

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda item 7

Report title: Inclusive Growth

Date: 22nd October 2021

Purpose: This paper is for **decision**
(overwhelming papers should be for decision)

Link to LIS: Indicate by **bolding** which area the paper links to.

Inclusive Growth		Clean growth		
Energy		Engineering		Digital
Ideas/ Innovation	People/Skills	Infrastructure	Bus. Environment	Places

Non- LIS purpose: n/a

Timing: immediate

Financial Impact: (cost or cost saving): n/a

Decisions requested: to consider and endorse the emerging approach to inclusive growth

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Summary

Clean and inclusive growth are the central priorities of the Build Back Better plan. The LEP agreed a Blueprint for Clean Growth in May 2021 and this paper sets out a high level approach to the LEP's work on inclusive growth. This is presented for feedback from the Board and will be developed further in the coming weeks.

1. Background

In development of the Local Industrial Strategy and Build Back Better plans, extensive evidence was gathered on the need for inclusive growth, what inclusive growth meant for this area and how other places had tackled this fundamental issue. This has included the work of the Rural Productivity Commission¹, the 2021 coastal communities proposition and wider reviews of the work of organisations such as the Joseph Rowntree Foundation². In summary, the evidence highlighted

- Growth does not necessarily result in greater levels of inclusion across the population
- Benefits of growth are unequally distributed between geographies and between different groups across Heart of the SW
- Inclusive growth will not simply 'just happen' on the scale and at the pace that the area needs

¹ [HotSW-14332-A4-Overview-report-digital-doc-FINAL.pdf \(heartofswlep.co.uk\)](#)

² [Inclusive Growth - Heart of the south west LEP \(heartofswlep.co.uk\)](#)

- There is a real need to drive impact and momentum for a truly inclusive future

Covid has exacerbated many of the issues in left-behind areas and in HotSW as a whole but our local challenge is to take this understanding, to build on existing good practice and transform willingness to act into strategic action. This paper is presented as an opportunity to reflect & shape the emerging approach, in particular considering how do things at scale and how to reflect the political/ economic environment, e.g. creation of Dept Levelling Up Communities & Housing, Levelling Up taskforce.

This has also been shared with the Joint Committee on 1st October and there was support for the proposed approach outlined here.. Following Board feedback more detailed plans will be developed and brought back to the Board.

2. Principles and Definition

To shape the approach a series of principles are proposed

1. There is a lot of great activity already going on, e.g. Plymouth, East Devon, West Somerset Opportunity Area, Coastal Communities plan. This is about adding value at scale, not replicating
2. Inclusive growth (or levelling up) is co-owned across Joint Committee and LEP Board: Build Back Better is co-owned and this therefore follows
3. Inclusive growth will be embedded into Joint Committee & LEP partnership's projects & activity from the start
4. The partnership will also seek to influence, shape and support other stakeholders within the region to deliver inclusive growth
5. Measurement of progress key to the approach

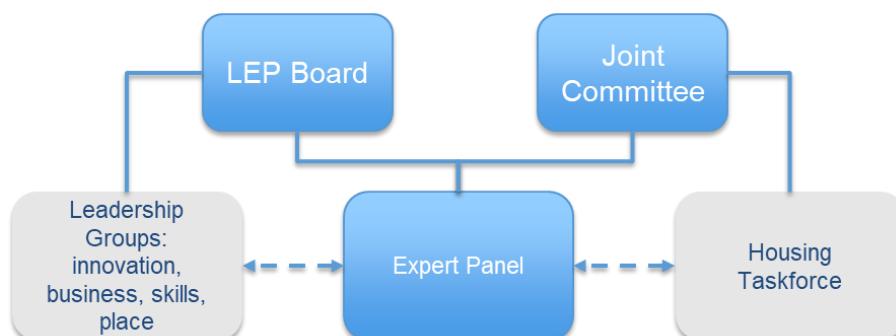
The definition of inclusive growth has previously been agreed by the Board and Joint Committee. This was drawn from the work of the RSA and others and is essentially still fit for purpose. The definition is:

"Enabling as many people as possible to contribute and benefit from economic growth:-

- *Socially: benefitting people across the labour market spectrum, including groups and individuals that face particularly high barriers to high quality employment;*
- *Spatially: addressing inequalities in opportunities between different parts of HotSW, including those areas which suffer from poor connectivity"*

3. Governance

An expert panel will help to shape this work and will report jointly to the LEP Board and Joint Committee. The panel will also work with the Board's leadership groups and sub-groups of the Joint Committee to help advise and shape inclusive growth in each of their work programmes. The Board will receive a regular update on progress along with those from the Leadership Group Chairs.



