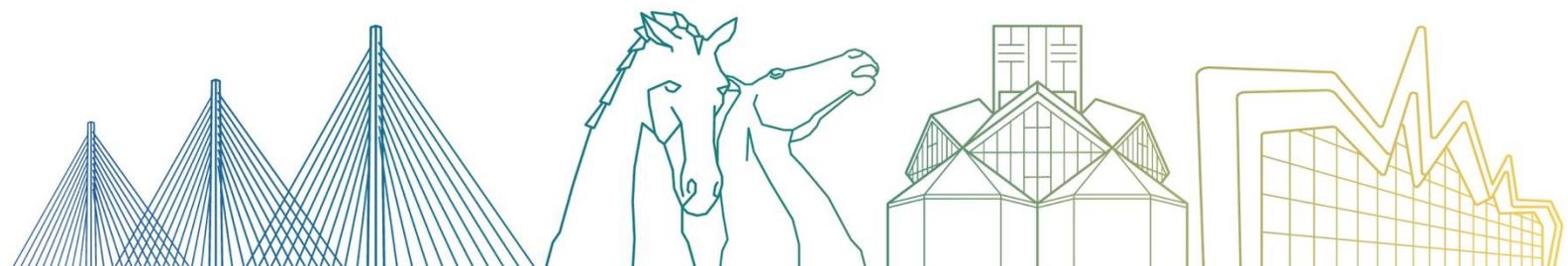


INCLUSIVE GROWTH & REGIONAL ECONOMIC PARTNERSHIPS – A GUIDE

February 2021

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WHAT IS THE PURPOSE OF THIS GUIDE?

1. Introduction.

“The establishment of regional partnerships has been supported by local partners recognising the opportunities that come in working across boundaries and supported by agencies building on their CPP contributions. That bottom-up approach is key to their success, delivering clear local leadership and empowerment.

For future city deals and other types of regional growth deal focussed on place, we will expect the prioritisation process to have been informed by the inclusive growth model and will give weight to activities which score well in inclusive growth terms”.

[Enterprise and skills review: report on phase 2 regional partnerships \(SG 2017\)](#)

This short paper is intended to inform key policy and decision makers tasked with developing Regional Economic Partnerships (REPs) about how taking an Inclusive Growth approach will assist and strengthen your plans.

The current pandemic is having a profound effect on our local and national economies. Many businesses are shuttered, some may not reopen. Many of the ambitious plans that we had for growth have had to be deferred as we all focus on business survival.

The impact of the recession has been uneven. Whilst some sections of the economy – production and construction – have seen some growth, the service sector has contracted significantly, with accommodation, tourism and food services being particularly badly affected. The recession has had regional impacts with areas like Moray – where reliance on service sectors are high – being particularly badly affected. The recession has also impacted significantly on different groups in Scotland. Those working in service sectors – predominantly younger people, women, and minority ethnic and disabled people – have experienced disproportionate cuts in pay and hours, furlough and redundancy. This adds additional pressure on groups who may already experience high levels of poverty and deprivation.

The Scottish Government has set out an economic plan in four stages: response, reset, restart and recovery. Regional Economic Partnerships have the central role in delivering this. To ensure our nations wellbeing we must ensure that our short, medium and long term decisions take into account the different impacts they may have on our communities.

Equality and inclusion are central to all stages of the Covid-19 economic plan. We must ensure that wherever possible our decisions in response to the recession do not further marginalise already vulnerable communities. As we move to reset and restart our economies we must change those working practices which we know place additional stresses on our workers. And as we shape the recovery we must take the opportunity to shape an economy that works for everyone irrespective of their background, engaging and involving people to ensure they have a stake in their community's economic future.

This guide sets out how Regional Economic Partnerships can structure their decisions to ensure that an inclusive approach is taken. It sets out the legal and policy context, suggests strategies to ensure success and draws on examples from existing REPs.

CONTENTS

What is Inclusive Growth? 4

Developing an Inclusive Growth Approach 5

The Policy Challenge 10

Relevant Legislation & Policy 14

What is Inclusive Growth?

