

GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP

DATE: Tuesday, 15 December 2020
TIME: 4.00pm - 5.30pm
PLACE: Microsoft Teams Live Event

AGENDA

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Governance	
4. AGM - Ratification and Actions Mo Isap	
5. Taking Forward the Economic Vision - Mo Isap / Lou Cordwell	
5.1 Delivering the Initial Actions (To Follow) Mo Isap / Lou Cordwell	
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Strategy	
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7.1 GM Economic Dashboard Dashboard Link	

7.2 Living with Covid Plan Update (To Follow)
Simon Nokes

Performance

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DECLARATIONS OF INTEREST

15 December 2020

(To be completed as necessary by all board members and advisors)

Name:

Minute Ref / Item No	Nature of Interest

COMPLETE THIS FORM IF YOU HAVE AN INTEREST IN ANY PARTICULAR ITEM ON THIS AGENDA (SEE GUIDANCE OVERLEAF).

ANY COMPLETED FORMS SHOULD THEN BE HANDED IN TO ALLAN SPARROW AT THE START OF THE MEETING

GUIDANCE ON DECLARATION OF INTERESTS (AS PER DRAFT TERMS OF REFERENCE)

1. Subject to point 3) below, members (and advisors) must declare any interests (on the form provided), either at the **start of the meeting or as soon as any potential interest in an agenda item becomes apparent** during the course of the meeting.
2. Members must declare an their interest when the business being discussed specifically relates to
 - Their business
 - Any body of which they are a member
 - Any person or body who:-
 - Employs them
 - Makes payments to them
 - Has a contractual relationship with them
 - Any land or property in which they have an interest

This also applies to any close member of their family or person with whom they have a close relationship.

3. For the purposes of the above:
 - An interest of which a member has no knowledge and of which it is unreasonable to expect him or her to have knowledge shall not be treated as an interest of his or hers.
 - In relation to a non-pecuniary interest, a general notice given to the LEP that a member is to be regarded as having an interest, of the nature and the extent specified in the notice, in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the member has an interest in and such transaction of the nature and extent so specified.
4. Members (and advisors) with a declared interest in an item of business would usually be required to leave the room. **BUT** the board may want such an individual to contribute their knowledge and experience to the discussion despite the interest so declared. If this is the case the affected member can remain in the room - functioning as a resource that can be drawn upon to assist the board in their deliberations. The affected member should then withdraw when the decision on the matter is being taken and must withdraw at the decision-making stage if the member has a pecuniary interest unless otherwise determined by the Chair of the meeting. In the absence of the Chair or where an item of business relates to the Chair or an interest of the Chair, the meeting shall be chaired by a nominated Vice Chair if there is any or by a member selected by the meeting for that purpose.

NOTES FROM THE GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD HELD AT 16:45 ON TUESDAY 17 NOVEMBER 2020 VIA MICROSOFT TEAMS LIVE EVENTS

Board Members:

Lou Cordwell (In the Chair)

Mike Blackburn, Mayor Andy Burnham, Lorna Fitzsimons, Sir Richard Leese, Chris Oglesby & Vanda Murray

Advisors:

Lisa Dale-Clough (GMCA), Gemma Marsh (GMCA), Simon Nokes (GMCA), David Rogerson (GMCA), Lee Teasdale (GMCA), John Wrathmell (GMCA), Simon Donahue (Marketing Manchester), Mark Hughes (The Growth Company), Leila Mottahedeh (BEIS), Sheona Southern (Marketing Manchester), Huw Williams (The University of Salford), Karl Dayson (The University of Salford), Jim Wensley (Salford City Council) & Phil Mayall (Muse Developments).

GM LEP/20/30 WELCOME, APOLOGIES & INTRODUCTIONS

The Chair welcomed all present, advising that the meeting would also be acting as 2020's Annual General Meeting for the LEP.

Apologies were received from GM LEP Members Amanda Halford, Mo Isap, Juergen Maier, Cllr Brenda Warrington & Cllr Elise Wilson

GM LEP/20/31 DECLARATIONS OF INTEREST

There were none.

GM LEP/20/32 MINUTES OF THE MEETING OF 13 OCTOBER 2020

The Board received the minutes of the last public meeting, held on 13 October 2020.

RESOLVED:/

That the minutes of the meeting held on 13 October 2020 be approved as a true and correct record of the meeting.

STRATEGY

GM LEP/20/33 LEP ANNUAL DELIVERY PLAN AND REPORT

- The substantial level of work that had taken place over the previous 12 months was highlighted. This included the driving forward of the Greater Manchester Strategy; the achievements to date of the Local Industrial Strategy; the strengthening of the LEP Membership, and the delivery of the LEPs priorities in line with the Local Growth Fund.
- In terms of the Annual Delivery Plan for going forward. The LEP had set a substantial agenda for work for the forthcoming 12 months. This included the supporting of GM businesses through the ongoing Covid-19 pandemic; further development of the Local Industrial Strategy; and the launch and delivery of the LEP Economic Vision for Greater Manchester, which will drive the GM vision for a greener and fairer economy.

RESOLVED:/

1. That the 2019/20 Annual Delivery Report be received by the Board.
2. That the 2020/21 Annual Delivery Plan be agreed by the Board.

GOVERNANCE

GM LEP/20/34 LEP GOVERNANCE UPDATE

GM Local Growth Assurance Framework

- The Board were advised that the GM Local Growth Assurance Framework had been updated in line with government guidance. The specific minor changes were highlighted to Members.

Terms of Reference

- Minor amendments had also been made to the Terms of Reference, the most notable being the adoption of the Co-Chair model, whilst also reflecting the need to still maintain a separate Deputy Chair.

Board Refresh

- It was advised that the Board Refresh was now close to concluding. Several dozen high quality submissions had been received by the recruitment consultants. These had been from across the breadth of industrial sectors and

had been a diverse mix in terms of demographics. Work was due to commence with the Co-Chairs on the drawing up of a long list, before moving towards a more formal evaluation and appointment.

RESOLVED:/

1. That the report on the governance update be noted by the Board.
2. That the updated GM Local Growth Assurance Framework be agreed by the Board.
3. That the updated Terms of Reference be agreed by the Board.
4. That the appointment of Cllr Elise Wilson to the role of LEP Deputy-Chair be approved by the Board.

PERFORMANCE

GM LEP 20/35 SALFORD INNOVATION ZONE

- Representatives of the University of Salford provided the Board with a presentation highlighting the potential of the Salford Innovation Zone, and the opportunities that it could enable at a local and national level.
- This was a highly ambitious project that it was estimated could open up £2.5B in investment opportunities, over 102-hectare space comprising six development zones. This would create a new city district, bringing with it residential, cultural, educational & skills, innovation and industrial opportunities.

