

# Inclusive Growth Outcomes Framework



## EXECUTIVE SUMMARY

Scotland's Centre for Regional Inclusive Growth (SCRIG) was launched by the Scottish Government on 30th July 2018. SCRIG provides the tools to measure and analyse inclusive growth in a local context and inform the development of appropriate policies to promote inclusive growth at the local authority and regional level.

### The Inclusive Growth Outcomes

The Inclusive Growth Outcomes clearly define the dimensions of inclusive growth and provide a consistent structure for analysis and monitoring of inclusive growth performance. The outcomes are:

- Productivity
- Population
- Participation
- People
- Place

SCRIG hosts two tools which support the delivery of the inclusive growth outcomes:

### The Inclusive Growth Dashboard

The Inclusive Growth Dashboard provides a range of indicators for each Inclusive Growth Outcome for Scotland's 32 local authorities. Users can benchmark their local authority against any of the other local authorities in Scotland and the Scottish average on these indicators. This enables users to identify where a local authority is underperforming and helps to provide an early indication of areas to be analysed further in the Inclusive Growth Diagnostic.

### The Inclusive Growth Diagnostic

The Inclusive Growth Diagnostic is a six-stage process designed to aid decision-makers in understanding inclusive growth performance and identifying constraints to inclusive growth in their local area. This can help inform the development of appropriate policies to achieve inclusive growth at a local level. The diagnostic exercise builds on the Inclusive Growth Outcomes and incorporates the data in the Inclusive Growth Dashboard. The Diagnostic approach was piloted in North Ayrshire in collaboration with North Ayrshire Council in 2016.

This is an updated version of the Inclusive Growth Outcomes and indicators, building on initial feedback received from users. We continue to welcome feedback and work alongside stakeholders to further refine this work.

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## INTRODUCTION

Delivering sustainable and inclusive growth is at the heart of Scotland's Economic Strategy<sup>1</sup> and is key to delivering wellbeing to the people of Scotland. Scotland's Centre for Regional Inclusive Growth (SCRIG) was launched in 2018 to drive inclusive growth in regional and local economies. SCRIG supports the achievement of this vision by providing tools to support local and regional decision-makers understand and implement inclusive growth in their area.

The Scottish Government defines inclusive growth as “growth that combines increased prosperity with greater equity; that creates opportunities for all and distributes the dividends of increased prosperity fairly.” Emphasis is placed on building a strong labour market to achieve inclusive growth through the creation of more good quality jobs and ensuring people across Scotland can access them.

Delivering the Inclusive Growth Outcomes is supported by two tools: the Inclusive Growth Dashboard and the Inclusive Growth Diagnostic. These are designed to aid the analysis and identification of constraints to inclusive growth and inform the development of policies to unlock inclusive growth at the local authority and regional level.

Inclusive growth is a priority which is recognised internationally by organisations including the OECD<sup>2</sup> and the World Economic Forum<sup>3</sup>.

**Questions relating to SCRIG can be directed to [SCRIG@gov.scot](mailto:SCRIG@gov.scot).**

<sup>1</sup> <https://www.gov.scot/publications/scotlands-economic-strategy/>

<sup>2</sup> <http://www.oecd.org/inclusive-growth/>

<sup>3</sup> <https://www.weforum.org/projects/inclusive-growth-and-development>

# INCLUSIVE GROWTH OUTCOMES



The Inclusive Growth Outcomes expand on the Scottish Government’s definition of inclusive growth by clearly defining five inclusive growth outcomes. These outcomes provide a consistent structure for analysis and understanding of inclusive growth performance.

The outcomes in the round can also be considered through the lenses of people and place – that is, what the outcomes look like for different groups and different places. This can aid in the understanding of inequalities in a particular area.

## Inclusive Growth Outcomes

|                      |   |               |              |
|----------------------|---|---------------|--------------|
| <b>Productivity</b>  | Businesses are competitive and economic growth is resilient and sustainable.  | <b>People</b> | <b>Place</b> |
| <b>Population</b>    | Scotland has a sustainable working age population.  |               |              |
| <b>Participation</b> | Inequality of opportunity to access work is addressed and jobs are fulfilling, secure and well-paid.                        |               |              |
| <b>People</b>        | Scotland’s population is healthy and skilled and economic benefits are spread more widely, with lower levels of inequality. |               |              |
| <b>Place</b>         | Communities across Scotland have the natural and physical resources to ensure they are strong and sustainable.              |               |              |

### **Alignment with Scotland's National Performance Framework**

Scotland's National Performance Framework (NPF)<sup>4</sup> sets out the purpose for all of Scotland to:

- create a more successful country
- give opportunities to all people living in Scotland
- increase the wellbeing of people living in Scotland
- create sustainable and inclusive growth
- reduce inequalities and give equal importance to economic, environmental and social progress

To help achieve its purpose, the framework sets out 11 national outcomes. Each of the 11 national outcomes has a set of indicators that monitor progress at the national level. A mapping exercise was carried out to ensure alignment between the NPF Outcomes and the Inclusive Growth Outcomes and indicators where possible.

