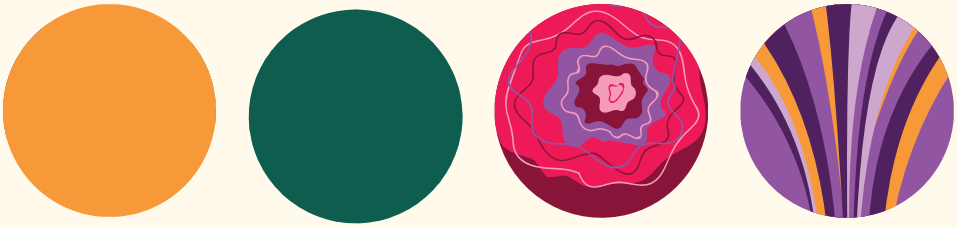

Inclusive growth in action: Snapshots of a new economy

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RSA

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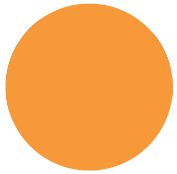

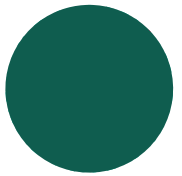

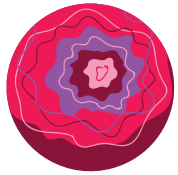

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Introduction

The British economy is failing too many people and places. The policies we've pursued for decades — at both local and national levels — have not delivered shared prosperity and the sense that we live in a divided nation pervades so much of our national sentiment. But Britain is not alone.

In the USA, in France and Italy, in Japan, Australia and New Zealand, even in some of the most progressive Scandinavian nations, since the global financial crisis the perception that our economic strategies are not delivering the kinds of societies in which people can thrive is a growing concern.

But the appetite for bolder interventions and experiments is growing too - at both the higher echelons of decision-making and the grassroots. Major bodies such as the IMF, the OECD and the World Economic Forum have challenged past orthodoxy by questioning the merits of 'trickle down' economics and presenting compelling evidence that tackling inequality is good for society and also has a virtuous effect on the economy. Towns and cities in the UK and across the world are showing renewed interest in developing more inclusive economies. New movements for municipal action are emerging, galvanised by grassroots demands. Businesses, trade unions and industry bodies are increasingly engaged in critical debates about the quality of work and worker voice.

Such initiatives have spawned a whole new lexicon: economic justice, progressive capitalism, community wealth to name but three. But the umbrella term that has somehow come to the fore is inclusive growth.

The RSA's Inclusive Growth Commission defined inclusive growth as:

> "broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes."

The Commission's wider analysis demonstrated that inclusive growth represents a systemic, multi-faceted challenge that spans a range of policy areas. It demands us to examine the structure of an economy; the governance and power relationships inherent within it; how it generates and distributes wealth and opportunity; and its sustainability and impact on future generations.

Yet in practice, inclusive growth has also emerged as an experimental agenda led by civic leaders responding to local concerns, often in areas where their power to effect change is constrained by national policy. Many cities and regions have pursued inclusive growth opportunistically; testing and applying it where possible, sometimes through relatively isolated initiatives and other times by finding creative ways around major barriers.

However, as the number of strategies and initiatives branded with the term inclusive growth proliferates there is legitimate scepticism that intention is being translated into action or that projects and programmes are quite as transformational as they might appear. The language of inclusive growth is easy to adopt but can mask as much as it reveals and the risk is that traditional economic development strategies are simply being rebranded with an inclusive growth label.

We hope that the examples in this report — most of which haven't explicitly branded themselves as inclusive growth — show that the gap between inclusive growth rhetoric and practice can be closed.

About this report

This report provides practical examples and stories of initiatives across the world that have had success in promoting inclusive growth. It is not a 'how to' manual; the aim is to inspire.

These portraits of inclusive growth have been selected and curated to illustrate what an inclusive economy can look like in practice for places, based on real stories and experiences. It uncovers insights into things that typically interest policymakers and practitioners — the cost of initiatives, the impact that they have had and how transferrable they might be. But it also digs deeper to understand the impetus for change, the leadership and collaboration that makes change possible, and the obstacles that have to be overcome.

Our report recognises that inequality is a systemic problem and that isolated interventions may well have limited impact. Macro forces and the big levers of the state — tax, regulation, social transfers — have a decisive influence on how inclusive an economy is. But the experiments and initiatives highlighted in this report also shine a light on how new social and economic models can emerge and how systems can change through local leadership.

In the final sections of the report, we identify a number of lessons drawn from across the different portraits. We identify six types of systemic intervention and we spell out the importance of putting policy into practice. Indeed, we demonstrate that neither entrepreneurial nor aspirational approaches are likely to lead to significant transformation. Genuine inclusive growth is only likely to occur when there is systemic design coupled with practical application. It may be a first step, but it is not enough to have a strategy or a policy, to introduce new principles or metrics and then to track them and hope for the best, inclusive growth demands significant challenge, change and risk.

To this end we recommend urgent action. In the UK context, we reiterate the demands of the Inclusive Growth Commission for a "fundamental reset of the relationship between Whitehall and the town hall, underwritten in new social contracts" with a sharp financial edge. The quid pro quo for more devolution though must be that local and combined authorities must be able to show that their plans for more inclusive economies are both systemic in nature and practically applied.

And on the global scale we argue that although projects and programmes are not easily replicable from one country or region to another, there is much to be gained from greater international dialogue about different models and approaches in addressing the rapidly changing global economic environment. We have practical plans for how we can make this happen.

Four domains of inclusive growth

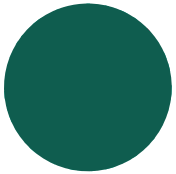
At the RSA, we have observed that inclusive growth practice typically falls into four domains: livelihoods, wealth, voice, and futures. The case studies we have selected for this report map to these different dimensions of inclusive growth.

Inclusive livelihoods

In recent years employment has recovered to reach historically high levels in advanced economies such as the UK and US. At the same time, persistent inequality, stagnant productivity and living standards, declining job quality and a sharp rise in in-work poverty have become major challenges.

The inclusive livelihoods theme considers efforts to confront these challenges by tackling inequalities in income and opportunity, principally through innovative social policies, and skills and labour market programmes that connect people to good quality jobs and skills development opportunities, provide economic security, and support upwards mobility. This has become a key area of interest for policymakers and practitioners interested in inclusive growth.

The RSA's Future Work Centre is collaborating with government, industry and civil society to find ways to spread good work, ensure technology benefits workers and renew our economy's social contract. Alongside this, the RSA is working with places to develop Universal Basic Income (UBI) experiments and pilots to build movements for lifelong learning through the Cities of Learning programme.



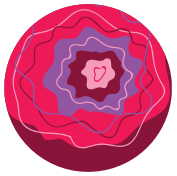
Inclusive wealth

The distribution of wealth in many countries is extremely unequal, markedly higher than even income inequality. Many people, and many towns and cities, therefore lack the resources to absorb economic shocks. This is often compounded by economic development strategies that rely on attracting large companies, often at significant cost to the public purse with minimal economic return.

Making wealth as well as income more inclusive is therefore critical. We describe inclusive wealth as encompassing two key aspects. The first is financial: tackling wealth inequality through broadening the ownership of wealth and assets. The second is about community or place-based wealth: developing institutions that generate economic value which remains within a town or city, closer to local people, instead of 'leaking' out.

The RSA is a key partner in the Community Savings Bank Association (CSBA), which is supporting the development of a network of regional cooperative banks that will serve the everyday financial needs of ordinary people, local community groups, and SMEs. These banks will significantly increase the proportion of bank lending going to the 'real' economy, supporting local SMEs instead of the financial economy, and will become anchor institutions that build community wealth, improve regional economic resilience, and drive inclusive growth.

Inclusive voice



Unequal economies usually have power structures that exclude citizens from involvement in governance and decision making. As the OECD notes, this increases the risk of an economy being 'captured' by narrow interests, or at the very least it excludes the perspectives and insights of those that are under-served by the economy.

Inclusive voice is therefore about giving citizens a greater say and influence over economic decision making, for example through participative and deliberative platforms.

The RSA's Citizens' Economic Council provided a blueprint for using deliberative methods to involve the public in economic decision-making. The RSA is now building a 'campaign for deliberative democracy' that is calling for the establishment of national citizens' assemblies on key issues of contemporary concern, as well as the development of a 'what works centre' for deliberative democracy.

Inclusive futures

Addressing structural economic challenges is often difficult because of the extent of short-termism in policy making and business practice. We therefore tend to make decisions that take insufficient account of long-term impacts and future generations. This is most visible in our failure to confront climate change.

Inclusive futures recognises that building an inclusive economy is a long-term endeavour that ought to make climate change and environmental concerns a core part of our economic strategies; and that should promote the long-term stewardship of an economy so that future generations benefit from decisions we make today. It is also about anticipating and responding to long-term mega trends, such as an ageing society.

The RSA's Food, Farming and Countryside Commission is shaping a long term vision for change across our food system, farming sector and in rural communities; to ensure a future that's fairer, more sustainable and promotes public value. The RSA's previous work on climate change has explored the systemic, institutional and behavioural conditions that can support long term action to protect the environment. The Fellow-led Sustainability Network continues to grapple with these challenges.

Selecting case studies

We undertook a global practice and literature review, and consulted experts to identify case studies that fit into the four domains of our taxonomy. Our initial search returned dozens of cases. To prioritise a handful of case studies that we would explore in more detail, we considered a number of questions:

- To what extent is the approach practically and systemically embedded?
- Are key stakeholders and leaders behind it and/or collaborating in unlikely ways?
- Is there evidence of impact and outcomes?
- Is it clear that traditionally excluded groups are benefitting?
- Does it represent an especially innovative approach to tackling a challenge?
- Does it provide learning that can be transferred and used by others?

Our intention is not to provide a comprehensive list of case studies, or to profile evidence of 'what works'. Rather, it is to present compelling stories that illuminate the ways in which inclusive growth can be pursued in practice; the drivers of change that spur action; the systemic barriers and enablers; the opportunistic moments that are often there to be seized; and the types of leadership and collaboration that emerge and take shape.

In each section we also identify a number of other examples of places where other experiments have taken place which might provide useful insights into how a more inclusive growth approach might be pursued. Once again, our intention here is not to provide endorsement or even evaluation but to point to examples of interventions that have gone beyond rhetoric and strategy.

Inclusive livelihoods

Labour markets — including education, training and work — are at the heart of people's interaction with the economy and the value they receive from it. Over the past four decades, however, work has become increasingly polarised, creating vast opportunities for some but exclusion for others. In-work poverty and a lack of upward mobility are some of today's most pressing problems.

A major focus of inclusive growth approaches across the world is to increase people's access to good quality jobs and opportunities to progress in their careers and their earnings. Insights from WorkAdvance in the US illuminates the types of approaches that can help to address the opportunity gaps which exclude many sections of the population from participating in meaningful and rewarding work. Alongside WorkAdvance, the Community Solutions programme in Barking and Dagenham, London also highlights the critical role that social infrastructure — including public services that support early intervention and prevention — can play in supporting people to benefit from their local labour markets.

WorkAdvance: 'A good job changes everything'

Economic and political shifts have transformed the nature of work and its place in society. Over the course of four decades technological change has dragged most advanced economies away from traditional industries and propelled them towards the so-called knowledge-based economy, with jobs that favour those with advanced skills.

Lower income groups and those without higher education or training have been left behind, finding themselves stuck in work that pays poverty wages or even choosing to drop out of the labour market altogether instead of facing the indignity of cycling in and out of low-wage, insecure employment. In-work poverty has become one of the defining challenges of our time, giving lie to the long-held notion that employment offers a route out of hardship and into a decent standard of living. 'Good jobs' is today's mantra, a rallying cry for those that want an economy that works in the interests of ordinary people.

Technological and economic change have combined with market-liberalist policies to fuel inequality and hold back social mobility, especially in countries such as the UK and the US. A deep faith in the free market to create economic opportunity for all has contributed to a dire lack of investment in supporting under-served and low-income groups to access good jobs and achieve upward mobility.

The dominant approach to 'work activation' has been to encourage the long-term unemployed into work as quickly as possible through job search assistance and minimal, generic work readiness training. This placement-first orientation combined with punitive work requirements for welfare support has generally pushed vulnerable people into dependency on low-paid and insecure work, while offering little to no support to precarious workers inside the labour market that endlessly cycle between poor quality jobs.

The scale of these problems makes WorkAdvance — and Per Scholas as a delivery organisation in particular — all the more compelling as an innovative outlier. It is an example of a highly effective sector-based workforce development programme that connects low income groups to quality jobs within in-demand sectors of the economy. Critically, the model provides mutually reinforcing social and economic benefits. Job seekers boost their careers and earnings; employers fill job vacancies and address skills shortages; and the wider economy benefits from more productive output. With a powerful evidence base behind it, there is a strong case for approaches such as that of WorkAdvance to be a critical part of the repertoire of inclusive growth practice.

Per Scholas: Making tech more inclusive

Per Scholas is now a world-renowned organisation in workforce development, with an operating budget of around $17m and a proven track record of success.

Despite its considerable status, Per Scholas stumbled into sector-based workforce development somewhat unexpectedly. The nonprofit had humble beginnings. It was set up in the South Bronx in 1994 as a response to concerns that a digital divide was emerging as poorer households were priced out of owning IT and computer technology. Per Scholas started off refurbishing used computers and giving them to schools and families in under-served communities. By 1998 it was providing IT job training to help neighbourhood residents get jobs reconditioning computers. At the time, this seemed like typical community development.

But something changed after 1998. Foreshadowing the tech-driven transformation of the economy, the nonprofit began noticing that many of the neighbourhood residents it provided training to were attracting the attention of other employers and were going on to earn significant wages.

As a decade passed and computers became more affordable, Per Scholas redefined its core purpose. It would discontinue computer recycling and focus its efforts on IT-related job training, working in close partnership with employers to ensure that its courses were responsive to the specific staffing needs of their business and sector.

This approach to designing and scaling workforce development — partnering with industry and developing sector-based strategies that allowed employer input into skills provision — may seem like common sense, but it was far from usual practice. As Plinio Ayala, President and CEO of Per Scholas put it, "Our model had been developed in response to significant failures around this in the workforce development field."

The evolution of Per Scholas' work crystallised into a mission to open doors to technology careers for individuals from often overlooked communities, by creating opportunity; closing the skills divide; and building a more diverse workforce by supporting groups underrepresented in IT employment. Of the nonprofit's students 90 percent are people of colour, a third are women and a third are young adults distant from work.

Transforming workforce development

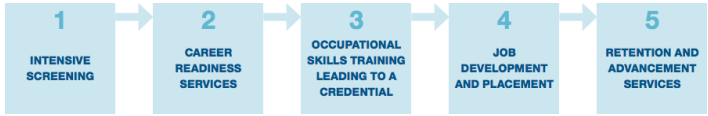
In 2011, Per Scholas joined the WorkAdvance programme. The WorkAdvance model was developed following an influential Sectoral Employment Impact Study (SEIS) published in 2010. SEIS found that skills training that was designed to respond to industry specific needs and was focused on jobs with career pathways had a positive effect on employment and earnings.[1]

1 Hendra, R. et al. (2016) Encouraging Evidence on a Sector-Focused Advancement Strategy: A Preview Summary of Two-Year Impacts from the WorkAdvance Demonstration. mdrc. Available at: www.mdrc.org/publication/encouraging-evidence-sector-focused-advancement-strategy

WorkAdvance took a 'dual customer' approach that responded to the needs of both employers and low income individuals struggling to take a foothold in the labour market. It would use industry-backed training and placement services to support individuals into quality jobs in sectors with strong local demand and tangible career advancement pathways. This was dramatically different to conventional employment support programmes that focused on placing people into jobs, with little consideration for quality and only a superficial engagement with industry stakeholders.[2]

The holistic nature of WorkAdvance is reflected in the five key components of the model, which range from intensive screening and career readiness services, through to occupational skills training and then retention and advancement services once in employment. The purpose isn't just to get individuals into jobs, but to help them stay in jobs longer and take advantage of advancement opportunities when they arise.