2. What is Inclusive Growth? A common definition.

The Scottish Government defines inclusive growth as being **“growth that combines increased prosperity with greater equality, creates opportunities for all, and distributes the benefits of increased prosperity fairly”**. The approach came to the fore after the 2008 economic crash which Stieglitz and others argued was caused by, and exacerbated, economic inequality. The inclusive growth approach places less emphasis on the supply side of the economy—for example the reduction of trade barriers and making labour markets more flexible are *the* key to sustaining growth - in favour of a more interventionist approach which recognises and values the role of education, training and welfare as positive contributors to a healthy society. Arguing that “rising inequality does not simply fall from the sky”, the IMF has moved more recently to an approach which recognises that economic health and social health are not mutually exclusive and that the role of Governments is to purposefully work towards a more inclusive economy now, rather than to redistribute its benefits later.¹

The Scottish Government has set out four key areas of activity which will support greater inclusive growth and fairness in the economy and across society; specifically:

- Promoting fair work and good-quality jobs
- Promoting equality and tackling inequality
- Closing the attainment gap
- Place and regional cohesion

See also 5. [“The Wellbeing Economy”](#).

¹ See [“Growth or inclusion? With the right policies, countries can pursue both objectives”](#) Jonathan d. Ostry, IMF, finance & development, June 2018, vol. 55, no. 2

3. Developing an Inclusive Growth Approach.

The Scottish Government expects that all Regional Economic Partnerships will develop their missions and priorities on the basis of the inclusive growth opportunities and challenges that they face. Each will be different, responding to the unique social and economic environments in which they operate

Identifying your challenges.

The South of Scotland Economic Partnership has summarised its key Inclusive Growth challenges as below.

SOSE – defining the Inclusive Growth issues.

The South of Scotland, a predominantly rural area, faces a range of issues that impact its economy. These issues include:

- an ageing population
- young people from the area pursuing their futures away from the south
- challenging geography that impacts on infrastructure including digital connectivity
- low GDP per-head with low productivity
- sectors with traditionally low wages and fewer higher skilled jobs with a business base dominated by micro and small businesses²

How you define your “challenges” needs to be based on the most up to date evidence. They need to be broad enough to cover the whole area – not just describing the major urban pressures – but specific enough to allow you to focus on the outcomes that you want to achieve.

² In the South of Scotland low pay particularly affects women and migrant communities.

Identifying your Inclusive Growth Outcomes.

Taking the South of Scotland challenges above the major Inclusive Growth outcomes it is likely to want to achieve would be

Outcome	Action	Measurement
Boosting the working age population	Attraction programmes Affordable Housing	Annual Population Survey, small area statistics. Housing completion data
Retaining younger people	Higher value jobs Affordable Housing Local skills programmes	Annual Population Survey, small area statistics. Housing completion data School destination surveys
Overcoming challenging geography	Accessing and affordable 5G investment	Scottish Household Survey
Raising labour market standards for workers and creating higher skilled jobs	Focus on women's skills and employability Action on equal pay Attracting higher value sectors and jobs Applying Fair Work First criteria to business support funds	Annual Survey of Household Earnings. Local monitoring of Fair Work First outcomes and impacts.

Using data on local inequalities will help you to achieve greater impact on your inclusive growth outcomes. In SOSE's case we know that women and migrants are particularly affected by low pay. If we want to improve security of pay and work we need to focus on what is preventing women from taking up higher paid opportunities – a lack of flexible working, low skills, poor childcare and unresponsive transport – and focus on solutions which can remove those barriers. For many disabled people the issues may relate to unadapted housing, unadapted workplaces and inaccessible transport as well as low skills. Being clear about the barriers helps you to identify the best solutions.

The Glasgow Regional Partnership has set an objective of increasing the working population by over 50,000 by 2035. Whilst a proportion of this growth will come from people migrating to the region it is equally important to identify those people living within the region who could, with access to the right support and infrastructure, be economically active. Central to this is action on equality.

Setting your missions.

To drive forward your outcomes a number of different actions will be needed as illustrated below. Each of these will need to be Impact Assessed to ensure that they meet the needs of your diverse communities.

Issue	Actions
Long-term health inequalities have an adverse economic impact	Greater integration of health and social care services focussed on long term health inequalities
Physical and mental health issues are a barrier to employment	Specialist employment services will provide effective and specialist services for those with learning disabilities, physical disabilities, physical and mental health issues, and care leavers
In work poverty	Development of a regional Fair Work Strategy that will include the promotion of a Glasgow City Region Living Wage
Youth Unemployment	A guarantee that provides every young person 16-24 years old a job, training or an apprenticeship.

Adapted from the Glasgow Regional Economic Strategy (2017)

Assuring your plans for Inclusive Growth.