Comments and Questions

- Members welcomed the vision, complimenting the scale and ambition of the project, and looked forward to seeing the zones as they further developed.
- Members asked that the presentation be provided to them to enable them to provide any further feedback

RESOLVED:/

1. That the presentation on the Salford Innovation Zone be received by the Board.
2. That the presentation be forwarded to Board Members

GM LEP 20/36 GM ECONOMIC DASHBOARD

- The Dashboard continued to monitor both the impact of Covid-19 in addition to the potential impacts of Brexit.
- There had been a significant fall in the number of job postings over the year, and claimant numbers had risen at a previously unprecedented rate, though the pace of those had since been mitigated by the furlough scheme. Footfall numbers had begun to recover on public transport, however recently re-introduced restrictions had tempered these gains.

RESOLVED:/

That the GM Economic Dashboard update be received by the Board.

GM LEP 20/37 SUPPORTING BUSINESS THROUGH COVID

- The extension of the government’s furlough scheme had been welcomed by business.
- The government had also made grants of up to £3000 available to businesses that had needed to close, based upon their rateable value.
- The government had made £60m available to GM in additional restrictions grant funding. This would be used to support the businesses most severely impacted by the lockdown and tiered measures.
- Working collaboratively with the Growth Company, additional information, advice and support was also being provided to businesses throughout the city region.

Comments and Questions

- Sir Richard Leese had written to the Prime Minister setting out the local analysis and scenario planning as restrictions ended with a focus on keeping the spread of Coronavirus under control and supporting our businesses and the livelihoods of the people who work in them.

RESOLVED:/

1. That the updated on supporting businesses through Covid-19 be received.
2. That the letter sent by Sir Richard Leese to the Prime Minister be provided to Board Members.

GM LEP 20/38 GROWTH COMPANY UPDATE

- The Board received the latest update on the work being undertaken by the Growth Company to support the business and economic situation in Greater Manchester.
- The targeted Bounce Back Loans initiative had opened on Monday and had already received an overwhelming level of requests coming through.
- Many organisations were engaging with the governments Kickstart scheme, with over 800 businesses now registered in GM.

RESOLVED:/

That the Growth Company update be noted by the Board.

GM LEP 20/39 MARKETING AND COMMS UPDATE

- It was advised that LEP Economic Vision would be launched on 18th November. The Vision recognises that the pandemic has brought a global reappraisal of economic priorities, putting people and the planet first.
- Building on our frontier sector strengths in advanced materials, green growth, health innovation and digital and creative, Greater Manchester is now poised to lead UK economic recovery with a plan for innovation, green growth and addressing inequalities.

RESOLVED:/

That the Marketing and Comms update be noted by the Board.

GM LEP 20/40 TRANSPORT GROWTH DEAL 1,2,3 UPDATE

- The Board was provided with an update report on the latest position in relation to the Local Growth Deal Transport Programme (Tranches 1,2 and 3) following on from the last update in March 2020.

RESOLVED:/

1. That the progress made in relation to the Growth Deal Major Schemes project be noted by the Board.
2. That the progress made in relation to the Growth Deal Minor Works and Additional Priorities Programmes be noted by the Board.
3. That the progress made in relation to the Non-Transport Skills Capital and Economic Development & Regeneration Programmes (ED & R) be noted by the Board.

4. That the expenditure approvals and grant payments for the SBNI and Oldham Town Centre Regeneration Schemes, as agreed at the 25 September 2020 meeting of the GMCA, and set out in Section 6 of the Report, be endorsed by the Board.

Meeting closed at: 17:40

The next meeting of the Board would take place on Tuesday 15th December.



GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Innovation GM Update

DATE: 15th December 2020

FROM: Chris Oglesby

PURPOSE OF REPORT

This report provides an update on the development of Innovation Greater Manchester (Innovation GM)

RECOMMENDATIONS

The LEP Board is asked to:

- Consider and provide any feedback on Innovation GM's development
- Delegate responsibility to the interim chair of Innovation GM, in consultation with the GM LEP, to appoint an interim science advisor to provide additional capacity and advice to support its development
- Endorse the proposal to work with MIDAS and other local partners to undertake outward-facing engagement activity from the new year including the set up of a public-private leadership group

EQUALITIES IMPLICATIONS

The business case in development to establish Innovation GM (referenced in this report) will consider how different people who can bring a diversity of ideas, knowledge, and perspectives, will input and can benefit from this programme.

CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION MEASURES

Innovation GM is not expected to result in any direct negative impacts on climate change. The programme if agreed and set-up would support the reduction of carb emissions across Greater Manchester through business-led r&d and innovation

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1. INTRODUCTION

- 1.1 The coronavirus pandemic has brought a global reappraisal of economic priorities, putting people and the planet first.
- 1.2 In November 2020 the Greater Manchester economic vision was launched, setting out the city-region's priorities to build a Greater Manchester and in turn a Greater Britain. Building on our frontier sector strengths in advanced materials, green growth, health innovation and digital and creative, Greater Manchester is now poised to lead UK economic recovery with a plan for innovation, green growth and addressing inequalities.

Innovation Greater Manchester

- 1.3 To deliver government's ambitions for levelling-up and global Britain, the UK needs a national engine of growth at the heart of the Northern Powerhouse that can drive its economy in the same way that London does for the South East, and play a full role in the UK's aspiration to be a science superpower, where Research & Development (R&D) and innovation leads to broad based national prosperity.
- 1.4 Innovation GM is an ambitious plan to create a new place-based partnership, led by businesses and entrepreneurs, to build on GM's existing R&D assets and local delivery capacity to drive innovation-led growth across all of the city-region's diverse towns and cities.
- 1.5 The Innovation GM model focuses on building capacity and investing in our places, people, and assets to create new clusters of growing businesses across the whole conurbation as follows:
 - Investing in our places - fostering emerging and continuing to support established innovation zones across Greater Manchester's vibrant mix of city and town centres, and manufacturing innovation parks. Innovation zones will be places where businesses can cluster, access the support they need to grow, and can act as magnets for inward investment
 - Investing in our people - boosting the skills and entrepreneurial spirit of local people so the city-region becomes a leading place to attract, develop, retain, and retrain talent. Boosting the leadership and technical skills within businesses is key to building their capacity to invent, commercialise their inventions, and absorb proven innovations from related industries
 - Investing in our assets - prioritising investment in to assets that enable businesses to innovate and grow and that are aligned to a. GM's strategic innovation zones and b. Greater Manchester's established globally leading strengths in advanced materials & manufacturing, health innovation, digital & creative, and (c) seizing the opportunities of the transition to a low carbon economy.
- 1.6 It will work closely with skills, business support, the Good Employment Charter, and infrastructure system leads to ensure we collectively put the distinct growth opportunities of places at the heart of Innovation GM.
- 1.7 Underpinning this approach is the aspiration to unlock a truly flexible fund that enables local areas to take action and invest in the particular growth opportunities of their places and communities.

