

Delivering inclusive growth

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Executive summary

This whitepaper provides an overview of inclusive growth. It outlines why inclusive growth is important, sets out common approaches to delivering inclusivity, and makes some recommendations regarding the application of emerging good practice to deliver socially and economically inclusive outcomes.

1 What is inclusive growth?

1.1 Defining inclusive growth

Economic growth does not always deliver the increases in living standards that policy makers intend or expect for all sections of society. In many countries, including the UK, average incomes have stagnated in recent years and the gap between rich and poor has widened. There is now an opportunity to deliver a more inclusive approach to development and growth that seeks to combine a prosperous economy with a more equal society.¹ This will ensure the benefits of growth are shared by all, including those who are often overlooked, including the young, the old, disabled people, people from ethnic minority communities, and people from the most deprived neighbourhoods.

Fundamentally, inclusive growth also means making sure that no individual, community, or social group is left behind or excluded from enjoying the benefits that increasing economic prosperity can bring. It means taking account of the needs of the most vulnerable and marginalised people in society, and committing to delivering equality of opportunity and participation in the benefits of growth for all. Central to achieving inclusive growth is creating sustainable employment opportunities.² However, the benefits of growth are not limited to income and wealth. Education, life expectancy, employment prospects and success all have the potential to be enhanced by economic growth.³



¹ Joseph Rowntree Foundation (2017): 'What is inclusive growth and why does it matter?'

² United Nations Development Programme (2017): 'Inclusive growth: Addressing inequality and social exclusion'

³ OECD: 'Inclusive growth'. See: <http://www.oecd.org/inclusive-growth/>

1.2 Drivers of inclusive growth

There are a number of strategic drivers behind delivering socially inclusive infrastructure and outcomes and there will also be specific local drivers to the inclusive growth agenda which will vary from area to area. The number core themes are:

- **Policy imperatives:** With the Equality Act 2010 in the UK and United Nation's Sustainable Development Goals (UN SDGs), social inclusion is on both national and global policy agendas. Public sector bodies in the UK have a legal responsibility to consider the impacts of their plans and activities on 'protected characteristic' groups, while five of the UN's 17 SDGs encourage developments to have a sharp focus on inclusivity and equality.
- **Economic drivers:** Income inequality is bad for growth. Securing higher incomes for all and widening access to employment opportunities across the population will lead to economic growth, lower levels of deprivation and reduced demand for public services.⁴
- **Managing project and programme risk:** Ensuring publicly funded projects maximise social benefits and minimise negative impacts makes economic sense. Proactively managing risks will help to minimise delays and adverse commercial impacts. Implementing a project which is inclusive and accessible to a wide range of users means it is likely to be more financially sustainable.
- **Good decision making:** Delivering growth that is inclusive maximises the benefits for the whole of society and delivers better outcomes. Similarly, ensuring services and infrastructure are delivered in equitable ways, without negatively impacting on communities, is simply the right thing to do. If there is a moral imperative to do the right thing and close the inequality gap in society, the default should be to maximise equality of outcomes for all.



⁴ See: <https://www.oecd.org/social/Focus-Inequality-and-Growth-2014.pdf>

2 Delivering inclusive growth

There are a number of policy levers, mechanisms and tools that already exist and can be utilised to support a more inclusive growth agenda in a developed economy. These are based primarily on UK and EU tools and approaches and are set out in this section.

It should be understood that most of these approaches have limitations in terms of helping to deliver inclusive growth. Some, in many cases rightly so, consider a focused set of issues or specific pre-determined population groups. Other approaches are often rather too easy to avoid or circumvent – relegating them to little more than box-ticking exercises.

Achieving more inclusive growth, therefore, is as much about attitude and approach as it is about using appropriate tools. Here, we also set out how to complement these levers with new ways of thinking about and approaching the challenges inclusive growth presents.

2.1 Planning for delivery

Planning is essential – and this is nothing new. Growth plans for local areas require vision and ambition, and for that vision and ambition to be articulated as part of a wider strategy for an area. Unless inclusion is a key element of that vision, and part of that ambition, inclusive growth is less likely to be one of the outcomes of delivery. Building a shared vision for inclusive growth from the outset of the project or policy development process is important. Start by creating a vision that aligns the priorities of both policy makers and communities through engagement and discourse (approaches to which are set out in more detail below). The vision should be clear, compelling and identify a roadmap for inclusive growth, with key performance indicators

Effective planning requires taking a forward view and a focus on longer terms goals and objectives. Delivery planning helps to ensure that not only are objectives set, but that those objectives have owners responsible for delivering them – this is essential.