The NPF remains the overarching framework by which we measure Scotland's performance and captures wider measures of wellbeing and environmental sustainability. The Inclusive Growth Outcomes are intended to supplement this to provide a framework for understanding inclusive growth at a regional and local level across Scotland. Given the central importance of job creation and inclusion in quality employment to an individual and place's experience of inclusive growth, the outcomes and underpinning indicators have a strong labour market focus.

### **Logic Modelling**

The Inclusive Growth Outcomes can be used to develop logic models to help decision-makers develop a theoretical understanding of how specific policies may contribute to Inclusive Growth Outcomes. Logic modelling can provide the structure to assess the potential outcomes of specific policies intended to promote inclusive growth. The Inclusive Growth Outcomes can therefore help to guide the development of appropriate policies to promote inclusive growth.

<sup>4</sup> <https://nationalperformance.gov.scot/>

## INCLUSIVE GROWTH DASHBOARD

The Inclusive Growth Dashboard is an interactive data tool which captures a balanced range of indicators for the Inclusive Growth Outcomes. The indicators are reliably and consistently updated with the most recent data.

This is the second version of the Dashboard and incorporates user feedback received since the launch of SCRIG. The Scottish Government and stakeholders will continue to work together to further refine and improve the quality and quantity of data gathered.

There may be fewer indicators for a given local authority, depending on the availability of data at the local level.

A range of indicators can be broken down according to protected characteristics, enabling users to carry out an assessment of the performance of inclusive growth outcomes among different groups of people. Due to a lack of available data at the local authority level, the dashboard currently covers 4 out of the 9 protected characteristics for a selection of the total number of indicators.

The indicators displayed in the dashboard enable assessment of performance across the Inclusive Growth Outcomes at the local level. Users can assess performance in their local authority against other local authorities and the Scottish average.

The tool is unique in its focus on how inclusive growth is spread across different areas of Scotland. The Inclusive Growth Outcomes is one of a number of frameworks developed by the Scottish Government to monitor performance.

The NPF tracks Scotland's progress in meeting its 11 national outcomes and is supported by 81 indicators which capture performance on the overall Purpose. This facilitates the analysis of performance at the national level.

Scotland's Index of Multiple Deprivation (SIMD)<sup>5</sup> measures deprivation and consists of 38 indicators grouped into 7 domains, which measure the different aspects of deprivation. The tool is designed to enable users to identify Scotland's most deprived areas and facilitates analysis at the sub-local authority level by providing data at the data zone level.

This suite of tools can be used to identify key trends and assess performance on a range of dimensions at the national, local authority and sub-local authority levels across Scotland, facilitating a more holistic understanding of issues to be targeted in particular areas.

<sup>5</sup> <https://simd.scot/>

The Dashboard complements a recent report by Professor Stiglitz, a member of the Scottish Government's Council of Economic Advisors. The report, "Going Beyond GDP: Measuring What Counts for Economic and Social Performance"<sup>6</sup>, highlights the need to shift away from a narrow focus on GDP when assessing performance and developing policy, to focus on a broader range of measures which reflect what is important for people's wellbeing.

The Dashboard is not prescriptive about whether or how local authorities should intervene in a particular area to promote inclusive growth. It aims to be the first step in understanding current issues which can help inform future prioritisation of areas with potential to unlock inclusive growth. Subsequent diagnostic steps can be found in the next section.

### Indicator selection

Inclusive growth is as much about local areas as it is about national outcomes. The NPF was used to inform the selection of indicators which are relevant to local inclusive growth to ensure alignment between these frameworks as far as possible.

Other international frameworks and metrics, such as those developed by JRF<sup>7</sup> and the OECD<sup>8</sup>, were used to inform the selection process. All of these have common themes and capture similar metrics.

