

GREATER MANCHESTER ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE

DATE: Friday, 14th January, 2022

TIME: 10.30 am

VENUE: GMCA, Broadhurst House, 56 Oxford Street,
Manchester M1 6EU

AGENDA

**5. GREATER MANCHESTER LOCAL INDUSTRIAL STRATEGY 1 - 20
IMPLEMENTATION UPDATE**

To receive an update on the implementation of the GM Local Industrial Strategy.

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following

Governance & Scrutiny Officer:

✉ paul.harris@greatermanchester-ca.gov.uk

This agenda was issued on 14 January 2022 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

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BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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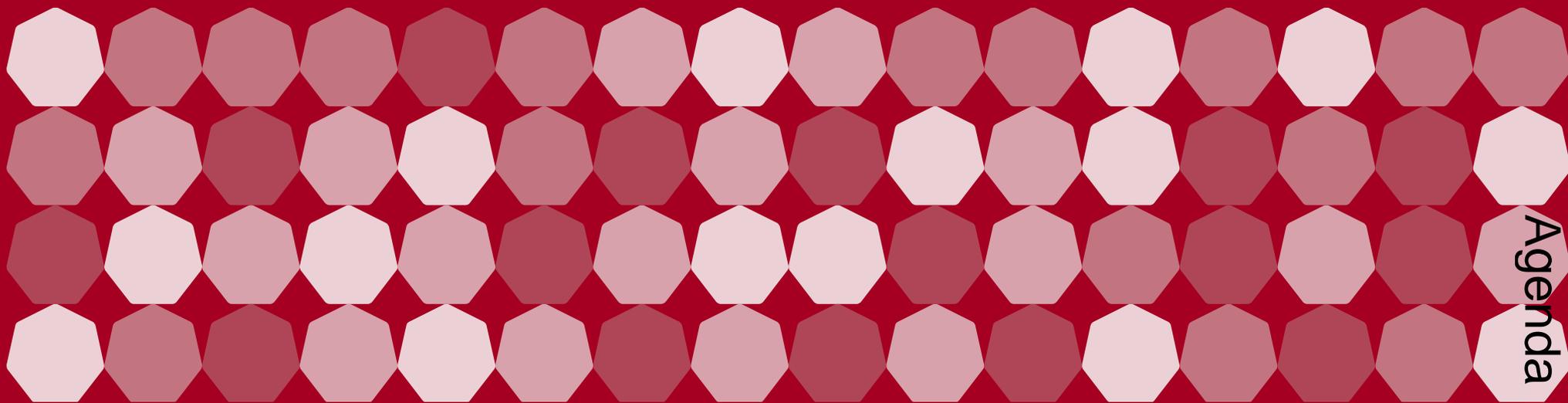
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Greater Manchester Local Industrial Strategy: Implementation Update

Greater Manchester Economy, Business and Skills Overview and Scrutiny Committee

14 January 2022

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Agenda Item 5

Overview

On 13th June 2019 the Greater Manchester Local Industrial Strategy was jointly launched with Government.

Since then a Phase 1 Implementation Plan has been developed and is being delivered.

This report provides the Committee with a further update on implementation following the report to the 05 February 2021 meeting.

This report emphasises key highlights from 2021, as well as introducing the changing context for delivery of the strategy – particularly the COVID-19 pandemic and EU-Exit.

Background materials

- [2019-20 annual progress update of the LIS Implementation Plan.](#)
- [Greater Manchester Local Industrial Strategy.](#)
- [GM Independent Prosperity Review One Year On](#)
- [Greater Manchester Local Industrial Strategy Implementation Plan October 2019 GMCA Report](#)



The Greater Manchester Local Industrial Strategy is the long-term plan for our economy

The Greater Manchester Local Industrial Strategy is one of the country's first modern local industrial strategies. The ambitious strategy is designed to deliver an economy fit for the future, with prosperous communities across the city-region and radically increased productivity and earning power.

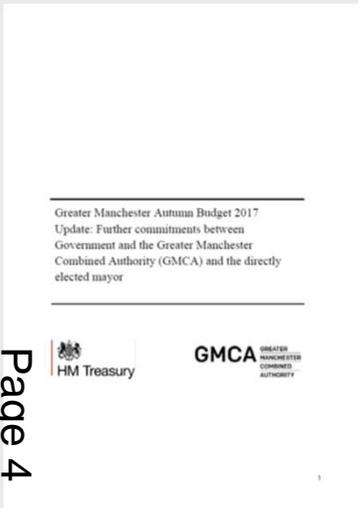
It aims to create a highly productive, more inclusive and prosperous city region for all residents, with:

- ▶ A plan for communities across all of GM to thrive and prosper.
- ▶ Good jobs across the city region backed up by the right infrastructure, skills and networks.
- ▶ Supporting everyone to reach their full potential, giving people hope and optimism for the future, leaving nobody behind.
- ▶ Driving innovation and productivity in both our frontier and foundational sectors.



