supporting long-term sustainable and inclusive economic growth.

3.35 It is in this context that the 2040 Greater Manchester Transport Strategy has been developed. This focuses on the critical long-term challenges that GM is facing such as a rapidly growing and ageing population, climate change, the need to improve productivity and reduce poverty and social inequality in our city region. The Strategy is underpinned by a holistic understanding of the needs of passengers and residents, with a strong focus on integration across different modes of transport, and with wider policy areas, such as spatial planning and health.

3.36 Improving and integrating public transport as well as encouraging active travel (such as walking and cycling) is vitally important in developing productive labour markets and encouraging economic participation. Evidence also suggests that public transport can deliver significant enhancements in quality of life for individuals and the communities it serves through enabling social contact, encouraging improved physical health through activity, and allowing access to economic and voluntary opportunities. Stimulating a greater shift toward non-car transport modes also helps reduce the demand on GM’s intensively used highways.

3.37 A key element in improving transport infrastructure has been the development of the Metrolink network – now the largest light rail network in the UK, with 93km of track covering seven of the ten local authorities in GM. The network is vitally important in connecting and encouraging cross-city region connectivity, linking areas of the conurbation that are in the most deprived one per cent of England, to areas with higher rates of employment. Evaluation of the Phase 3 expansion of the network to Rochdale,

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Oldham, Tameside and South Manchester (including the airport) suggests significant positive benefits for those from the most deprived communities across GM. 31

3.38 Bus, by far the most used form of public transport across GM, has the potential to deliver much greater value for public money. It provides access to jobs, gives young people access to education, skills and training and can help overcome isolation for older and disabled people. It also contributes to public health, encouraging more exercise than travel by car and enabling access to healthcare. The importance of bus travel to inclusive growth is shown by the fact that people in low incomes families are more dependent than others on bus travel, with the lowest income quintile making three times more journeys by bus than those in the highest income quintile. 32 Furthermore, people with disabilities use buses about 20 per cent more frequently than the non-disabled population.

3.39 Since 1986, bus patronage across GM has fallen from 355 to around 210 million passenger journeys per year. By way of contrast, in London, where bus services were also privatised but crucially not deregulated, patronage has doubled since 1986. At the same time, 37 per cent of GM jobseekers cite lack of access to transport as being one of the top barriers to attending an interview or getting a job. 33 The key risk in GM is that if the patronage numbers continue to fall, the number of bus services will reduce and those without access to private vehicles will become more isolated, further limiting their connections to healthcare, education and employment. The option to reform bus services was a key component of the 2014 GM Devolution Agreement and is included in the Bus Services Bill, which is currently progressing through Parliament. The Bill looks to provide an elected Mayor of GM with the option to franchise bus services, giving GM the ability to determine the routes, timetables, fares, frequencies and quality standards for all bus services in GM, and allow them to be more closely integrated with other public transport modes.

3.40 Other GM transport policies which support inclusive growth include Travel Choices, which includes a number of initiatives, such as a Bike Back to Work scheme, a 28 day free travel ticket, and offers newly employed people discounted travel tickets for a number of months.

33 Jobseeker survey (up to October 2015) – forthcoming LSTF report for DfT
Improving Business Support

3.41 GM uses the influence it enjoys with local employers through the business-facing activities of the Manchester Growth Company (MGC) to support its inclusiveness goals. A wide range of services to GM businesses are provided through the MGC – to help them grow and improve their productivity. This includes support to start and grow a business, inward investment, sector-specific growth support, innovation and export advice, and organisational development services including Investors in People accreditation. Three key strands of activity which support inclusive growth are currently:

(i) Developing a Growth Hub Alumni Network as a mechanism to generate and capture social value from companies receiving GM-funded business growth services. Companies receiving MGC business growth support are actively encouraged, and supported, to commit their time or their company to the achievement of GM Social Value outcomes.