THE WORK ADVANCE MODEL



Per Scholas was one of four providers that took part in the WorkAdvance programme. Given its rich history of helping under-served groups into good quality jobs, it would have few issues implementing the WorkAdvance model. The results would be exceptional.

2 Schaberg, K. (2017) Can Sector Strategies Promote Longer-Term Effects? Three-Year Impacts from the WorkAdvance Demonstration. mdrc. Available at: www.mdrc.org/publication/can-sector-strategies-promote-longer-term-effects

Diagram Source: Schaberg (2017)

The Gold Standard of evidence-based policy

WorkAdvance is a public policy evaluator's dream programme, on two counts. First, it has been robustly tested, with a Gold Standard evaluation that meets the highest standards of evidence, including those of the UK's own What Works Centres. Second, results to date have been overwhelmingly positive.

Per Scholas has been the best performing organisation, likely due to its experience of sector-based strategies and long history of strong partnerships with employers, and a willingness to adapt, be agile and entrepreneurial. "We build our model with employers at the centre," says Plinio Ayala. "But we also have to be entrepreneurial internally — failing fast when necessary and being adaptive."

A recent randomised controlled trial (RCT) found that Per Scholas was having 'large and growing' impacts on employment and earnings. By the third year of evaluation, participants were earning $4,800 or 27 percent more than the control group. This mirrored an evaluation of Per Scholas eight years earlier, which showed earnings increases of 32 percent. The costs of the programme were also relatively low, at $5,700 per participant. A cost-benefit analysis has yet to be completed, but it is likely to report significant value for money when increased earnings, employer benefits and public savings are taken into account.[3]

The local impact stories are remarkable. Of Per Scholas students 60 percent have no education beyond high school, while 67 percent rely on public or family assistance. Despite these challenges, 85 percent graduate in 18 weeks or less with industry-recognised certifications, 80 percent land jobs within one year of graduating Per Scholas, and on average they earn 200 percent more than they did pre-enrolment.[4]

3 Ibid.

4 Per Scholas Accelerated Job Training That Works.

Plinio Ayala, President and CEO of Per Scholas, notes that a longitudinal evaluation is currently taking place, while the performance of Per Scholas programmes in locations outside of New York is also being studied. This will show the extent to which Per Scholas can be replicated across places and whether its impacts can be sustained through time. Crucially, evaluation isn't a nuisance for the nonprofit: it has internalised the value of being evidence-based, not just for the sake of external audiences but also to sustain its own internal effectiveness. Indeed, data is evaluated from its various sites in real time, allowing it to respond and adapt quickly.

Work is only one cog of a local economy

A major factor behind the results that Per Scholas has achieved is that it screens would-be students and participating places with laser-like precision. Before a decision is made on whether to set up in a particular city or town, the organisation will spend up to nine months conducting feasibility testing. It will assess funding sources, the motivation and capacity of employers, the likely beneficiaries, the local economic context and the quality of public services and infrastructure.

Economic demand for good jobs is a key factor. There must be a three-to-one ratio of jobs and trainees. Transport infrastructure is another consideration, as is population density and local educational attainment. Even more crucially, good quality support services must also be present and accessible, for example childcare, housing, financial support and domestic violence services. If these are not in place, Per Scholas will not set up in the location.

Per Scholas recognises that labour markets do not operate in a vacuum, and that people's life chances and career advancement prospects are deeply influenced by the social and economic infrastructure and support around them. For skills and work assistance to be effective, there has to be complementary wrap-around support. This underpins the holistic design of Per Scholas' model.

This holistic account of workforce development illuminates two key features of the Per Scholas model: a careful scaling strategy and a relentless focus on collaborative programme design and delivery.

Internally, all sites across various locations collaborate to share insights into what works and what doesn't, with coordination from a national team. Funders and investors help to refine the objectives of Per Scholas and offer intelligence on local contexts. Public services ensure participants get the wrap-around support needed. Employers and other industry actors help to ensure that skills provision is designed to meet local labour market needs.

Increasingly, employers are also seen as more significant drivers of funding and expanding Per Scholas. As Plinio Ayala mentions, "Our next stage of expansion is to redefine the value proposition for employers — showing how we can tackle skills shortages, reduce recruitment costs and enhance productivity." This is partly motivated by a desire to avoid "relying predominantly on philanthropic or government funding," which can sometimes create inflexibilities in programme design due to dense bureaucracies and unrealistic expectations about how Per Scholas can be applied. Besides, employers ought to play a key role in stewarding local economies.

Ambitions for expansion are tempered by a cautiousness in scaling. "Growth is strategic and intentional. We can't be everywhere." As described above, the right conditions have to be met.

Some would argue that this makes Per Scholas (and indeed WorkAdvance) a 'goldilocks' model: highly effective as long as certain conditions are met and screening is effective, but less useful as a general employment programme. For example, poorer 'left behind' towns and cities where demand for good jobs is low are unlikely to be suitable. People with the most complex issues leading to work detachment, for example ex-offenders or those with significant mental health challenges, may also find it more difficult to get through the screening process.

WorkAdvance is therefore not a blanket approach or 'magic bullet' for tackling in-work poverty. It is a model to be considered in conjunction with other approaches, especially those investing in the social and economic infrastructure that drives inclusive growth. Where such infrastructure is in place and opportunities are available albeit unequally distributed, WorkAdvance is a powerful model for connecting disadvantaged communities to good jobs and pathways into progression.

CASE STUDY OVERVIEW

Per Scholas

SUMMARY: Per Scholas is a demand-led, person-centred IT workforce development project, and an application of the WorkAdvance model of sector-based employment initiatives. Per Scholas focuses on creating career opportunities which are sustainable and offering career pathways, helping close the skills divide and diversifying the tech workforce, with a particular emphasis on women and people of colour, who are vastly under-represented in the sector. Crucially, it also provides holistic support around a range of needs such as childcare, mental health, financial management and domestic violence in recognition of the range of barriers and challenges which often prevent these groups from accessing and successfully completing traditional training programmes.

DRIVERS: The current PerScholas approach evolved from a recognition that the changing landscape of the digital divide opened up the opportunity for the project to achieve greater impact by realigning away from their original model of providing cost-price refurbished computing equipment to low-income households, and refocusing on sector-led, person-centred IT workforce development.

STAKEHOLDERS: Key stakeholders include the trainees who progress through the programme, the industry partners who work with PerScholas to design curricula and provide career pathways, and the support organisations which the project partner with, to ensure learners receive the holistic support required for the success of the approach.

OUTCOMES:
Key outcomes of the Per Scholas project include:

- 85 percent of students graduating in under 18 weeks with at least one industry certification
- 80 percent of programme graduates entering employment within a year
- Programme graduates securing post-participation earnings which are, on average, 200 percent higher
- In terms of inclusivity, 90 percent of project beneficiaries are people of colour, a third are women, and a third are young people.

COST/FUNDING: Per Scholas currently has an operating budget of around $17m per annum, with the cost of each trainee being significantly less than industry-standard recruitment and training costs for corporations. This is anticipated to reduce as the project scales in new locations and leverages employer paid training to supplement philanthropic support.

Community Solutions

Public services play a critical role in the economy. In the most direct sense, education, training and labour market programmes develop the talent and infrastructure that enables economies to run smoothly. But other types of public services — from health and social care to early years, child care and community development — also play a crucial if undervalued role. By developing the capabilities and social resources that enable people to participate meaningfully in society and the economy, they contribute to the social infrastructure that drives inclusive growth.

An inclusive economy also serves the goals of the public sector. Economic improvements leading to reductions in poverty, inequality and other issues with economic roots, have social and financial benefits for public services. They tend to improve social outcomes, while also reducing the demand for expensive services (according to the Joseph Rowntree Foundation, dealing with the effects of poverty exacts a financial cost of £79bn per year in the UK).

Despite the interdependencies, the economy and public services — and economic and social policy — tend to operate in isolation from one another. Social policy has become a compensatory tool for those that have lost out from the market.

It is for this reason that Barking and Dagenham's public service transformation programme, Community Solutions, is so compelling. Against a backdrop of austerity, economic precarity and rapid demographic change, the borough's leaders are rethinking the form and purpose of local services. Whereas previously services were compensatory — focused narrowly on meeting acute need — they are increasingly becoming preventative, with the ultimate aim of supporting self-sufficiency and economic and social participation.

Responding to the 'perfect storm'

In 2012 one of the few remaining remnants of Dagenham's industrial past disappeared. A tooling plant for car giant Ford shut down, and hundreds of jobs were lost. In the first decade of the new century, full-time jobs fell by a quarter in Barking and Dagenham.[5]

The borough also underwent rapid social change. In 2001, over 80 percent of its residents were white British, but by 2011 this figure was 49 percent.[6] Barking and Dagenham also came to symbolise the decline of the white working class, which saw its status and security weaken with the demise of the borough's traditional industries, partly explaining the poor educational attainment of white working class boys. The borough's diverse residents nevertheless faced shared challenges — in particular, a lack of opportunity, economic precarity and significantly higher levels of deprivation and unemployment than almost every other part of London, the global economic engine within which Barking and Dagenham sits. London's housing crisis eventually spilled over into the borough too, adding to residents' insecurity.

Barking and Dagenham's long-term economic decline heaped considerable pressure onto its public services. The effect of this was amplified by severe cuts to local government budgets since 2010. As Mark Fowler, Director of Community Solutions and Damien Cole, Head of Service Development note, the perfect storm of austerity and economic precarity hardened local leaders' convictions that the way public services were organised was also part of the problem. A culture of silo working prevailed, and local residents came to rely heavily on expensive and acute council services. The council's 'paternalistic' relationship with citizens contributed to this, as did a limited and fragmented approach to prevention.

5 Easton, M. (2013) Why have the white British left London? BBC News, 20 February 2013. Available at: www.bbc.co.uk/news/uk-21511904

6 Inclusive Growth Commission (2016) Inclusive Growth in London. Evidence hearing write-up. The RSA. Available at: www.thersa.org/inclusivegrowthcommission

Community Solutions: Shifting from reaction to prevention

At the root of the borough's reforms is an effort to understand the nature and pattern of demand for public services, especially those at the acute end. By better understanding the trajectory of residents' lives, including the nature of their interaction with local services at different moments of their lives, the council came to realise that large swaths of the population were not being supported early enough.

Owing to reducing budgets public services tended to focus on people with the most acute need, for whom it is more difficult, if not too late, to assist. Meanwhile, those that faced less severe but still significant challenges in their lives—for example, job loss or low paid and insecure work, and unaffordably high rent—were off the council's radar. This was a problem because in the absence of any support some of these residents would go on to face more significant problems, such as homelessness, as their needs escalated. This ultimately would increase demand for expensive services. It was unsustainable.

As a result, the borough's leaders proposed a bold idea. The council would extend the principles of the so called 'troubled families' initiative—coordinated, holistic multi-agency support—to a much wider pool of residents. For council chief executive Chris Naylor, initiatives like troubled families "come in too late" and serve a narrow set of households. Community Solutions, in contrast, focuses not just on those "living catastrophic lives, but those living unfulfilled and unhappy lives, those at risk of tipping over." [7] In the past, these people simply didn't meet the eligibility criteria for council support.

The Community Solutions model is designed to tackle the root causes of the multiple problems associated with poverty and economic precarity. It is reorienting services towards early intervention and focuses on promoting self-sufficiency, including by supporting people into reliable employment.

7 Ibid.

Launched in October 2017, the service brings together multi-disciplinary and multi-agency teams that work together with public and voluntary sector partners to provide preventative support to residents. Community Solutions acts as a front door for all people-supporting services, identifying the root causes of problems and helping individuals or families to resolve them before they escalate.

Organising the service relies on a form of population triage, or recognising that different types of residents will require different forms of support. For individuals and households that are deemed to be self-sufficient, the focus is on light-touch information and advice, and signposting to appropriate resources. For residents that are risk of tipping over, there is an additional focus on early action services, such as outreach and skills, employment and housing support. For groups that have multiple and significant needs, there is more substantial support managed by multi-agency teams.

Ultimately, the council's leaders have developed Community Solutions as a response to the "wicked and complex challenges facing the borough", including high rates of domestic violence, homelessness and unemployment.

Services / Functions

- Multi Agency Safeguarding Hub (MASH)
- Adult social care—Initial contact team
- Children's early help and troubled families
- Children's centers, youth services and center's libraries
- Community safety and ASE
- No Recourse to Public Funds (NRPF)
- Housing options and choices
- Homelessness and temporary accommodation
- Employment, skills and jobs
- Healthy lifestyles / Public health
- Welfare reform
- Adult college
- Relationships with other services, key partners, VCs

Priority themes

- Preventing homelessness
- Promoting economic well-being
- Building resilience and independence
- Maintaining good health and well-being
- Keeping families together
- Creating safe communities

The impact to date

Community Solutions is a relatively new service and therefore its impact can't yet be fully realised and understood. However, some positive changes have already been observed. One of the most dramatic is a notable reduction in the number of people in temporary accommodation, although legislative changes have also played a role in this. The number went down from around 1,960 in October 2017 to just over 1,700 by August 2018, owing to the council's holistic support that enabled more people in need to find secure housing. Rather than simply directing those in need to temporary accommodation, people who could not afford private renting due to unemployment or financial precarity were supported to find reliable employment.

Similarly, some emerging evidence suggests that there has been a reduction — from 34 percent to 24 percent — in the number of people moving through the Multi-Agency Safeguarding Hub (MASH) who require high-intensity care and support services.

The service and staffing structure of Community Solutions itself is having a positive effect on easing recruitment and retention challenges, which have escalated due to austerity. Mark Fowler and Damien Cole suggest that hard-to-fill roles are increasingly being filled by permanent staff instead of agency workers, because people are seeing the organisation as a good place to work. Although difficult to attribute to Community Solutions alone, volunteering with the council has also increased — rising from 89 people in 2017 to 259 in 2018. Volunteers play an active role in supporting the vision for early intervention, active citizenship and self-sufficiency.

This latter point is important to stress. At its core, Community Solutions represents a shift away from a state 'paternalism' that focuses narrowly on meeting acute need. The borough, note Mark Fowler and Damien Cole, seeks to promote Abraham Maslow's theory of a hierarchy of needs. Conceptualised as a pyramid, the hierarchy shows that above the foundation of basic needs such as food, shelter and personal security, deeper needs such as belonging, esteem and self-fulfilment form the top of the pyramid. "Challenging historically low aspirations and economic participation has been an important part of this." It is here where the link between public services such as Community Solutions and strategies for inclusive growth becomes clear and obvious. Such approaches have the potential to promote social and economic participation. They help to create the social infrastructure that can drive inclusive growth.

CASE STUDY OVERVIEW

Community Solutions

SUMMARY: Launched in October 2017, Community Solutions is a new model for the delivery of local public services which marks a radical departure from the conventional organisational structure of local councils. Designed in collaboration with staff, the model moves away from the traditional divisions of services and departments — children's services, housing department, employment support etc. Instead, a more holistic range of services, and staff with a breadth of expertise, make up five Lifecycles — Access, Universal, Triage, Support and Intervention — with each being aimed at residents with a different level of need. The result is a flatter organisational structure, reduced decision-making hierarchies and more staff in frontline roles.

DRIVERS: Barking and Dagenham is the second most deprived borough in London, and has the highest levels of unemployment. The borough has experienced significant population growth, increasing from 190,000 to 220,000 in five years. At the same time, the local council is also faced by the now-familiar challenge of reduced funding for key services at a time of growing need, as a result of government austerity. Local leaders identified that making the savings necessitated by austerity while also improving outcomes for local citizens, was not achievable without taking a radically different path.

STAKEHOLDERS: Key stakeholders have been local elected members, and council officers ranging from senior management to frontline staff. Community Solutions is now looking to collaborate more effectively with local partner organisations, particularly health services and the third sector.

