

Delivering Inclusive Growth in Scotland Poverty and Inequality Commission response and recommendations

Response to findings

The Scottish Government adopted inclusive growth as a key policy objective in 2015. The Poverty and Inequality Commission welcomes the recognition that government places on inclusive growth. It believes that in order to unlock people from poverty, Scotland must deliver an inclusive growth agenda that genuinely benefits all. That means delivering growth in a way that deliberately seeks to reduce poverty and inequality, not just relying on mechanisms such as redistribution to fix problems after the event.

Indeed, one of the recommendations of the Commission's advice on the Tackling Child Poverty Delivery Plan was that the government should set out how the Inclusive Growth agenda and City Deals would contribute to delivering the child poverty targets. Following publication of the plan, the Commission felt more could have been made of the role of inclusive growth.

This raised a question on the extent to which the inclusive growth agenda is penetrating into policy making and practice across Scotland. It is now four years since inclusive growth was introduced into the economic strategy. The Commission is keen to understand whether the adoption of inclusive growth is merely presentational or if it has marked a fundamental shift in the way policies are prioritised, made and implemented. Essentially, whether inclusive growth is resulting in a different type of policy programme compared to past approaches.

IPPR Scotland and Mark Diffley Consultancy and Research were commissioned to investigate the difference the inclusive growth agenda is making to policy and practice in Scotland. The final report is published on the Poverty and Inequality Commission website.

The report indicates that, on one level, the concept of inclusive growth is being widely adopted and there is a high level of commitment to make the agenda work. It has penetrated into a wide range of strategy documents from both the Government and public sector partners. There are also new collaborations emerging both inside and outside of Government. Particularly encouraging is the more social approach that economic policy makers report they are taking to the economy. The Commission welcomes these findings and fully endorses the recognition and importance that is being placed on inclusive growth. This is an important first step.

However, the report also indicates that the Scottish Government has not been sufficiently clear about what it means by inclusive growth. As it stands, inclusive growth appears to be more of a concept than something which results in a tangible outcome. The Government has also not been clear about how it might measure progress towards inclusive growth or what success would look like.

Furthermore, the national strategies aren't being easily understood or translated at a local level. In fact, the research points to a very clear pattern – the further you move from central government to local areas, or from the senior level to the practitioner level, the more there is confusion around what inclusive growth is and what it is trying to achieve.

It is also a struggle to identify key policies which mark a significant departure from things which were happening already. Indeed, many of the research participants did not feel that inclusive growth was significantly different from previous approaches to economic development.

Recommendations

If the Scottish Government is serious about inclusive growth making a difference to the way that policy is made or implemented, it needs to make adjustments to its approach. The Commission makes the following recommendations:

1. Be clear about what inclusive growth means, and what is different about it.

The Scottish Government need to be much clearer about what it means by inclusive growth.

The Commission would particularly like to see the Government develop a definition which is clear that the aim of inclusive growth is to narrow socio-economic inequality. Part of the existing confusion around inclusive growth emerges because the current definition covers aspects of socio-economic, group and geographic inequality, making it all things to all people.

A new definition should recognise the elements of inclusive growth that can reduce poverty and inequality: that there is no guarantee that 'growth' in itself will generate equality; that for growth to be sustainable it has to be equal; and most importantly that having greater equality across a range of outcomes is itself a pre-requisite for faster and more sustained growth.

The Government also needs to be clearer about how it might seek to measure progress, and what success or failure would look like.

The Government should also say more about its overall strategy for achieving inclusive growth, not in terms of individual policies, but in terms of how inclusive growth influences the way that policy is appraised, different areas of government work together, and trade-offs are managed. With a clearer articulation of inclusive growth in place, other public-sector partners can be invited to make a more explicit statement about how they will contribute to the inclusive growth agenda.

2. Embed inclusive growth into new flagship policy programmes

Many respondents to the research cited new programmes like City-Deals and the Scottish National Investment Bank as examples of areas which could contribute to the inclusive growth agenda. The Commission recognises these as important

opportunities. The Government needs to be more explicit about the ways in which these programmes can contribute to inclusive growth, how they can do this, and how progress might be assessed or measured. There should be a particular focus on the way that the inclusive growth concept informs how these programmes prioritise policy or funding decisions.

3. Ensure that the inclusive growth agenda penetrates into the heart of economic policy making.

One of the most concerning aspects of the research was interviewees' inability to talk about how policy is being designed and delivered differently, compared to what would have been the case in the past. This is four years on from inclusive growth becoming a priority for Scottish Government.

While it is heartening to see plans for new areas of policy – such as City Deals and the Scottish National Investment Bank – looking to build inclusive growth in from the outset, more needs to be done to drive inclusive growth through established economic policy making in Scotland. For example, the Scottish Government and its partners should be able to give a clear account of how their sector growth strategy, trade and investment, infrastructure and transport investment, business support, procurement and planning policies will deliver inclusive growth.

Scottish Government and its partners should be able to give an account of what they have chosen *not to do* as well as what they have chosen to do as a result of an inclusive growth approach. This requires the inclusive growth criteria (and their weighting) in options appraisal to be clear.