When making decisions about policy your Board will need to see both the Equality Impact and Fairer Scotland Assessments (see 5.3 below) – this is a legal requirement. This will help them to ensure that the policies are not discriminatory and that every effort is being made to advance equality and reduce inequality of outcome. Having a balanced portfolio is especially important. Many REP's will be keen to exploit the economic opportunities offered by new technologies, but many of these industries have very unbalanced workforces. Currently only 20% of all digital sector employees and 16% of all offshore wind industry employee are women. An unbalanced prolife will accrue benefits to men at the expense of women. To counter

this investments in these industries would need to be supported by ambitious training and positive action programmes.

Scotland's minority ethnic communities are twice as likely to be unemployed as Scotland's white communities. This particularly affects younger people irrespective of their qualifications. Many of those in employment are working at a level below their current skills. As a consequence poverty levels in these communities are also twice as high as the Scottish average. Clearly if one of the aims of the regional strategy is to boost employment and reduce (in work) poverty, minority ethnic communities would be a priority group. Consequently we would need to consider how our plans could advance their equality of opportunity.

Similarly disabled people experience far higher levels of unemployment than non-disabled people. Disability is a very broad and varied category ranging from people with intellectual disabilities or mental health issues to those with hearing or mobility impairments. EQIAs would need to focus on the immediate barriers (inaccessible ICT software) and the broader barriers (no accessible transport) to ensure that an approach advances their equality of opportunity. Softer issues such as potentially negative employee attitudes are also important to address.

Below is an example of an issues matrix covering some of the infrastructure issues that are relevant to equality

In/ Equality Potential Impacts Matrix (✓low - ✓✓✓high)

Potential negative impacts	Housing	Transport affordability	Transport Accessibility	Digital (affordability + accessibility)	Skills	Childcare
Age – younger	✓✓	✓✓		✓	✓✓✓	✓
Age – older	✓	✓	✓	✓	✓	
Disability	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓	✓
Race	✓	✓			✓✓	
Sex	✓	✓			✓✓	✓✓✓
Socio – economic	✓✓	✓✓		✓✓	✓✓✓	✓✓

The most effective way to ensure fair and equal treatment for workers across all sections of the labour market is to adopt the principles of fair work. These recognise the core principle of fair work is that practice which is built on strong partnerships between employers and workers has the best outcomes. It is crucial that both employers engage constructively

with workers and their representatives (a trade union where one is present) to identify the organisation's fair work priorities.

Monitoring your progress.

Having set your equality outcomes and objectives it is critical that we then monitor our work to ensure that they are met. Monitoring gives us the opportunity to identify where some of our strategies may not be fully effective, and to adjust to new opportunities. Those involved in scrutiny and accountability will need to have accurate real time information on the impact of their decisions on our diverse communities. It will be both important and helpful to give workers an effective voice in considering the progress being made, engaging with the relevant trade union where they have a presence, and where not another appropriate representative/s. To ensure fairness and cohesion it is critical that everyone can share in our future prosperity and that barriers to economic participation are not restricted.

4. The Policy Challenge.

Deprivation.

Although Scotland is a wealthy country our wealth is divided unequally across our population.

“Households that tend to be wealthier than others are pensioner couples, married couples, home owners or households with higher formal qualifications. On the other hand, households that often have below average wealth are lone parent households, those in social rented housing, or where the head of the household is unemployed or economically inactive but not retired.

*One third of households had insufficient savings to cover basic living costs for three months in the event of an emergency. Three per cent of households were in unmanageable debt. A third of households had no property wealth, and almost a fifth of households had no private pension wealth”.*³

Socio economic inequality interacts strongly with identity. Many “minority” groups in Scotland experience far higher levels of relative poverty than others. Whilst some of these may be concentrated in our most deprived areas– for example disabled people and lone parents – many others are dispersed across our towns and cities.

Poverty Rates amongst different social groups, Scotland 2016 -19⁴.

White Scots	19%
Asian Scots	39%
Black Scots	38%
Muslims	49%
Female lone parents	39%
Disabled people	23%
All children	24%

³ [“Wealth is rising, but inequality remains high”](#), Scottish Government, 20th January 2020.

⁴ [Poverty and Income Inequality in Scotland 2016-19](#), Scottish Government, 26th March 2020.

