



Consultation Paper

Inclusive Growth - Rebuilding our Communities

August 2019

Introduction

The OECD states that inclusive growth is defined as *“Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”*

Inclusive growth is a broad term which can be interpreted in different ways, but at a minimum it requires that economic growth supports higher levels of employment and rising wages for people across the income distribution. For some, achieving inclusive growth means making relatively minor tweaks of the current economic system in order to connect people to growth. For others, much deeper reform of the economic model is required with inclusion viewed more highly in its own right.

The DUP is keen to consider innovative ways of supporting the economic and social development of our cities and towns across Northern Ireland. We welcome the fact that Belfast as Northern Ireland’s capital city, has already taken steps to develop an Inclusive Growth strategy for the city.

A New Start

Northern Ireland continues to bear the legacy of many years of dependence on public sector employment, the loss of many of our best entrepreneurs, high levels of unemployment and low educational achievement, especially in many of the working class communities who had depended on the large-scale industries such as rope making, ship building and linen production. However, we are moving beyond the generation where these can be held up as a reason for low economic growth, instead we must look forward to developing new industries and opportunities which are open to all and supports those who are ambitious and motivated to succeed, irrespective of background.

We have seen record levels of foreign direct investment, especially in high end sectors such technology, legal services and banking. However, levels of entrepreneurship remain stubbornly low and a significant level of economic inactivity, especially amongst young people. Tackling the latter is the challenge we face to ensure that everyone in our community benefits from economic growth.

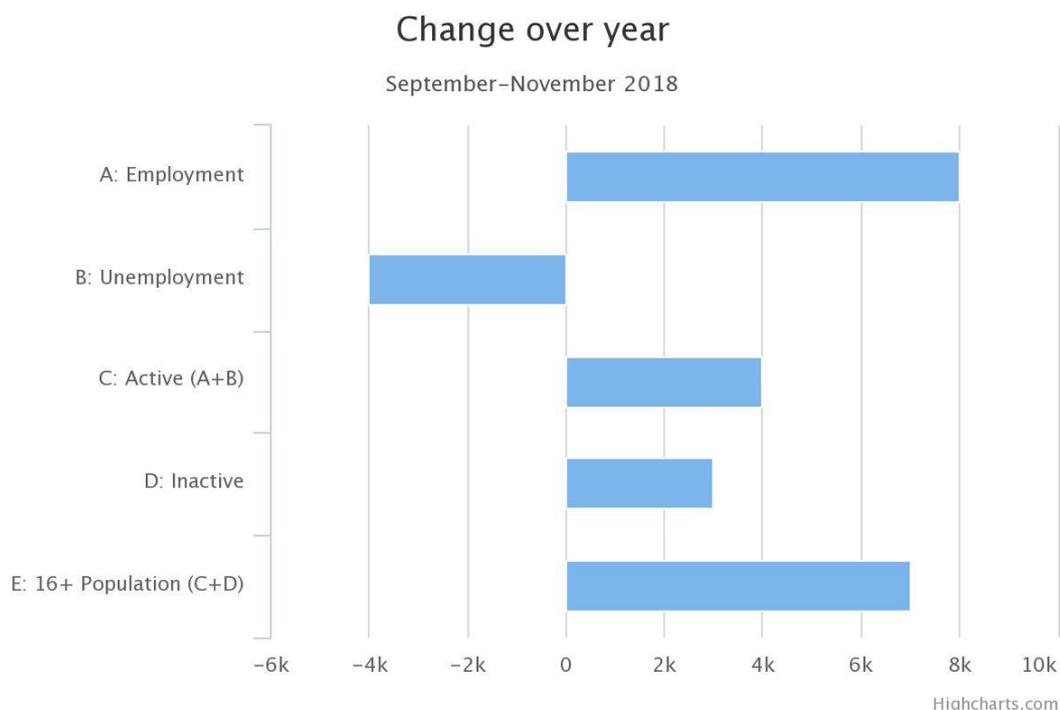
There is significant investment being directed towards promoting economic inclusion and getting people into work. Many localised employment programmes, such as *‘Employment East’* have been designed to equip those who have had difficulty finding employment with skills to get them on the employment ladder. Ensuring inclusive growth is a declared economic priority for most local political parties, and it is becoming a key feature of many of Northern Ireland’s local government strategies.