(ii) Ensuring that employment or skills development opportunities generated by local business growth are captured and made available to GM residents. MGC has developed a Workforce Development team who will act as the key link between MGC’s business growth services and GM skills and employment providers. This is a new, initially small, team that supports GM companies to understand the importance of attracting, retaining and developing a skilled workforce to the growth potential of their company, and then helps to ensure that jobs, apprenticeships and in-work training opportunities generated by local business growth are captured and channeled through to GM’s recruitment and skills services.

(iii) Capacity building and supporting GM SMEs to better respond to, and deliver on, GM’s Social Value Policy when responding to local public sector procurement opportunities. Procurement experts help SMEs understand how to bid for local authority contracts, and offer specific support in relation to GM Social Value policy, including understanding what GM local authorities and wider public sector partners are looking for, what ‘good’ looks like, and what the reporting requirements are.

3.42 In addition to direct business support MGC is working with the GM Social Value Network and the Inclusive Growth Analysis Unit to help coordinate and increase the capacity, capability and consistency of provision across GM.
Protecting Sustainable Growth

3.43 The residents of GM depend on the natural environment for a variety of benefits to their well-being. These dependencies include access to a range of ecosystem services, from utilising basic resources for living - clean air and water, food, fertile soil - to interactions with nature in places where people want to live, work and play. These issues directly affect our future socio-economic health and wellbeing. We need work closely together to build environmental sustainability and resilience into plans, strategies and, most importantly, into our investments and communities.

3.44 Pressures on NHS and care services heighten the need to influence the wider determinants of health and wellbeing. There is already strong research evidence on the connection between access to a good quality environment and the mental and physical health of individuals & populations and the productivity of the workforce. The challenge is to understand future hazards and risks that climate change poses, ensuring this understanding, action and investment is embedded across a range of interlinked infrastructure, growth and other investment programmes at GM level.

3.45 GM has been chosen by Defra to be the national Urban Pioneer, as part of Government’s 25 Year Environment Plan, to act as a template for other urban centres to follow. This is partially because GM is delivering a number of significant scale environment and carbon reduction programmes, and partially because GM has immense opportunities to enhance natural capital and deliver a low carbon economy. The cities of the future will need enlightened long term planning of urban areas considered as a whole, where public benefit are deliberately built into the growth and development of the city.

3.46 GM’s growth and reform agenda is only part of the activity which is taking place across the city region to tackle the social and economic barriers to inclusive growth. Districts, voluntary and community groups and social enterprises are also developing innovative approaches – as set out in the next section.
Section 4: Local Innovative Practice Driving Inclusive Growth

4.1 The growth and reform agenda at the GM-wide level complements a wide range of activity by districts, the voluntary and community sectors, and social enterprise. The ongoing development and refinement of GM’s reform strategy is led by the evidence generated at a local level through testing new and innovative approaches, and sharing and scaling what works.

4.2 In order to understand the breadth and nature of this activity, the GMCA conducted a Call for Evidence from partners within GM, gathering examples of local initiatives which aim to promote greater inclusivity within the local economy and evidence of the success of these approaches. This will ensure that this evidence informs strategy at a GM level, and that effective approaches can be replicated or scaled where appropriate.

4.3 The Call for Evidence was led by representatives of each Local Authority who coordinated a response that drew together input from partners across their locality. It asked:

(i) What locally-led initiatives and strategies are in place which provide opportunities in the most disadvantaged communities in GM? What evidence exists locally of the impact of these approaches?
(ii) What examples of activity exist where there is evidence of impact on health, education and other outcomes which make communities and individuals more resilient and able to contribute to, and benefit from, growth?

4.4 Responses were provided by each of the ten GM localities (as partnerships). We also received separate submissions from a range of arts organisations within GM (coordinated by MCC Culture), TfGM and a number of Lottery funded programmes. Although the response includes input from the VCSE sector given the extent of their expertise and contribution to this agenda GM Centre for Voluntary Organisations (GMCVO) and the GM Voluntary Sector and Social Enterprise (VCSE) Reference Group have submitted evidence to the RSA independently from the GMCA.