Membership of the panel is to be finalised but will be drawn from the private sector (incl LEP Board), public sector partners (incl Joint Committee x 2), social enterprise/ not for profit sector and HEI.

The LEP is funding the secretariat and the panel's functions will be

- Advise & guide activity within the partnership, e.g. future capital funds
- Influence & help shape the approach of other key stakeholders, e.g. large & small employers
- Produce and deliver a confirmed work programme
- Monitor progress and report back to the Joint Committee & LEP Board

4. Emerging Approach

The work has to be anchored in the strategic challenges facing this area and these are set out below: the drive to net zero; the need to develop new skills for the new economy; the longstanding challenge to raise productivity which will raise living standards; the increasing need to respond to macro changes in the labour market – an ageing population, changes in working patterns accelerated by the economy; and a need to respond to the housing affordability crisis.

Within this strategic context, 4 priorities are proposed around which to shape inclusive growth and the programme essentially is aiming to improve access to these.

Strategic challenges

- Drive to net zero
- New skills
- Increasing productivity
- Shifting labour market: migration/ mobility/ remote working
- Affordability crisis



Inclusive growth based around fair access to and creation of more

1. Good businesses & jobs
2. Good skills
3. Good housing
4. Good health

Details of what specific activity this could lead to are to be developed but some examples of what this could look like are shown below

Fair access to and creation of more	By (examples)....
1. Good businesses & jobs	Net zero: a clean growth equity and debt fund for businesses is launched in the area. Part of the fund specifically supports female entrepreneurs who historically find it harder to secure funding
2. Good skills	Net zero & new skills: partners agree to develop a Retrofit Skills Academy, ringfencing a % of training opportunities for marginalised groups

4. Good housing	Affordability crisis: a collaboration between the Joint Committee Housing taskforce and social housing providers leads to an IG housing programme
5. Good health	Shifting workforce: anchor employers leading on managing mental health and wellbeing in the workplace, developing a best practice programme for SMEs – reduced absenteeism & supports greater productivity

5. Political/ Economic Environment

Clearly any work plan must account for the broader levelling up policy though it is suggested that this is not the dominating factor – locally defining priorities and actions is equally, perhaps more important.

At this point, more details on Government policy are expected in the forthcoming levelling-up white paper timed for around the comprehensive spending review at the end of October. At the time of writing it is not clear how levelling-up will translate into policy but the appointment of Andy Haldane, CEX of the Resolution Foundation and former Chief Economist at the Bank of England may offer some pointers. He previously chaired the Industrial Strategy Council which provided advice to Government and was disbanded earlier this year. In a report, the Council said that “levelling up requires time and cross-party consensus on key policies” and that “sustained and large-scale public investment” was needed. At the time Haldane said the lessons from the report needed to be “embedded in the UK government’s strategy for levelling up”.

As well as understanding future Government policy there is a key challenge for the area in being recognised as a priority. On national data whilst the economic impact of Covid has been more severe in HotSW than many other areas, pre-pandemic evidence shows that the south west is not as starkly ‘left behind’ as other parts of the country; the Annex shows mapping prepared by the IFS as part of their 2020 Green Budget, an analysis that has caused much debate locally but which is based on national data. There are undoubtedly areas of severe deprivation in the area but looked at from a national scale, the challenge appears bigger in the north, with obvious implications in attracting investment and shaping policy to meet challenges in the area. Communications is therefore likely to be a key part of the approach.

6. Next Steps & Requests to Board

Assuming the Board agrees with the principles and recommendations, next steps will be