OUTCOMES: The early indications are that this new approach is enabling Barking and Dagenham council to make savings — projected to be around £5m by 2020/21, while also better meeting the needs of local residents. For example, the numbers placed in expensive and insecure temporary accommodation has reduced in part due to people receiving integrated housing and employment support, enabling them to find work and move into permanent housing in the rental sector. In addition, the new approach has reduced recruitment and retention problems for the council and local services in hard-to-fill positions, due to the more appealing and supportive working environment being experienced by staff.

Other examples of inclusive growth in action

LRNG, United States

LRNG is a movement of cities (19 at present) across the US that are building a future of learning and work that promotes equity and closes opportunity gaps. LRNG weaves together formal and informal learning institutions and promotes labour market inclusion. It does this by promoting the acquisition and recognition of work-relevant skills through digital credentials, and building pathways into career opportunities. LRNG inspired Cities of Learning in the UK, which the RSA is leading.

Job Security Councils, Sweden

In Sweden, employers can pay into Trygghetsrådet or TRRs — job-security councils. These are private organisations through which employees, when laid off, receive financial support and job counselling from the council to help get them back into the workforce as soon as possible. They are part of an arrangement between unions and large corporations in Sweden.

Inclusive wealth

Inclusive wealth

'Wealth creation' is a problematic term. It has come to represent the pitfalls of an unequal, financialised and extractive economy, where local economic activity ultimately serves distant companies and decision-makers, undermining the resilience and inclusiveness of local economies.

Economic Gardening (EG) and Community Wealth Building illuminate the possibilities of seeing wealth creation in an entirely different — and altogether more progressive — light. By focusing on growing from within — rather than chasing big companies or development projects — they demonstrate how long-term local wealth creation can create more inclusive and sustainable economies.

Economic Gardening

In the 1980s, Littleton, Colorado in the USA was in the midst of a deep recession. A small town bordering the US Midwest, Littleton had lost almost 8,000 jobs in 1987 when missile-manufacturing company Martin Marietta (now Lockheed Martin) pulled its business out of Denver.

The town was at a crossroads. It would have been forgiven for pursuing the traditional economic development response to job loss: go hunting for a new big company to locate its business in Littleton through costly financial sweeteners and tax incentives.

Instead, it chose a radically different path. Inspired by the work of MIT economist David Burch, Littleton city council's business director Chris Gibbons teamed up with Denver-based thinktank the Center for the New West, which was eager to test Burch's theories about business and job growth. Gibbons would later term the approach that developed Economic Gardening.

The premise of Economic Gardening was simple. Rather than engage in a competitive race to the bottom with other towns and cities to attract large and distant companies, Littleton would support existing local businesses to grow. The focus would be on Stage 2 (or second-stage) companies — those with between 10 and a 100 employees and an annual revenue of at least $1m. Burch's work had shown that nationally, second-stage businesses accounted for 10 percent of the business population but 35 percent of all jobs.

The efficiency of this sort of investment was appealing, but Economic Gardening was also driven by something deeper: Littleton's identity and long-term wellbeing. The city council was determined not to repeat mistakes of the past — in particular, becoming reliant on a single major employer or industry, especially one without local roots. As Chris Gibbons put it, "as good a citizen as Martin Marietta was, they were headquartered out east. Our future was being determined by people far, far away. They didn't have to see the people in the grocery store on Saturday that they laid off."

Littleton's experiment appears to have been a success, though evaluation studies were not commissioned at the time to verify the direct impact. After 25 years of Economic Gardening, the population increased by a quarter, the number of jobs tripled, and the city's sale tax revenue grew from $6m to $21m. Even more fundamentally, the Littleton experiment has called into question an economic growth paradigm that has left many places behind or weakened the long-term resilience of their economies. The lessons are being tested across the US, from small cities through to major metropolitan areas and large states such as Florida, Michigan and Minnesota.

It is Florida to which we turn now.

Florida: From recession to Economic Gardening

It wasn't straightforward to champion Economic Gardening in Florida, the third most populous state in the US. Unlike towns such as Littlewood, there was no story of post-industrial decline to rally locals around radical ideas. Initially, scepticism ran deep. The business community wasn't so sure of the approach.

The case for change, however, was strong. The existing business incubator programme had been running for nine years, but it was looking for ways to help its graduates continue the growth they experienced while in the incubator. Its focus on smaller businesses meant that once these businesses had grown, they had nowhere to go to for support because they weren't large enough to attract investment from economic development initiatives aimed at large companies. The recession of 2009 compounded these pressures. As a result, the then governor of Florida included $1.5m funding for a state-wide pilot of Economic Gardening as part of the state's stimulus package. Tom O'Neal, Executive Director of GrowFL (Florida's EG organisation) described this as the first EG initiative of its kind: it "required a challenging, high-paced scale up to state-wide coverage."[8]

More jobs, higher wages and economic diversification

The mission of GrowFL is clear and to the point: "to provide strategies, resources and support to second-stage companies for next level growth." GrowFL identifies second-stage companies that have the greatest economic potential and provides them with the tools, training and infrastructure necessary to mature and grow and to overcome challenges that typically face growing companies. Businesses are matched with a team of professionals with specialised skills.

They provide routine strategic market research and offer companies advice on dealing with problems as well as issues or opportunities that they may have missed. The intention is to "put the capabilities of a Fortune 500 company's market research department in the hands of a second-stage business."[9]

The costs of running the initiative are relatively minimal in relation to the value generated. The annual running costs can vary from around $700,000 in a 'quieter' year to $1.5m in a busier year. The challenge for GrowFL is to have stable and recurring funding, which it aims to secure from the state to ensure long-term certainty and sustainability.

The outcomes to date have been notable. As of June 2015, businesses assisted by GrowFL have directly or indirectly created close to 11,000 jobs across Florida, and these are generally high-wage jobs that are spread across a range of industry sectors. The average salary of these new jobs is more than twice the average salary of all jobs state-wide. A recent analysis found that since its inception GrowFL has generated a net return on investment of $9.10 for every $1 of public investment. It has added $942m to regional GDP, had a close to £1.9 billion impact on regional sales and raised an additional $81m for state and local taxes.[10]

According to an independent economic impact assessment, between 2017 and 2027 GrowFL will generate $4.7bn in additional GDP, as well as $4.6bn in additional personal income for Floridians. It will also create almost 44,000 private sector jobs with an average salary close to $100,000, and generate $345m in additional state tax receipts.[11] In a state with a high number of low paying jobs driven by the dominance of its tourism sector, the diversification offered by GrowFL will have significant implications for the shape of Florida's future economy.

8 Lasrado, V. (2016) A summary of the GrowFL Programme. Economic Impact on the State of Florida Since Inception from July 01, 2009 through June 30, 2015. Available at: www.growfl.com/wp-content/uploads/2017/03/GrowFL-2016-Economic-Impact-Report-9.2016.pdf

9 Florida Taxwatch (2017) A Second Look at Second-Stage Business Development in Florida. The impact of GrowFL.

10 Lasrado, V. (2016) Op cit.

11 Florida Taxwatch (2017) Op cit.

A trailblazer for the future of economic development

Interest in Economic Gardening is growing in a period where traditional strategies for regional economic growth are coming under intense scrutiny. Studies suggest that 'economic hunting'—pursuing inward investment through substantial incentives such as tax breaks or subsidies—has often provided places with poor value for money. In 2012, the New York Times estimated that incentive spending cost US cities, counties and states roughly $80bn per year, or $90bn in 2015 dollars.[12] Recent research from Timothy J Bartik found that incentive policies may have some short-term benefits, but over the long-term they offer limited value. Up to 85 percent of the jobs that are created will go to outside workers that migrate in, while the net income of those in the lowest income deciles actually tends to drop, largely because incentive policies are often paid by directly or indirectly cutting public spending, such as education and infrastructure improvements, that support labour market integration for locals. In Wisconsin, local leaders are paying $230,000 per job as a result of the substantial incentives provided to Taiwanese multinational Foxconn for opening a plant.[13]

12 Cited in: Parrilla, J. and Liu S. (2018) Examining the local value of economic development initiatives: Evidence from four U.S. cities. Brookings Institute.

13 In Holder, S. (2018) The Real Cost of Living Big Companies to Town. CityLab. March 29, 2018. Available at: www.citylab.com/life/2018/03/when-it-comes-to-econ-development-no-free-lunch/556616/ Also see Parrilla and Liu (2018) Op cit.

While incentive policies are always likely to be part of the economic development toolbox, approaches such as Economic Gardening have the potential to shift priorities and catalyse new practices for promoting local development. This is not only because they may provide better value for money than incentive policies—although further evaluation will be needed to substantiate this—but also because they provide the basis for a new type of economic model; one that is locally rooted, supports sustainable wealth creation and finds a positive role for the state in helping to steward a place-based economy. As Robert Grow suggests, Economic Gardening is "about being more proactive and recognising the value of broad-based wealth creation; and about ensuring the state is an active player in the innovation-based economy."

The challenges of short-term political and budget cycles, not to mention the complex politics of economic development, certainly make change difficult. But the mood music from small towns and big cities alike—in the US and across the advanced economies—signals an opportunity for new approaches such as Economic Gardening to be part of the drive for economic resurgence and inclusive growth.

CASE STUDY OVERVIEW

GrowFL

SUMMARY: GrowFL is the first state-wide economic development programme in the US to apply the Economic Gardening approach, which emphasises the importance of identifying, supporting and building the existing economic assets within a place rather than hunting for investment from large companies outside. Drawing on these principles, GrowFL supports second-stage companies with revenue of between $1m–$100m per annum, to grow and create new jobs by providing a combination of strategic research guidance and resources, peer learning opportunities and leadership development. Typically, these are options which this size of business cannot afford, but which are common tools utilised by larger businesses they may want to compete with.

DRIVERS: The founder of GrowFL witnessed businesses with significant potential to scale and compete a higher level struggling to develop due to a lack of support once they outgrew incubator stage support and became second-stage businesses. In addition to this, the Florida economy is dominated by the expansion of the tourism industry and associated low-wage sectors, with a strategic need to diversity the economy into a wider range of higher-wage industries.

STAKEHOLDERS: Key stakeholders are the Florida-based businesses which operate in above-average wage industries and have the potential to grow, as well as the municipal economic development teams across the state that work with GrowFL to identify these businesses.

OUTCOMES: Since 2009, GrowFL has produced returns of $9.10 for every $1 of public investment. Projections covering 2017-2027 anticipate that during this time GrowFL will:

- Create a total of 43,794 private sector jobs with salaries that are more than double the current state average
- Add an additional $4.72bn to Florida's GDP
- Provide $4.61bn additional income for Florida citizens
- Result in $345.14m of additional state tax revenue.

COST/FUNDING: GrowFL is funded through a combination of federal, state and industry bodies, with turnover ranging from $600,000-$1,500,000 per year. The initiative is currently exploring ways to ensure sustainability, with securing recurrent state funding being the preferred way to do this. This form of funding would have the additional benefit of raising the profile and increasing the legitimacy of the organisation among the Florida business community.

Community Wealth Building

Like many former industrial towns facing economic precarity stretching back decades, the 2008 financial crisis and the austerity that followed were only the latest failures of Britain's centralised political economy to hit Preston. Before recession hit, the town, like many others, had been banking on a new shopping mall and external investors to revive its fortunes. After the crisis, its leaders knew it needed a different approach. It would focus on using the tools at its disposal to prevent wealth 'leaking' out of Preston, channelling the leadership of key organisations to create local wealth that would have tangible benefits for residents and businesses in the town.

In fact, the approach that Preston and a growing number of towns and cities were pursuing—Community Wealth Building—had been developing in the background for decades. In the UK, an organisation called the Centre for Local Economic Strategies (CLES) was set up by a number of large municipalities in 1986 as a sort of laboratory—a 'think and do tank'. Preston was one of the members. Across the Atlantic, a similar organisation called the Democracy Collaborative—whose work would influence UK thinking and practice—was established in 2000.

Together, the localities, in collaboration with CLES and influenced by the thinking from the USA, have started to form a vision—backed up by tangible results—of a new type of inclusive economy. As CLES chief executive Neil McInroy says, the progress to date represents "the beginning of a re-imagination and restoration of an economy that works for people and place."

Learning from the past

At the core of Community Wealth Building is a simple yet powerful problem statement. The market liberalism that dominates economic decision making is often blind to geography and generally creates profit for faraway shareholders that have little connection to a local area.

As a result, wealth is 'extracted' from a locality and funnelled back into company headquarters. In the view of Martin Rawlinson, cabinet member for resources and performance in Preston city council, "[Shareholders] who live hundreds, thousands of miles away, just extract value from our community."[14]

Traditional economic development tends to be based on chasing this sort of extractive investment, in the hopes that it will create jobs and drive GVA growth. But as the evidence from the Economic Gardening case study shows, often the long-term value derived from this approach is limited. This is compounded in many places by the procurement and commissioning decisions of public organisations such as local authorities, universities, hospitals and housing associations. Despite having a significant economic footprint within places, they often purchase goods and services from companies well outside of their local boundaries.

Indeed, the flow of public money during the period of significant investment in local regeneration—the New Labour years in particular—left a lasting impression on organisations such as CLES. "The inspiration for the work in places like Preston came from the period of regeneration and economic development that had been going on for 20 years," reflected Neil McInroy.

CLES had been closely involved in the work of Regional Development Agencies (RDAs, now replaced by local enterprise partnerships), Local Strategic Partnerships (LSPs), schemes such as the Single Regeneration Budget, and New Labour's various regeneration programmes. They found that regeneration relied on 'transfer payments' from central government that were ultimately palliative and unable to address the systemic issues towns like Preston faced. What's more, when CLES studied the patterns of where the money from these payments was ending up, they noticed that much of it was leaking out of local areas. The problem lay in a failure to understand the mechanics of Britain's market economy, "which was preventing transfer payments from staying locally rooted and being virtuous."

14 Chakrabortty, A. (2018) In 2011 Preston hit rock bottom. Then it took back control. The Guardian, 31 January 2018. Available at: www.theguardian.com/commentisfree/2018/jan/31/preston-hit-rock-bottom-took-back-control

It was this 'dawning realisation' or 'eureka moment' that would be the precursor to Community Wealth Building initiatives in the UK. Starting in 2006, CLES and partners initiated a range of work to develop a comprehensive understanding of public economic wealth and the role it plays within local economies. It examined what types of enterprises receive public contracts for goods and services, who they employ, and the influence of that spend within supply chains through public procurement. According to McInroy, the work demonstrated that "the functioning of the economy needed to change, otherwise transfer payments would continue to be too extractive. They would fail to benefit local people and be socially generative."

Community Wealth Building through anchor institutions

Dozens of local authorities worked with CLES to measure their spend and find ways to ensure it brings benefits to the local economy, beginning with Manchester city council in 2008. When the work began, 50 percent of the council's spend went into local supply chains; 10 years later, the figure was at 75 percent. The money has influenced the economy and opportunities provided to Manchester residents and businesses through a local multiplier effect. Up to 8,000 local jobs were created through the 10 years.

Despite the early success, there was a realisation that to cultivate local wealth building at scale, there was a need to engage with anchor institutions beyond the council. Anchor institutions are defined as organisations that employ a significant number of people, spend a lot of money through procurement and other processes, and are unlikely to leave a locality because they are rooted there.[15] Local authorities, hospitals, educational institutions, and housing associations are prime examples.

This broader approach needed to be tested. The governance and geography of Manchester and other larger cities and localities where CLES worked made the supply chains of anchor institutions too complex for experimentation. Preston city and wider Lancashire provided a more contained geography. Their political leadership, including now-Leader Matthew Brown (who in 2013 was the cabinet member for social inclusion), was exploring radically different economic thinking, with a strong interest in the role of co-operatives and anchor institutions in driving a renewed 'municipal socialism'. As Preston embarked on its bold experiment, learning from US-based Democracy Collaborative on anchor institution initiatives in the US, particularly the Evergreen Cooperatives in Cleveland, Ohio, proved to be a formative experience.

