

Connected Growth: developing a framework to drive inclusive growth across a city region

Submission to the *Inclusive Growth Commission* drawing on interviews with members of **Greater Manchester's VCSE Devolution Reference Group** and a workshop with VCSE leaders from across the North West.

The central tenet is that if we are serious about inclusive growth, then we need to develop a new relationship with communities drawing on the potential of the voluntary, community and social enterprise sector.

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Introduction

In recent months, the city region building agenda appears to be showing more of an interest in the voluntary, community and social enterprise (VCSE) sector as partners. The Green Paper on the interfaces between employment and health calls for an understanding of how to best support people with health conditions or those deemed disabled to return to or stay in work. The Greater Manchester (GM) model is particularly interesting here and its specifics will be influencing new trials in the Sheffield City Region and the West Midlands Combined Authority during 2017 for a period of between 2 and 3 years. These are developments in the inclusive growth policy-fields which we are keen to watch and this submission focuses on the positioning of VCSE actors in the Greater Manchester city region, with a view to informing debates across England and beyond.

Devolution to GM to date has been a centrally led process with only minimal and piecemeal consultation. The process of devolution will create a variety of new policy opportunities for the region but, the basic devolution deal is geared towards economic growth. In doing this and especially given the opportunities provided by the devolution of health and social care, there is a recognised need to bring together the appropriate voices within the city region to address the serious inequality issues within the region. Devolution, to date, has been framed and shaped by central government in terms of what they see as the appropriate pathway to growth, through a deal making process of negotiation. Unfortunately, this pathway is largely dependent upon an economic model focussed on enhancing processes of agglomeration which in turn only serves to further create uneven development within the city region. If growth is to be inclusive, this model has to change and devolution has to find ways to offer opportunities that significantly move beyond the model that has been laid out by central government.

In interviews with members of the Greater Manchester Voluntary, Community and Social Enterprise Devolution Reference Group the following submission, will argue, that there is currently a need – which is endorsed by local partners and underway - to bring third and voluntary sector organisations into processes of devolution, in greater diversity and across the full spectrum of devolution activity in the region. Adding to this, was the sense, particularly from third sector groups (which will be discussed in more detail shortly), that ultimately the success of devolution will rely on genuine engagement with the VCSE sector, including employing it at a strategic level, and making use of its connections to communities in GM, especially marginalised groups. An important first hurdle for inclusive growth models therefore is the requirement for a stronger form of representation within the governance structures of devolution for VCSE groups. This is to not only acknowledge the important role organisations currently have in GM¹ but also to think through the ways in which moving

¹ The sector is already deeply significant to the economic status of the city region being worth around £1billion, see Dayson *et al.* (2013).

forward the sector will be further required to deliver different aspects of devolution to the people of GM. It should be noted that rapid progress is being made in this area, particularly in regards to health and social care. This is critical in the context of a significant reduction in central government spending on local economic growth as part of the Government's deficit reduction programme. The National Audit Office reports that over the five-year period 2010/11 to 2014/15 the coalition government will have spent £6.2 billion on local growth programmes, including that spent via RDAs and their legacy, and spend on new funds and structures. By comparison the RDAs spent £11.2 billion over the preceding five-year period 2005/06 to 2009/10 (National Audit Office, 2013). This is also combined with ongoing austerity measures which have reportedly cost GM local authorities an estimated £1.7bn from their core budgets (Manchester Evening News, 2015).

Despite the difficult environment surrounding devolution, VCSE groups are, although cautious, keen to explore the opportunity presented by devolution and how they can play an important role within it. Hence, this submission will argue towards four key reasons that position the sector as an appropriate interface through which a more inclusive economy can be delivered: one, the need for inclusive governance; two, addressing issues related to operational scales and representation; three, how inequality, in time hinders growth; and fourthly, the need to harness the multifaceted thinking and social innovation of VCSE in order to deliver more inclusive growth.

Research Context

This submission and evidence is based on research undertaken by the University of Sheffield and Cardiff University, it is funded by the Economic and Social Research Council (ESRC)². It has been conducted in collaboration with Voluntary Sector North West (VSNW) and the Greater Manchester VCSE (Voluntary, Community and Social Enterprise) Devolution Reference Group. The research has been concerned to address a knowledge gap concerning the role of VCSE groups within city region growth strategies and the positioning such groups have within the shaping and roll out of GM devolution. The research has involved stakeholder mapping and semi-structured interviews with key VCSE actors operating across GM. The interviews were conducted by Dr. David Beel, running between August and October 2016. In total, ten interviews were conducted with members from the following VCSE groups:

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| VA Oldham | LGBT Foundation |
| MACC | Unlimited Potential |
| Start in Salford | Stroke Association |
| GMCVO | Breakthrough UK |
| 42 nd Street | Big Life Group |

² ESRC Grant for *WISERD Civil Society: Spaces of New Localism* (ES/L009099/1).