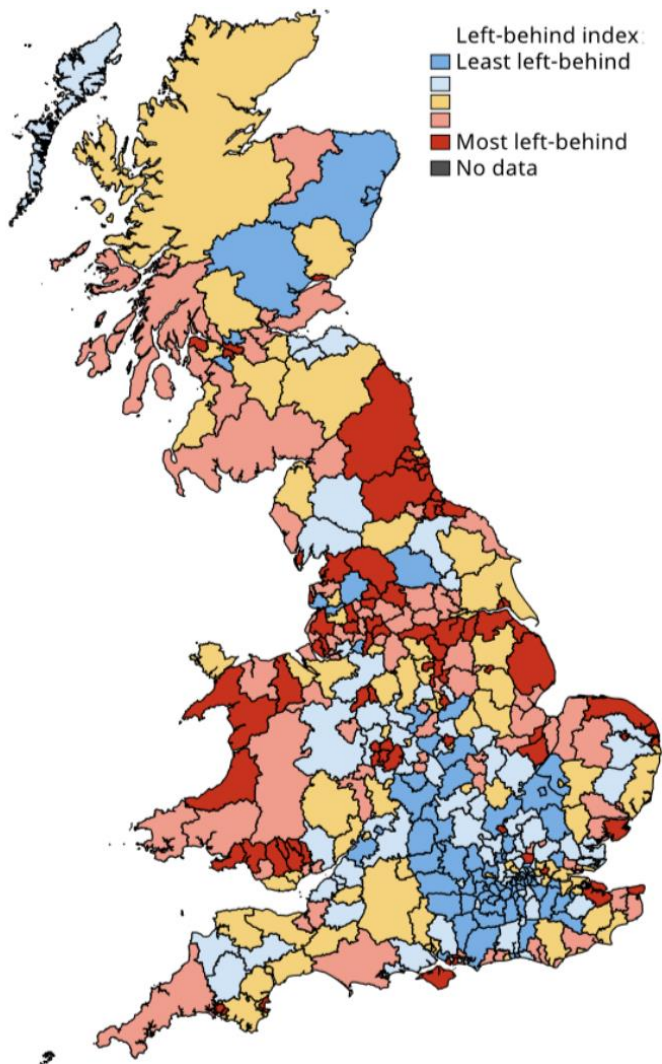
- a) Establishment of the expert panel, aligning members’ skills to pillars and priorities. Complete by end December 2021
- b) Reflect on implications of Levelling Up white paper and CSR and develop draft action plan for Board review: dependent on white paper publication date and convening expert panel. Aim for verbal update at January Board and draft plan by March.

The Board are asked to:

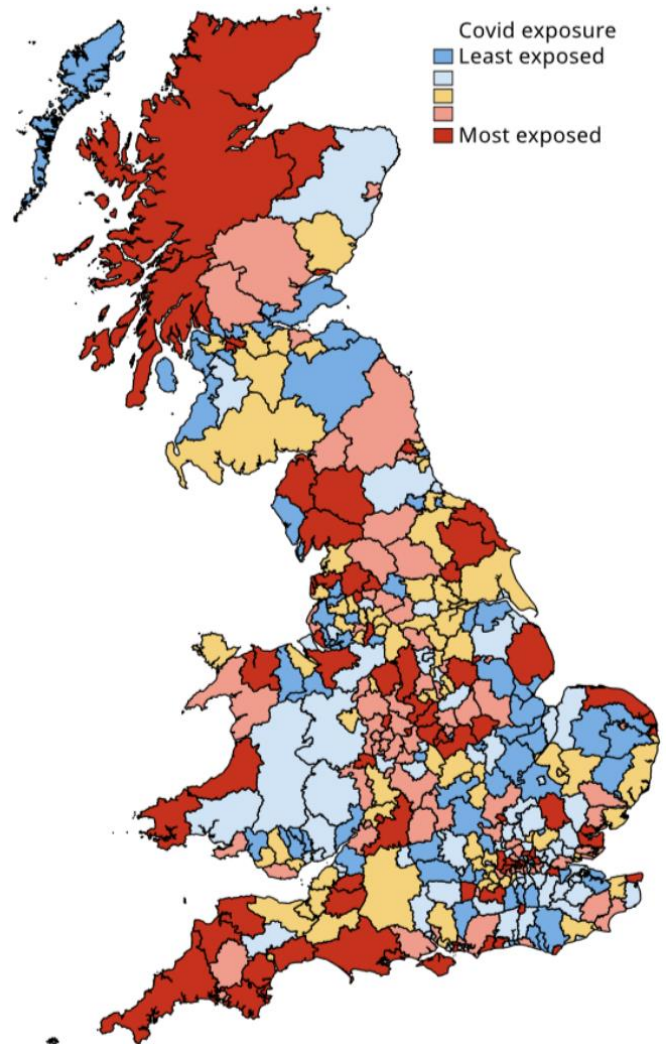
1. Consider the proposals outlined in this report and comment on whether the proposed approach is correct and if anything is missing
2. Approve the proposed principles, definitions, governance arrangements and priorities as outlined in the report
3. Approve the establishment of the Expert Panel and consider potential membership that could be aligned to the priorities.

Annex: IFS Green Budget Mapping 2020

Levelling Up



C-19 Impact



Source: IFS Green Budget 2020