The challenges

As we have said we have a large proportion of economically inactive within our population, significantly above both the UK average. This is caused for a variety of reasons and there is currently an active strategy to address this issue. For example, the lack of formal qualifications amongst many effectively excludes them from the large number of higher quality positions which are currently vacant, particularly in Belfast. Nearly 20% of residents in Belfast lack any formal qualifications – this is a deeply concerning statistic.

The change from large scale manufacturing to a SME-led economy have meant a reduction in workforces and a new focus on the Knowledge Economy, although with automation and technological advances, many modern businesses will never require the same manpower as their predecessors. The education disconnect between these new industries and many in the community is one which we urgently need to address if we are to have truly inclusive growth. There is a reality that many of those with lesser formal qualifications take up roles in lower paid service jobs, often lacking security and opportunities for progression. One way of improving opportunity is to renew interest in traditional skills such as welding, through a renewal of the apprenticeship system etc. The focus on a pure academic route is failing many in our community and must be addressed.

The graphic below highlights the changes in employment etc. including the economically inactive. It presents a mixed picture, whilst employment numbers are increasing and unemployment decreasing, we have an increasing inactive category. This is concerning as it shows that there is a sizable element of the population effectively excluded. It is this element which must continue to challenge. As the 16+ population increases it should be harnessed to address all those sectors which report huge number of vacancies.



Source: Northern Ireland Labour Market Survey, January 2019

Background

Cities have a crucial role to play in supporting inclusive growth. They are the key engines for growth, very much so in the Northern Ireland context, and the lead destination where people will try to find new work and training. However, the local challenge will be they have comparatively no powers to control or raise taxes locally, with the exception of rates. The move by Belfast City Council and surrounding council areas to invest in securing a City Deal to demonstrate a new level of innovation in terms of project financing.

While there have been exceptionally strong record rates of employment in recent years, the levels of in-work poverty now exceed those of out-of-work poverty. This disconnection, with economic growth failing to translate into fewer people living in poverty, has driven inclusive growth as being the tool which will address this.

There are various finance methods that city authorities could potentially take to fund and finance inclusive growth policy;

- *Taxes and fees – raising or retaining income from taxes, charges and fees*
- *Partnerships with financial intermediaries – entering into financial partnerships to support inclusive growth and generate revenue streams*
- *Asset and property management – ways of leveraging investment from the private sector to support economic regeneration*
- *Convening private investors – maximising collective spend within cities and city-regions, and leverage further co-investment*

We will give consideration to the creation of city-based Inclusive Growth Investment group. The exact model will be determined following consultation with local government representatives, but at its heart it must be efficient, targeted and value-for-money. Its roles should include;

- *identify barriers to achieving inclusive growth*
- *develop financial mechanisms to address inclusive growth priorities*
- *Co-ordinate spend within the city or combined authority*

It is unsurprising that it is far easier for cities with more buoyant economies to access funds and investment than less buoyant ones. The decisions made by central government will continue to have a fundamental bearing on the ability of local government to fund policies that support better outcomes at the local level. Therefore, cooperation between the two must become better coordinated and integrated.

Inclusive Growth must become embedded decision-making processes, not merely a throwaway term. Belfast City Council are currently working towards developing an inclusive growth framework and action plan. The DUP will support this development and work to ensure that communities and other stakeholders such as business are effectively represented in the development of such strategies.

The evidence for a local inclusive growth agenda is clear. Despite the wider success of the economy over the last decade, and a range of public policy interventions, clear challenges remain;

- *376,000 people (21 per cent) in Northern Ireland are living in poverty*
- *The level of working age poverty at 20 per cent is equal to the highest recorded since 2002/03*
- *101,000 of Northern Ireland's children (23 per cent) are in poverty*
- *63,000 pensioners are in poverty (21 per cent)*

Source: JRF

We have a number of priorities to address in our communities. We still have stubborn high levels of educational underachievement, especially amongst young males. Despite considerable research and efforts to address this problem it remains a serious concern and we need to adopt fresh thinking to finally give these young people a better opportunity in life. There are many thousands of unfilled positions across Northern Ireland, which could be filled if we can get the right training and development programmes in place. There is also a pool of talent amongst older members of our community which could be better utilised, people with experience and who have a considerable amount to offer to our economic prosperity.