Background: Devolution and National Industrial Strategy White Paper

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Deal 6: Agreed Nov 2017

Included Local Industrial Strategy pilot, homelessness funding, Transforming Cities Funding, post-16 education and training, and Mayoral capacity funding.

The **Industrial Strategy White Paper** was published on 27th November 2017.

It sets out an ambition to create an economy that boosts productivity and earning power throughout the UK around the **“Five foundations of productivity”**.



It also sets out **four Grand Challenges** where innovation and investment will position the UK at the forefront of the industries of the future

-  **AI & Data Economy**
We will put the UK at the forefront of the artificial intelligence and data revolution
-  **Future of Mobility**
We will become a world leader in the way people, goods and services move
-  **Clean Growth**
We will maximise the advantages for UK industry from the global shift to clean growth
-  **Ageing Society**
We will harness the power of innovation to help meet the needs of an ageing society

Developing the Greater Manchester Local Industrial Strategy

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Greater Manchester Independent Prosperity Review provides a robust and independently verified evidence base.

A broad consultation exercise ensured a **high level of input from stakeholders**, including businesses, CVSE representatives, and civic leaders.

Joint development work with HMG departments to **develop policies which reflect GM's unique assets, opportunities, and challenges**.

Strategy jointly signed off (GM-HMG). Did not set out new spending commitments, but intended to guide strategic use of local and national funding streams.

GREATER MANCHESTER INDEPENDENT PROSPERITY REVIEW

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#GMProsperityReview

gmprosperityreview.co.uk

INDEPENDENT PROSPERITY REVIEW



Professor Diane Coyle
Bennett Professor of Public Policy
University of Cambridge



Stephanie Flanders
Head of Bloomberg Economics



Professor Ed Glaeser
Professor of Economics
Harvard University



Professor Mariana Mazzucato
Professor in the Economics of
Innovation, UCL



Professor Henry Overman
Professor of Economic Geography
London School of Economics



Darra Singh
Government & Public Sector Lead
Ernst & Young

Intensive nine-month process to update Greater Manchester's economic evidence-base, led by a panel of leading economic experts.

The Review Panel was responsible for:

- Assessing progress against the Manchester Independent Economic Review and identifying lessons learnt;
- Reviewing Greater Manchester's evidence base and current policy response, identifying key gaps;
- Commissioning new, ground-breaking research into priority areas; and
- Making recommendations for the GM Local Industrial Strategy

KEY FINDINGS

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Greater Manchester is the most economically diverse city in the UK

Greater Manchester has world-class strengths in advanced materials and health innovation

Greater Manchester is the best performing city-region outside London for business births

The employment rate of GM adults with long-term health issues is 13% points less than for the GM population as a whole

For two decades, Greater Manchester's productivity has consistently remained at 90% of UK level

Qualification levels are improving but 1 in 10 in Greater Manchester still have no qualifications

KEY FINDINGS

Health is strongly linked with productivity performance and is a key factor in economic performance in Greater Manchester

Firm analysis shows management and organisational development, exporting and internationalisation raise productivity, and employment standards

Education and training provision in Greater Manchester is fragmented and lacks co-ordination with employer needs

Disruptive trends in technology, robotics, AI and shift to cleaner growth are requiring adaption in the skills system

Research highlighted the importance of supporting growth and facilitating innovation across the economy as a whole - via existing strengths but also via diversity

Positive improvements in transport infrastructure evident from devolution

RECOMMENDATIONS

- There is a need to focus on **productivity** in both frontier sectors and the ‘foundational’ economy – both have opportunities and challenges.
- **Improving health** needs to feature prominently in the industrial strategy, given its positive effects on labour market participation and productivity.
- **Greater Manchester’s strengths** in health innovation, advanced materials, manufacturing, digital and creative industries should be a focus for the industrial strategy.
- **In delivering Greater Manchester’s 2038 carbon neutral ambitions**, the benefits to residents and quality of life should be maximised.
- The **skills system is fragmented and delivering less than the sum of its parts**. There should be a partnership approach to education, skills and work in the city-region, based on a common vision, priorities and evidence.
- **Business advice and support** should be oriented to focus on productivity with a focus on leadership & management, skills utilisation, innovation adoption and diffusion, resource efficiency, and exporting and internationalisation.
- The new integrated strategy for infrastructure should be backed up by **stable, substantial, devolved funding**.