2. PROGRESS MADE TO DATE

- 2.1 In readiness for the Comprehensive Spending Review (CSR) an Innovation GM prospectus was co-developed with local stakeholders and coalesced around the priorities outlined earlier in this report. The prospectus and submission to the CSR outlined the opportunity for an innovation deal that could be co-created with Government and underpinned by a set of outcomes. A series of engagements with Government officials underpinned more formal submissions.
- 2.2 The planned Comprehensive Spending Review was replaced by a shorter-term Spending Review, and as such did not set out the opportunity to work with Government to further develop and agree an Innovation Deal.
- 2.3 The Spending Review announcements did reaffirm the Government's commitment to boosting research and development spending as a route to boost the UK's global competitiveness. Aligned announcements to changes to the Treasury Greenbook appraisal method, and the confirmation of a forthcoming Levelling Up Fund and Shared Prosperity Fund, also offer opportunities to explore how to develop business cases for public funding in line with Innovation GM priorities.
- 2.4 It is also worth noting that the Government's research and development and place strategy will be published early in 2021. This is expected to outline how place-based research funding can achieve best impact through better ways of working with local between local and national bodies. Professor Richard Jones, chair in Materials Physics and Innovation policy at the University of Manchester, is represented on the ministerial advisory group for this forthcoming strategy.

3. NEXT STEPS

- 3.1 The opportunity to drive broad based economic prosperity through innovation remains a priority for Greater Manchester, reaffirmed in the recently published future economic vision. As such Chris Oglesby GM LEP member, has been nominated as interim chair to further develop Innovation GM post-Spending Review.
- 3.2 To further develop a pipeline of investable propositions, GMCA officers working with Districts are further developing a pipeline of innovation zones covering cities, towns, and out-of-town manufacturing parks, building on existing and stimulating development of those emerging. One of the key objectives of these investible propositions is to build on, and enhance the economic impact of, excellence across Greater Manchester's universities. An enabling framework is also being developed with GM universities to ensure these opportunities for clustering and inward investment in town centres align to "what works".
- 3.3 A business case for Innovation GM, aligned to the new Treasury Greenbook appraisal method, is in development and will be brought to the LEP early in 2021. This will include clear objectives, key performance indicators, and governance and resourcing requirements, prior to a formal initiation.
- 3.4 Following on from this business case, outward-facing engagement, working with MIDAS and Marketing Manchester, is in development. This would include materials that articulate the opportunity and calls to action, as well as deeper discussions with the wider GM business community to get their ideas and ensure they shape priorities and membership.

- 3.5 In addition to providing an update on progress made against Innovation GM, a recommendation is being brought to the LEP to nominate an interim science advisor to engage stakeholders in, and to ensure evidence underpins the development of, Innovation GM.
- 3.6 Initial GMCA officer resourcing has been secured to support the interim chair to develop the business case and points noted above, however as well as this resource to develop the strategy and alignment with local investment, a key related action is to continue to engage stakeholders to make the case that Innovation GM can be a highly replicable model that puts the Government's place-based R&D and levelling up plans in to action.
- 3.7 The proposal is therefore to nominate an interim science advisor to support the set-up phase of Innovation GM, and to provide a senior individual to work in concert with the interim chair. The longevity of this role would be reviewed once Innovation GM is formally convened, and as an interim role it would be resourced through an in-kind commitment from an existing GM institution.
- 3.8 Finally, a recommendation is also being brought to the LEP for Innovation GM to undertake more external-facing activities from early 2021 and subject to completion of the business case referenced above. This would include engagement with the wider business community to shape its development and seek business advocates, and to set up a public-private leadership group to drive its implementation.

APPENDIX
Interim Science Advisor Brief

- Alongside the interim chair, lead on external engagement with Government, businesses, and other relevant stakeholders, with an objective to strengthen the Innovation GM proposition and to make a robust, evidence-based case for a transformative Innovation Deal with Government
- Advise on development of mechanisms to provide independent assurance of investment priorities and decisions, involving but not limited to bringing together a network of independent experts to assess and review the Innovation GM portfolio of projects and developments
- Identify and advise on development of high potential projects and developments that translate the Innovation GM vision into action
- The role will have freedom to act but should report in to and maintain a close link with GMCA and the interim chair of Innovation GM and the SRO for this programme at GMCA, Simon Nokes.
- The role needs to be sufficiently senior to be able to represent GM to very senior stakeholders including ministers.
- The role will work across the whole of the Greater Manchester city-region and will therefore take account of the research excellence and opportunities across all of GM's higher education institutions and other public and private R&D assets.
- As an interim role it should be sourced and be resourced in-kind from an existing GM institution until such a point that the role is formalised and embedded in to the GMCA/LEP and Innovation GM structures and resourcing requirements

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GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: GM LEP Economic Partnership Strategic Communications

DATE: 15 December 2020

FROM: Lou Cordwell, Co-chair GM LEP

PURPOSE OF REPORT

To provide the LEP with an update of activity being undertaken by Marketing Manchester and GMCA communications colleagues on its behalf in relation to strategic communications support for the Greater Manchester Economic Vision.

RECOMMENDATIONS

The LEP Board is asked to:

- Note and comment on the report
- Provide input on future stories and themes

EQUALITIES IMPLICATIONS

- The strategic communications work being undertaken is intended to increase awareness of GM LEP's role in encouraging and celebrating diversity and inclusivity, supporting the LEP in tackling inequalities and encouraging economic growth by championing equal opportunities. Care is taken to ensure that communications outputs are representative of a diverse population and encourage inclusivity.

CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION MEASURES

- The strategic communications work being undertaken is intended to increase awareness of GM LEP's role in encouraging work to address, and mitigate against, the impact of climate change, supporting the LEP in championing measures that will enable Greater Manchester to achieve its ambition of carbon neutrality by 2038. Care is taken to utilise sustainable work practices in executing this work.

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1.0 BACKGROUND AND INFORMATION

In order to secure the maximum support of Government and other key audience groups (business, investment, key strategic influencers) in delivering interventions that will safeguard jobs and economic prospects in Greater Manchester, the North of England and UK, there is now a pressing need to reinforce awareness of Greater Manchester's unique strengths and approach among national decision makers and opinion formers.

Led by a Strategic Economic Communications Steering Group (LEP co-chair Lou Cordwell ; Growth Company CEO Mark Hughes; Simon Nokes, Executive Director, Policy and Strategy, GMCA; Sheona Southern, MD, Marketing Manchester) and key sector communications leads (digital and creative, green growth, health innovation, advanced manufacturing and materials), Marketing Manchester is working in partnership with GMCA communications colleagues to identify, create and share content promoting Greater Manchester's key strengths and characteristics.