Inclusive Growth in our Cities

The Greater Belfast area is the leading economic destination in Northern Ireland. One example of its economic reach is the City Deal, currently being negotiated by six councils, including Belfast, which will have at its heart an inclusive growth ethos.

Other cities in the UK are also pursuing inclusive growth strategies, one of which is outlined here as an example, Worcester City Council;

Worcester City Council has an ambitious strategic plan for the next five years with the Worcester City Plan 2016- 2021. It says it is creating communities where everyone can thrive, sharing economic prosperity and enabling all our residents to get the training and jobs that they need to achieve to the best of their abilities are key priorities in the plan. It is one of four priority areas within the Worcester City Employment & Skills Strategy 2018 – 2021 with a commitment to work with the Department of Work and Pensions, Worcestershire Local Enterprise Partnership, Worcestershire County Council and other partners to remove barriers to employment, education and training for people who are at risk of, or are already living in, poverty and are most disadvantaged in the labour market. As part of this commitment Worcester City Council has set aside funding to deliver a local 'Inclusive Growth' grant scheme to provide additional services targeting those who are most in need. The focus of the scheme is to improve support to two priority groups - young people aged 16-24 and 25+ long term unemployed residents.

This can set against Belfast City Council's inclusive growth mission statement;

For Belfast City Council inclusive growth means building a new story for Belfast, ensuring the success of the city reaches every citizen.

We have seen our city transform in recent years. After the decline of our traditional industrial giants we are creating new opportunities for many of our residents. We are creating a new story for ourselves, one which is optimistic and ambitious, aiming to be outward-looking and confident on the world stage with significant economic growth.

But this is a tale of two cities; not everyone is part of this new story. Whilst our city is flourishing, some of our communities feel left behind. More than 56,000 residents in Belfast live in poverty, and 28% children in Belfast grow up in poverty. This is concentrated in inner south, inner east, west and north Belfast with pockets across other parts of the city. Many residents in these areas are out of work. They are disengaged from new developments, even when these are on their doorstep. In short, many residents are not benefiting from the new opportunities and prosperity.

We also have uneven education attainment levels. Some parts of Belfast are succeeding - in one area almost every pupil attained 5 GCSEs at A-C (including Maths and English), whilst in another ward less than 3 in every 10 pupils achieve this. This variation is not good enough.*

For years we have helped tackle the symptoms of deprivation. Now we need to go one step further. We need to stop the symptoms occurring and connect all residents with economic growth to create vibrant communities where everyone has the opportunity and aspiration to succeed. To ensure our growth sectors and new jobs are accessible for all residents, we need to better target the opportunities to residents from all communities and ensure everyone has the right support to take these opportunities.

The Belfast Agenda will ensure the right conditions are in place so that everyone can benefit from economic growth - improved housing conditions, improved skills levels, more jobs and a more developed city. As a Council we will take the lead, changing how we make investments, interventions and procurement decisions around geographic and demographic need.

We want all our residents to feel pride in their community and in our new story for Belfast. As such we will not only ensure our residents are supported but will ensure they can contribute and play a positive role in the city's future and help move people out of generational deprivation.

We will continue to work hard to secure business investment and growth, but we want businesses to create jobs with decent pay, fair contracts, training and career ladders which are accessible to all our residents. There will be no single way in which this can happen, and we will bring together areas such as skills, business, education, housing and transport to address this.

Rural Inclusiveness

While we have focused on city growth primarily, there is a large proportion of Northern Ireland which is classed as 'rural' and has many challenges such as transport, broadband, social exclusion and housing availability.

There are a number of key issues which are factors in generating inclusive economic growth within our rural communities;

- Rural employment opportunities
- Broadband provision
- Affordable housing
- Education services for all ages

There are many other social, economic and environmental issues to take into account but these issues are central to promoting inclusive growth within our rural communities. For example, rural entrepreneurship levels are rising but most rural entrepreneurs require a high-quality level of broadband to operate their businesses, especially those engaged in export transactions. We have made progress in this area via our investment via the Confidence and Supply Agreement but it will only be when the infrastructure is in place that the tangible benefits will be felt.