The indicators are evidenced to be related to the Inclusive Growth Outcomes, in that they are either measurements or drivers of job creation and productivity and access to jobs for people and places. Indicators were selected which were available and robust at the local authority level. Robust,

disaggregated data is essential to enabling a diagnostic approach to be implemented in regional and local economies. A succinct list of indicators were selected so that the framework provides an overview of inclusive growth performance to inform wider inclusive growth diagnostic work and policy, rather than a detailed description of every aspect of inclusive growth.

### Using the dashboard

The dashboard has been designed to be intuitive and user-friendly. The dashboard can be accessed at the following link:

**<https://scotland.shinyapps.io/sg-scrig-dashboard/>**

Users should click the 'Help' button at the top left-hand side of the home page for a step-by-step guide on how to use the dashboard and interpret the different elements.

### Quick Overview

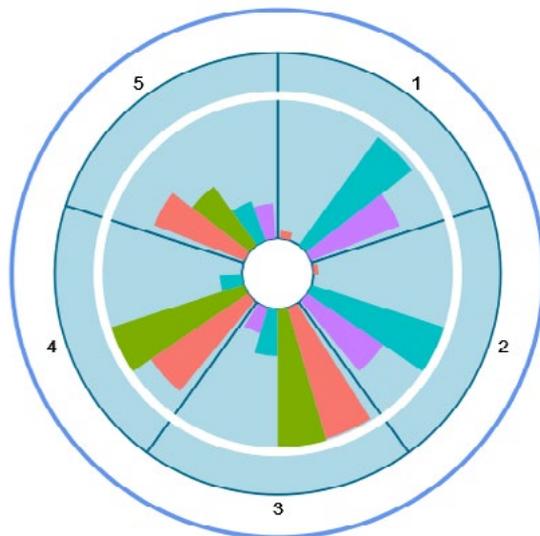
The dashboard enables users to analyse change in the past year, trends over time and produce maps of outcomes across Scotland. It also generates the circular charts below for the purposes of benchmarking selected local authorities on a range of indicators for the inclusive growth outcomes. The graphs show normalised figures for each measure selected for the latest year of available data. The longer the bar, the better the performance on that measure. Scotland data cannot be benchmarked since the dashboard does not contain international data to compare it with. Therefore, the graph and table will only display if locations other than Scotland are selected. This is illustrated below for the 'Population' outcome using randomly selected local authorities.

<sup>6</sup> <http://www.oecd.org/social/beyond-gdp-9789264307292-en.htm>

<sup>7</sup> <https://www.jrf.org.uk/report/inclusive-growth-monitor-2017>

<sup>8</sup> <http://www.oecd.org/statistics/measuring-well-being-and-progress.htm>