4.5 The evidence has been broadly categorised against five thematic headings based on the nature of the initiative. However, in many cases the evidence is relevant to more than one theme. A full dossier of the evidence is provided as Annex B to this report and a summary of the evidence is provided below on:

(i) Building high employment standards
(ii) Connecting people to opportunities and encouraging career progression
(iii) Transforming services to better support those with intensive or specialist needs

(iv) Making communities more resilient and healthy

(v) Regeneration

(i) Building High Employment Standards

4.6 The Call for Evidence highlighted two distinct themes of activity in relation to working with local employers to promote inclusivity in their working practices; fair employment, and social value.

4.7 The focus of activity around fair employment includes the promotion of a living wage both within public sector organisations, and through leverage with local businesses, approaches to this have included the development of place-based employment charters, business networks and specific agreements with employers.

4.8 It is recognised across GM that the social value obligation on public services created by the Public Services (Social Value) Act (2013) is an important tool in bringing about more inclusive growth and is becoming evident in local procurement policies. The requirement for public bodies to consider the broader social, economic and environmental benefits when making procurement decisions provides an opportunity to strengthen the local economy and secure more inclusive growth.

(ii) Connecting people to opportunities (education, training and employment) and encouraging career progression

4.9 As set out above, key element of the Greater Manchester Strategy and our approach to inclusive growth, is connecting people to jobs, as well as education, training and career progression opportunities. Through the call for evidence it is clear there is a particular focus on the following:

- **Education, Training and Employment Opportunities for Young People;** a number of areas in GM have implemented programmes of support for NEET young people, with some success. These are largely targeted models of personalised support combined with funded apprenticeship or work placement opportunities.

- **Employment and Pre-employment Support;** the call for evidence has highlighted a number of areas of innovative and effective practice; connecting employment support with other community based services, working with employers to create and connect people to job opportunities, and providing support for excluded groups such as ex-offenders.
• **Developing Digital Skills**: there are a number of small scale projects beginning to provide opportunities for people to develop their skills, from providing hands on experiences for school children, developing coding skills amongst those furthest from employment, to providing basic IT workshops in a deprived neighbourhood.

• **Career Progression**: a focus on career progression is not yet highly evident across GM although Oldham have established a Career Advancement Service which provides an extended information, advice and guidance offer seeking to help residents already in work to progress from low pay, low skill jobs.

• **Promoting Enterprise**: a number of peer networks have been established in GM to promote and support enterprise, and social enterprise. An enterprise trust is in place in Oldham, which invests and provides loans for start-up businesses.

• **Transport**: a range of Travel Choices support to jobseekers has been devised and funded through the Local Sustainable Transport Fund, a combination of Department for Transport and GM resources.

(iii) **Transforming services to better support those with intensive or specialist needs**

4.10 The evidence provided by localities demonstrated the activity that’s underway locally across the breadth of GM’s reform ambitions, and how this is being embedded and integrated into mainstream local approaches with clear benefits.

4.11 The scope of public service transformation in GM extends beyond the ambition and strategy set out at GM level. There is also evidence emerging of best practice which can be learnt from at city region level. The focus of much of this activity is on better responding to and preventing the issues experienced by those who are most disadvantaged and excluded, for example homelessness, the ‘toxic trio’ of domestic abuse, mental health and substance misuse, as well as debt and financial exclusion.

4.12 A key enabler of reform will be the collective workforce. To deliver a changed relationship between citizens and the state change is needed, not only of systems, services and processes but workforce behaviours, values and ethos. This change in mindset is needed both at leadership level and in the frontline workforce: making reform happen in practice. The Wigan Deal and the Our Manchester approach are key examples of how this approach is being adopted at scale.