Content is housed on the newly developed GM LEP Insights section [hub](#) and a list of content that has been published, or is in development, is available in Annex 1

2.0 PROGRESS UPDATE

2.1 GM LEP Economic Vision Launch

The launch of the GM LEP Economic Vision took place on November 18 . and was supported by range of promotional activity, including paid and organic social media, a media partnership with Insider North West; production of an Economic Vision video; and media relations activity.

The event was hosted by Insider North West editor Simon Keegan and included interviews with GM LEP Co-chairs Lou Cordwell and Mo Isap, and board member Cllr Elise Wilson.

A landing page has been created on the GM LEP website (www.gmlep.com/economicvision) where the Economic Vision can be downloaded, and a video replay of the event can be viewed.

Promoted at relatively short notice due to the changing situation relating to the coronavirus, the webinar invite was sent to 1000+ stakeholders and contacts and successfully attracted 111 attendees. Engagement was high with the majority of attendees remained online for the entirety of the event. The executive summary below provides statistics up to the time of writing December 2 relating to the Economic Vision. Work is continuing to promote and share the Economic Vision and highlight its major themes



GM LEP Economic Vision Launch – executive summary

Webinar hosted and promoted via Marketing Manchester's online events service
Insider North West media partnership – event host and more than 100k opportunities to see across Insider publications/channels



1000+ direct invitations to webinar, plus PR/social promotion, with 170 registrants, 111 attending, and high 100% engagement rate



1m+ traditional media opportunities to see/hear the #VisionGM story*



Economic Vision news shared on social channels with more than 214k followers combined



Economic Vision film viewed 1000+ times across multiple channels; 1000+ visits to Economic Vision landing page



Economic Vision document downloaded 300+ times since launch



Ongoing promotion of Economic Vision landing page and content

Based on monthly website visits*

Up to 2 December 2020

1

3.2 Media Relations Activity

Since the last GM LEP board meeting on 17 November, media coverage has been secured in support of the GM LEP Economic Vision and coverage highlighting support for businesses during lockdown and the restrictions in Tier 3.

A full list of coverage is available in Annex 2, with highlights including interviews for GM LEP Co-chair Lou Cordwell with Sky News and Bloomberg Radio; and extensive regional coverage for the launch of the Economic Vision.

3.3 Content Sharing

An additional 159 followers (+33%) were secured for GM LEP LinkedIn profile in November, taking the total number of followers to 1,043. Work is ongoing to increase visibility of GM LEP content. The GM LinkedIn profile generated 18.3k post impressions in November (up 574%).

An updated communications pack including suggested social posts and assets has been prepared for GM LEP board members and others and can be found [here](#).

4.0 Future Content Priorities

The steering group agreed that priority content for November/December will focus on the following themes and stories to be developed are in Annex 1.

- Green growth
- Support for female entrepreneurs
- Digital/creative

Thematic campaigns



Marketing Manchester has developed three integrated multi-channel campaigns to enhance the content curation activity and will run in 2021 focused on Digital, Green and Innovation . These themes align and deliver against GM LIS, GM Economic Vision and International Strategy and will also include inward investment and business conference delivery strands

- **“Powering Innovation”** Campaign aims to strengthen GM’s position as a leading region for innovation. To drive economic growth across GM and beyond, by building on our globally leading R&D and innovation capabilities, to deliver increased prosperity, and longer and healthier lives for all GM’s citizens. Multiple sectors will be featured within the campaign including: Advanced Manufacturing and life Lifesciences and will be aligned with Innovation GM
- The **‘Digital in the DNA’** campaign will showcase Manchester’s digital strengths and position the city region as a digital exemplar on a global scale. The campaign will enhance GM’s reputation as the business location of choice for digital sub-sectors where it outperforms all other UK cities – cyber security, eCommerce, AI and data, service design, IoT, MedTech (& strengthening the foundations of economy)
- A **‘Greener Manchester’** Campaign is in development for 2021 in conjunction with key partners and organisations including GC, MIDAS, GMLEP, GMCA and the private sector. Work is underway to explore a unified GM presence at COP26, the United Nations Climate Change Conference to be held in Glasgow, Nov 2021.

Events: A series of events are planned in conjunction with key themes/campaigns and content. Potential ideas include:

- Greener Manchester event (Feb)
- Female Entrepreneurs
- Event to support GMLEP involvement with Digital City Festival (April)
- Young Innovators

5.0

Annex 1 - Content Progress for GM LEP Economic Strategic Comms

Content and <i>content format/use</i>	Sector/theme/ messaging	Progress/actions
Manchester music documentary. A longer-term project now nearing completion in celebration of the live music scene and supporting infrastructure – skills/education, that makes Greater Manchester such an attractive place to live, invest, study. Adapted during lockdown to highlight the plight of the sector as a result of coronavirus.	Culture, creative sector, recovery from coronavirus	To be launched in December
Launch of local energy market	Green growth	In production for December publication
Green growth summary film, encapsulating the different elements that come together to make Greater Manchester a leader in the low carbon space	Green growth	In planning for December/January publication
SODA, supported by GM LEP investment from the Local Growth Fund will build on Greater Manchester's credentials in digital storytelling and content, providing a talent and skills pipeline for the digital and creative sector	Digital, skills	Published http://gmlep.com/insights/soda-sets-the-scene-for-the-future-of-digital-and-creative
Cycling and walking infrastructure supported by GM LEP funding from the Local Growth Fund is unlocking green growth and low carbon transportation options, while adding to quality of life, health and wellbeing to attract inward investment from private sector businesses including Hero Cycles	Green Growth	Completed Awaiting upload
Coronavirus has accelerated digital delivery of health and social care services in Greater Manchester	Health innovation, digital	In production for December publication
Advanced materials applications for medtech	Advanced materials	In production for December publication
Advanced materials applications for aviation	Advanced materials	In production for December publication