Regional Disparities in Deprivation

The best measure of deprivation across Scotland is the Scottish Multiple Index of Deprivation, SIMD, which applies the same set of measurements across very small localities. The highest concentrations of multiply deprived areas are in West Central Scotland, particularly around Glasgow and in Lanarkshire. The lowest areas of deprivation are in the East. However every local area has concentrations of poverty. You can access deprivation data by postcode using the SIMD website [here](#).

Household Income varies significantly across Scotland. In 2018, weekly gross household income estimates, at the lower quartile, range from £270 in Inverclyde Council to £420 in East Renfrewshire Council. At a Scotland wide level they are £330 per week.

In 2018, weekly gross household income estimates (£), at the upper quartile, range from £770 in Inverclyde Council to £1,190 in East Renfrewshire. At a Scotland wide level they are £920 per week.

You can access data on household income [here \(p.7\)](#)

Payment of the Living Wage Fair Pay is a fundamental element of Fair Work, yet on average across Scotland 15% of workers are paid less than the Living Wage. The rate is lowest in Edinburgh and Glasgow. The areas with the highest levels of payment below the Living Wage are shown below. You can check Local Authority's average rates [here](#).

LA Area	% of people paid below the Living Wage.
East Renfrewshire	30.9%
East Dunbartonshire	27.8%
Perth & Kinross	25.3%
Angus	25.2%

The Annual Survey of Household Earnings estimated that in 2020 two per cent of Scotland's workforce (just over 50, 000 people) earned below the legal Minimum Wage.

Deprivation & Health Inequalities.

The most [recent Long-term Monitoring of Health Inequalities report](#) (January 2021) finds that

- **Healthy Life Expectancy** - is lower for those living in the most deprived areas than for those living in the least deprived areas. In 2017-2019 males in the most deprived areas were, on average, expected to live 26.0 fewer years in good health than those in the least deprived areas (47.0 years vs 73.0 years). Females in the most deprived areas were, on average, expected to live 22.1 fewer years in good health than those in the least deprived areas (49.5 years vs 71.6 years). This equates to people in the most deprived areas living 2/3rds of lives in good health compared to 4/5ths of those in the least deprived areas.
- **Disability** - In 2018/2019, adults in the most deprived areas were nearly twice as likely to report a limiting long-term condition than those in the least deprived areas (47% versus 24%).
- **Mental Well Being** - Adults in the most deprived areas were three times more likely to have below average mental wellbeing than adults in the least deprived areas at all time periods except 2012/2013, when they were five times more likely to have below average mental wellbeing.
- **Coronary Heart Disease** mortality rate was five times greater in Scotland's most deprived areas compared to the least deprived.
- **Alcohol-related hospital admissions** were 5 times higher in the most deprived areas of Scotland compared to the least.

The Gender Pay Gap The average weekly income for men and women working full and part time in Scotland is shown below.

Weekly Earnings by Sex, Scotland, 2020, 18+

	Full time	Part Time
Men	£620.70	£193.80
Women	£561.70	£229.10

Pay gaps vary by **sector**. The highest gender pay gap in Scotland in 2020 are in Professional, Scientific and Technical activities (24%), followed by Finance (23%), and Information & Communication (16%). There were only two sectors where women were paid more than men, Public Administration and Education, and then only by 0.1%.

Occupational Segregation. Despite improvements over the years many areas of Scotland's economy remain strikingly single sex. Construction and Manufacturing have the lowest levels of female participation at 12% and 15%. Health and social care has the highest level of female participation, where 73% of the workforce are women.

You can find out more about occupational segregation in different sectors [here](#).

Youth Unemployment & Economic Activity

New data on 16 - 24s employment outcomes, pay and participation in training for Scotland's local authority areas can be found in the [Young person's local authority labour market dashboard \(January 2021\)](#).

Highland has the highest level of youth employment at 74%, Edinburgh has the lowest at 43%.

Over a quarter of young people in Scotland work in the Distribution, Hotel and Restaurant sector. In Highland and Stirling it's about a third of all working young people, whereas in Midlothian is about a fifth.

5. Relevant Legislation & Policy.

The Equality Act 2010 sets out the legal protections from discrimination that people in Scotland have.

There are 9 grounds of protection under the legislation, known as protected characteristics.

People have protection on the grounds of their age, disability, gender reassignment status, marital status, pregnancy and maternity, race, religion and/or belief, sex, and sexual orientation.

People are protected from discrimination in almost all aspects of day to day life including in employment, housing, education, policing, and accessing goods and services.