(iv) **Making communities more resilient & healthy (helping people to do more for themselves)**

4.13 GM’s principles of public service reform set out the ambition for a new relationship between public services and citizens and communities, supported by an asset based approach that recognises and builds on the strengths rather than focussing on the deficits. The principles also propose an approach that supports the development of new investment and resourcing models, enabling collaboration with a wide range of
organisations. This approach will be essential to realising GM’s ambitions for more inclusive growth, supporting individuals and communities to be healthy and prosperous as part of a growing economy, through maximising existing social networks and community assets.

4.14 The material submitted to this Call for Evidence has highlighted there is a diverse range of initiatives that are turning these principles into activity across GM. A number of key themes emerged from the evidence submitted:

- **New Investment Models**; a number of areas in GM have begun to develop new investment models to support the community and voluntary sector. This may take the form of a large locality wide investment fund or micro-grants schemes with resident involvement in decisions about funding.

- **A new relationship between public services and citizens and communities**; there are many ways in which the relationship between public services and communities is changing, one example of this is the transfer of assets to community management and ownership. Another is the way in which public services engage with communities, learn from them in processes of redesign and co-design of services, and provide new opportunities for citizen participation in local budget spend decisions and processes. New models are also being developed of supporting community and voluntary sector activity locally.

- **Ageing**; the Ageing agenda across GM has developed significantly in the past nine months. The Ageing Hub has three priorities: GM will become the first age-friendly city region in the UK, GM will be a global centre of excellence for ageing, pioneering new research, technology and solutions across the whole range of ageing issues and GM will increase economic participation amongst the over-50s. There are a number of Ambition for Ageing projects underway across GM.

- **Building Community Capacity**; there are numerous examples of building community capacity locally across a wide range of communities and issues, key themes of activity emerging were food, green infrastructure, health & wellbeing, education and the arts.

(v) **Regeneration**

4.15 Through the Call for Evidence a number of districts in GM also highlighted regeneration activities that were contributing to inclusive growth locally. These programmes are often focussed on particular neighbourhood centres or town centres and have specific aims to create jobs for local people by supporting enterprise and attracting new businesses into the area, develop affordable housing and reduce inequalities more broadly.

*Implications*
4.16 The call for evidence has identified a number of preconditions for success of inclusive growth initiatives:

- **Collaborative leadership and partnerships;** successful initiatives have relied on good collaborations and leadership across a wide range of partners and sectors. A good partnership with clear system leaders is an essential pre-condition.

- **Social resilience;** growing networks of cultural and creative activities may be starting to produce social resilience, where groups mutually support and grow creative capital. This may produce more thriving communities of interest, particularly amongst younger people.

- **Role of the Public Sector;** there is a central role for public sector in making growth more inclusive beyond traditional economic development and regeneration activity – through social value procurement and supply chain management creating job and training opportunities, taking new approaches to commissioning and supporting the VCSE sector, and by providing a place leadership role that champions high employment standards.

- **Economic development strategies allied to community development;** physical proximity to economic growth and effective transport infrastructure is highly important to allow communities to connect to areas of high job density; however a broader strategy is necessary to ensure that the barriers faced by excluded communities are addressed. These can be deeply embedded and are often intersecting, issues such as poverty, poor health and low skills often going hand in hand.

- **The Voluntary, Community and Social Enterprise (VCSE) sector as a strategic delivery partner;** the VCSE sector should be seen as an important provider of social and structural capital in disadvantaged communities. They are often based placed to engage with the most excluded residents particularly in providing education and training, health improvement, volunteering and work experience project which can move participants closer to the labour markets. Ensuring the involvement of our existing VCSE sector and fostering targeted development of new and additional voluntary action, enterprise and volunteering is a crucial enabler.

- **Workforce Development;** the preconditions above are dependent on new models of leadership and workforce development. To deliver a changed relationship between citizens and the state we need to change the way we work, through different behaviours values and ethos.