Delivering inclusive growth to local areas also relies heavily on partnerships between policy makers, government agencies, developers, the third sector, and, of course, communities themselves. Building these partnerships is no small task, and some levers already exist, but, more robust partnership working, bringing in new approaches that are locally led and place-specific will be required. An emphasis on leadership, and tapping into the needs of local businesses – for example, through the development of sector-based clusters and the agglomeration of similar businesses – can support the development of better quality, higher skilled jobs, and can boost inclusive outcomes.

Bringing developers in to support inclusion objectives typically focuses on Section 106 contributions - agreements made between developers and local planning authorities to provide a payment as part of a planning permission that offset the costs of that development on local services and facilities.

2.2 Identifying opportunities and risks

In the early stages of project development – and particularly with infrastructure and transport interventions – a range of tools and mechanisms are available to help identify opportunities for delivering more inclusive outcomes. Such tools and statutory measures should be used in an outcome focused way and with inclusive growth in mind. They can be used to broaden the effectiveness and reach of projects and policies, and to

better share the benefits of growth. Impact analysis and assessment in the early stages of projects and policy-making (well in advance of decision-making) can effectively help to identify these opportunities and mitigate and manage risks of exclusion effects.

Equality Impact Assessment (EqIA)⁵ is a key tool in this regard and can be used across a range of policy interventions and infrastructure development. Effective EqIA helps project teams to action plan to remove disproportionate adverse impacts for traditionally disadvantaged communities and maximise the benefits of schemes designed to deliver growth.

In the same way, statutory planning processes such as Environmental Impact Assessment (EIA) can be used to assess the significant environmental effects of infrastructure developments, including on community and socio-economic resources and human health.

Equally, WebTAG (Transport Appraisal Guidance) – used by the Department for Transport to appraise transport projects and proposals – includes analysis of the wider economic and social impacts (through TAG units on Social Impact and Distributional Impact), of transport schemes.

Considering the distribution of the benefits and opportunities of growth through these more established approaches is essential for inclusion. To deliver inclusive growth, it is critical to assess the impact that policies and development proposals will have on different groups, rather than solely measuring impacts for the statistical ‘average’ household or individual or just looking at the net overall economic gain or total number jobs created; understanding how these impacts are distributed is critical to the inclusive growth agenda. Whilst EqIAs, EIAs and meaningful community consultation (see below) can help with this, the development of further bespoke mechanisms is likely to be required to better explore the inclusion impacts of growth policies on a wider spread of social groups.

2.3 Using sustainable community and placemaking approaches

In the development and infrastructure sector, placemaking approaches encourage policy makers to work together with social groups to shape inclusive public spaces where people want to live, work, and socialise.⁶

Good decisions about the design of the built environment can affect people’s experience of spaces and enhance feelings of safety and belonging.⁷ Research suggests that attachment to an area can impact on its economic activity; attachment makes people more willing to spend money and invest in that area, thereby contributing to economic growth.⁸

Delivering inclusive growth through placemaking means focusing on a holistic design process, which considers intended function, use, experience, and appearance of developments, to create sustainable communities which help to deliver cultural, economic, and social progress.⁹

⁵ Analysing the actual and potential impacts of interventions on different sections of society as identified in the Equality Act 2010 to help demonstrate compliance with the Public Sector Equality Duty.

⁶ For example: Atkinson, S. et al., (2012): ‘Wellbeing and place’; Johansson, K et al., (2012): ‘Moving beyond ‘aging in place’ to understand migration and aging’; Friedmann, J., (2010): ‘Place and place-making in cities: a global perspective’; Cilliers, E et al., (2014): ‘The importance of creative participatory planning in the public place-making process’.

⁷ Design Council (2017): ‘Response to Inclusive Growth Commission: Design Council submission’

⁸ Participatory City (2015): ‘Designed to scale’. See: <http://www.participatorycity.org/report-the-research/>

⁹ Chelmsford Borough Council (2008): ‘Making Places: Urban site guidance for designers, developers and planners’.