The Public Sector Equality Duty (2012) applies to over 250 public bodies in Scotland, including local authorities, FE/ HE colleges and the NHS. The Duty requires public bodies to:

- Eliminate discrimination
- Advance equality of opportunity, and
- Foster good community relations

across all of their relevant functions, including in procurement. Extensive guidance on the Duty can be found here

The Fairer Scotland Duty applies to a smaller number of public bodies but includes local authorities and the NHS. This Duty requires the public body to reduce the inequalities in outcomes which are a result of socio economic disadvantage. It applies to strategic decisions which could include Local Housing Plans, Investment plans and Skills Plans.

Do these Duties apply to Regional Economic Partnerships (REP's)?

This is quite a technical aspect of the law as REPs are not mentioned in the Regulations.

However any public body listed for the Equality or Fairer Scotland Duty needs to ensure that when working in a partnership the collective decisions are still in keeping with the these Duties.

Equality & Fairer Scotland Impact Assessments.

Both Duties require public bodies to conduct an impact assessment of the likely effect of their decisions on equality. In the case of the Equality Duty this assessment must consider the policy against the General Equality Duty – to what extent does the policy help to eliminate discrimination, advance equality of opportunity and foster good community relations. In respect of the Fairer Scotland Duty the assessment should consider how the policy can help to narrow gaps in socio economy inequality.

Further guidance on these issues can be found here.

Equal Pay Audits.

Any employer in Scotland who employs more than 250 people needs to conduct an annual Equal Pay Audit. You can search for the results of these Audits here.

Policy

The Wellbeing Economy

In September 2020 the Advisory Group on Economic Recovery (AGER) reported on Scotland's path to economic recovery after the COVID-19 pandemic. The report was based on emerging theories of the Wellbeing Economy which the AGER define as having four key components, or “capitals”:

- Environment – the world's stocks of natural assets, which include geology, soil, air, water and all living things;
- People - the knowledge, skills, and health that people accumulate throughout their lives;
- Community - the networks together with shared norms, values and understandings that facilitate co-operation within or among groups;
- Business – the financial, intellectual and physical assets from applying human productive activities to natural capital, which are used to provide a flow of goods and services.

The Wellbeing Economy takes much of the thinking on Inclusive Growth and expands the definitions to create a more holistic view of the economy and its component and mutually dependant parts. It is likely that these capitals will form the basis of any new measurement framework that the Scottish Government develops.

Fair Work

The Fair Work Convention was set up in April 2015 and acts as an independent advisory body to Scottish Ministers on industrial relations and employment.

The Convention's vision – shared by the Scottish Government - is that, by 2025, people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society.

Fair Work has 5 key dimensions which together can enhance workers' rights and protections, create a more positive working environment and drive increased productivity and business effectiveness. The dimensions are - Effective Voice, Opportunity, Security, Fulfilment and Respect.

Employers who are committed to the principles of Fair Work are those who take effective action focused on creating a more diverse and inclusive workplace where workers have security of pay and contract, can develop and utilise their skills and have an effective voice in the workplace. The Scottish Government is rolling out its Fair Work First approach to strengthen fair work practices across Scotland. From February 2021, the Scottish Government and other public bodies will ask employers to adopt Fair Work First criteria for those in receipt of grants, other funding streams and contracts awarded by the Scottish Government and public bodies will ask employers to adopt Fair Work First criteria and to monitor their progress. This sends a strong message that the Scottish Government, its enterprise and skills agencies, and other public bodies prefer to do business with Fair Work employers.

New Fair Work First guidance explains the national approach and what good practice looks like. A Fair Work Employer Support tool is now available to enable employers to self-assess their fair work practices and access support to help them improve. Employers should also encourage their workers to complete the Fair Work Convention's self-assessment tool to consider their own fair work experience and help influence improvement action.

Community, Wellbeing & Place.

The Scottish Government and COSLA have agreed to adopt the Place Principle to help overcome organisational and sectoral boundaries, to encourage better collaboration and community involvement, and improve the impact of combined energy, resources and investment. The principle is a way of bringing ideas about services, investments, resources and assets together under one roof. The approach requires a more integrated, collaborative and participative approach to decisions about services, land and buildings.

To enable this the Scottish Government is investing in Community Wealth Building pilots – community wealth building is a way of ensuring that we support our communities from the base up, it aims to retain wealth in the local economy, using local enterprise, labour, talent and finance to own, build, and to produce the things that we need.

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