CLES worked together with Preston and wider Lancashire from 2013. It has published a range of materials on the initiatives that emerged and the early successes of the model.[16] A key ingredient, according to McInroy, was the degree of receptiveness and leadership shown by key influencers in anchor institutions across Preston and wider Lancashire. While much of the public coverage has focused on the very important role played by Preston's individual political leaders, the most striking feature of Preston's experience is the degree to which the approach has been embraced and embedded across entire systems. This was in part enabled by the collaboration and influencing work of CLES and key champions in Preston. As McInroy summarises:

> "Matthew Brown and the political and officer leadership provided the enabling framework. They enabled and cajoled. But it was the work of everyone in Preston that turned policy into action. CLES was the embroiderer, and had the conceptual and theoretical knowledge around the role of procurement and anchor institutions. It helped to stitch things together, work with supply chains, speak with businesses."

15 Centre for Local Economic Strategies (2017) Community Wealth Building through Anchor Institutions. Available at: cles.org.uk/wp-content/uploads/2017/02/Community-Wealth-Building-through-Anchor-Institutions_01_02_17.pdf

16 Ibid.

The early successes have been notable. According to the council, £75m has already been repatriated to local suppliers, which is equivalent to 1,600 extra jobs.[17] Preston's pension fund is starting to move away from speculative investments, recently funding local student accommodation. And a multi-million pound revamp of Preston's Covered Market was led by Conlon Construction, a family business that used local contractors; demonstrating that large outside developers were not the only ones that could create the infrastructure for commercial enterprise. The initiatives have also played a role in restoring civic pride, by putting Preston on the map. The city has received significant national coverage and was recently identified by PwC as the local area that has seen the most substantial improvements in the quality of its economic growth in recent years.[18]

At a more strategic level, there have been clear benefits to the coordinated way in which Preston has pursued Community Wealth Building, including through the intellectual support of organisations such as CLES. Preston and wider Lancashire have developed a data and evidence-informed understanding of the local economy, including supply chains, spending patterns, and the nature of the local business base. They also now have the conceptual, practical and evaluative tools and processes to continue to develop the Community Wealth Building approach and seek to achieve impact at scale.

The different dimensions of Community Wealth Building

The role of anchor institutions in local economic development has received the greatest coverage and interest. However, Community Wealth Building encompasses a range of initiatives. Neil McInroy identifies four key dimensions.

The first is the role played by anchors — public, social or commercial organisations rooted in a place — within a local economy, and their workforce.

The second relates to the anchors and connecting procurement and commissioning to the local economic system by ensuring local organisations have the ability to compete.

The third concerns the land, property and investment of anchors and how that can be utilised for local benefit, for example through pension funds.

The fourth dimension is about broadening the ownership of the economy, for example through social enterprises, worker co-operatives and small businesses. This articulation is broadly similar to Democracy Collaborative's account of wealth building, although McInroy suggests that UK practice is also rooted more in a European and British social democratic and welfarist tradition, with a social contract that stresses the "positive role the state can play within an economy to create a just society."

The four dimensions of the approach are playing out differently in various parts of the country. CLES has been working with Oldham since 2016, Birmingham for the last year and a half and most recently in places including Kirklees, Calderdale, Wakefield, Leeds, Darlington, Wigan, Southampton, Islington, Gateshead, Sunderland, Oldham, NE Lincolnshire, and Wirral. Preston's approach focused initially on procurement and commissioning and has more recently included interest in land, property, investment (including its pension fund) and broadening ownership of the economy. Islington has been less interested in localised workforce issues because it is part of the London labour market; instead, it has sought to explore how the land, property and investment stewarded by anchors can generate local benefit and reverse the extractive and speculative nature of land and property markets in London.

The key point here is that there is no single model of Community Wealth Building that can be dropped into another locality. Instead, CLES works with partners to assess how the area performs against the four areas of Community Wealth Building and which are most fruitful to explore further, based on an understanding of the needs, strengths and contexts of each place.

17 See: www.blogpreston.co.uk/2018/06/the-preston-model-in-national-spotlight-again-on-the-jeremy-vine-show/

18 PwC and Demos (2018) Good Growth for Cities 2018. A report on urban economic wellbeing from PwC and Demos. Available at: www.pwc.co.uk/government-public-sector/good-growth/assets/pdf/good-growth-for-gities-2018.pdf

The journey towards a new economic model

Those involved in Community Wealth Building are keen to stress that the progress to date is part of a journey towards a new economic model. They are under no illusions that structural economic change is difficult to achieve, not least because of Britain's highly centralised governing structure.

Some of the key barriers identified are long-term, macro factors that central government is responsible for. For example, promoting an ownership economy is made difficult by the weakened nature of unions and collective bargaining in the UK. Austerity has drastically reduced the resources coming into deprived towns and cities, while also weakening the economic footprint and influence of anchor institutions.

The levers for shaping the flow of wealth are also weaker than they should be, for example as a result of state aid rules. Building community wealth through land, property and investment is also difficult because planning law generally "favours the extraction of wealth," according to McInroy, and instruments such as Section 106 and the Community Infrastructure Levy are too weak to mitigate this. The fragmented nature of our various systems is also a problem. For example, there is no national procurement framework, which means that different local anchor organisations have different types of procurement systems set by different Whitehall departments — making coordinated anchor work challenging.

As well as practical challenges, ideological challenges can present themselves as well, particularly given that Community Wealth Building is based on a strong critique of economic orthodoxy. Some argue that it is anti-competition, involves an undue interference of the state within a local economy and may promote parochialism instead of economic coordination across geographies. Proponents would argue it helps to ensure better competition by providing opportunities for socially minded businesses to compete; and promotes cooperation, evidenced by the interest from city regions in the approach.

Moreover, even though national factors may make the ultimate goal of the "restoration of a new type of economy" challenging to achieve without central government reforms, proponents are eager to stress the progress that has been made and that continues to be made.

There is significant potential to deepen Community Wealth Building in the UK, with three clear opportunities where the national conversation has shifted to enable innovation.

There is generally more interest in how public procurement and spending can be better coordinated and used more effectively to create social and economic value that helps to revitalise towns and cities, and this may become a key area of interest as a result of Brexit.

Devolution is creating space for changing the way in which resources flow through local areas, and Community Wealth Building could be an important part of the devolution toolbox.

There is also a renewed interest in new economic models and new forms of 'business citizenship', underscoring the positive role that the private sector can play in the agenda.

CASE STUDY OVERVIEW

Community Wealth Building

SUMMARY: In collaboration with Centre for Local Economic Strategies, the local councils and other anchor institutions in Preston and Lancashire have worked together to prevent wealth leaving the area, and to focus on developing and sustaining local wealth-creating assets, businesses and practices. This has largely involved supporting and developing local supply chains for public contracts, so that more of the money spent through procurement remains within the area, supporting local businesses and employment.

DRIVERS: Over several decades Preston experienced the precarity associated with industrial decline and economic restructuring, and following the 2008 financial crisis and government austerity, local leaders recognised that conventional economic development approaches would not deliver the changes needed by local citizens and businesses. In response, Preston began to work closely with the Centre for Local Economic Strategies from 2011 to develop a range of Community Wealth Building initiatives.

STAKEHOLDERS: Key stakeholders include the elected members and officers at the two local authorities involved, a number of educational institutions, the local police force and a housing association who have all collaborated alongside the Centre for Local Economic Strategies to engage and increase the proportion of public spending with local businesses.

OUTCOMES: To date, key outcomes which have benefitted the local economy and citizens in Preston and Lancashire have included:

- Local businesses being awarded £75m worth of contracts
- Preston City Council's pension scheme funding local student accommodation instead of investing in speculative prospects
- 4000 more people receiving the real living wage
- In 2017 Preston improved its position from 143rd to 130th in the social mobility index (out of 324 local authority areas)
- In 2015 Preston was lifted out of the bottom 20 percent of the most deprived areas in England
- Creating a platform cooperative to advance cooperatives within Preston
- Building a food cooperative to help supply anchor catering supply needs
- Plans to set up a Community Bank

Other examples of inclusive growth in action

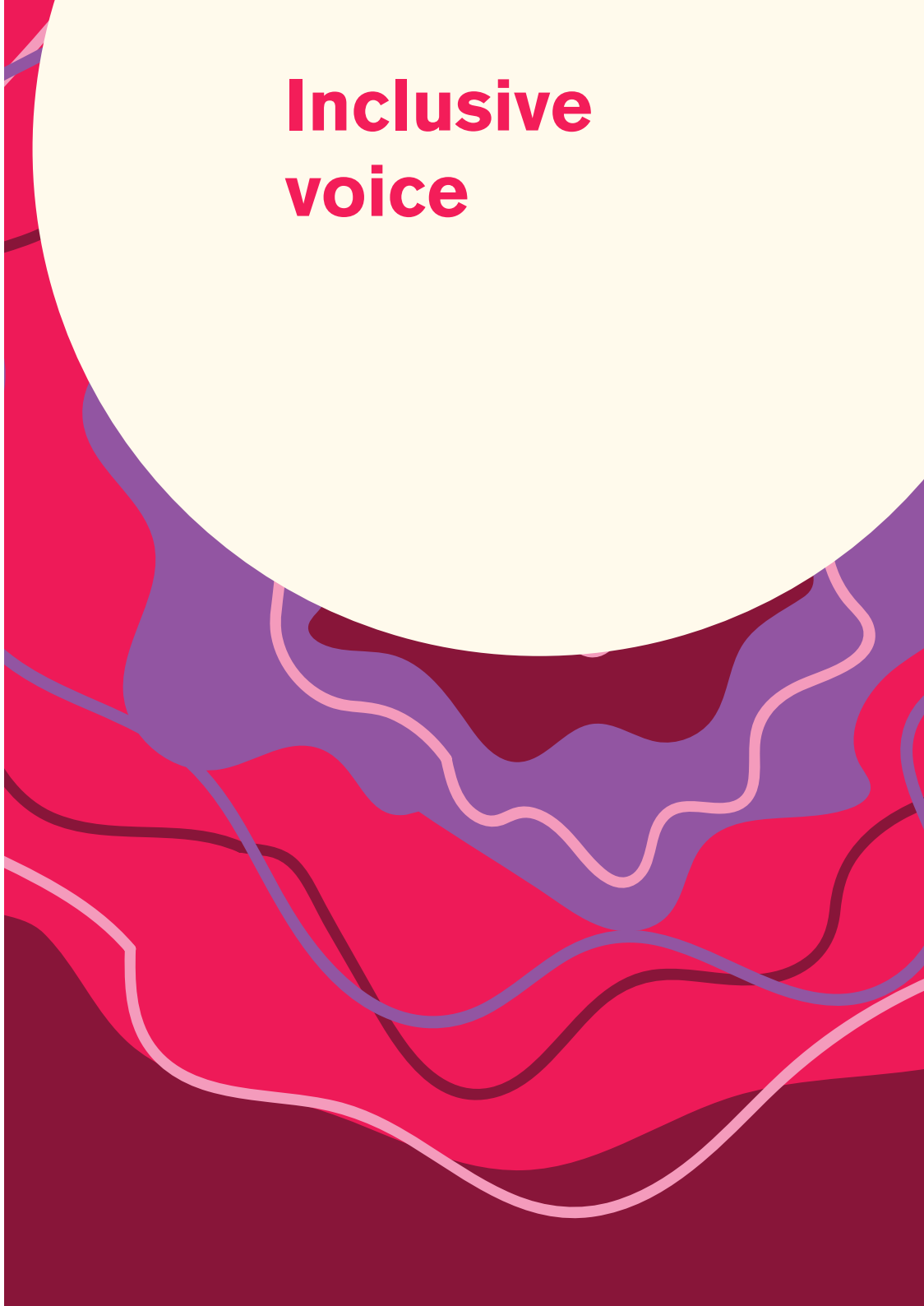
Freiburg im Breisgau, Germany

Freiburg built two large new settlements on land the city acquired through putting in infrastructure and providing sites especially to smaller, self-build developers. Under German law, land values can be 'frozen' on sites identified for development in local plans, so that the uplift can fund the necessary local infrastructure.

Community Savings Bank Association (CSBA), UK

The CSBA has been formed to create a network of banks to serve the every day financial needs of ordinary people, local community groups, and small and medium sized companies. They are intended to help redress regional inequalities, make financial inclusion the norm and build and store community wealth. Regional banks are held in trust for the benefit of the current members and those that come after them.

Inclusive voice



Inclusive voice

Decisions that shape our economy and its future are generally made without the serious involvement of citizens and those that are likely to be affected. This means the economy is often managed in a way that reflects narrow interests and concerns. Demands for more democratic stewardship of the economy are growing, but there are worries in some quarters that 'people power' may trigger a populism that undermines economic and political institutions that serve important functions.

The experiences of Barcelona and Utah suggest that these fears are misplaced. Despite having completely different political traditions — Utah is a conservative, Mormon-majority state in the US, while Barcelona is governed by a party that emerged from a left-wing grassroots movement — the similarities of approach between the two are striking. Both case studies show how citizens and their values can play a critical role in stewarding a place and its economy to serve long-term goals with broad benefits. Rather than pitting citizens and grassroots organisations against formal institutions, they demonstrate how deliberative democratic methods can bring them together to promote collective decision-making.

Decidim Barcelona

Spain was hit hard by the 2009 global recession. People were agitated by the spiralling crises in public finances, housing and the economy. Unemployment had shot through the roof, shattering the job prospects of young people in particular. Their frustration found expression in a growing distrust of institutions, and a collective feeling that democracy was not working in the interests of ordinary citizens.

By 2011, Spain's 15-M movement gave structure to this widespread disaffection. Hundreds of thousands of people took to the streets and occupied the squares of dozens of cities. Their core demand was simple: "real democracy now." Social movements sparked unprecedented public debate about the future of democracy, and helped to crystallise ideas about direct and deliberative democracy, which also began to be prototyped through technological platforms.[19]

The 2015 local elections transformed many city councils, bringing into power parties led by activists and grassroots organisers that were key participants of the social movements rocking the country's status quo. Ada Colau, Barcelona's charismatic new mayor, was among them. In 2014 she founded Barcelona en Comú, a citizen platform that stood and succeeded a year later in Barcelona's municipal elections.

Barcelona would become a testing ground for a new kind of 'technopolitics' — the harnessing of technology as a tool to help democratise the city. Its major achievement would be to set in motion a move towards a more pluralistic democratic infrastructure; one that doesn't pit communities and institutions against each other, but instead brings them together in a network of collective deliberation and action.

A strategic plan shaped by a new kind of politics

As the new city government led by Ada Colau took shape in 2015, an immediate priority was to set a new strategic plan for Barcelona. Citizens would have to play a key role.

19 Pena-Lopez, I. (2017) Decidim Barcelona, Spain. Voice or Chatter? Case Studies. IT for Change.

Citizen participation in informing or influencing municipal plans is of course neither radical nor uncommon. What distinguished Barcelona's approach was a commitment to embedding it into the fabric of democratic governance and to rebalance the power between institutions and communities. As Ismael Pena-Lopez notes, "[Participation] is almost exclusively institution-led and discrete. There is no continuum of participation, merely isolated initiatives where citizen voice is channelled into governance."[20]

The key vehicle for deciding a new plan was Decidim Barcelona, a web-based platform developed at Barcelona's Laboratory for Democratic Innovation. Decidim is a citizen-governed digital infrastructure for connecting people into channels of participation and decision-making in the city. It blends digital platforms with real-world engagement, to avoid digital exclusion (the strategic planning process included 410 face-to-face events). It was, for Decidim Barcelona programme lead Arnau Monterde, the "most participative strategic plan in the history of the city."