Inclusive Governance for an inclusive city region

The parallel contexts of devolution and austerity create a number of challenges, which in turn raise a series of questions about how governance structures will deal with this and how resources will be effectively deployed to create economic development in Greater Manchester³. This raises questions about what economic development in GM should look like and who should benefit from future economic growth. To date, within the context of city region devolution across England and GM included, devolution has sought to privilege business interests (Pike *et al.* 2015). This can be seen in the development of Local Enterprise Partnerships (LEPs) as strategic bodies to shape combined authority economic planning (Pugalís & Townsend, 2012). In the context of inclusive growth, there is a risk that when such city region governance arrangements do not involve ‘civil society’ groups, decision making processes accordingly lack local legitimacy in terms of transparency and scrutiny. The following section wishes to highlight the ways in which the VCSE communities have responded to devolution within GM through organisations such as Greater Manchester Centre for Voluntary Organisation (GMCVO) and the nascent Devolution Reference Group. This is to point towards examples by which more inclusive governance models can be developed in city regions so that devolution can deliver on issues surrounding inequality.

In the context of this, the VCSE Devolution Reference Group grew out of a desire for the sector to more actively engage and help shape the city region in a way that we have not seen with previous policy initiatives. This was and is a different moment in time, where new working relationships are being developed, both reactively and, more interestingly, proactively. The VCSE Devolution Reference Group represents a new form of collaborative working which sits alongside existing institutions in the city region such as GMCVO. GMCVO has a long history of voluntary (or third) sector representation across the city region and is also active within the VCSE Devolution Reference Group in continuing to represent the concerns of its members. The scale and pace of devolution and the mechanisms by which Greater Manchester Combined Authority (GMCA) and the UK Government have negotiated such deals has meant that further forms of representation have been sought to find ways to address the new governance structures that are being created within the city region:

The Reference Group was set up when we realised that all this was going on around us and nobody was going to come banging down our door... So from that, a ‘coalition of the willing’ emerged, completely undemocratically but again I think that’s part of it. Stop waiting for permission; stop feeling like you have to get every detail right. Because actually things are moving so fast, we have to trust each other to advocate for what our sector wants to achieve collectively. Mike Wild (Macc).

³ See Etherington & Jones (2016) in the context of the Sheffield City Region for similar problems being faced.

The purpose of the VCSE Devolution Reference Group has therefore been to find the appropriate ways in which to influence processes of devolution through sectoral collaborations and partnerships. This has been in order to shift city region agendas towards more inclusive approaches, which accommodate for the different ways in which the VCSE sector is positioned throughout GM's structures. This is further reflected by another interviewee highlighting that focusing on the restructuring of the public sector alone misses the bigger picture with regards to what could be achieved with a more inclusive governance framework:

The pace of change of devolution has meant a strong inclination towards the public sector thinking about the public sector ... their internal mechanisms and ways of working can override the belief that we're important partners. By having a collective group that is able to rapidly make the case for what we are about and could be about is particularly important at this time. Liz Windsor-Welsh (VA Oldham).

The VCSE Devolution Reference Groups represents one model by which, within the context of devolution, a broad coalition of diverse groups can be brought together alongside pre-existing organisations. The group aims to be indicative of (rather than represent), and connect to, the broad spectrum of VCSE activity in GM. One feature of this is a significant range of organisational positioning and approach within the Reference Group. While such a group could never be 'perfect', it will continually evolve, a feature that could be argued is positive, allowing for dynamism in continually changing circumstances. Its ability to develop partnerships across a multifaceted range of organisations suggests a model that can be promoted in devolution to create parallel forms of representation and governance. Such groups involved are at the hard end of delivering and enabling citizens to thrive in the very difficult circumstances of austerity. They have clear social drive and purpose, and have coalesced around a vision of eradicating inequality in GM in a generation. They also have a strong innovative spirit for delivery in a time of limited resources. This innovation could be harnessed more directly by including such organisations earlier in commissioning processes rather than just as respondents to funding opportunities. In doing this, there could be more attuned responses to inequality whilst giving the processes of commissioning more transparency. In the context of devolution such activities should be folded into the processes of delivering devolution rather than being a reaction to what is unfolding around VCSE members.

