



Report to Economic and Environmental Wellbeing Scrutiny and Policy Development Committee 26th October 2016

Report of: Director of Policy, Performance and Communications

Subject: RSA Inclusive Growth Commission: Update on interim report

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This paper provides the Economic and Environmental Wellbeing Scrutiny Committee with a brief update on the interim report published by the Inclusive Growth Commission of the RSA in September 2016.

The Committee is being asked to:

- Note the recent interim report from the RSA's Inclusive Growth Commission and the initial recommendations

Purpose

This paper provides the Economic and Environmental Wellbeing Scrutiny Committee with a brief update on the interim report published by the Inclusive Growth Commission of the RSA in September 2016.

Background

1. Building on the RSA City Growth Commission—which made a significant contribution to the debate on the nature of devolution in the last Parliament—the RSA Inclusive Growth Commission was launched on 28 April 2016.
2. The priorities of the Commission are to:
 - Hold an independent, credible and impactful inquiry on how places can create more inclusive economies
 - Reposition economic inclusion and related public services as a driver of growth, productivity and prosperity
 - Develop a policy framework and principles to guide investment decisions for place-based growth
 - Identify practical ways to make local economies more economically inclusive and prosperous
 - Influence senior government leaders and city regions across the UK
 - Establish a momentum for change
3. The Commission is chaired by Stephanie Flanders (JP Morgan’s Chief Market Strategist for the UK and Europe) and lists Core Cities UK and the Local Government Association (LGA) as two of its primary funders.
4. The first formal evidence session was held in Sheffield on 29 June 2016 with representation from a range of partners in Sheffield and the North, including John Mothersole, Chief Executive of Sheffield City Council, Dr Dave Smith, Interim Executive Director at Sheffield City Region, and David Brown, Chief Executive of Transport for the North, as well as members of the business and education communities.
5. A report of the Sheffield evidence session can be found here:
<https://www.thersa.org/globalassets/pdfs/reports/4.-inclusive-growth-evidence-hearing-1-sheffield-writeup-paper.pdf>.

Key findings of the Commission’s interim report

6. In September 2016, the Commission produced an interim report to prompt debate ahead of the Party Conferences and the Autumn Statement. The interim report provides a focus on what government could do in the short-term to support place-based inclusive growth in light of Brexit and the appointment of a new Prime Minister.
7. The Commission’s interim report states that inclusive growth occurs where there is greater quality and wider distribution of skills and employment,

standards of living, entrepreneurship and autonomy, and local leadership capacity. However, it finds that previous attempts to tackle the long-standing, complex and diverse issues concerned with economic inclusion have failed — and that these long-term sources of discontent and disempowerment heavily influenced the result of the EU referendum.

8. These issues include changes in economic geography, the after-effects of deindustrialisation and restructuring, and structural economic changes. The report argues that none of these can be effectively tackled by the traditional short-termism of the UK government.
9. In particular, the report points to a structural gap between economic and social policy that remains to be bridged — a systemic barrier to investing in broader, more effective services that makes it difficult to innovate in order to take advantages of local opportunities.
10. With regard to devolution, the report finds that two types of place have so far been overlooked—struggling urban areas that have the potential to be major centres of economic activity, and areas where there is a more fragmented urban geography—with devolution deals largely focussing on big infrastructure over human investment.
11. The Commission argues that recent efforts to devolve policymaking to city regions and other places present an opportunity to integrate economic and social policy *at a local level*, and that devolution must now go further to create the right incentives for place-based, inclusive growth.

Recommendations emerging from the report

12. Nevertheless, an early conclusion of the Commission is that devolution is limited and cannot be the sole response to calls for more inclusive growth. As such, the report proposes a policy framework based on the following elements:
 - **Integrating economic and social policy** — combining people-focused policies on skills, family support and education with economic development strategies linked to investment and industry policy
 - **Creating inclusive devolution that is social as well as economic** — to allow public service reform to support local growth
 - **Providing more funding to support inclusive growth at a local level** — by investing in social and capital projects
 - **Prioritising prevention and early intervention** — by shifting the balance of spending to enable public services to support inclusive growth rather than respond to the lack of it

Current activity

13. The Commission held fringe meetings focused on the interim report at the Labour, Conservative and SNP party conferences and held a second evidence hearing in Plymouth, with a third and fourth planned for Nottingham and

Barking and Dagenham respectively. A US engagement trip was also organised to Washington DC and New York City.

14. On the back of the interim report, the Commission calls on the government to address the following points in its Autumn Statement:
 - A clear process for inclusive devolution
 - Recognition that more inclusive growth will require more local resources
 - Plans to fill the gap left by the European Social Fund and the European Investment Bank
15. Details of the proposals for the Autumn Statement can be found here:
<https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2016/09/inclusive-growth-proposals>.
16. The final report will be published in spring 2017 and will look in more detail at what all places could do in the medium and long-term to drive inclusive growth, both with the powers they already have, and with the new powers and funding proposed by the report.
17. We will provide the Economic and Environmental Wellbeing Scrutiny Committee with a more detailed summary of the final report in 2017, including reflections on opportunities for Sheffield.