FLOWCHART OF THE PARTICIPATORY PROCESS FOR DECIDIM BARCELONA

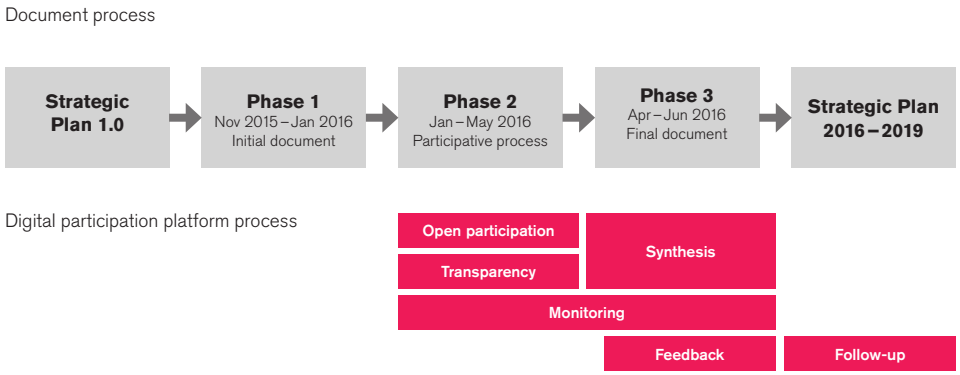


Diagram Source: Ajuntament de Barcelona (2015)

20 Ibid.

Real democracy now

According to Arnau Monterde, "we tried to design a platform to answer the radical need of real democracy." This meant the platform could not be just another sounding board without any actionable follow-through. The participation of citizens had to be meaningful, not passive; authoritative and not merely advisory; and the outcome of collective deliberation. Citizens would not only submit proposals for consideration, but also help to design and monitor the participatory processes. They would be part of an open, transparent and networked democracy.

During the strategic planning process between 2015 and 2016, up to 220,000 interactions took place. This included proposals, comments, debates, proposal supports, votes and face-to-face engagements. Significantly, 1,300 of the 10,000 proposals came from the city council itself. It was not outside of the process, but an active participant, playing by the same rules and guided by the same norms as everyone else.

The city council evaluated every proposal, which was a painstaking process but also one necessary to reinforce the value placed in citizen input and autonomy. Political, technical and qualitative criteria were used. This meant proposals were taken forward not just based on the votes they received, but also factors such as the number of neighbourhoods where the proposal was discussed, and the number of organisations that supported it. Seventy percent of the proposals were eventually accepted to be part of the municipality's strategic plan, in the form of 1,467 'strategic actions.'

To ensure the integrity of the new democratic infrastructure, the creation of a plan or strategy document was not enough. The strategic actions had to lead somewhere; and their implementation had to be visible to citizens.

Decidim therefore gives people the ability to monitor the progress of their proposals, right down to the percentage of execution of each project.

Successful proposals range from affordable housing schemes to air quality and wellbeing projects, as well as more ambitious economic reforms of particular interest to the city government and civil society groups.

The goals of the participative process of Decidim Barcelona are defined by the City Council of Barcelona as:

1. To elaborate upon the PAM and the PAD (the strategic plan of the municipality and the districts, respectively) for 2016-2019 with the active participation of the citizenry, in an open, transparent and networked fashion.
2. To give a leading voice to the citizenry of Barcelona.
3. To give a voice to the neighbourhoods of the city so that the city becomes the city of the neighbourhoods and takes their voice into account when it comes to city planning.
4. To collect proposals that come from plural and diverse opinions and interests.
5. To foster the participation of the least active collectives or collectives facing additional difficulties/barriers.
6. To foster a culture of active participation, or collective construction of the government of the city and citizen democracy.
7. To strengthen the foundations for future processes of citizen participation.

Call Out Source: Ajuntament de Barcelona, 2015 cited by Pena-Lopez, I. (2017) op cit.

A pluralistic democracy

The bottom-up demands for real democracy necessitated a new form of democratic infrastructure, according to Arnau Monterde . "We needed something that was an alternative to and a balance between representative democracy — which is only every four years — and direct democracy, which is for everything to be decided by everyone. We wanted to innovate."

The innovation came by focusing on the quality as well as the quantity of civic interactions. More than 42,000 citizens took part in the deliberative processes, compared to under 27,000 under the previous strategic plan. Intriguingly, the number of proposals actually decreased by 40 percent, but the quality of engagement was far higher. Previously, individual proposals were not visible to others and involved no debate or deliberation. The new process encouraged far greater dialogue, which promoted fewer proposals but ones that were better defined and discussed and supported by other citizens, fostering greater social capital.[21]

Crucially, a network analysis of the relationships among participants in the Decidim platform (measured by their interactions) shows a rich network of deliberation in which both formal institutions — such as the city council — and grassroots and informal organisations or individuals play important roles, with a degree of harmony and collaboration. This challenges the fear that more participative forms of democracy can undermine the constructive role of institutions. In reality, what appears to have emerged is a higher quality and more pluralistic democratic infrastructure. "There seems to be a harmony between "establishment" networks and new actors and new approaches." [22]

Even in a participative network such as Decidim, key institutions still remain critical hubs of intellectual leadership. The nature of their leadership, however, changes dramatically.

> "Unlike the past, where the administration is at the top of the hierarchy, in a network society the administration is thought to be just a node albeit an important one in a big network of policy-making, made up of other administrations, experts, the citizens affected by public decisions and the citizenry at large."

As Arnau Monterde puts it, this is about a new type of relationship between citizens and major social, political and economic institutions. "We want to promote better relationships underpinned by more participatory actions that are bottom-up and collective — that combine institutional initiative with citizen initiative, self-organisation and autonomy."

Despite the promise of Decidim, the challenges are also visible. For one, there is a degree of uncertainty about who exactly is participating. Because of strict rules about people's private data, there is a lack of demographic data to understand the characteristics of those that take part, and whether there is an inclusion of representation.

NETWORKS OF INTERACTION IN DECIDIM BARCELONA

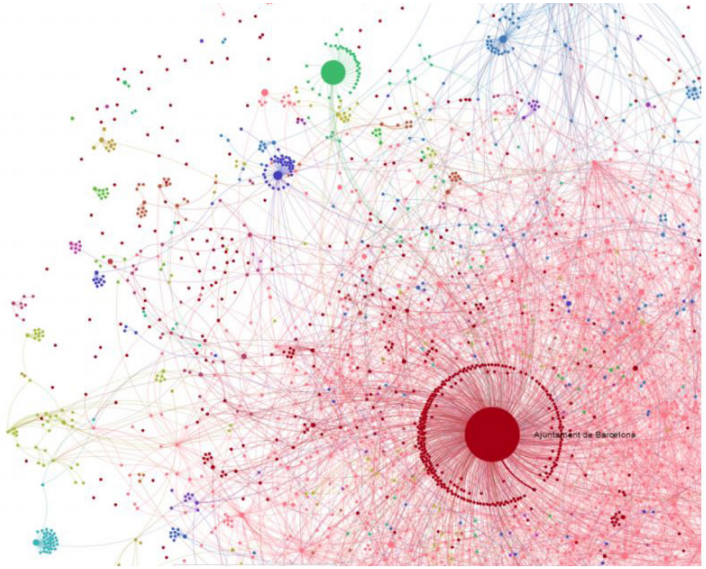


Image Source: Ajuntament de Barcelona, cited in Pena-Lopez, I (2017), op cit.

21 Ibid.
22 Ibid.

A pluralistic economy?

The new democratic structures are galvanising efforts to rebalance economic power in the city, according to Monterde. The reforms in Barcelona are part of a wider global movement among cities to create a shift towards a 'progressive municipalism' with new bottom-up centres of power and economic organising.[23] A key element of the agenda is the re-municipalisation and localisation of resources and economic assets, including the promotion of co-operative business models and the use of public procurement to steward local economies in new ways. Citizens are seen as playing a key role.

A major area where this is taking shape in Barcelona is the re-imagining of what it means to be a 'smart city'. Under previous administrations, Barcelona became a global leader in the smart city movement, with significant investment into developing new ways to use technology and data to more efficiently manage the city and its services.

But the smart city infrastructure that Ada Colau and the Barcelona en Comú party inherited was unduly narrow, serving mostly city hall's managerial priorities as well as the interests of large private sector service providers. Large swaths of city data (including data about citizens) was harvested and ultimately held by the city government and its private partners.

"The 'smart city' concept was a model based on big companies. Big companies were awarded huge contracts to develop technologies, which sometimes were open source, but the data was ultimately held by the companies, often to develop their own products and services." The new administration has sought to "democratise the city's technological infrastructure" and to "create a distributed system" that hands more of the power over data to citizens and to support small and medium-sized enterprises and co-operatives to benefit.

Procurement has been a key lever for change, with clauses inserted into contracts with companies such as Vodafone to ensure greater public ownership of data. Initiatives such as Project DECODE are also testing a more decentralised technology architecture, while pilots are in place to give citizens a central role in stewarding and channelling data from the "internet of things" to improve public services, or to develop local enterprises. Decidim itself is making the data held about citizens visible to them, allowing them to determine how that information is used — for example to inform policy.[24] The intention ultimately is to create a more pluralistic democracy and economy, underpinned by a relentless focus finding ways to catalyse citizen voice and action.

23 For example, see the Fearless Cities initiative: www.stirtoaction.com/article/fearless-cities

24 See Graham, T. (2018) Barcelona is leading the fightback against smart city surveillance. WIRED. Available at: www.wired.co.uk/article/barcelona-decidim-ada-colau-francesca-bria-decode

CASE STUDY OVERVIEW

Decidim Barcelona

SUMMARY: Decidim is a web-based platform which also synthesises real world engagement to provide the infrastructure for citizens and public bodies to contribute to and collaborate on making decisions about the needs and future of Barcelona. It is integrated with the governance of the city and functions to rebalance the influence held by institutions and communities, with an emphasis on the weight of citizen inputs as more than provisional or advisory contributions, and with opportunities for citizens to be involved in the ongoing codesign and oversight of the city's participatory processes.

DRIVERS: Following the global recession, the Spanish unemployment rate exceeded 20 percent and distrust of public and democratic institutions became widespread. In 2011, the grassroots social movement which grew from these frustrations saw a new, more radical cohort of politicians elected to posts in many cities, including Barcelona. The new mayor, Ada Colau, has gone on to oversee the development of new approaches that respond to the growing demand for more participatory and accountable forms of local democracy and governance, of which the Decidim platform is a critical part.

STAKEHOLDERS: The key stakeholders for the Decidim project and associated citizen participation initiatives in Barcelona have been the city's citizens and civic society groups, local politicians and public servants, and the newly established Laboratory for Democratic Innovation.

OUTCOMES: Key outcomes have included the number of citizens participating in the development of the city's strategic plan increasing from 27,000 to 42,000, with more meaningful engagement resulting in a reduced number of better quality proposals emerging through the process.

A new dynamic between formal institutions, grassroots bodies and individual citizens has created a deliberative network in which all participants function as nodes, in contrast to the traditional hierarchical model which it replaced. This has resulted in the democratisation of Barcelona's technological infrastructure, with citizens having more control over how data is used, and with more benefits being realised by local SMEs and co-operatives.

Envision Utah: How we grow matters

In 1995 the US state of Utah faced a looming challenge. It wasn't the familiar one of depopulation and economic decline that was gripping many other parts of the country, which the state's leaders had feared a decade earlier. Rather, Utah was in danger of growing too much, too fast without having the means to manage the resulting pressures.

This was at a time when many of conservative Utah's liberal counterparts, such as California, were pursuing growth policies that were fuelling inequality and cost of living pressures. When Utah's leaders came together to anticipate future challenges, they explicitly applied lessons from California, where mismanaged growth — through restrictive zoning and land use regulations — had imposed "enormous" social, economic and environmental costs, not least by cutting older cities and suburbs off from access to jobs and social and economic opportunities.

Fast forward two decades, Utah has avoided California's fate. In fact, the Salt Lake City metropolitan region is one of the most economically inclusive in the United States. It bucked the trend of rapidly rising inequality by growing significantly but ensuring the distribution of that growth was more evenly spread. Employment grew by 119 percent between 1980 and 2010, while wages rose at an even rate for all groups across the labour market spectrum. Equitable growth has been maintained even as the region has undergone a demographic shift towards becoming a 'minority-majority' area due to significant growth of its non-white population.

How did it achieve this? Part of the answer lies in the slogan of Envision Utah (EU), the non-profit public-private partnership that helps to set and mobilise action to achieve the region's long-term economic vision. Simply: "How we grow matters."

Eschewing the perceived wisdom of the time, Utah resisted the urge to pursue growth policies — such as restrictive zoning — that harmed equity and living standards. It also elected to avoid relying on top-down, technocratically driven regional planning processes favoured by some policymakers. Instead, it saw the stewardship of growth as a long-term, grassroots driven civic endeavour, with a prominent role for residents. As Envision Utah's chief executive officer Robert Grow says, "citizens and their values are a key success factor."

The birth of Envision Utah

Envision Utah was born in 1997 as a response to the challenge of rapid population growth in the Greater Wasatch Area, which some feared could threaten the quality of life of residents if poorly managed. EU's first task was to guide the creation of a Quality Growth Strategy that was backed and supported by the public and key actors across the state. Effective and long-term local coordination would be critical to its success.

This was far from straightforward. Like many other places, the sheer complexity and fragmentation of governance posed a serious challenge. At the time the Greater Wasatch area contained 10 counties, 91 towns and cities and 157 special service districts, all with some level of responsibility for managing growth. This fuelled a 'bunker mentality', with residents and institutions attaching themselves closely to their particular city, town or neighbourhood. Some influential organisations in the state were also sceptical about involving residents. They held paternalistic assumptions about what citizens wanted and what was good for them.

Responding would not be easy.

But what followed was a set of choices that proved pivotal in the development of EU as a grassroots, citizen-backed partnership that has made a major contribution to the region's success. The first was to regard the pursuit of quality growth as a long-term endeavour, not one that would be managed within the confines of political or administrative cycles. The second was to frame EU's work as visioning rather than 'planning,' which is generally associated with narrow, technically managed processes. The third was to see the visioning as a continuous process, not a project. This ensured that stewardship of Utah's growth was not a short-term, managerially driven exercise that was restricted to isolated, time limited projects.

EU determined that if collaborative, grassroots coordination of social and economic policy was to have a reasonable chance of success, Utah's citizens would have to be active participants. As a result, citizen input anchors every stage of the EU process.

Quality growth means valuing citizens

Defining what quality growth and quality of life actually means for Utah starts with the perspectives and experiences of its residents. At EU's inception, this began with a study to examine the community values of Utah's residents. A firm called Wirthlin Worldwide was commissioned to apply a specialised methodology called VISTA to develop a deep understanding of what residents value about living in Utah and what they understood quality growth to mean for them. This was not a tokenistic gesture or an opinion survey. It was a rigorous effort to better understand the values and perspectives of citizens. Proportional demographic representation was ensured as part of the sampling strategy.

The Values Study, as it is commonly known, is the embodiment of a key principle of inclusive growth — the importance of understanding the human experience of growth, and not just seeing it as a set of abstract economic metrics. The study revealed that what residents valued most about living in Utah was 'peace of mind' — the personal security, enjoyment, self-esteem, sense of accomplishment and freedom that characterised 'quality' growth. Financial and economic security was of course important — especially business and job opportunities, income levels, affordable living and fair taxation. But so was personal and community enrichment (the social infrastructure underpinning inclusive growth), protecting public lands and personal health and leisure. Indeed, one of the real benefits of the Values Study was that it showed not just what Utahns cared about, but also *why* they cared about those things.