Scale and Representation

The final point in the last section is also reflected in the following section whereby the creation of the Greater Manchester Combined Authority (GMCA) could paradoxically shift some forms of governance further away from individuals and communities. Although devolution offers potentially more powers at a city region scale it potentially takes powers and control away from a local authority scale. It also leaves many VCSE groups, who often (not always) work within a specific locality, place based community or LA, further away from the processes of decision making and commissioning. This potentially reduces their capacity to be effective advocates for the areas and people they serve and it can also threaten their very existence depending upon the processes of central decision making:

My concern would be, as a medium sized organisation based and working predominately in Salford, and for other organisations who are smaller than ourselves, what happens if you've got a brilliant, cost effective service and the combined authority wants to commission that service across all of the localities. If you are only delivering in Salford and not in the other nine localities, does that mean they are going to commission you on the understanding that you would need to build your organisation's capacity to be able to deliver across the other localities or would they not commission as they would be worried about scaling up and would want to use one of the bigger organisations? **Bernadette Conlon (Start In Salford).**

The description from Bernadette highlights how devolution can potentially be disempowering to actors at the local level. The creation of the city region creates a 'jumping of scale' (Cox, 1997; Macleod & Goodwin, 1999) whereby policy direction and commissioning will reflect combined authority policy decisions. Within the context of city region devolution, this potentially leaves smaller and more localised providers further away from decisions that may greatly impact upon their organisations' future viability. This creates a series of questions for GMCA in terms of how policy can be filtered and interpreted down to the local level. The VCSE sector already has a variety of different organisations working at and delivering across different geographical scales, whether community, local authority or city-region. Nonetheless, they have been consistently able to find ways to engage those individuals and groups which are often hardest to reach or most in need. For a more centralised form of 'local' city regional governance not to appreciate the local could lead to a number of valuable services, with its nuanced delivery to beneficiaries, being lost in the short term, and possibly longer.

Devolution processes also need to consider ways in which scale also misses different formations of community which are not necessarily place based, such as those concerned with BME, disability, LGBT, homeless and mental health. Such groups exist across the city region, with specific needs that need to be taken into consideration. Considerable work

has gone into the processes of locality planning in GM for health provision but this needs to ensure that this does not miss the needs of different minority groups across the city region:

My other worry about devolution from an equality perspective is that; in terms of the localism model that everybody is talking about and working on, is that for some people locality isn't their community of identity ... That's what many disabled people would say, 'I'm not interested in being disabled, I am a disabled person' and that's it. Now that also might mean that your need or your interface with a service or organisation won't be geographically defined. Other people might actively move away from their local geography, such as young people who are homeless, or young people with mental health problems. Michele Scattergood (Breakthrough UK).

There is therefore a need to find ways in which individuals and groups can see appropriate representation within processes of governance. One such approach is to have more involvement of different VCSE groups who form a broad form of representation to different types and forms of communities, who have a history of advocacy within the city region:

I think it's also about working at different levels. I was very involved in working with colleagues in looking at a voluntary sector response ... There is something very compelling about not doing this just for ourselves and on our own and actually building a coalition of the willing and recognising that we have much more power doing something together and articulating similar arguments with a range of our colleagues. Paul Martin (LGBT Foundation)

In terms of equality, the city region footprint offers the opportunity for a stronger exploration of how to engage, support and champion communities of identity. It also allows leave space to develop a more sophisticated understanding of how scale, engagement, representation and subsidiarity should inter-relate:

The risk is big corporate bodies moving into GM, which you can see in the middle of Manchester: big corporates moving in. Big public sector structures being created and indeed the big charities moving in. The third sector is as guilty of this stuff as anybody else. So we at least need to balance some of that activity because it's probably going to happen anyway, or possibly replace some of it with much more diverse, smaller medium scale stuff that actually engages the people who need to be engaged. Chris Dabbs (Unlimited Potential).

This system is not perfect but the scale of operations provided by VCSE groups represents the multifaceted ways in which different organisations work with different communities of geography (city region through to neighbourhood) and with different communities of identity (Disabled groups, LGBT, BME).

Inequality Hinders Growth

A major observation that we wish to offer through our research is that the sort of growth is being promoted by devolution to GM may not be the best type, not least because economic agglomeration approaches to creating and growing city-regions can be problematic. The evidence from our research shows that inequality and social disadvantage actually hinder growth (see for further examples Etherington & Jones, 2016; Jonas & Ward, 2007; Lee, 2016; Lee, Sissons, & Jones, 2015). The converse is that those policies that promote labour market inclusion will contribute to sustainable growth and also productivity. However, the current model of growth restricts access to employment and skills initiatives and hence the city region will accordingly struggle to meet targets. We would, therefore, encourage a more socially inclusive growth model for GM:

*I think of Greater Manchester as having a ring donut economy, it's a lot like a North American city. So you have thriving city centre, which it didn't have twenty-five years ago. The suburbs are actually doing ok, and then the middle bit. If they do not do something about that, the powers that be will never achieve their economic goals of achieving a fiscal balance for this conurbation. **Chris Dabbs (Unlimited Potential).***

Dabbs highlights that despite the successes of the GM economy over the last 30 years it has still failed to address core problems regarding uneven development. Agglomeration focuses growth in specific places, it does not worry about how that growth is then evenly spread, other than for a belief in trickledown economics (Peck, 2012). There is a disconnect at present not just with city region planning across GM but across the entire process of city region devolution in the UK:

*So one of the challenges we've got at the minute, and that's part of the discussion that has just happened in the meeting today, is this dilemma – or not a dilemma, this disconnect rather, between the VCSE and the work that goes in the whole economy plan around LEPs and everything else that's going on. Social care and the VCS are quite well connected, usually through contract and commissioning, but then you've got this whole world around economy, employment and skills that spins close to it but never (or rarely) collides. **Michele Scattergood (Breakthrough UK).***

Michele and Chris both highlight a continuing mismatch in the logic of city region agglomeration which focusses on GVA uplift rather than finding ways to provide for the existing populations of GM. Michele also highlights an important disconnection in current economic thinking whereby there needs to be stronger consideration, at a strategic economic level, towards a more holistic approach for employment and skills training. GM suffers greatly from economic inequality currently – but the context of devolution is a great opportunity to think afresh. Members of the VCSE Reference Group can see this and therefore would like to have a stronger voice in order to deliver on a more inclusive growth strategy. This means moving away from an agglomerative growth strategy that does not

simply repeat the mistakes of the past. The social innovation already shown by the VCSE sector in delivering on employment and skills training, which attempts to integrate health and social care needs within such training strategies suggests there is wealth of pre-existing knowledge which needs to be accessed by GMCA. The VCSE sector has a strong record in terms of providing pathways back to work and has been successful in being able to react to changes in economic circumstances. This is again something that agencies like LEPs could better utilise.

Social Innovation, multifaceted thinking and economic growth

VCSE Reference Group members all note how the increased devolution offered to GM offers real opportunities to do things differently to the supposed model of growth offered by central government, however, this opportunity needs to be grasped. The devolution of health and social care in GM (unlike in other city regions) is one such opportunity, but this again needs radical rethinking if it is to fulfil its potential. The sector has been one of the most dynamic in terms of thinking through how to deliver services to people and communities that are hardest to reach. Below highlights how the sector is already involved in taking a multifaceted thinking approach:

*We need to look at where are the skills and knowledge and solutions to fix any particular problem. Some of it may lie with the people who apparently have the problem, so if you want to solve homelessness, you've got to involve people who have experienced homelessness or who are currently homeless because it would be stupid not to take their input – they have knowledge that no-one else has. You've got to involve a whole range of other agencies that have touched with that problem in one way or another. And those who have got the overview. Collectively you might then start to come up with an answer to that. **Alex Whinnom (GMCVO).***

The desire expressed above to socially innovate by connecting up different agents to tackle problems, such as homelessness, exemplifies how new approaches can be found that are very much in tune with public sector partner thinking. VCSE groups can play a key strategic role due to their on-the-ground knowledge and their flexibility in delivering services. Understanding that the current inequality present in GM is more than just an economic concern and that it is linked to a variety of other multifaceted problems is important to thinking about how groups within the VCSE sector can have a significant impact in terms of addressing these problems. The VCSE community represents one way in which their complex activity and thinking (from small to large, from person to community and from place to identity) could allow for a stronger response to social inequality and to build a more inclusive economy.

Conclusions

There is a risk moving forward that, as devolution is delivered across GM and in other city regions, not appropriately integrating VCSE groups into governance structures will miss on an excellent opportunity to redraw the relationships between VCSE, state, business and communities. Combined Authorities and Local Enterprise Partnerships need to comprehend the knowledge, expertise and innovative ways of working with communities and individuals that the VCSE sector has developed. They also need to think through how VCSE expertise can be better utilised at a strategic level.

The VCSE Devolution Reference Group is very much a response to the conditions of devolution in GM but in that response, there is a model alluded to that with further development could address many of the gaps which have developed in the economic led thinking of city regions. If business interest and state restructuring are left to deliver devolution alone without more holistically integrating the VCSE community, growth is likely to continue to be exclusive and devolution will not filter down to those places, communities and people who have been left outside economic development. Therefore, in the context of inclusive growth there needs to be stronger acknowledgement of the expertise this sector can bring and they should be given an equal voice alongside business and the public sector in terms of future devolution processes.

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