



INCLUSIVE GROWTH
COMMISSION

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Inclusive Growth in Scotland

Roundtable Writeup

12th July 2016 at Academy of Government, University of Edinburgh

The RSA Inclusive Growth Commission (IGC) hosted its first Scottish seminar in July, 2016. The roundtable event, hosted at the University of Edinburgh's Academy of Government explored the implications of inclusive growth within a Scottish context. It explored the impact that further devolution of powers to Scotland might have on the agenda, especially within the context of current and proposed City deals, and the wider impact on towns and places across the country.

It also considered the relationship between the various layers of government, and the extent (or lack) of devolution within Scotland. Finally, it will sought to understand the needs of enterprise – business, SMEs, the social sector and entrepreneurs – in supporting more dynamic, resilient and inclusive local economies.

The roundtable brought together around 20 experts, policymakers, academics and practitioners. The speakers were:

Phil Prentice

Chief Officer of Scotland's Towns Partnership (STP)

Gordon Matheson

Visiting Professor at the University of Strathclyde and former leader of Glasgow City Council

Barry McCulloch

Senior Policy Advisor at the Federation of Small Businesses (FSB) Scotland

Stephanie Flanders

Chief Market Strategist for J.P. Morgan and Chair of the Inclusive Growth Commission (Chair)

Inclusive Growth in Scotland

Stephanie Flanders started the Seminar by setting the scene for the Commission's work, and the impact it is looking to have. She explored her experience at the BBC, where focus groups regularly demonstrated that the BBC was the main source of economics news and information for the public; but that at the same time the public had very little understanding of the subject itself. This shortfall in economic literacy is a major challenge to engaging the public in discussion about the future, and an area that needs to be addressed. The RSA is trying to do so in a number of ways (e.g. the Citizens Economic Council and the recent RSA Animate with the economist Ha-Joon Chang), but the IGC will also be exploring this area.

The IGC is aware of the different context which is presented by devolution in Scotland and is working to ensure that the Scottish voice will be heard within the Commission's work. The Seminar represented the first example of this in practice, and will be followed up by work with Fellows of the RSA, a deep dive case study in Glasgow and future Commission events.

Inclusive Growth and Place

Phil Prentice approached the topic of inclusive growth from the perspective of place in its widest sense. Scotland is a nation of towns, with two medium sized cities, where a variety of places operate in different, but interlinked contexts. Inclusive Scottish growth must therefore recognise the nature of the country and respond accordingly. Whilst strategies have often focussed on the role of cities, particularly through recent policy measures such as City Deals, the Scottish landscape requires approaches which value the individual nature of places, and find ways to harness them for growth and inclusivity.

An example of this is Cowdenbeath, a Scottish town of around 14,000 inhabitants in Fife. Like many places in Scotland, Cowdenbeath has struggled to develop its identity in a post-industrial world. Previously a centre for mining in Scotland, a clear understanding of the town's unique aspects has been difficult to achieve. However, it is now opening up conversations about the legacy of Jennie Lee, the Labour MP and founder of the Open University. This is a legacy which is not commonly discussed in relation to the town, but which could offer an identity attractive to visitors and investment, alongside increasing civic pride in the community.

Other towns and places could learn from this approach and look to develop their own local identity – Scotland is a nation where community engagement has a long tradition, so opportunities to build on this should sit with national priorities and ethos.

This process of engagement needs to be supported though – communities have struggled to identify and/or respond to change, as evidenced in the EU Referendum amongst other examples. Inclusivity has to therefore involve talking to the communities themselves and supporting them through the process of change.

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Scotland's Cities

Gordon Matheson explored the central role that cities play within Scotland's economy, posing the provocation that all of the answers and new ideas for future economic developments will come from cities.

The City Deals were highlighted as an example of this process in action, bringing together cities with their surrounding areas in order to maximise impact. The Glasgow Clyde Valley City Deal was the first to be delivered in Scotland, and the largest to date in the UK, recognising the role that Glasgow plays as Scotland's largest city and a key component of the Scottish economy. Yet, despite being such a driver within the economic landscape, Glasgow (and the other cities) are not given the appropriate levels of responsibility and economic control which they deserve, with power retained by the Scottish Government.

The drivers for the City Deal had been rooted in a desire to access funding in order to make a significant impact on the deep rooted challenges of some of the communities in Glasgow and the West of Scotland. Inclusivity is aimed through the intention to drive economic success, to deliver large scale infrastructure projects which will open opportunities for citizens across the City Region

Business and Inclusive Growth

Barry McCulloch explored the role that business, particularly small businesses, can and should play delivering the inclusive growth agenda. Scotland's business landscape is primarily one of small scale enterprise:

- Less than one per cent of Scottish businesses are large businesses if large is defined as having more than 250 staff
- Roughly one percent are medium sized businesses with 50-249 staff
- More than half of Scottish businesses are home-based.
- 43 percent of small Scottish businesses sell abroad

Scotland's businesses have a high level of social awareness, reflected through high levels of sign up to the Living Wage programme and commitment to apprenticeships. There is a resonance with the inclusive growth agenda as something that these businesses would wish to see. In particular small Scottish businesses play a significant (if underreported) role in combatting unemployment – 9 out of 10 long term unemployed people who find a job get it within an SME; and 48 percent of Scottish small firms have hired an unemployed person in the last five years.