Greater Manchester's success as a centre for e-commerce <i>For use on Insights section/social media.</i>	Digital, tech	In production for December publication
The £1bn benefit of measures to encourage trade with India <i>For use on Insights section/social media, third party media. Utilising video produced for Manchester India Partnership Mayoral Delegation to India.</i>	Health innovation, digital, advanced materials, green growth, culture	Published http://gmlep.com/insights/the-1bn-benefit-of-measures-to-encourage-trade-with-india
GM LEP Economic Proposition video explainer and insights article/thought leadership. Edits of different length completed of video. Additional assets to support Economic Proposition launch and promotion in progress <i>For use on Insights section/social media, third party media.</i>	Highlighting main themes and narrative of GM LEP Economic Proposition and how it will inform the CSR ask.	Completed and ready to utilise for promotion of the GM LEP economic proposition
Greater Manchester now ranks in second place in the UK for tech investment, with case studies from companies that have chosen to operate here.	Tech investment, skills, infrastructure	Published http://gmlep.com/insights/manchester-overtakes-cambridge-to-rank-as-uks-most-attractive-city-for-tech-investment-outside-london
GM LEP/Growth Company response to Covid: Ways in which LEP, via Growth Hub, is able to support companies who are looking to pivot/innovate in order to think about their future market/growth/leadership and emerge from Covid stronger.	Support for Greater Manchester business community during pandemic	Published as embedded case study http://gmlep.com/insights/solidarity-and-support-are-helping-greater-manchesters-business-community-to-remain-resilient
How Greater Manchester's support for female entrepreneurs can support the UK economy and end address inequalities. <i>Thought leadership and video sharer/insights page, third party media</i>	Skills, innovation, support for female entrepreneurs (major CSR focus)	Published http://gmlep.com/insights/greater-manchester-can-support-female-entrepreneurs-in-boosting-the-uk-economy
GeIPonic intelligent soil – developed at GM LEP funded GEIC (video here). Article and video sharer for insights page/social.	Innovation supported by GM LEP investment, advanced materials	Published http://gmlep.com/insights/intelligent-soil-alternative-addresses-heightened-food-security-concerns-following-coronavirus
Shovel Ready Projects selected by Government in consultation with Greater Manchester Local Enterprise Partnership, including Mayfield (£23m), Port Salford (£6m), Stok. <i>Article, images and video sharer for insights page/social.</i>	Ability to work with Government to accelerate deliverable projects supporting low carbon, digital sector, skills, employment, R&D	Published http://gmlep.com/insights/getting-building-fund-provides-54-2m-to-support-implementation-of-greater-manchester-local-industrial-strategy

<p>Interview with GM LEP Co-chair Mo Isap.</p> <p><i>Article, images and video sharer for insights page/social, third party media.</i></p>	<p>Demonstrating diversity within leadership, highlighting skills and experience capability in terms of delivering innovation in skills and education to end inequalities.</p>	<p>Published</p> <p>http://gmlep.com/insights/meet-gm-lep-diversity-champion-mo-isap-says-an-innovative-approach-to-education-and-skills-is-helping-to-end-inequalities-in-greater-manchester</p>
<p>Interview with Councillor Elise Wilson, GM LEP board member and GMCA economic lead. <i>For use on Insights section/social media, third party media.</i></p>	<p>Diversity in leadership, business confidence, GM's ability to innovate, show resilience, flex and lead economic recovery, leaving no one behind.</p>	<p>First draft completed</p>
<p>GM LEP board member recruitment.</p> <p><i>For use on GM LEP news page/social media.</i></p>	<p>TBC as this will be a low-key announcement as there are only two vacancies.</p>	<p>Published</p> <p>http://gmlep.com/news/greater-manchester-local-enterprise-partnership-seeks-board-members-2</p>
<p>Interview with Lou Cordwell, GM LEP board member. <i>For use on Insights section/social media, third party media.</i></p>	<p>Diversity in leadership, business confidence, GM's ability to innovate, show resilience, flex and lead economic recovery, leaving no one behind.</p>	<p>Published</p> <p>http://gmlep.com/insights/gm-lep-co-chair-lou-cordwell-my-dad-and-tony-wilson-inspired-my-civic-duty-to-make-greater-manchester-a-better-place</p>

Annex 2 – Media Coverage

Subject/topic	Title and coverage link
Economic Vision Launch	<p>BusinessLive https://www.business-live.co.uk/economic-development/greater-manchester-local-enterprise-partnership-19303095</p> <p>BusinessDesk https://www.thebusinessdesk.com/northwest/news/2069885-regions-leaders-unveil-vision-for-post-covid-economy</p> <p>Insider https://www.insidermedia.com/news/north-west/greater-manchester-leaders-unveil-vision-for-post-covid-economy</p> <p>About Manchester https://aboutmanchester.co.uk/greater-manchester-leaders-unveil-vision-for-post-covid-economy/</p> <p>Place North West https://www.placenorthwest.co.uk/news/gm-looks-to-rd-green-growth-for-post-covid-recovery/</p> <p>Marketing Stockport https://marketingstockport.co.uk/news/local-enterprise-partnership-to-unveil-blueprint-for-fairer-greener-gm-economy/</p>

<p>Move to Tier 3 and Economic Vision</p>	<p>Sky News https://www.linkedin.com/feed/update/urn:li:activity:6739563202021076993</p>
	<p>Bloomberg Radio https://www.linkedin.com/feed/update/urn:li:activity:6739949860880973826</p>
<p>Digital Inclusion Taskforce</p>	<p>FE News https://www.fenews.co.uk/press-releases/59579-new-digital-inclusion-taskforce-launched-to-tackle-digital-divide-across-greater-manchester</p> <p>UKAuthority https://www.ukauthority.com/articles/greater-manchester-gets-digital-inclusion-taskforce/</p> <p>TheBusinessDesk https://www.thebusinessdesk.com/northwest/news/2070593-taskforce-launched-to-tackle-digital-divide-across-region</p>

Annex 3. Content pipeline/news list

Marketing Manchester will be working through this list of potential stories/themes below, whilst remaining flexible to reprioritise as other priorities may emerge.

GM-wide Sector Stories

Digital

- GCHQ - now open in Manchester (coverage in FT) opportunity to provide insight into the reasons they chose Manchester
- Digital inclusion activity to address widening digital inequalities during lockdown
- Full fibre roll out (funded by DCMS)
- Expansion of GM digital platform to provide benefits beyond health, including victims of crime.
- One Network <https://www.digitalmarketplace.service.gov.uk/digital-outcomes-and-specialists/opportunities/12879>

Green growth

- Launch of local energy market

- Tower of Light - <https://www.manchestereveningnews.co.uk/news/greater-manchester-news/18m-tower-light-power-prominent-18549526>
- Maintaining economic benefits of the CO2 reduction during lockdown
- **Female Entrepreneurs**
- Support for female entrepreneurs through GM LEP Economic Proposition
- GC Angels funding for female entrepreneurs, including the Link App
- Thought leadership around opportunity for female entrepreneurs
- Case studies for female-led businesses provided with business support
- Training courses and skills interventions in operation – Digital her; Innovate Her

Other Stories

- Launch of Ada North (Manchester-based digital skills college following success of the Ada Lovelace Institute in London). Virtual launch 13th October. (national College, Digital Skills, DCMS, MCC)
- E-scooter trials
- 10th Anniversary of GM LEP being given the green light by Government – October 2020
- One year living with covid plan
- Social value procurement and links to Good Employment Charter
- United We Stream - public/private support for music sector
- Tech Fund (lap-tops to students, private sector involvement/inequalities/exclusion). Case study with school, emphasising inclusivity agenda.
- Confidence is key – blog post/campaign theme
- GM CBILS and business support, including case study with one recipient.
- Cybersecurity, focusing on the concentrated strength of the sector and the #OneStepAhead campaign launched by the Cyber Resilience Centre/GCHQ (See digital below)
- Successes in safe data Sharing (Health Innovation, Ed Tech and Health Tech)
- Giant GM Big Shop (supporting local business)
- Future of Greater Manchester event

Stories re LGF & GM LEP/GMCA investment

The Local Growth Fund presents numerous examples of GM LEP/GMCA investment that can be utilised for stories. Priority examples supporting our aims are below.