### Population



1. Dependency Ratio from Population Estimates

2. Dependency Ratio from Population Projections

3. Net Migration

4. Population mid 2016

5. Projected change in working age population (2016-based)

● City of Edinburgh

● Glasgow City

● Scottish Borders

● Shetland Islands

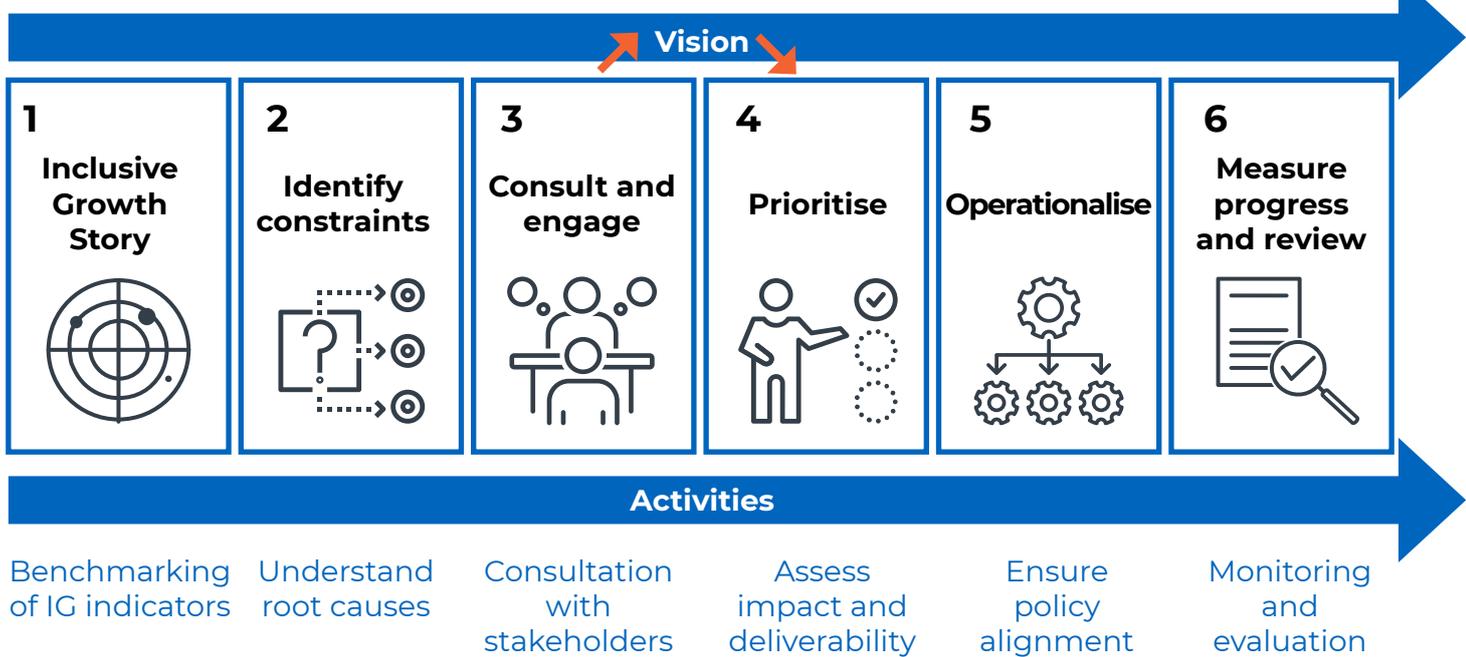
### Population Latest Figures

| Measure   | City of Edinburgh | Glasgow City | Scottish Borders | Shetland Islands |
|---|-------------------|--------------|------------------|------------------|
| Dependency Ratio from Population Estimates              | 0.0529            | 0            | 0.935            | 0.662            |
| Dependency Ratio from Population Projections            | 0.0346            | 0            | 0.985            | 0.637            |
| Net Migration   | 0.956             | 1            | 0.328            | 0.189            |
| Population mid 2016                                     | 0.818             | 1            | 0.156            | 0.00228          |
| Projected change in working age population (2016-based) | 0.676             | 0.506        | 0.291            | 0.246            |

# INCLUSIVE GROWTH DIAGNOSTIC

The Inclusive Growth Diagnostic is a six-stage process which incorporates the evidence from the Inclusive Growth Dashboard. It supports the identification of constraints to inclusive growth and informs the development of policies designed to be more consistent with achieving the **Inclusive Growth Outcomes** within specific local areas and regions.

## Inclusive Growth Diagnostic





**Stage 1: Inclusive Growth Story**

This stage uses the Inclusive Growth Dashboard to benchmark the chosen local authority on a range of indicators against other local authorities and the Scottish national average. This provides a high-level overview of where the local authority is under- and over-performing across the range of inclusive growth outcomes.



**Stage 2: Identification of constraints**

This builds on stage 1 by investigating the root causes of the underperforming indicators for the inclusive growth outcomes. This is done by systematically examining the external environment, local conditions and social factors which may be causing the underperformance.

This stage creates comprehensive list of what is constraining inclusive growth in the area.



**Stage 3: Engagement and vision setting**

This draws on the information gathered in stages 1 and 2, and builds in engagement with businesses, communities and local decision-makers, to set an inclusive growth vision for the area.



**Stage 4: Prioritisation**

The prioritisation exercise ranks the identified inclusive growth constraints based on the interaction of two dimensions: impact and deliverability. This uses a multi-criteria assessment, underpinned by a scoring methodology.

■ **Impact** - this is an evidence-based approach led by analysts and supported by policy-makers that ranks constraints based on their relative importance in unlocking inclusive growth opportunities and the strength of the evidence supporting this judgement. The methodology takes into account an assessment of synergies and trade-offs and impact on key excluded groups.

■ **Deliverability** - this stage is a qualitative assessment taking account of the preferences of policy-makers, local communities and the private sector, as well as a time dimension (how long it will take for an intervention to be implemented and the impact to manifest) and the level of funding required for delivery.



**Stage 5: Operationalisation**

The findings of the diagnostic are used to inform investment and policy decisions in the short, medium and long term to target priority areas identified in stage 4.