Responding to the Independent Prosperity Review

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Greater Manchester
Local Industrial
Strategy, developed
and agreed with
Government

'Future of GM'
package which
brought together the
Spatial Framework,
Infrastructure
Framework,
Transport Delivery
Plan, and Housing
Strategy

White Paper on the
Greater Manchester
Model of Unified
Public Services

Health and Care
Prospectus

Local Industrial Strategy Framework

Place: Prosperous Cities, Towns and Communities across Greater Manchester

Supporting places through a twin-track approach: (1) Building on our strengths and opportunities and (2) supporting the foundations of productivity

Health Innovation

Global leadership on health and care innovation, improving population health and extending healthy lives

Advanced Materials and Manufacturing

A world-leading region for advanced materials, within a Made Smarter innovation ecosystem

People: Creating an integrated all-age skills and work system that ensures everyone reaches their potential and employers have the skills to deliver our Industrial Strategy.

Infrastructure: Putting in place the integrated 21st Century infrastructure needed for digitally-driven, clean and inclusive growth

Digital, Creative and Media

A leading European digital city region, with internationally significant media and cyber security clusters

Clean Growth

A mission to deliver carbon neutral living by 2038, improving quality of life and creating new jobs

Ideas: Driving prosperity and leading industrial, social and economic transformation through innovation, partnerships and investment

Business Environment: Transforming productivity in all sectors by strengthening leadership and management, increasing innovation adoption, and raising export levels

A plan for delivery

- In November 2019 the GMCA and GM LEP agreed a 52 action Implementation Plan for 2019-2022.
- Year 1 Priority Actions were largely delivered against milestones. GM worked quickly with Government and other partners to put in place new policies and solutions. The strategy was also embedded in the plans of Greater Manchester's local authorities.
- Year 2 actions were delivered during a time of economic stop and start as the COVID-19 pandemic hit. Actions that would promote long term growth and short-term stimulus were prioritised.



2021 highlights (1/3)

These high-impact programmes formed the core of GM's recovery from COVID-19 and the focus of LIS implementation:

- Alliance Manchester Business School, Salford Business School, Manchester Metropolitan University, University of Bolton, Growth Company and GMCA have continued to develop and refine a **new and innovative SME Leadership and Management Programme** to go live in 2022, available to SMEs based in the city-region.
- To address digital skills shortages, GM has delivered pilot programmes through the Skills for Growth and Skills Investment Pot, and is using the evidence to ensure we have a **robust digital skills pipeline**.
- A new **GM Energy Innovation Agency** has been created to close the innovation gap between existing solutions and where we need to be to achieve carbon neutrality by 2038. It's first priorities are: SME energy innovator validation and scale-up service; non-domestic building decarbonisation, retrofit and smart energy projects, and domestic building decarbonisation projects.
- The **North West Made Smarter Adoption Pilot** programme supported manufacturing businesses to implement technological solutions to increase their productivity. The success of the Pilot saw it extended and rolled out to other regions in March 2022, and funding for a further three years was secured in the Autumn 2021 Comprehensive Spending Review. Hundreds of GM firms have taken part in the programme.
- New innovation networks are being developed using the findings of a unique study - "**Accelerating the Rate of Innovation Among Greater Manchester's Advanced Manufacturing Base**" – commissioned by the Greater Manchester Advanced Materials and Manufacturing Alliance.

2021 highlights (2/3)

- Work to build the case for a **Materials Catapult Centre** to help drive innovation and adoption of new Materials science in GM is underway, building on the success of AMPI in Rochdale. The catapult would shorten the time from discovery to commercialisation of new materials, support SME digitalisation and grow a cluster of R&D intensive advanced materials and manufacturing firms.
- The GMCA agreed a new version of the **Greater Manchester International Strategy** which embeds the priorities of the Local Industrial Strategy in our international trade and diplomacy work.
- A programme of support for the city-region's **Foundational Economy** is being constructed, which includes many of GM's key workers and essential services, is spread across GM, and has been particularly affected by the pandemic.
- In 2021 GM completed our **Local Data Review** which outlined the challenges to opening up public data for use by businesses, researchers and individuals. 12 essential actions for overcoming these challenges were identified and are being taken forward.
- A range of activity is also underway as part of Marketing Manchester's role to **promote Greater Manchester's economy** and Local Industrial Strategy to attract investment and partnerships, including campaigns on 'Powering Innovation'; 'Digital in our DNA' and a 'Greener Greater Manchester' campaign to coincide with COP26.
- The 2038 **Clean Growth Mission** has continued to be prioritised. Projects are focussed on Low Carbon Buildings, Local Energy Market and infrastructure, improving the natural environment to reduce carbon, Sustainable Consumption and Production, and behaviour change.