Project	Funding	Sector/Progress	Detail
MCF Cycling & Walking schemes	£26,613,000	Green Growth/In Delivery	Programme of walking and cycling schemes across GM, to increase the attractiveness of active travel. Article published
Mantra	£1,069,592	Digital/Complete	Logistics centre focusing on the rapidly growing industry of customer returns.
Bury College	£6,800,000	Innovation/In Delivery	Science, Technology, Engineering & Maths: Build a new Health Innovation STEM Centre to support the delivery of additional / new Health, Science, and related Technologies activity. Refurbishment of some existing campus.

School of Design and Arts	£35,000,000	Digital/In Delivery	The facility will incorporate specialist and flexible production studios and labs, a cinema, a business incubation hub and staff offices. Article published
Cyber Innovation Centre	£10,000,000	Digital/In Delivery	The cyber innovation centre will host start-ups and a hub of security organisations including GMP and the cyber foundry programme.
Life Sciences Fund	£20,000,000	Health Innovation/In Delivery	Venture capital for businesses located in the region and operating in the life sciences sector.
Pankhurst Centre	£10,000,000	Health innovation/In Delivery	Creation of a centre focused on capitalising on GM's health and advanced materials strengths.
GM Digital	£4,000,000	Digital/In Delivery	Group of digital projects to tackle digital exclusion across GM.



GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: St John's Creative Enterprise Zone proposal

DATE: 15 December 2020

FROM: Pat Bartoli, Director of City Centre Growth & Infrastructure,
Manchester City Council

PURPOSE OF REPORT

This report provides an update on the St. John's Creative Enterprise Zone proposal and the development of a business plan for submission to Government.

RECOMMENDATIONS

The LEP Board is asked to:

1. Note the outline justification for the establishment of a Creative Enterprise Zone at St. Johns.
2. To endorse the development and submission of a proposal and detailed business case to Government for the establishment of an Enterprise Zone at St. Johns, Manchester city centre.

CONTACT OFFICERS:

Pat Bartoli, Director of City Centre Growth & Infrastructure, Manchester City Council

Email: pat.bartoli@manchester.gov.uk

1. Introduction and Background

- 1.1. The Council's Comprehensive Spending Review (CSR) submission focused on high productivity and job generating sub-sectors including life sciences, advanced materials including graphene, digital and creative industries.
- 1.2. Underpinning our submission was the need to strengthen and deepen our existing Enterprise Zones (EZ) to capture the benefits from growth and enable reinvestment, as well as the formation of a new creative enterprise zone, using EZs to capture and recycle benefits of growth to support a sustained recovery. This is also captured within Manchester's Economic Recovery and Investment Plan (ERIP)
- 1.3. A new creative enterprise zone is proposed to harness opportunities generated by the Factory, Enterprise City at St. John's and the wider creative economy, and support the city's economic recovery from Covid19. Demonstrating how creative industries and the arts, based on St John's and The Factory, can drive growth, recovery and jobs.
- 1.4. St John's is a new neighbourhood within the city covering an area of approximately 13 acres, with Spinningfields to the north and Castlefield to the south. St John's is one of the city's strategic regeneration areas. The area comprises development of new buildings alongside retention and refurbishment of historic buildings. The proximity of the EZ to Spinningfields provides an opportunity for St John's to benefit from future business growth.
- 1.5. The St John's Creative Enterprise Zone's commercial proposition is centred on accelerating the growth and clustering of small and medium sized creative businesses, building on a number of existing and established assets which have ensured Manchester's place as the UK's leading regional centre of gravity for creativity, content, talent and technology driven business, focused on creative sub-sectors and their supply chains.
- 1.6. The creative and digital economy is an increasingly important feature of the city region's economy. It has been one of the fastest growing sectors in recent years, with strong growth forecasts. Between 2010 and 2019 employment in the creative and digital industries grew by 88% in Manchester and 63% in Greater Manchester compared to UK-wide growth of just 20%. Manchester therefore represents a growing hub of activity within a key economic sector. There is a significant core of businesses clustered in the city centre, as well as Salford Quays.
- 1.7. The EZ will be primarily focused around the new district of St. John's in Manchester city centre, incorporating offices, workspaces, inspiring cultural spaces, and bespoke city centre living as well as the established enterprise city, developed by Allied London in partnership with Manchester City Council. Enterprise City is a media, tech and

creative cluster, designed to connect people and businesses, encourage collaboration, and create success through expert place-making.

- 1.8. Enterprise City is unique in terms of the sectors and types of business it is targeting, the scale and diversity of employment space and the eco-system in place to combine enterprise and lifestyle.
- 1.9. St. John's will be anchored by The Factory - a building that will create a cultural powerhouse and provide a permanent home to Manchester International Festival (MIF). Both Government and Arts Council England (ACE) are funding partners with Manchester City Council (MCC) in the Factory.
- 1.10. MIF and Allied London are strong supporters of the EZ proposal and will provide the structural support to assist with the delivery of EZ objectives.

2. The EZ proposal

- 2.1. The EZ at St. John's proposes to accelerate the growth of creative business at the core of the Greater Manchester conurbation, building on a number of existing and established assets which have ensured Manchester's place as the UK's leading regional centre for creativity, content, talent and technology driven business, centred on creative sub-sectors and their supply chains. The new Enterprise Zone will contribute to the Government's levelling up agenda and the UK Industrial Strategy, making a strong contribution to the sector's ongoing growth and success, and that of the Greater Manchester economy more widely
- 2.2. The EZ will build on the core principles of People, Place and Prosperity as set out in Manchester's Economic Recovery and Investment Plan and Our Manchester Strategy.
- 2.3. The creative EZ will be different from other Enterprise Zones in the city. The focus will be on driving growth through the creative, media and technology sectors. It will build on the Factory and the key assets that exist or are emerging in the area, including established studios, the adjacency of the Science and Industry Museum (SIM), and Enterprise City.

The Factory – Cultural Anchor

- 2.4. The Factory will form the cultural heart of the St John's EZ. The Factory is expected to add £1.1 billion to the economy of Manchester and the surrounding region over a decade, creating or supporting up to 1,500 full-time jobs, and providing engagement opportunities for people of all ages and backgrounds.