Likewise, we can only encourage inclusive growth if other aspects are in place – rural prosperity requires affordable housing for workers and their families. These families also need accessible education services for the children and their own further education if sustainable communities are to thrive. All these issues are well recognised but there must be a more strategic, cross departmental approach ensuring rural economic growth is accessible to all, whilst ensuring we do not lose the character of the rural landscape through over development.

Inclusive growth – The Scotland Model

We are interested in Scotland's Centre for Regional Inclusive Growth, an *'interactive platform for collaboration with stakeholders to strengthen our shared ability to deliver inclusive and sustainable economic growth...'* The mission of Scotland's Centre for Regional Inclusive Growth is *'to drive improvements in inclusive growth outcomes across Scotland, recognising the different opportunities and challenges across Scotland's regions, through deepening the evidence base on what can accelerate regional inclusive growth and driving evidence-based policy and decision-making'*.

SCRIG's core functions are to;

- *Assist all developing Regional Economic Partnerships and Local Authorities to embed an evidence-based approach in policy and decision-making, including investments such as City and Growth deals, to deliver inclusive growth outcomes.*
- *Embed inclusive growth outcomes at the heart of regional and local economic development and provide a consistent framework for monitoring*

and evaluating inclusive growth outcomes for Scotland's Regional Economic Partnerships and associated City and Regional Growth Deals.

- *Deepen the evidence base through providing data, analysis and insights on what drives regional inclusive growth.*
- *Develop the partnership with the private, public and third sectors in the common inclusive growth agenda by enabling a network of practitioners to assemble an evidence base of successful practice in achieving inclusive growth.*
- *Promote Scotland's international engagement on inclusive growth.*

We remain to be convinced how a standalone body with the functions outlined above would add value to the local scenario but there is a lot of good practice from which we can draw upon.

There are a number of models which come under the broad description of 'inclusive growth'. We have examined the Scottish model in detail and how they have embedded it into their policymaking processes. They describe it as *'growth that combines increased prosperity with greater equality, creates opportunities for all, and distributes the benefits of increased prosperity fairly'*. *We aim to create the right environment for more inclusive employment opportunities to flourish. Through supporting investment, innovation, internationalisation and fairer work, we are encouraging competitiveness and more responsible business behaviour.*

The Scottish Labour Market Strategy is at the heart of this overarching approach, with several key elements; growing and competitive businesses, high employment, a skilled population capable of meeting employers' needs and fair work being central to improving the lives of individuals and their families. This is very similar to own aspirations in Northern Ireland and we believe if we are to pursue Inclusive Growth there is a lot we can take away from the Scottish experience.

We are keen to promote equality throughout society in Northern Ireland. We believe in equality in the workplace and tackling inequalities in the labour market so that everyone has the opportunity to fulfil their potential. We want to see an innovative approach to childcare, and other family friendly measures. Again, we believe there is a lot to learn from the approaches of other countries, most notably the Nordic countries. This will be examined in an accompanying consultation on the future of childcare in Northern Ireland.