The Design Council's principles for place-based inclusive growth

- Place people at the heart of the design process
- Acknowledge diversity and difference
- Offer choice where a single design solution cannot accommodate all users
- Provide flexibility in use
- Provide buildings and environments that are convenient and enjoyable to use for everyone

Source: Design Council (2017): 'Response to Inclusive Growth Commission: Design Council submission'.

A key aspect of placemaking lies in ensuring transport infrastructure and networks are accessible and inclusive and can accommodate and encourage economic participation for all, helping to drive inclusive growth. Accessible transport and infrastructure connects communities to services and employment opportunities, helping to ensure that the benefits of growth are accessible to wider society.¹⁰

Public transport, cycling and walking are essential for supporting a labour market that is more inclusive and more productive. Support for these modes can also help to develop dynamic places and facilitate economic participation from a wide range of groups including jobseekers, low income families, young people, disabled people, and older people. As places grow, it is these modes of transport that allow communities to remain accessible and inclusive to all, and therefore more productive.¹¹

2.4 Effective community and stakeholder engagement

Engagement with communities and other stakeholders is essential for shaping inclusive growth policies and outcomes. Better integration of consultation and engagement processes into project design and development can help to create more effective policies and better targeted services that cater the broadest possible cross-section of the population. There is also increasing evidence that collaboration with citizens can prevent service failure and improve monitoring and evaluation processes by making them more relevant and transparent to stakeholders.¹²

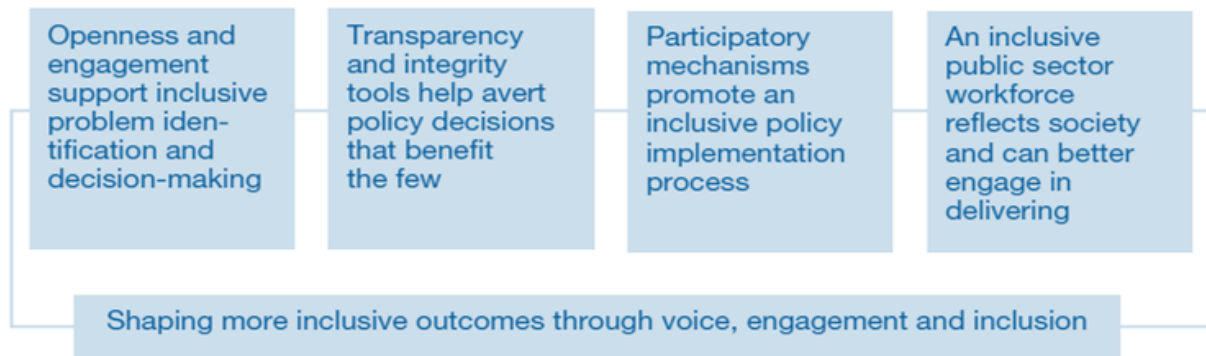
Engaging communities can also help to foster ownership of policy and services by giving a voice to different community stakeholder groups. A policy-making process that is well informed by the community it serves lays a good foundation for placing well-being and inclusivity at the centre of public policy.¹³ The diagram below sets out the key elements of inclusive institutions that help to shape inclusive growth outcomes.

¹⁰ Inclusive Growth Commission (2016): 'Inclusive Growth for dynamic, resilient local economies'.

¹¹ Urban Transport Group (2016): 'Consultation response: Inclusive Growth Commission'.

¹² OECD (2015): 'Policy shaping and policy making: The governance of inclusive growth'

¹³ OECD (2015): 'Policy shaping and policy making: The governance of inclusive growth'

Figure 1: Approaching engagement with inclusive growth outcomes in mind

Source: OECD, 2015

2.5 Mainstreaming these approaches

Existing levers, such as EqlA and EIA, have a clear role in supporting the delivery of more inclusive outcomes. They help to ensure that growth is pursued to the benefit of all sections of society and with due regard to social and environment considerations. Using these processes with a mindset that focuses on an outcome that has inclusion at its core will help to ensure that the benefits of growth are felt by all.