**Stage 6: Monitoring and evaluation**

This stage monitors progress against the inclusive growth vision set in stage 3. The diagnostic process can be repeated to assess if there have been any changes in the inclusive growth indicators which may warrant reprioritisation of constraints to inclusive growth or a change in the policy approach. This should also be done if there are significant changes in local circumstances or the available evidence base.

## NORTH AYRSHIRE PILOT

In 2016, North Ayrshire Council and the Scottish Government worked together to implement the Inclusive Growth Diagnostic in North Ayrshire to assess the constraints to long-term inclusive growth in the region. The work sought to prioritise possible investments with the potential to deliver long-term transformational change, and is now being rolled out across all of Ayrshire. The project received the Policy Development Award at the Scottish Public Service Awards in December 2017.

### INCLUSIVE GROWTH DIAGNOSTIC IN PRACTICE

#### Stage 1: Benchmarking

North Ayrshire's performance on a range of inclusive growth indicators was benchmarked against neighbouring local authorities and the Scottish average. Two high-level areas which are holding back inclusive growth emerged from this:

- **Productivity and the legacy of industrial decline:** evidenced by low GVA per head, low business start-up rates, low business expenditure on Research and Development, and significant employment in low wage, low value sectors.

- **Economic and social inclusion:**

evidenced by lagging female labour market participation (relative to the Scottish average) and gender segregation in skilled and higher paid occupations; high unemployment, in-work poverty and high levels of deprivation; and poor health outcomes, including mental health.

#### Stage 2: Identification of Constraints

Given the breadth of potential issues identified in North Ayrshire, a holistic approach was adopted to assess the causes of these. This covered three levels: the external environment; local conditions; and social factors. This approach enabled a list of key constraints to the performance of the inclusive growth indicators identified in stage 1 to be developed.

An assessment of excluded groups – groups sharing similar characteristics that have been excluded from the benefits of growth – was carried out. The groups identified were: young people; those with long-term health problems; those in in-work poverty; and, females.

**Table 1: Inclusive Growth Constraints in North Ayrshire**

| <b>Infrastructure</b>  |
|--|
| <ul style="list-style-type: none"> <li>■ Slow roll out of digital infrastructure and poor coverage (mobile)</li> <li>■ Lack of appropriate business premises</li> <li>■ Housing: energy efficiency and availability of smaller properties</li> <li>■ Transport (people to jobs)</li> <li>■ Transport (good to market)</li> </ul> |
| <b>Skills</b>  |
| <ul style="list-style-type: none"> <li>■ Intermediate and advanced skills</li> <li>■ Entry-level skills/work-readiness</li> <li>■ Basic digital skills (which can also limit social inclusion)</li> <li>■ Digital innovation/advanced digital skills</li> </ul>  |
| <b>Social Capital</b>  |
| <ul style="list-style-type: none"> <li>■ Community empowerment</li> <li>■ Aspirations (individual and business)</li> <li>■ Health, particularly mental, compounds inclusion challenges</li> <li>■ Difficulties in accessing affordable and flexible childcare</li> </ul>   |
| <b>Value/quality of jobs</b>   |
| <ul style="list-style-type: none"> <li>■ Structure of the economy/sectors/industries</li> <li>■ Availability of local jobs (jobs density)</li> <li>■ Sustainable working-age population</li> </ul>   |

**Stage 3: Consultation and Vision Setting**

A range of groups across North Ayrshire were consulted to assess whether the constraints identified in the Pilot were considered as barriers by stakeholders. The subsequent activity was based on an agreed vision for North Ayrshire that placed equal weight on the importance of growth, inclusion, and sustainability in the local area.