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Place plays a role within the engagement of these enterprises. Many small businesses will strongly identify with a particular community or place, and are invested in that area. Local spending has a greater level of return to the local economy, offering opportunities for activity to be driven by businesses who are part of the community. In turn, Scottish policy making is often driven by a concept of place which is rooted in the past – eg the shipbuilding history of the

Clyde, mining and steelworks. This outdated understanding leads to outdated policy, which doesn't support or reflect the reality of business today, and which certainly does not share the benefits of growth in an equal or inclusive manner.

Inclusive non-growth?

An area of discussion for attendees was around the concept of inclusive 'growth' within an economy where growth is not taking place. This can be on both a national level (Scotland currently has 0 percent growth) or in local communities who may be disconnected from wider economic activity. Whilst the concept of inclusive growth is recognised as a beneficial agenda, the need to differentiate it within different communities was highlighted. Not every place, individual or community has felt connected to the benefits when there has been economic success taking place – now in a period of austerity and economic turbulence, they can feel further disconnected from decision making, as has been witnessed in political situations such as the Brexit vote.

This disconnect fosters mistrust in communities of decision makers and 'experts', but also creates barriers to coherent national policies. It is harder to argue a national economic strategy if communities do not believe that will have a chance of benefitting.

The Scottish Government's commitment to inclusive growth was welcomed, but with the recognition that it will require actual delivery to ensure it is not just rhetoric. However, questions were raised about whether growth in itself was the correct focus to have, or whether new models of measuring success were required (such as wellbeing instead of GDP).

Devolution *within* Scotland as well as *to* Scotland

A major barrier to success in Scotland was identified in the lack of devolution within Scotland. The political focus in recent years has been on the devolution of power to Scotland, with the Scottish Government successful in gaining access to wider powers than they previously possessed (albeit less than they would like). However local authorities have not seen a matching devolution of control over fiscal levers. Scotland remains a very centralised country, with the ongoing Council Tax freeze one of the examples of this approach.

For Scottish city regions and places to flourish they require greater devolution of


control in order to maximise their opportunity to respond to, and address, local inequality that they face. This would in turn require the building of local capacity in order to empower citizens to participate in this process – currently that social capacity is inconsistent across communities, leaving many disconnected and feeling powerless.

Conclusion

Inclusive growth is an agenda with significant relevance to Scotland, where economic success has traditionally been viewed within a prism of social responsibility and contribution. The work of the Commission comes at an ideal point, and offers a chance to shape the current debate.

However, challenges exist. Scotland is a country of stagnant growth and economic challenges, particularly within the uncertainty of a post-Brexit world. Many Scottish communities have struggled to find identities for themselves in light of industrial decline, experiencing high levels of unemployment and associated challenges. And Scottish citizens and communities are often lacking in social capacity in terms of time and resources to take ideas forward.

The challenges are there, and are significant. However the opportunities also exist, with Scotland's size, connectivity and historical commitment to society providing an environment in which inclusive growth could be delivered. If Scottish places can find positive identities for themselves, as Cowdenbeath is trying to do, then they can create a space for themselves to flourish. If Scottish cities can use mechanisms such as the City Deals to drive their economic activity forward, then they can continue to be leaders within the Scottish ecosystem. And if Scottish businesses can be partners within an approach which combines the public, private and social, then they can help to deliver a more inclusive economy for Scotland.

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About the RSA Inclusive Growth Commission

Launched in April, 2016, the Inclusive Growth Commission is an independent, impactful inquiry designed to understand and identify practical ways to make local economies across the UK more economically inclusive and prosperous. Chaired by Stephanie Flanders, former BBC economics editor and J.P. Morgan Chief Market Strategist (UK and Europe), and building on the success of the RSA's City Growth Commission, the Commission will seek to devise new models for place-based growth, which enable the widest range of people to participate fully in, and benefit from, the growth of their local area.

The RSA City Growth Commission demonstrated how the largest UK cities can drive prosperity through place-based investment and economic policy making, enabled through devolution and new forms of governance and finance. This economic narrative has since driven policy developments, but it has become increasingly urgent to understand how we can deepen and broaden this vision, tackling the entrenched inequalities within and between neighbourhoods that act as a drag on growth, and ensuring that the benefits of this place-based approach are more widely shared.

Find out more and get involved

To find out more about the Commission and view its latest content, visit www.thersa.org/inclusivegrowthcommission or our Twitter on @incgrowth.

To find out more about how you can get involved, contact Charlotte Alldritt, Director of the Commission, at [charlotte.alldritt@rsa.org.uk](mailto:alldritt@rsa.org.uk) or Atif Shafique, Lead Researcher, at atif.shafique@rsa.org.uk.



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