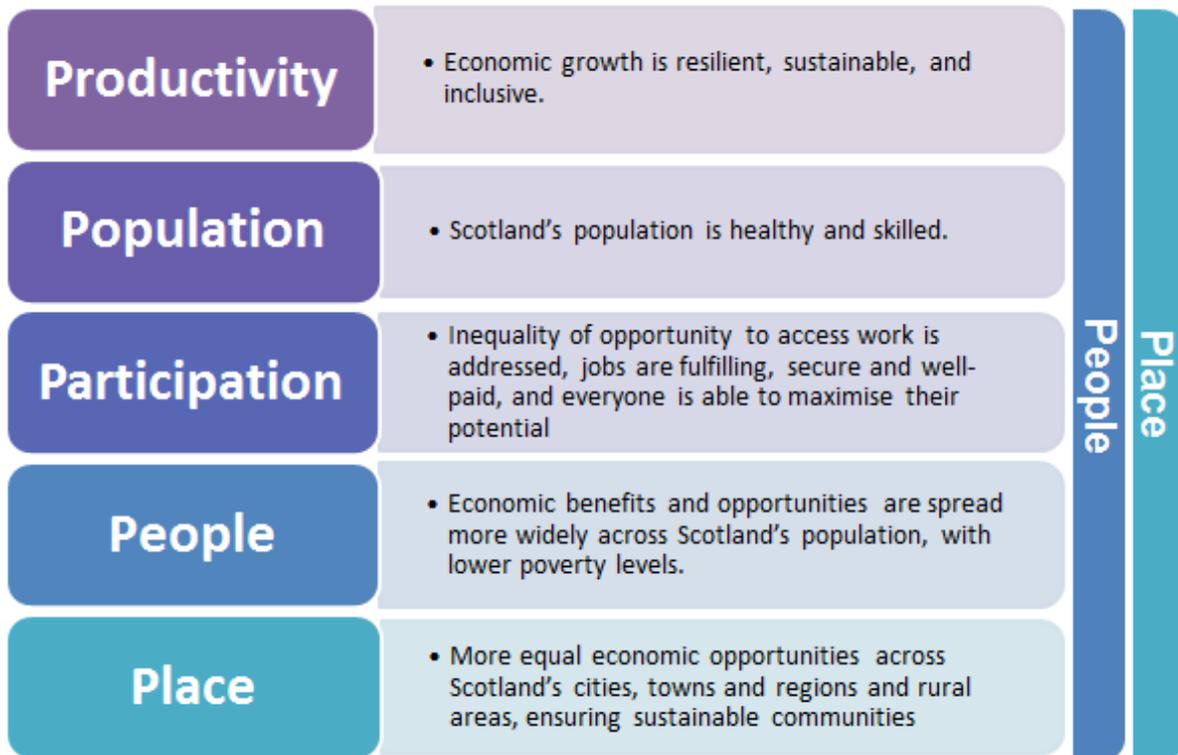
We note the intention of the Scottish Government to invest more than £100 million in an 'Attainment Scotland Fund' over a four-year period *'to drive forward improvements on educational outcomes in Scotland's most disadvantaged communities'*. As we have outlined elsewhere in this paper this is particularly relevant given our educational challenges in many working-class communities.

Similar to Scotland, we will examine ways to ensure Inclusive Growth is at the heart of any future Northern Ireland Regional Economic Strategy. This will see it placed at the heart of central government policy planning. In Scotland, the day-

to-day operation is undertaken by the Office of the Chief Economic Adviser and the Directorate for Economic Development. We will consider how this would be replicated locally.

INCLUSIVE GROWTH OUTCOMES FRAMEWORK

The 5 Ps - Productivity, Population, Participation, People and Place



Source: www.inclusivegrowth.scot/resources/data-and-analysis/2018/06/inclusive-growth-outcomes-framework/

We have adopted such frameworks in recent policy development work such as the most recent draft Programme for Government, with its outcomes-based approach. We view adopting an inclusive growth agenda as building on this approach to policy making and welcome thoughts on integrating the two.

Looking at the Scotland model, it states that the Scottish government does not propose to produce a specific inclusive growth monitoring report for the whole country. Instead it is viewed as being as the core of its National Performance Framework and *specific indicators from the NPF lend themselves well to providing an indication of overall performance on inclusive growth*. This is comparable to the PfG monitoring review.

Given the lead role of local government in Northern Ireland in developing inclusive growth, it is important they develop reporting frameworks. We have reproduced an article *'Inclusive Growth Diagnostics - North Ayrshire Inclusive Growth Diagnostic'*

In 2017, the Office of the Chief Economic Adviser at the Scottish Government and North Ayrshire Council undertook a joint piece of work to assess what was holding back long-term sustainable inclusivity and growth in North Ayrshire. This pilot was used to refine the inclusive growth diagnostic approach, which has subsequently been applied in a number of other local areas and regions. The work sought to identify those prioritised investment decisions with the potential to deliver long-term transformational change. The project was awarded

the Policy Development Award at the Scottish Public Service Awards in December 2017.

The results of the North Ayrshire Diagnostic can be found in the documents below.

- *Inclusive Growth Diagnostic User Guide*

The Inclusive Growth Diagnostic user guide sets out an overview of the diagnostic approach developed and applied in North Ayrshire for users who may wish to apply the approach in their own area. The approach is intended to be flexible to fit both local circumstances and the context in which it is being undertaken.