4.17 In summary, there is a significant volume and breadth of activity underway in GM, led by a range of partners, which seeks to promote inclusive growth. The activity takes a range of approaches, acting at different levels of the system; from community capacity building, new investment models, reforming the public service response to need, to connecting people to and creating of high quality employment opportunities.
4.18 Much of this activity is at small scale through pilot and testing approaches, often supported by limited-term funding sources. The extent and quality of evaluation and evidence of impact is variable, there is a need to build on the evidence base and ensure learning and best practice is shared locally and nationally.

4.19 This provides an opportunity for GM to seek to understand and address the conditions that may be preventing us taking these approaches to scale (i.e. insufficient evidence, financial constraints etc.), and develop an effective means of building on, and learning from, activity already underway.

4.20 Finally, there are a number of ways in which some of the approaches exemplified in the Call for Evidence could potentially be supported at a national level, for example incentivising fair employment practices and apprenticeships, enabling the development of bespoke pre-employment and employment support models and diverse routes into employment, promoting and supporting small enterprise and the development of entrepreneurial skills and ensuring public transport is accessible.
Conclusion

5.1 The RSA’s Inclusive Growth Commission can shape a new place-based approach which gives all communities the opportunity to contribute to, and benefit from, growth. This will require a strategy for raising productivity which focuses on people, assets and place – bringing policies together in places so that they can be more effective. It must be underpinned by a strong, integrated, growth-driven regeneration strategy that tackles barriers to investment and enterprise, and combine the economic and social – aligning policies focused on delivering growth with those focused on reforming services. Inclusive growth, which extends opportunities, reduces inequality and tackles poverty, requires system-wide change – investing resources in early intervention, supporting individuals, families and communities to build on the assets they hold, and investing in skills and infrastructure.

5.2 As this submission has set out, GM’s experience of growth over the last 20 years is impressive by the standards of the UK outside London and the South East with higher productivity sectors and businesses, at the cutting-edge of innovation, playing an important role in driving productivity growth and creating well-paid jobs. But significant challenges remain to ensuring that all communities are able to contribute to, and benefit from, growth.

5.3 Raising productivity – a basic requirement for inclusive growth – has been a long-standing challenge for the UK, and one which the heavily centralised approach over recent decades has failed to meet. It has failed because although it has identified many of the right levers for raising productivity – better infrastructure, more investment, higher skills, greater innovation – it has been unable to bring these together effectively. Central government silos have failed to join up and co-ordinate strategies and policies at the level where they can work in a collaborative way to affect people and businesses – the places where they are living, working and investing.

5.4 A new place-based strategy is needed which joins up people, assets and place, combining the economic and social, addressing both growth and reform. The factors which are preventing inclusive growth range from global economic trends through to local issues at the level of individual communities, neighbourhoods or families. Addressing them will therefore require a jointly-pursued place strategy, with the policies of central government, city regions and districts working together to regenerate places, creating communities where businesses want to locate and invest, and people want to live.
Reform also needs to be properly funded. The significant squeeze on public spending since the Financial Crisis has severely restricted the ability of authorities to invest in areas – such as skills development, infrastructure, health services and pre-emptive investment to tackle social issues – which are vital to raising productivity through inclusive growth. The economic and social infrastructure which support people into work, to progress in work, and business to grow, needs proper investment.

GM’s place at the forefront of reform has led to the development and implementation of innovative programmes and policies. The reform programmes and pilots that GM has implemented over recent years have had a significant impact, but the rising demand caused by complex issues within individuals and families continues to pose a challenge. Current centralised systems have no way of accounting for the future demand which is building up in the current system or, therefore, the impact of social investment. Individuals, families, and communities require a system that understands the issues, takes ownership, and eradicates duplicated effort. The urgent need is for a significant shift in the system, made possible through place-based budget settlements, not just for adjustments to the provision of individual programmes.