- 2.5. The Factory will not just be a unique building configuration with a series of spaces where different cultural forms will be newly commissioned and take place simultaneously, but also a new kind of facility that will focus on driving the skills and aspirations of young people throughout the region, who may not have considered that a career in the creative industries was for them. The development and training opportunities will go beyond creative skills alone, to embrace all the other skill sets/activities that make up a functioning facility and wider ecosystem as embodied by the Factory and St John's.
- 2.6. The Factory Academy, launched by Manchester International Festival (MIF) in 2018, in partnership with a consortium of cultural organisations in the city, is an integral part of the opportunity and legacy for the Factory. The aim is to diversify the workforce in this important sector, providing opportunities for aspirational young people, whatever their backgrounds, who wish to improve their life chances through working or performing in the cultural sector.
- 2.7. The Factory has attracted significant Government investment, almost unique outside of London and the South East and has been designed by one of the world's leading architects, OMA. It will be their first major public building in the UK, enhancing Manchester as a destination for world class architecture. The project is already attracting considerable excitement and will cement Manchester's reputation as one of the top five creative cities in Europe with culture and the City's creative industries contributing £1.4 billion to the local economy and a significant part of the visitor offer.

Existing Success

- 2.8. The EZ will build on the existing success at Enterprise City as evidenced by Manchester Goods Yard, the commercial hub of Enterprise City, and the new £100m global headquarters for Booking.com. Other facilities include Globe and Simpson which will house the new Manchester headquarters for the WPP Group (bringing together a number of companies including Code Computerlove and Mediacom) and ABC Building will accommodate Farm Manchester and Everyman.
- 2.9. The Bonded Warehouse is a 6 storey mixed-use workspace/retail/leisure refurbishment project of historic 1830's warehouse of c.125,000 sq. ft. Bonded Warehouse houses a thriving community of digital and creative entrepreneurs communicating and collaborating together in this unique hub environment that has been cultivated within Enterprise City.
- 2.10. Within the Bonded Warehouse is Exchange, which provides supported space for ambitious early-stage creative and tech companies and access to the tools and learning to succeed. Enterprise City has engaged Tech Nation as knowledge partner to support Exchange's

agenda of activity, based on industry insight and commercial progression. Exchange is the beneficiary of £2m of Department for Culture, Media and Sport (DCMS) funding to deliver a Tech Hub to create and sustain 2,000 jobs over the next 15 years.

2.11. Exchange offers a 6 to 12-month scheme to ambitious early stage tech companies in the North West, delivering a syllabus and direction for development within the market. Locating at the space provides ambitious tech entrepreneurs subsidised office space, access to a digital skills academy, industry experts and resources and collaboration platforms. So far 23 tech start ups have located within Exchange.

Economic Case and Benefits

2.12. The St John’s Enterprise Zone will build on the above to deliver circa 700,000ft² of employment space targeted at smaller companies, with the capacity to accommodate, 4,000 jobs, with several hundred companies benefiting from the Business Rates discount. The St John’s Enterprise Zone will provide new employment space developed with small companies in mind, typically between 10 and 50 employees. On average, circa £1,600 of Business Rates payment per annum is required per employee. The Business Rates reduction will save an employer with 10 staff circa £16,000 per annum for five years, while an employer with 30 staff will save £240,000 over five years.

2.13. While the Enterprise Zone Business Rates discount, worth up to £275,000 per business over a 5-year period, is a more limited benefit to larger companies, it is very valuable for companies employing less than 50 people. As such, the Enterprise Zone will be an attractive location for smaller employers, while encouraging developers and landlords to provide space specifically targeted at these companies. It is worth noting that the majority of creative businesses located in the city employ less than 50 people, with a large cohort employing less than 20, some of which are at the early phase of business development and growth.

2.14. Over a ten-year period, the Enterprise Zone will provide new accommodation which will support over circa 400 companies and 4,000 jobs in cultural, creative and digital industries.

2.15. The below table sets out how additional space and employment growth will generate revenue through business rates. The revenue generated will be retained and re-invested into St. John’s as a priority area.

Enterprise Zone : Additional Space and Employment Growth Profile										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Business Space (ft ²)	95,000	95,000	95,000	95,000	75,000	75,000	75,000	65,000	65,000	65,000
Business Rates	£0.76m	£1.52m	£2.28	£3.04m	£3.64m	£4.24m	£4.84m	£5.44m	£6.04m	£6.64m

Companies	45	90	135	175	215	245	295	345	395	445
Employment	475	950	1,425	1,900	2,275	2,650	3,025	3,400	3,775	4,150

2.16. Through designation of the EZ and subsequent site development it is anticipated that the following benefits will be secured:

- **Clustering of creative businesses** – creating an environment where creative businesses cluster in designated developments will encourage businesses to work together and further businesses to be attracted.
- **Expanding local supply chains** – as the creative sector grows and clustering encourages businesses to work together, opportunities for greater use of local suppliers will be identified which supports higher levels of expenditure to be retained in the sub-region.
- **Accelerating sector growth** – as the reputation of Greater Manchester as a hub for creative industries continues to grow and both businesses and skilled workers are attracted. The growth of creative industries is seen as important to Manchester’s economic recovery.
- **Employment creation** – the scale of new development proposed within the EZ means the designation will support considerable employment uplift in the region of c. 4000 jobs (see table above). The nature of employment to be created will be varied, cutting across a range of sub-sectors, occupations and skills levels related to the tech, culture and creative industries.
- **Skills Development** – as the creative sector grows and the scale of jobs growth increases there will be numerous opportunities for skills development. The Cultural Skills Consortium, of which The Factory and SIM are part of and administered by MIF/The Factory Academy provides the base to deliver skills development. The establishment of Factory Futures, a new skills and training programme, particularly targeted at providing an entry point to work in the creative industries, will benefit up to 10,500 unemployed young people living in Greater Manchester over the next five years. This will diversify the workforce and grow and retain skills in a vitally important sector for the region. Around 60 young people have already benefited from the Factory Academy, including five apprenticeships delivered in partnership with Royal Exchange Theatre, Manchester Metropolitan University (MMU), HOME and The Lowry. Furthermore, the Science Museum Group has submitted a CSR bid (supported by MCC and GMCA) to create a STEM learning hub at Science and Industry Museum. If successful, these facilities would provide workshop space for joint STEAM initiatives with The Factory for both training and engaging schools in learning. The EZ will support this objective and benefit from the outcomes.
- **Attracting and retaining skilled workers** – as the reputation of the sub-region for creative industries continues to grow and new businesses are

attracted, more skilled workers will also be attracted, and opportunities for career progression within the sub-region will help to drive further skills development. Clear pathways into work for local young people, seeking to develop their skills in the cultural sector will support this.

- **Delivering physical regeneration** – many of the sites identified have been vacant for a number of years. Their redevelopment will play a leading role in delivering physical regeneration and important outward signs of change and showing confidence which may help to catalyse further growth.

3. Covid 19 and Economic Recovery

3.1. Covid19 has already had a major impact on the UK economy and it is clear that it will take many sectors and businesses several years to return to pre-lockdown levels of economic activity. The cultural and creative industries have been very badly affected, particularly those supporting the large self-employment and freelance community

3.2. An effect of Enterprise Zone status is expected to be to provide developers with the confidence to progress new development targeted at this market, in spite of the uncertainty caused by the pandemic, with the Business Rate incentive increasing the likelihood of early take up of business space.