**Stage 4: Prioritisation**

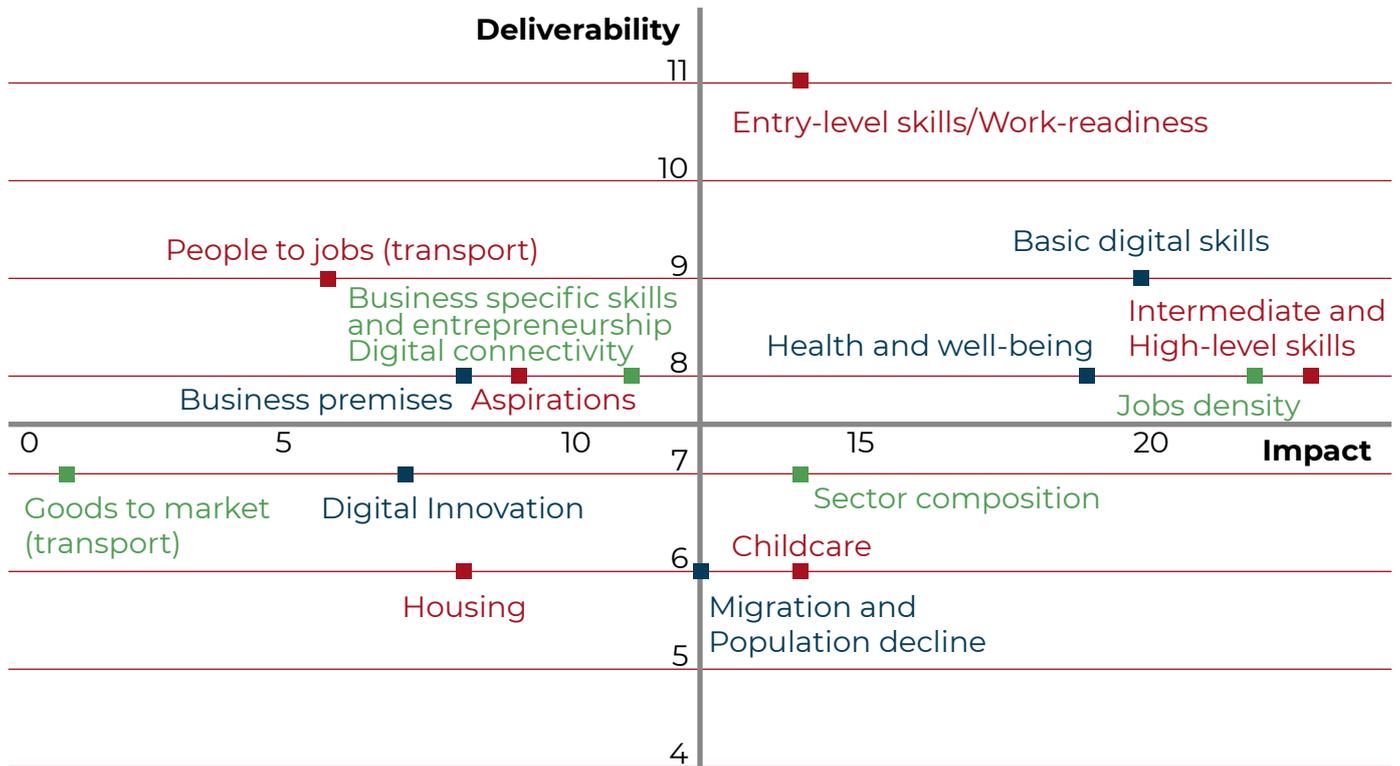
The inclusive growth constraints identified in stage 2 were ranked according to their priority. To do this, an evidence-based approach was adopted to assess the potential impact of the identified constraints on unlocking inclusive growth. Potential synergies and trade-

offs between constraints and their impact on excluded groups were considered.

Decision-makers in North Ayrshire also carried out an assessment of deliverability in which they considered the preferences of policy-makers, local communities, and the private sector, as well as the funding requirement and the estimated time it would take for the benefits of easing each inclusive growth constraint to manifest.

A prioritisation matrix was created to visually present the constraints according to their impact and deliverability scores, where constraints in the top right quadrant are considered to be the most deliverable and have the largest impact on inclusive growth.

**Figure 2: Prioritisation matrix of Inclusive Growth Constraints in North Ayrshire.**



**Stage 5: Operationalising Results**

North Ayrshire Council used the results to prioritise and inform the development of several strategies and programmes to address these inclusive growth constraints.

Over the short-term, the results are being incorporated into current programmes. Investment in health and employability services has increased and led to more employability referrals from Health visitors, and some support has been provided with condition management through an occupational health provider SALUS. More emphasis has been placed on excluded groups such as females in Skills for Life Programmes focusing on single parents. There has also been increased investment in developing basic digital skills in recent budgets.

The work contributed to the March 2017 budget; investment funds created include: Community Investment Fund (£2,600,000); Poverty Challenge Fund (£850,000); Basic Income Pledge (£200,000); Participatory Budgeting Fund (£900,000).

In the medium to longer term, North Ayrshire Council is assessing current activity against each of the constraints and excluded groups and identifying where further action is required, to inform the development of projects including: Ayrshire Growth Deal; Regional Partnership; Supported Employment for disabled residents; Final phase of EU funding 2019-2022; Basic income pilot; Implementation of Fair for All Strategy.

# Inclusive Growth Outcomes Framework

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Regional Inclusive Growth