ENVISION UTAH VALUES MAP 2007

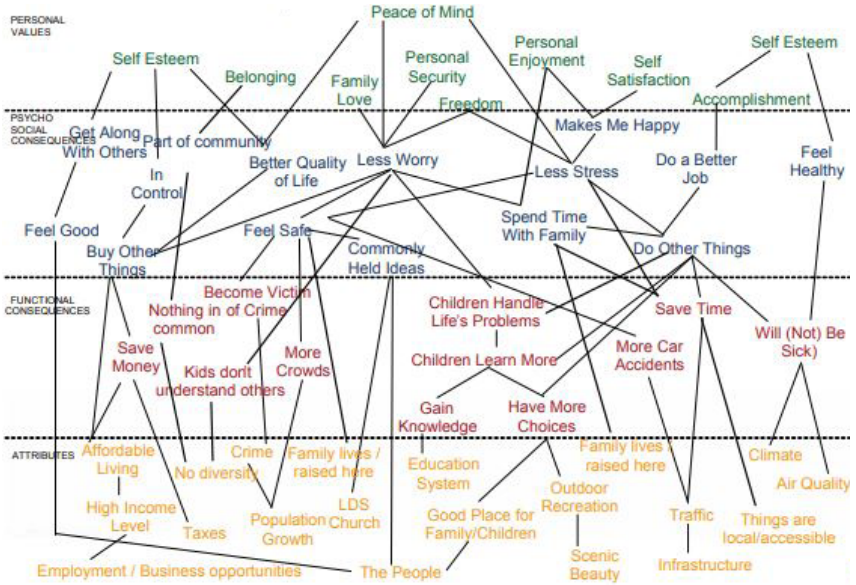


Image Source: Envision Utah (2007) Utah Values & Future Growth

Subsequent Values Studies took place in 2007 and again in 2014, and the values have been remarkably consistent over the last few decades. The latest study however surfaced some perspectives that possibly reflect the post-recession anxiety affecting middle class families across the world's advancement economies. The quality of jobs alongside a low cost of living became a prominent theme — people valued good jobs that would support their families, help them to remain in Utah and provide an economic platform for future generations. Perhaps worryingly for Utah's community leaders, by 2014 residents became less sure of their own ability to manage and shape growth, and this wasn't compensated by increased confidence in the state or private business. In the 1997 study, 42 percent of citizens said "residents like you and me" can best deal with growth challenges. By 2014, that figure was 27 percent. The possible loss of control underlines the importance of grassroots engagement and partnership between communities and civic and business leaders.

Visioning future growth

After the first Values Study was published, Utah's leaders might have concluded that the resident consultation box had been ticked, and that they could now get on with the serious work of long-term planning. Instead, they found a way to bring experts and citizens together in a shared endeavour. If citizens were to be equal partners, they had to be active participants in anticipating and responding to future challenges. The platform for this was EU's grand scenario and visioning exercises, which are used to explore what Utah might look like decades down the line and directly inform state policies and implementation plans.

The process begins by using insights from values studies to select topics that are critical to the future of Utah. Over the years these have ranged from agriculture, education and air quality through to jobs and the economy and housing and cost of living.

Hundreds of experts from across the state then study the topics to construct potential scenarios for Utah's future growth. Citizens weigh in on each topic and scenario, providing input into how they want the state to grow. In recent years this has been achieved primarily through a state-wide survey (the most recent of which received over 52,000 responses), but community workshops have also been used extensively. The outcome of this collaborative process is the formulation of a vision for the future.

ENVISION UTAH: VISION FOR 2050 PROCESS

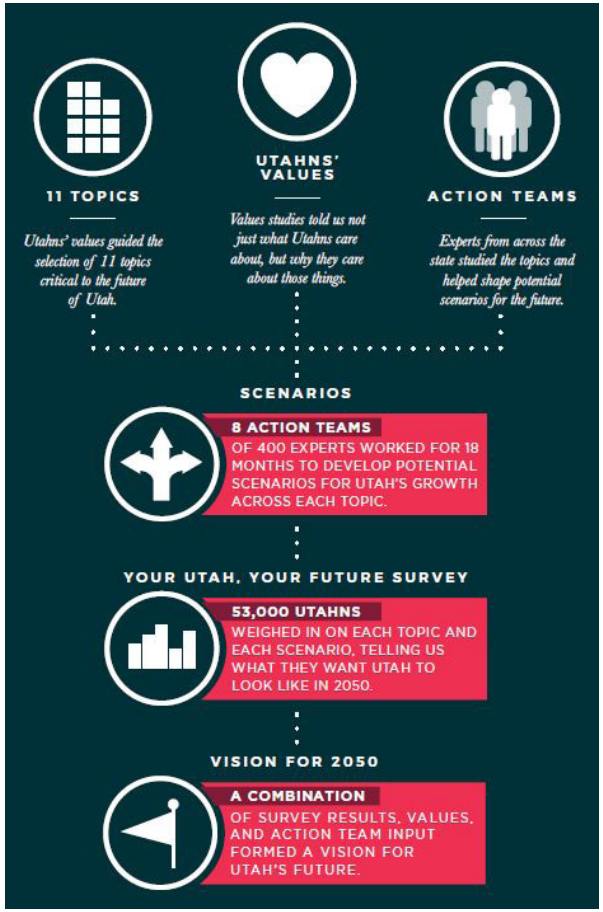


Image Source: Image from Envision Utah, Your Utah. Your Future. Vision for 2050.

From vision to implementation

Utahns like to get things done. They have a rich and active civil society, in part due to the influence of *The Church of Jesus Christ of Latter-day Saints*, which has built a strong social welfare ethos among its followers, including leading businesspeople in the state.

To win over action-oriented sceptics, proponents of EU therefore had to demonstrate that implementing quality growth strategies would deliver tangible results. They had to establish a proof of concept. To achieve this, three demonstrator pilot projects were created in 2000. Each pilot was unique and dealt with different types of land-use issues, but all shared a significant element of community involvement.

The pilots helped to construct a structure and process for implementing regional visions that is still used today. This involves a steering committee made up of a cross-section of the community (from local officials to businesspeople to residents), consultants to guide the technical work of implementation, and a community involvement process to ensure resident influence from beginning to end. Once projects are agreed, the steering committee works with each city and town involved in the regional planning process to establish implementation plans, outlining their roles and engaging deeply with local stakeholders to encourage support and adoption of the vision. The championing of the projects by citizens provides them with a strong degree of legitimacy and plays a key role in successful implementation.

The achievements of EU have been impressive, from reduced carbon emissions to smarter land use. One of its major successes has been a tax-funded expansion of a regional transportation system that is delivering environmental, employment and quality of life benefits. It is seen as a major success by EU's leaders because it provides a case study in how citizen deliberation and involvement can overcome the limitations of traditional decision-making processes and create opportunities for transformational change.

In 1992 a measure to fund an expansion of Utah's transport system through an increase in sales tax was firmly rejected by voters. In 2000, all three counties in the Greater Wasatch Area passed the measure, which was remarkable given that many residents held conservative values and were naturally sceptical of tax rises and planning decisions. The success lay in the approach to promoting the measure. Rather than lobbying for change through conventional channels, EU instead sought to create public awareness and engagement around the proposal. The public debate that followed convinced residents to support the measure.

The overall influence of EU may be even more significant. In their 2015 book Equity, Growth and Community, Chris Benner and Manuel Pastor examine the factors that allowed a small number of metropolitan regions in the US — Salt Lake City (Utah) among them — to buck the trend of rising inequality and achieve equitable growth over the course of the last few decades. They found that employment in the Salt Lake metropolitan region grew by 119 percent between 1980 and 2010, compared to an average of 57 percent for the top 192 metro regions of the US. Earnings growth was around average, but significantly, it was equally shared across all levels of the labour market. Benner and Pastor's study found that while structural factors within the economy of course played an important role (for example a more educated workforce and low cost of living), EU's "collaborative, diverse, and consensus-driven process" was critical in creating long-term buy-in to a shared vision quality growth, which in turn helped to steward regional decision making in directions that supported more equitable economic development.

EU illustrates how decision-making processes that engage citizens as equal partners with established institutions, and that focus on the implementation of long-term visions rather than short-term policy changes, can create the conditions for inclusive growth.

CASE STUDY OVERVIEW

Envision Utah

SUMMARY: Envision Utah operates on the premise that citizens will make good decisions about their collective future if they are given an opportunity to engage with relevant information and are effectively involved in agenda setting processes. At its inception, the initiative carried out extensive values research with Utah citizens and engaged thousands in the development of a Quality Growth Strategy—the key principles of which continue to underpin local development today through the diverse regional knowledge community which has coalesced around them. The intervention currently leads on development projects at both state-wide and local levels, with the approach consistently underpinned by five key elements: values research with citizens, information gathering with experts, scenario modelling, public choosing and visioning of goals and strategies.

DRIVERS: During the 1990s, the Salt Lake City metro region experienced challenges related to population growth, urban sprawl and unsustainable development, which necessitated the development of a strategy to deal with these issues in combination. At the same time, there was an appetite to move away from traditional, paternalistic modes of decision making towards a more inclusive, citizen let approach.

STAKEHOLDERS: Key stakeholders are the Utah citizens engaged in decision making processes, the 100+ people—including local business leaders, community leaders, religious leaders, philanthropists and politicians—that represent a broad range of perspectives and political positions as part of the Envision Utah steering committee, and the planning and development experts who inform the intervention's projects.

OUTCOMES: Key outcomes of Envision Utah include:

- Inequality and poverty being kept significantly lower than national averages
- Higher density development, with 200 sq m less land being built on than projected
- Denser housing and employment opportunities located closer to transit infrastructure
- An extensive, and growing, rail system which is an exemplar even for larger metro regions, was previously considered politically unviable in Utah
- 25 percent less water usage per capita
- More than 40 percent of new multifamily units built within half a mile of a rail station, connecting more people to key infrastructure
- Emissions reduced by 250 tonnes per year, with the state on track to meet new air quality standards

COST/FUNDING: The average annual budget of Envision Utah is around $1m per annum, with around 30 percent of funding coming from consistent funders, and around 60 percent of funding being project based. Funders include public bodies, philanthropic foundations and the business sector.

Other examples of inclusive growth in action

The Belfast Conversation, UK

The aim of the Belfast Conversation was to build consensus around long-term wellbeing outcomes and use this as a basis to work back to priorities and actions for change. For example, the council's youth forum led on the meetings in schools to discuss the city's future, and — in corners of the city with particularly intractable social and economic problems — the conversations sought to diagnose local issues with the people who lived there and work out practical solutions.

Medellin, Colombia

Medellin used urban infrastructure and a participatory planning processes to promote social cohesion and inclusion through face to face interaction between people from different communities and backgrounds. By using smart design and innovative transportation development the city's leaders have taken a long-term approach to include the excluded in the city's mainstream economy and society.

Inclusive futures

Inclusive futures

An important element of building an inclusive economy is to create a long-term orientation for decision-making, so that short-term actions do not come at the expense of future generations. The challenge of adapting our economic models to the imperatives of responding to climate change and growing inter-generational divides is more urgent than ever.

The Promise of Seoul and public wealth funds provide important lessons for how we might do this. The former, surprisingly, is one of the few examples at city or regional scale where environmental action and inclusive economic development have come together to anticipate and respond to future challenges which expose the interdependencies between social, economic and environmental challenges. The case study on public wealth funds illuminates the sorts of tools that can be used to better manage public assets to unlock long-term investment in social and economic infrastructure. It shows the value of developing approaches that are sustainable beyond short-term political and administrative cycles.

The Promise of Seoul

South Korea and its capital Seoul exemplify why traditional measures of economic success are a poor guide to the health of an economy and its future prospects. They have experienced rapid economic growth and urbanisation in recent decades, climbing international rankings and capturing global attention. But this growth has been highly unequal, with income inequalities in Korea ranking the seventh-highest in the OECD.

Seoul, home to 10 million residents and 25 million people within its wider metropolitan area, faces a challenging future. The demographics of the city are changing rapidly, with half of its fast-ageing population living below the poverty line.

As across South Korea, the experience of work is acutely polarised, with a dualistic labour market that divides regular and non-regular workers. The latter are on fixed-term contracts, have fewer social protections and earn significantly less than those in regular work. Women, youth, older workers and migrants are especially disadvantaged.[25]

But Seoul is also pioneering something unique. It is confronting the contradictions that beset many countries' and cities' efforts to tackle climate change, in particular the tendency for economic development and environmental policies and programmes to exist in separate universes. Seoul, helped by the leadership of its highly-popular mayor, is bridging these worlds: linking climate change mitigation and adaptation measures to economic and social efforts to promote citizen welfare. The approach is by no means without its own challenges and issues, but it provides a template for how an inclusive economy might be built on a foundation of concern for future wellbeing, instead of a relentless push for growth at all costs.

Bridging two worlds

Well before the Promise of Seoul initiative was launched in 2015, the metropolitan government had recognised that climate change was disproportionately impacting the livelihoods of economically vulnerable people in the city, including low-income households, non-regular workers, women, migrants, the elderly and those with lower levels of education. These groups had a weak safety net with few protections, lacked insurance and were especially vulnerable to the health impacts of environmental and economic shocks. As the OECD notes, climate change is "poised to further entrench structural inequalities in cities."[26] This is on top of the significant challenges already being faced as a result of rapid demographic change, continued urbanisation and uneven economic growth.

25 OECD (2018) Inclusive Growth in Seoul, Korea. OECD Publishing. Available at: www.oecd.org/korea/inclusive-growth-in-seoul-korea-9789264290198-en.htm

26 Ibid.

Benefitting from a strong national policy framework for climate change and green growth, the Seoul Metropolitan Government (SMG) responded by catalysing efforts to bridge climate change measures and wider initiatives for promoting citizen welfare, especially for those groups that have lost out from the city's burgeoning economy.

The Promise of Seoul was the city's first plan for achieving this. It was preceded by the One Less Nuclear Power Plant (OLNPP) initiative, which was designed to reduce emissions while also raising awareness about energy use and creating a culture of solidarity and collective responsibility among citizens on the issue. The OLNPP initially emerged after public opinion about nuclear energy shifted following the Fukushima disaster. Its early focus was predominantly on energy usage, but this evolved as the Promise of Seoul began to reshape the city's response to climate change. This led to a stronger focus on energy poverty and welfare, rooted in an appreciation for the distributive effects of climate change and how the city's responses to it can create economic opportunities for vulnerable groups as well as to support these groups to be active participants in reshaping the city.

The Energy Welfare Public-Private Partnership Programme (EWPPP) exemplifies the holistic approach taken by the Promise of Seoul. It focuses on low income households that are at particular risk of fuel poverty as a result of climate change. Households are provided with energy efficiency upgrades such as solar panels and LED lights, in order to increase their energy independence. But economic development and civic participation also run through the initiative. Disadvantaged job seekers are provided with skills and employability support to help them train to become energy consultants and welfare workers that carry out assessments of energy welfare support, home retrofitting, and households' energy performance. An Energy Welfare Civic Fund has also been developed to invest in energy welfare programmes. The fund is made up of monetary and in-kind contributions from citizens and businesses, and is topped up by the savings generated by a virtual power plant that brings together 17 municipal buildings and 16 universities. The OECD describes this innovative funding mechanism as one of the key features of Promise of Seoul, drawing together public, private and citizen resources.

Emerging impact and innovation

While no formal evaluations have taken place, there is evidence to suggest that the approach taken by the city government is having an impact.

The energy efficiency measures far exceeded the original target by saving 3.66m TOE of energy, or the equivalent of the output produced by 1.8 power plants and 4 coal power plants. The citizen-led Welfare Civic Fundraised KRW 755m (over £500,000) between June 2015 and December 2016, contributing to the cost of retrofitting 2,000 low income homes. To date, more than 180 jobs have been created for underprivileged job seekers retrained as energy consultants.

The OECD team that researched Seoul's approach identified a number of design principles and critical success factors. The leadership of the city's mayor was significant, especially given his track record for being innovative and inclusionary. Framing citizens as active participants rather than passive recipients helped to solidify a culture of solidarity and collective action, allowing poorer households to take greater control. The ambition is for several million citizens to end up participating in the welfare fund, while 10,000 'citizen safety watchers' would be at the frontline of climate change mitigation in partnership with public officials. The current and future success of Seoul's efforts is underpinned by a social partnership between public, private and citizen actors.