Mainstreaming these processes is the next step in securing inclusive outcomes:

Approaches for delivering more inclusive growth

- Build a shared vision for inclusive growth from the outset of the project or policy development process. Start by creating a vision that aligns the priorities of policy makers and communities. The vision should be clear, compelling and identify a roadmap for inclusive growth, with key performance indicators.
- Statutory measures and existing levers should be used in an outcome-focused way and with inclusive growth in mind.
- Holistic approaches to places are required to ensure that infrastructure, transport and other physical development takes account for the needs of places and delivers sustainable and inclusive outcomes.
- Coordination and liaison with all levels of government and relevant public sector organisations is essential for effective inclusive growth, and policies should take into account regional or local variations.
- Engage with the public to increase buy-in and enhance inclusive growth.
- Monitor and evaluate progress and performance, capturing good practice and feeding learning back into the development cycle.

3 Moving forward with the inclusive growth agenda

While the pursuit of growth is now accepted as conventional wisdom in developed economies, questions about how to achieve growth, and what form it should take, still remain. Inclusive growth has emerged from this debate as one possible way to achieve growth in a socially just way – but how do you move forward with this agenda?

3.1 Changing approaches

One key way to move forward is to reappraise what growth can mean, and what we use to measure it.

Typically, growth is measured in terms of increases to Gross Domestic Product (GDP) and Gross Value Added (GVA), or net increases in employment. However, delivery of more inclusive outcomes will mean a wider focus than these traditional metrics; it involves understanding how strategic impacts might be distributed and experienced by different sections of society. A range of metrics are available that reflect aspects of inclusivity – from the indices of multiple deprivation (IMD), to social and consumer categories (such as Mosaic), skill levels, wealth disparities, and employment sector profiles. Targeting, capturing, and measuring performance in terms of inclusivity, rather than raw growth, will necessitate new approaches to understanding project viability and impact.

A better focus on the delivery of social as well as economic return must be a requirement for new developments, and approaches to capturing the contribution of developments to inclusive growth will almost certainly need to be explored and developed.

3.2 Inclusive growth at Mott MacDonald

Mott MacDonald's social inclusion practitioners have been working on this agenda for several years. Our focus has always been on ensuring that the tools and levers available to our clients are meaningful and valuable, going beyond box ticking to deliver real benefits to clients and communities. We recognise that making the most of holistic approaches to development, planning and partnership working, impact assessment, the evaluation cycle, and stakeholder engagement, are essential for delivering inclusive growth.

Over the past few years we have applied these principles to designing bespoke tools for some of our clients:

EDIT: The Equality, Diversity and Inclusion Tool

We partnered with Highways England to develop a bespoke tool to support inclusive decision-making through its project control process. Focusing on the EDI dimensions of project development on the UK's strategic road network, we have helped Highways England to drive the inclusion agenda and ensure compliance with legal requirements. EDIT provides Highways England schemes with an inclusion score, which helps to support better evidence-based decision-making.

F-BET: The Female Beneficiary Estimation Tool

Through collaboration with the International Finance Corporation (IFC) and the Private Infrastructure Development Group (PIDG), we produced a beneficiary estimation tool for infrastructure development projects across six global infrastructure sectors. Building on a detailed desk-based review of the impact of different interventions on women and girls in developing countries, we were able to develop a tool that identifies and quantifies potential gender impacts that infrastructure across different sectors and in different territories can have.

More recently, we have been focusing our efforts on how our clients in the public and private sectors can support inclusive growth and outcomes through the development of more inclusive infrastructure and public services. Over the past 12 months we have developed our thinking on new approaches to helping those delivering infrastructure projects better understand who will be affected. Our emerging Social Impact Forecasting Tool (SIFT) aims to identify and estimate the potential beneficiaries of interventions across different sectors, who are living in socially deprived neighbourhoods. It helps developers to understand how infrastructure interacts with its location and nearby population to hone in on its wider social and inclusion impacts.

SIFT will, as part of our wider approach to social inclusion, help to:

- forecast which groups are most likely to benefit from infrastructure development and growth;
- better integrate social inclusion into all of our project planning activities by embedding the agenda into our project management processes;
- raise awareness of the agenda amongst colleagues and clients, to help drive the inclusive growth agenda and encourage consideration of social inclusion in both infrastructure and development terms;
- underpin the advice we provide on the adoption and effectiveness undertaking the statutory and good practice approaches set out above; and
- make sure that local, project-specific approaches are utilised to delve deeper into the inclusion aspects of delivery, particularly in larger projects.

With these new and emerging tools, we're connecting inclusion and growth with the infrastructure and service delivery agendas, opening opportunities for our clients to deliver real social benefits.



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