- *The Inclusive Growth Diagnostic Tool*

SCRIG is committed to providing access to relevant analytical tools to help stakeholders progress on the development and practical application of inclusive growth policies and action. Our inclusive growth diagnostic framework emphasises the need to consider an evidence-based approach to policy making. This process starts with understanding local data and evidence to identify areas for further investigation, including acknowledging evidence gaps and working to improve them.

To that end, we launched the experimental data tool to pull together a range of economic statistics into one place. We have been monitoring feedback and engaging with users to improve this offering. We are currently in the process of refining and updating the diagnostic tool and a new version will be available on this page in February 2019.

The updated tool will aim to more clearly define and communicate inclusive growth conditions in a local area by:

Focussing on fewer – but more critical – indicators for each of the 5 Ps. This will allow for flexibility in relation to local priorities, but will ensure a clearer focus on access to high quality jobs while recognising the role of wider drivers influencing inclusive growth.

Communicating clearly how data can and should be interpreted, including advice on statistical quality of data and limitations.

Retaining the ability to carry out Local Authority comparisons and regional data aggregation.

Allowing for greater customisation and adaptation of the tool by focussing guidance on how to add data or update a particular data set within the tool.

Over the longer-term, the Scottish Government is committed to a wider programme of work to improve the availability of sub-Scotland (regional and

local) economic statistics (via the Sub-Scotland Economic Statistics Group), that will help deliver better quality data at a disaggregated level. This illustrates how advanced the Scottish Government is in developing an integrated policy framework. We have considerable work to do to reach this level within our own public policy agenda.

Next Steps

While the UK may have one of the most advanced economies in the world, it also a number of structural inequalities. With this in mind, when future strategies such as Programmes for Government, Tackling Economic Inactivity, Economic Strategies etc the Inclusive Growth ethos will feature strongly.

There is a concern that too many workers are in ‘low wage, low skill, and insecure jobs’, with a fall in higher skilled roles as industries change. One of political ambitions is to oversee more high wage, high value-add jobs across Northern Ireland.

For truly inclusive growth, unlocking the true potential of innovation is essential, as is responding at pace and ensuring the talent and knowledge within our communities is fully utilised and appreciated. We have overseen a number of innovation strategies since devolution, however business innovation levels remains stubbornly low and with a comparatively small number of innovators. This is a situation which needs to be addressed and we welcome input in this specific area.

We have covered a number of areas and examples in this document. There is much already in place in Northern Ireland to tackle the issues within it and we will further consider what the Inclusive Growth concept brings beyond an effective ‘branding’ of the range of indicators and plans already contained with the existing Programme for Government model.

Local Government is leading on implementation in Northern Ireland currently and we will watch with interest how this develops. In parallel with this our own consultation will continue to advance our own understanding of how it could most effectively help those within our community who require it most.

We support the need for policies which will benefit everyone in our community, socially and economically. However we would like further information from those engaged as to whether ‘inclusive growth’ adds real value to the policy development process and how this is achieved – or whether it is merely a wraparound term for existing policies to include the inclusivity tag.

How can it be most effectively integrated in the policy development process? we will engage at local government level and ask how this can be adapted by central government.

We want to hear views about and understand existing examples of Inclusive Growth, beyond those listed in this paper

We want the views of people in different sectors with an interest in Inclusive Growth. A number of questions are set out below, we would be grateful if you respond to them. If you have any additional comments please submit. We appreciate your interest in this subject.

Please send any comments to George Dorrian at georgedorrian@dup.org.uk

Questions

What is your understanding of 'Inclusive Growth' and how do you feel it applies to your organisation?

How do you think it will benefit your sector or organisation?

How do you believe this will impact upon policy development and decision-making in Northern Ireland?

Can you highlight any examples of Inclusive Growth strategy you recommend we should examine?

What aspects do you believe should be prioritised in an Inclusive Growth strategy for Northern Ireland?

Do you we need an overarching strategy for Northern Ireland or individual strategies, for example local government-led?

What scrutiny mechanisms do you believe is necessary to monitor Inclusive Growth 'delivery and accountability'?