Taking it one step further

As a nascent initiative, the overall impact of the Promise of Seoul remains relatively modest. While this is likely to change in the years to come, there are familiar challenges that may hold back its potential. For one, the institutional siloes within the city make the ambitions for integration tricky. There are also limits to the influence of the Seoul metropolitan government in the wider region beyond its administrative boundaries. Misalignment exists between the city's ambition for a public policy step change and the actions of the national government, for example the continued subsidising of fossil fuels, ongoing controversies around nuclear energy, and the struggles of addressing the duality of Korea's labour market.

Despite these issues, the Promise of Seoul has set a template for a much more forward-looking, holistic approach to managing economic and environmental change. While the focus of Seoul has been on energy, there are opportunities to mainstream the approach across other important areas of policy. For example, by looking at transport, housing, urban planning policy and land use in a more holistic way alongside energy, with this being linked to opportunities to influence the wider metro area. Having a long-term development strategy can also help to place the short-term actions and innovations in the context of the longer run structural reforms needed to transform the city economy.

CASE STUDY OVERVIEW

The Promise of Seoul

SUMMARY: Launched in 2015, the Promise of Seoul (POS) initiative is the city's overarching response to the threats of climate change, and is explicit in its intention to mitigate and adapt to climate change in a way which engages citizens in all steps of the process and which addresses socio-economic inequalities. Key elements include the flagship energy policy programme One Less Nuclear Power Plant, which focuses on reducing emissions while also building a sense of solidarity among citizens regarding reducing energy use, and the Energy Welfare Public-Private Partnership Programme, which provides efficiency upgrades to households at risk of fuel poverty as a result of climate change while also upskilling disadvantaged jobseekers to become household energy auditors.

DRIVERS: The key drivers behind Seoul's approach were the combined impacts of extensive urbanisation, unequally distributed economic growth, stark socio-economic inequalities and a recognition that climate change is at risk of exacerbating these challenges. Changing public sentiment around nuclear energy and a recognition of the need to move beyond climate mitigation and adopt a more holistic 'energy-welfare' approach also contributed to creating a context where more a progressive, sustainable strategy could be developed.

STAKEHOLDERS: Key stakeholders include Seoul citizens who have engaged with the interventions (and in many cases financially invested in them), city leaders and public servants who have led on the delivery of the strategy's implementation.

OUTCOMES: Tens of thousands of citizens have been empowered to take part in civic and social actions around energy welfare and use reduction. Since the launch of the Promise of Seoul, energy consumption has been reduced by 3.66m tonnes of oil equivalent (TOE), compared to an original target of 2m TOE.

Public wealth funds

On strict measures, Singapore isn't an inclusive economy. It has among the highest levels of income inequality in the advanced world, in large part due to low levels of tax and social transfers.

Despite this it manages to maintain a relatively meritocratic economy, performing well on social mobility measures in comparison to other developed countries. The city-state also ranks first on the World Bank's Human Capital Index, reflecting the significant investment that it pours into three essential public services: housing, education and health care. More than 80 percent of the resident population lives in public housing.

Even more striking is how the country has managed to turn around its fortunes. When it gained independence in 1965, it was geopolitically vulnerable and economically precarious. "Singapore had no natural resources, no hinterland, no industry. It depended on the outside world not just for food and energy, but even for water."[27] Today it is widely presented as a case study of economic progress and transformation. Singapore's success is often attributed to the creation of a world-class education and skills system, and policies promoting social mobility and business growth. However, there is one feature of the city-state's model that is often overlooked. "One decisive factor" in Singapore's success, according to Dag Detter and Stefan Fölster, is the country's governance of its public assets and the reinvestment of the revenue generated into funding social infrastructure.

Insights from countries ranging from Singapore to Sweden show that the professional management of public assets can unlock the long-term investment needed to promote inclusive growth.

27 Detter, D. and Fölster, S. (2017) The Public Wealth of Cities: How to unlock hidden assets to boost growth and prosperity (Brookings Institution Press: Washington, D.C.), p.150.

Unlocking the hidden wealth of places

All towns and cities are brimming with public wealth. In fact, publicly owned commercial assets is the largest wealth segment in the world, with a total value far higher than sovereign wealth funds (SWFs), pension funds and even global public debt. At $75trn, they are equivalent in value to global GDP. [28] Real estate (buildings and land) are often the lion share of the portfolio, but it also includes operational assets, for example government-owned entities, utilities, transportation assets including airports and ports, and broadband infrastructure.

The problem is that these assets tend to be poorly accounted for and even more poorly managed. Public wealth funds expert Dag Detter argues that this is due to the nature of public sector accounting. Public assets, the largest wealth segment in the world, remains largely unknown, unregulated and unaudited. This could be remedied by adopting accounting standards similar to private companies and based on accrual accounting — which is recommended by the International Public Sector Accounting Standards Board — but this has generally not happened.

Most cities and even countries report their assets on book value (valued at historical costs) instead of market value. This means that even if cities have an accurate inventory of their public assets (which many don't) they tend to severely underestimate their true value. In their work, Dag Detter and Stefan Fölster — the former was previously involved in helping the Swedish government make better use of public assets — highlight the example of Boston to illustrate this point. The city, like most others in the US, uses old-fashioned cash-based accounting conventions that value its assets based on historical costs. In 2014 the city reported total assets worth $3.8bn, including $1.6bn in real estate, but liabilities of $4.6bn which would show a negative net worth and therefore bankruptcy, if it was an entity in the private sector using modern accounting.

28 Detter, D. and Fölster, S. (2015) The Public Wealth of Nations (London: Palgrave Macmillan), p. 53.

But when the assets were accounted and appreciated with a value based on current use, the city's real estate alone was given an indicative valued at $55bn.[29]

According to Detter and Fölster, understanding the market value of assets at current use is the first step to a more professional management of public commercial assets. From this it is possible to gain an understanding of the potential return the city or country can generate from both the revenue that it earns through the assets at current use, and the return it could earn if the assets were developed to their best use. This ensures that public commercial assets are optimised and that they are managed effectively to meet the long-term interests of stakeholders. In the case of Boston, earning a 3 percent yield on its $55bn-valued real estate would generate an income of almost $1.7bn per year. If the city reinvested this into funding infrastructure, it would represent a quadrupling of its current $400mn capital plan.

The problem is that public wealth tends to be poorly managed, leading to missed opportunities. One such example is Boston Logan Airport, which is located in prime waterfront real estate. If the airport was moved to cheaper inland property, the city would make a significant windfall gain from the real estate on the waterfront land.

Managing public wealth

The key to unlocking the long-term value of public assets is to ensure that they are managed independently and professionally. This protects them from short-term political interference and allows them to be used to create long-term value instead of just filling short-term budget gaps.

29 Detter, D. and Fölster, S. (2018) Unlocking Public Wealth: Governments could do a better job of managing their assets. IMF Finance & Development, Vol. 55, No. 1. Available at: www.imf.org/external/pubs/ft/fandd/2018/03/detter.htm

According to Detter, implementing modern public financial-management for the government as a whole should be a key part of this effort. While most OECD countries are now reporting on an accrual basis and showing a balance sheet, the majority are still budgeting and appropriating in a 'medieval fashion'—on a cash basis. This means the balance sheet sits outside the budget process and for that reason is largely ignored.

The absence of a proper balance sheet, fully integrated into the budget, distorts the incentive for politicians. Governments today still focus mainly on debt, without recognising the value of the physical assets. This has led to wasteful short-term decisions, such as the privatisation of water utilities due to the need for large scale investments.

With proper accounting, governments could focus on net worth (the measure used in the private sector) instead of a focus on debt alone. Indeed, a focus on debt alone has also led to governments embracing much-criticised financial techniques such as the Private Finance Initiative (PFI) or Public Private Partnerships (PPP), where the main advantage was keeping debt off the government's balance sheet However, it has often led to an undue transfer of public wealth to the private sector partners.

Detter also uses the example of councils in the UK purchasing commercial real estate outside of its own jurisdiction as a speculative measure to increase its revenues, without first having its own portfolio of assets in order, properly accounted for and institutionalised in a professional holding company. Due to the cheap borrowing from the Treasury it can do an arbitrage by buying commercial real estate to fill budget gaps caused by years of government-imposed austerity as an illustration of how not to do things. As understandable as it is given the scale of local government cuts, it is a role to which councils are ill-suited; it carries significant financial risks; and it is driven entirely by the pressure to mitigate short-term issues.

Detter and Fölster propose a shift from 'opaque governance' to what they describe as 'incorporation'. The former is characterised by a lack of proper transparency, undue political interference and fragmented ownership dominated by vested interests. Incorporation, in contrast, entails a balance sheet with high standards of accounting; an arms-length distance from short-term politics; and consolidated management with clear objectives.

Detter and Fölster recommend establishing holding companies as a path to effective public wealth governance. This would enable the consolidation of public commercial assets into a vehicle that can generate long-term value for society. An independent holding company can achieve this by making public wealth more visible and unlocking its true value through optimisation and commercialisation. It allows public assets to interact with markets and investors without the burden of bureaucratic constraints, while still remaining publicly owned and serving the needs of society rather than short-term private interests. It overcomes the limitations of traditional state ownership, but also avoids the poorly judged privatisation of public wealth seen in countries like the UK. As Detter and Fölster argue:

> "[The management of public commercial assets by a holding company] will not only unearth assets that have remained hidden in fragmented structures with insufficient accounting systems. But also allow for the public sector to engage with the private sector regarding its commercial assets on more equal terms."

The long-term value of public wealth governance

Singapore shows the long-term value that can be created through effective governance of public assets. Following independence, the government pursued an unconventional economic strategy. It set up a multitude of government-owned enterprises in a range of key sectors. The governance of these commercial assets was transferred to Temasek, an independent holding company established in 1974, allowing political leaders to focus on strategic economic issues. Temasek consolidated under one roof all of the government owned entities, commercial assets, holding companies, utilities and some real estate. As an investment fund, it also ventured into international markets.

Temasek currently has $275bn in holdings across all industries. At its core, it is driven by a philanthropic commitment to creating long-term public value. This is underpinned by transparent and professional governance. Temasek has generated a total return of 15 percent since its inception, with stable returns over time. The fund also contributes $3bn a year to Singapore's budget. Temasek and GIC, the holding company managing the liquid assets, are providing investment to support the city-state's development while also creating a healthy public sector balance sheet to serve future generations.

Detter and Fölster identify several other leading examples of public wealth funds. One is Copenhagen's City and Port urban development project, which is the largest in Europe with 1,290 acres of waterfront and inland district. The development and consolidation of these assets under an independent holding company will support the development of more than 33,000 new homes, 100,000 work spaces, a new university, as well as retail, parks and cultural facilities. Returns from the project have already helped financed infrastructure investments including expansion of the metro system.

In Sweden, the government owns a quarter of the business sector, including some of the country's largest companies, consolidated through independent holdings. The result has been a much more transparent and professional management of the enterprises and the real estate, which has generated significant social value.

Public wealth governance for inclusive growth

There are two major challenges that might be levelled at public wealth funds from an inclusive growth perspective. Both relate to its technocratic underpinnings. If the fund is insulated from political forces, what if the holding company seeks to maximise the return on assets by, for example, redeveloping council housing estates and displacing residents? Secondly, if professionally managed bodies ultimately make decisions on public assets, does this exclude civic leaders and citizens?

Detter argues that independently managed public wealth funds typically use land much more effectively, allowing homes to be built at greater density and therefore increasing rather than decreasing the number of affordable homes. Wealth funds may be professionally managed and protected from short-term political interference, but they still make decisions according to the overarching social, economic and political concerns of society. They do not prevent residents from informing and shaping redevelopment and, crucially, helping to determine how the returns from the fund are reinvested. It is entirely conceivable, for example, that they are placed into a participatory budget that is directly shaped by citizens. Using Singapore as an example, Detter notes that the country's Housing and Development Board (HBD) provides some 80 percent of its citizens with public housing.

Detter also argues that the public wealth fund model is replicable across the world, for the simple reason that the vast majority of places possess public assets that are under-utilised. In the UK, they could provide a way for councils and combined authorities to steward their local economies for long-term inclusive growth and to build financial resilience. The UK has isolated examples of public asset management such as the Crown Estate, but there is very little strategic consolidation and coordination across entire cities or regions. Even London and its constituent local authorities, for example, do not have a consolidated list and market valuation of the city's public real estate holdings. City and region-wide wealth funds could support the development of public assets for the long-term benefit of the economy and citizens.

CASE STUDY OVERVIEW

Public wealth funds

SUMMARY: National and local governments own significant assets, including real estate and government-owned companies. The conventional wisdom is that such assets should either be privatised or managed in traditional forms of public ownership. However, the former leads to a loss of public value while the latter is susceptible to weak transparency and fragmented ownership. As an alternative, effective governance of public wealth — managed by independent organisations at arm's length from short-term political influence, using modern accounting principles — can unlock significant value and fund vital infrastructure.

Public wealth funds have been used in a number of countries, including Sweden, Norway and Singapore. Temasek Holdings, and the role that it has played in Singapore's economic development is a powerful example of the potential of effective public wealth governance.

Temasek was set up in 1974 to consolidate the numerous existing government owned enterprises which spanned key sectors, along with publicly owned commercial assets, holding companies, utilities and real estate. It also acts as an investment fund in international markets. It functions to ensure that the value of the Singapore's public assets are managed independently and with a long-term commitment to creating as much public value as possible. It currently has $275bn in holdings across all industries.

DRIVERS: This approach emerged out of a context in which Singapore was a new, but economically and vulnerable city state, unable to pursue conventional economic strategies due to a lack of natural and industrial resources, and needing to import the majority of food, water and energy required to sustain the population. As a result, the government opted to establish independently and transparently governed, but government-owned enterprises to generate public value across key sectors.

STAKEHOLDERS: Temasek Holdings is a government owned investment fund, but it operates independently with transparent and professionalised governance. The board is made up mostly of non-executive, independent private business leaders and constitutionally the Ministry of Finance is not able to interfere in its business decisions. It is nevertheless driven by a clear public goal of sustainable value creation, which supports the goals of government and society.

OUTCOMES: Since it was established in 1974, Temasek has provided consistent returns, totalling 15 percent in this time. In addition, the company also contributes $3bn each year to Singapore's public budget. Promise of Seoul, energy consumption has been reduced by 3.66m tonnes of oil equivalent (TOE), compared to an original target of 2m TOE.