2022 and beyond

- Whilst the existing Implementation Plan has been flexed to include the initial impacts of COVID-19 and changing economic environment, there will need to be a more fundamental review of the strategy and how we continue implementing it as the full economic, social and other impacts of the pandemic have become clear.
- A proposal for this work is being developed and will be brought to this Committee for consideration.



Impacts of COVID-19 & EU-EXIT

Since early 2020, the COVID-19 pandemic has caused large scale and rapid disruption. EU-Exit is also changing labour markets, international relationships and trade. Focusing on the economic impacts in GM:

- C19 meant the **learning of 450,000 people** was disrupted
- The number of residents **in receipt of unemployment benefits** rose by 93% from March to August 2020. This has fallen to 109,895 people in November 2021, still 56% higher than prior to the start of the pandemic in January 2020
- **£560m** in Coronavirus Business Interruption Loans and **£1.68bn** in Bounce Back Loans to GM businesses (5/10/21).
- Massive **fluctuations in the jobs market** with vacancies falling dramatically and then rebounding to record levels, and many unfilled roles in sectors like care and hospitality.
- Structural economic changes (e.g. digitalisation of roles, changes in migration) are creating **huge upskilling and reskilling challenges**, and there is currently a miss-match between employer demand and skills of the workforce.
- Businesses are **facing increased costs from a number of sources**: increased transaction costs of international trade, inflation affecting cost of energy, materials and services (e.g. distribution), and pressure on employers to increase wages to help employees cope with rising costs of living (also due to inflation).
- Number of export documents processed by the GM Chamber of Commerce is c.20% less than in September 2020, although there may be signs that the value of the goods per transaction is up.

Impacts of COVID-19 & EU-EXIT

- Measures have been introduced to buffer the blow of the pandemic to incomes and jobs - including furlough, loans, grants, national business support schemes were also introduced (e.g. Help to Grow), new skills provision (e.g. Kickstart).
- New Government funding for infrastructure, construction and retrofitting has also been introduced as part of longer-term stimulus efforts.
- Whilst the impacts have been severe, we have also seen a positive response from the business community, who have in many instances innovated, digitalised and pivoted the way they work so that they can continue to operate through disruptions, as well as helping to shape GM's response to the pandemic.
- We have also seen the start of a recovery in jobs and opportunities. However, the unpredictable trajectory of the pandemic, and the ongoing nature of EU-Exit means further changes are possible.
- National economic policy has shifted significantly in the past 12-18 months, with the national Industrial Strategy being replaced by a series of other plans and strategies inc. Build Back Better: Our Plan for Growth, UK Innovation Strategy, the Net Zero Strategy: Build Back Greener, a forthcoming Enterprise Strategy and the forthcoming Levelling Up White Paper.
- Inevitably, these changes will affect the delivery of the GM Local Industrial Strategy: both in terms of our ability to achieve its ambitions, and the policy and resources available for doing so.

INDEPENDENT PROSPERITY REVIEW: ONE YEAR ON

The Reviewer's identified a core challenge for GM's COVID-19 recovery:

“resist the temptation to lower standards and instead keep its focus on growth that can form the basis for long-term prosperity ... built on carbon reductions, good employment and sustainable business models.

This will mean:

- **Remaining focussed on our frontier sectors** and GM's research excellence, talent and innovation assets to create opportunities for an innovation-led recovery, new high value jobs, and to tackle urgent challenges, including carbon emissions.
- **Building resilience and dealing with future pandemics by improving health outcomes** in GM, including through reforming social care and innovation in life sciences and health technologies.
- **Locally design, commission and test** new policies and programmes that respond to the skills needs of residents.
- Greater **focus on supporting foundational economy businesses** to adopt sustainable and higher value business models to prevent further employment losses.
- Finding ways to **capture the short term progress COVID-19 brought on environmental objectives** that may be easily reversed. GM must find ways of meeting its ambitious 2038 target that benefit the economy, health and quality of life.
- Supporting international links, leadership and management and better skills utilisation, as well as raising employment standards to create opportunities to **'build back better' and invest in SMEs**.
- Putting GM's **public service reform model** on a sustainable and long-term basis, given the effectiveness of the local response to COVID-19.

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