Other examples of inclusive growth in action

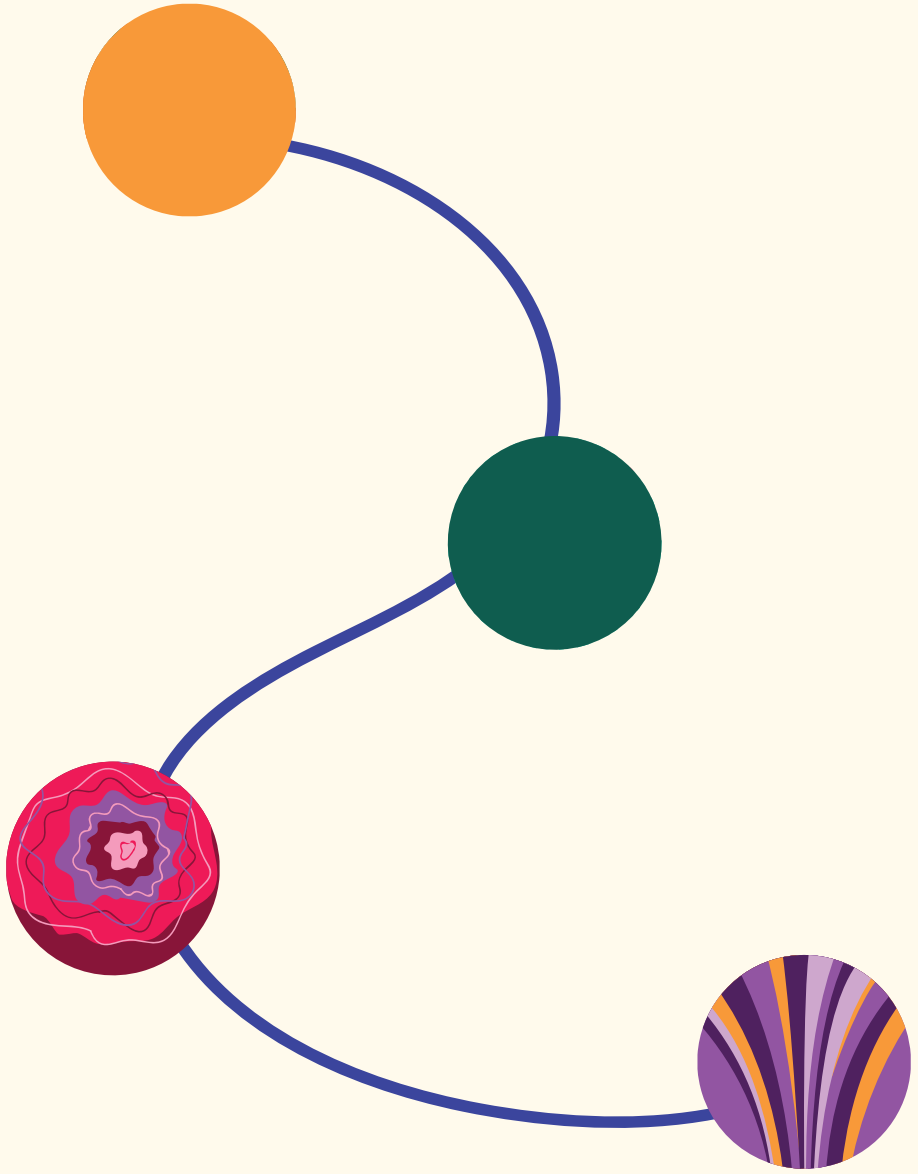
Silver Human Resource Centers, Japan

A network of over 1600 Silver Human Resource Centers in Japan provide work opportunities for older people that are tailored to their particular needs. Some centers offer classes and training programmes to their members to enable them to engage in a wider range of work opportunities. These can be varying lengths depending on members' job aspirations, and include highly specialised roles such as nursing and other care services. They commonly offer housekeeping and childcare, as well as mentoring for other older people.

Robin Hood Energy, UK

Robin Hood Energy is a not-for-profit energy company, owned by Nottingham City Council. It was set up by the local authority to tackle fuel poverty and to help give people a cheaper energy and reduce fuel poverty for those who need help the most. It also provides a wider range of services such as boiler replacement to address issues of environmental sustainability and energy efficiency in the city.

Taking inclusive growth forward



Taking lessons forward

This report provides an illustration of what inclusive growth can look like in practice, showcasing specific programmes and approaches across the four domains of livelihoods, wealth, voice and futures.

The case studies depict places that are by no means homogenous. Some are relatively deprived post-industrial cities, while others are major metropolitan regions. Some have experienced economic decline, while others have dynamic, knowledge-based economies. The systems, political cultures and demographics vary widely.

Some of the specific interventions and mechanisms may therefore not be directly transferable. Yet, taken together, they provide a rich account of how new models can be introduced and change can be facilitated; how existing practice and orthodoxy can be constructively challenged; and how impact can be achieved at scale.

The portraits of inclusive growth featured in this report provide important insights into how the energy and ambition for a more inclusive economy can be translated into practical change on the ground. There are two key elements of this. First, they provide us with a set of generalisable principles for developing systemic interventions — underpinned by a 'new strategic mindset' for inclusive growth. Second, they offer a conceptual benchmark for inclusive growth practice, based on two simple elements: the level of practical application and the degree of systemic design.

A new strategic mindset for inclusive growth

Inclusive growth is a cross-cutting agenda that requires coordinated, long-term action. The table below summarises the key shifts that can support the development of systemic interventions. These represent a move away from conventional strategies for economic development and improvement, which tend to neglect the quality of growth, the structural features of an economy and the governance that underpins it. In contrast, a 'new strategic mindset' can enable silos to be closed; growth and investment to be reconfigured to support inclusion; and decision-making to be opened up and based on long-term objectives.

The case studies in this report provide powerful illustrations of what this shift might look like in practice. WorkAdvance and Economic Gardening, for example, show how a strategic focus on the quality of growth transformed the nature of jobs available to people. With Community Wealth Building, public wealth funds and the Promise of Seoul, we can see the merits of programmes that build individual and community assets, and coordinate investments for the long-term. Envision Utah and Decidim Barcelona illustrate how shared decision making can foster collective action.

These insights coalesce into six key types of systemic intervention that can underpin inclusive growth: policy integration, quality jobs, equitable infrastructure, coordinated, long-term investment, shared decision making, and widespread financial security.

From	To	Type of Systemic Intervention
Economic and social impacts of policy are considered separately	Economic and social impacts are considered together	**Policy integration**
Emphasis on the *quantity* of growth (number of jobs, dollar amount of investment)	Emphasis on the quality of growth (e.g., growth distribution, job quality)	**Quality jobs**
Physical investment in communities distributed in an inequitable manner	Equitable investment in people and places as a combined means to inclusive growth	**Equitable infrastructure**
Public, private and philanthropic resources distributed in a widespread, scattershot, one-time fashion	Public, private and philanthropic resources distributed in a concentrated, coordinated and sustained fashion	**Coordinated, long-term investment**
Top-down, non-participatory decision-making on policies impacting communities	Inclusive policy setting that leverages the talents, voice and experience of local residents	**Shared decision making**
Wealth building opportunities restricted to top income earners	Wealth building opportunities for people of color and low income	**Widespread financial security**

Practical actions and systemic design

The RSA's broader research into inclusive growth practice has surfaced a wide range of interventions and approaches in addition to those featured in this report. Some of these initiatives have been isolated interventions, some have been palliative rather than transformative, and some have faced difficulty in translating ambition into tangible action.

In distinguishing between different approaches and predicting the impact that they may have, we there suggest there are two key measures:

- The degree of practical application
- The degree of systemic design

The rationale for this is set out in the box below. The two measures are crucial to consider because it is important to match the ambition and rhetoric for inclusive growth with practical and tangible action; and action that aims to confront challenges systematically, rather than in a haphazard way.

Those interventions that demonstrate high practical application are characterised by:

- Clear and specific policies, interventions or programmes with measurable outcomes
- Translation of strategy into actual change on the ground
- Target recipients experience the positive benefits

Those that demonstrate low practical application are:

- Strong on rhetoric and ambition but show little in the way of action
- Tend to be confined to strategy documents or legislation without clear resulting action

Interventions that demonstrate high systemic design are characterised by:

- Multi-stakeholder approaches, with collective impact
- Collaboration between grassroots and formal institutions — civic as well as top-down action
- A long-term trajectory, insulated from the short-term pressures of political or administrative cycles
- Demonstrate impact on behaviours of key actors — for example policymakers, business, civil society, citizens, and workers
- Rooted in a strong and systemic account of the problem

Interventions with a low systemic design tend to be:

- Narrow in scope, restricted to a particular place and time — often reactive, isolated and time-limited interventions that address symptoms
- Narrowly designed and conceived, for example determined in a top-down way by a single actor or narrow collection of actors
- Designed and delivered in a way that is at odds with grassroots concerns
- Restricted to a political or administrative cycle and a comfort zone that treads carefully so as not to disturb underlying economic structures

The case studies from this report offer a useful benchmark because the majority of them combine a relatively high degree of systemic design with practical implementation and impact.

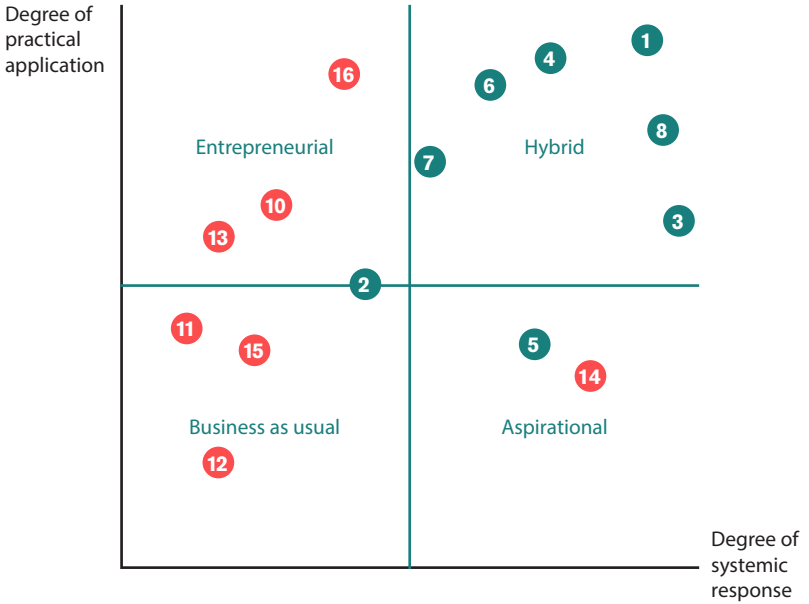
We have plotted a range of interventions and approaches (including those featured in this report) on a matrix that captures their degree of practical and systemic application. From this we have crafted four quadrants that provide a simple illustration of the different types of inclusive growth approaches that we have observed and how they tend to play out in practice.

Entrepreneurial approaches have a high degree of practical application but a low level of systemic design. They target what is moveable and actionable. However, there is a risk of focusing on low hanging fruit and there is often a lack of grassroots, community and multi-sector engagement. Entrepreneurial approaches can disregard important aspects of advocacy and relationship building that help to shape and ripen terrain for interventions to occur.

Aspirational approaches have a high degree of systemic design but a low degree of practical application. They tend towards a high degree of ambition and planning, but can suffer from a lack of delivery and agility. There is also a risk with these types of multi-stakeholder initiatives of creating too broad a table that makes decision-making and execution challenging.

Hybrid approaches have high levels of practical application and systemic design. They balance the need for practical application with a systemic perspective and participatory design. These interventions are characterised by a 'think like a system, act like an entrepreneur' mindset that helps to build consensus and ignite collective action.

Business as usual approaches have low levels of practical application as well as a low degree of systemic design. They tend to re-brand existing efforts as something new. They tend not to challenge the status quo and fail to offer the needed step change for reform.



1. WorkAdvance
2. Community Solutions
3. Community Wealth Building
4. Economic Gardening
5. Promise of Seoul
6. Public wealth funds
7. Decidim Barcelona
8. Envision Utah

9. Community development
10. 'Welfare to work' schemes
11. Corporate social responsibility initiatives
12. Regeneration schemes
13. Regional / urban planning processes
14. Conventional business support schemes
15. Community benefit clauses in public contracts

A key insight that emerges from the above is that common approaches to promoting more socially inclusive economic development often do not challenge 'business as usual' and rarely combine high degrees of systemic design and practical embeddedness. Those that do — including the ones featured in this report — provide valuable lessons for how meaningful change can happen.

What next

When the RSA launched the final report of the Inclusive Growth Commission in March 2017 it was very clear that the EU referendum in the previous year had exposed not just a division over our relationship with Europe but a widening chasm between those for whom globalisation is working and the large number of our citizens for whom it isn't.

Although the writing was on the wall, at that time few expected that Brexit negotiations could be as difficult and protracted as they have become or just how far the agenda to address some of the root causes of political disaffection would be side-lined by the internal shenanigans of parliament and Britain's main political parties.

It is in this context that it is important that we look both locally and globally for examples of good practice that might inspire and mobilise a more hopeful and productive agenda.

At the local level, case studies in this report from places like Barking and Dagenham and Preston demonstrate the entrepreneurial leadership that exists outside of central government, even — in fact in spite of — the very constrained circumstances in which local government in England finds itself. This should remind us all that some of the Inclusive Growth

Commission's most compelling recommendations concerned the importance of place-based approaches to local economic development and the need for a "fundamental reset of the relationship between Whitehall and the town hall, underwritten in new social contracts" with a sharp financial edge.

Here we reiterate this message and recommend that in a post-Brexit settlement the UK government should commit to:

- A new independent UK Inclusive Growth Investment Fund, incorporating repatriated ESIF funds and other relevant funding streams, to pump-prime innovative place-based investment designed to boost inclusive growth.
- A new national place-based spending review, which would attribute the total amount of public sector spending and investment to places rather than departmental siloes;
- Allowing combined authorities to be able to pool budgets and co-commission public services for their places, within the context of national standards and entitlements.

In return, local and combined authorities must be able to show that their plans for more inclusive economies are both systemic in nature and practically applied. It can no longer be the case that the language of inclusive growth is simply grafted onto previous plans with very little by way of transformational activity.

At the global level, as this report makes clear, there is a huge amount to be learned from context to context and although inclusive growth activities might not be immediately transferable there is significant merit in exploring ways to collaborate and share learning.

The RSA is fortunate to operate at the global scale with Fellowship networks and activities in a wide range of different countries. Building on these and the wider networks of thinktanks and practitioners the RSA proposes to establish two new learning and networking initiatives:

1. An international inclusive growth community of practice

Unlike a traditional interest-based network, the community of practice will aim to involve people who are active practitioners involved with inclusive growth interventions of different kinds. Its focus will be on developing good practice rather than further theory and strategy and its purpose will be more about learning from challenges and problems than showcasing success.

To this end, we propose that its primary activity will involve developing webinar-based, action learning sets of between 8-12 practitioners who together explore specific types of inclusive growth intervention such as those highlighted as case studies in this report or on other themes such as Universal Basic Income, Cities of Learning or using cultural heritage to further inclusive growth.

Each themed action learning set will agree between 4-6 sessions at first but can then develop as participants see fit. Where generic lessons can be identified these will be written up and shared but the primary focus is for individual participants to enhance their own practice.

During 2019, the RSA hopes to trial a small number of action learning sets on the following four themes:

- Universal Basic Income
- Community wealth
- Citizen voice
- Heritage

Lead participants in each will be brought together on a quarterly basis in order to share progress and develop the community of practice model.

2. Partners-in-change – city transformation accelerator

We will work with five leading cities and regions over the next two years who we believe are at an important turning point for transformation through the combination of:

- Citizen voice in engaging residents in economic and social policy considerations
- Vision of place in wrestling with historic legacies and seeing how heritage and culture can help to sustain distinct local identities and support places to thrive and prosper in the future
- Commitment to equity through livelihood and wealth building strategies that allows all residents to benefit from and shape the economy
- Whole systems leadership that cuts across the private and public and citizen sectors

We are seeking partners who can commit time and funding to a two-year learning and acceleration program that will support their development trajectory of a place and strengthen their brand and strategies for operating as an inclusive city.

Participating cities will receive:

- Access to cutting edge thought leadership, insights and emerging R&D from the RSA Action and Research Centre and our distributed community of Fellows.
- Regular insights on important trends, insights and analysis from the frontlines of social change fields and disciplines (Universal Basic Income, Inclusive Growth, Future of Work, Resilience, Creativity in Education, Deliberative Democracy)
- Feedback and advisory on emerging aspects of each city's work programme.
- Access to relevant IG Community of Practice action learning sets (see above).

Conclusion

Two years since the Inclusive Growth Commission delivered its final report, inequality in the UK has only threatened to grow. From low pay and productivity to local and regional inequalities, Britain's economic problems seem to drag on and on with precious little light at the end of the tunnel. But this is not true in every country, nor is it true in every place. The case studies in this report demonstrate that empowered local leadership can take steps to improve livelihoods and give citizens a greater sense of efficacy and voice; and internationally we can be inspired that inequalities of wealth can be reduced and more sustainable economies are being nurtured. It is not too late to ensure that our current crisis spawns a more inclusive economy, there are many signs of hope if we only care to look.

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes that everyone should have the freedom and power to turn their ideas into reality. Through our ideas, research and 29,000-strong Fellowship, we seek to realise a society where creative power is distributed, where concentrations of power are confronted, and where creative values are nurtured.

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