3.3. The role of the cultural and creative sector is a key element of the Economic Recovery and Investment Plan for Manchester, which is designed to help build confidence in the long-term future of the City, through both short-term activities, and longer term forward planning.

3.4. The St John's Enterprise Zone proposal is a direct response to the city's economic recovery from the impact of Covid19 and the need to re-establish the levelling up momentum, reacting to the difficulties faced by smaller companies in culture, creative and digital industries. The success of St. John's so far is a testament to the growth in the creative sector. We need to build on this momentum to avoid it being dissipated as a result of Covid 19. The establishment of an EZ will augment that success and allow the growth (both planned and anticipated) to be captured.

4. Development Profile

4.1. Table 1 in the appendices sets out the key buildings already completed or at development/ construction stage These comprise Manchester Good Yard, ABC, Globe and Simpson, Bonded Warehouse and The Factory. Together these account for in the region of 714,000 sqft of workspace and cultural space. Completion of all is expected by 2022.

4.2. The anticipated development potential is set out at Table 2 in the appendices. It is expected that across 10 buildings and sites, another

additional 700,000 sqft could be delivered over the period 2022-2031, with much of the development being delivered in the first 5 year period.

5. Conclusion

- 5.1. The St John's Creative Enterprise Zone will contribute to the levelling up agenda, rebalancing the creative economy and directly supporting the Greater Manchester Industrial Strategy. It will add to the portfolio of Greater Manchester Enterprise Zones which are supporting sectors such as life sciences, health innovation and advanced manufacturing.
- 5.2. The St John's Creative Enterprise Zone's commercial proposition is to accelerate the growth and clustering of small and medium sized creative businesses at the core of the Greater Manchester conurbation, building on the existing sectoral strengths and assets of the city region.
- 5.3. The Business Rates discount, worth up to an estimated £275,000 per business over a 5-year period, will directly benefit smaller business employing up to 50 people, making the Enterprise Zone an attractive location for smaller companies and encouraging developers and landlords to provide space specifically targeted at smaller companies.
- 5.4. The St John's EZ has the potential to help bring forward 700,000ft² over the next ten years, with major development between 2022 and 2031; new accommodation which will support over circa 400 companies and 4,000 jobs in cultural, creative and digital industries. As such the Enterprise Zone will help to re-establish the pre Covid19 economic momentum in this sector and in the wider city region.
- 5.5. While St. John's has seen recent success in supporting businesses and jobs growth, the impact of Covid 19 has had significant impacts, for instance at e-travel firm booking.com reporting in the region of 25% job losses. The EZ is intended to mitigate these adverse impacts, as well as supporting a sector that has been particularly hard hit as a result of lockdown measures.
- 5.6. Further work will now be undertaken to prepare a business case for submission for Government.

Appendix

Table 1

Enterprise City: Key Buildings	Employment Space
<i>Phase 1: 2019 - 2022</i>	
<p>Manchester Goods Yard is the commercial hub of Enterprise City, with a New York inspired warehouse concept - a place of real enterprise, it's the epitome of modern working at the centre of Enterprise City. 24/7 life and activity will be the backbone of the building, a hive of activity. The distinctive design of the building centres on workspaces that function in dynamic and flexible ways. Manchester Goods Yard will become the new global headquarters for e-commerce giant Booking.com and will be home to more than 1,500 staff who will create a dynamic workplace and hub for talent.</p>	<p>Under Construction due to complete 2021</p> <p>Workspace: 300,000 ft²</p>
<p>ABC provides new modern workspace for media, technology and creative businesses. The Farm Group, the largest post-production house in the UK, has already opened its new facility in ABC, alongside leading fitness provider Barry's Bootcamp and boutique cinema Everyman. Manchester Studios also operates from the building to make it a fully functional media facility. ABC is also home to ALL Work & Social and provides a membership workspace.</p>	<p>Under Construction due to complete 2021</p> <p>Workspace: 107,000 ft²</p>
<p>Globe & Simpson is a new headquarters building located at the northern gateway to Enterprise City and will be the home of global media and advertising conglomerate WPP. Once completed, some 900 employees working for WPP's various subsidiary businesses will be housed within this modern, forward-thinking building.</p>	<p>Under Construction due to complete 2022</p> <p>Workspace: 90,000 ft²</p>
<p>Bonded Warehouse is an enterprise hub housed within a former 1860s warehouse building and now providing co-working facilities and small suite space targeted at start-ups, entrepreneurs and SMEs within the digital and creative sectors. It is also the new home of Exchange, a government-funded incubator facility.</p>	<p>Completed 2020</p> <p>Workspace: 80,000 ft²</p>
<p>Factory is a 7,000-capacity new government-funded performing arts and cultural venue being delivered by Manchester City Centre. Comprising a 2,500-seater auditorium and adjoining warehouse events space, the building will regularly host large productions with requirements for short-to-medium term residences for artists and production teams.</p>	<p>Under Construction due to complete 2022</p> <p>Cultural Space: 137,000 ft²</p>

Table 2

Site/Development	Development Potential
<p>Campfield Yard is a series of three existing buildings located on Liverpool Road, Manchester, moments away from the Spinningfields business district and Allied London's new £500m Enterprise City neighbourhood and located close to major city centre public transport links.</p>	<p>Deliver 128,000 sq. ft. of inspiring workspaces and studio spaces.</p>
<p>The Northlight is a modern industrial building at the heart of Enterprise City, digitally enabled with ultra-flexible workspace, state-of-the-art connectivity and high-quality amenity. The Northlight is the next generation of smart workspace, optimised for intelligent business. The smart workspace design is enhanced by infrastructure technology including the latest 5G mobile network and specific estate-wide superfast fibre internet connections.</p>	<p>Workspace: 235,000ft²</p>
<p>Old Granada Studios will provide a new destination for Manchester, establishing Enterprise City as a new vibrant urban creative hub. It will be home to worldwide</p>	<p>To be developed by Allied London in 2021</p> <p>Workspace: 44,000 ft²</p>

hospitality business Soho House, who will operate a 150-bed hotel, food and beverage facilities and a members' club aimed at enabling young creative workers to network and socialise. The former ITV Studios 02, 06, 08 and 12, now operated by ALL Studios, will provide a unique suite of filming spaces and studio facilities.	Studios: 41,400 ft ² Cube Space: 38 containers
Riverside T2 site	On site of T2 – 750 co-living units in a 32 storey tower to be developed by Vita and which is due to commence in 2021 and includes co-working office space – 25,000 sq ft
No.1 Grape St	New planned office building with 50,000 sq ft commercial
Water Street Development Area: primarily residential with the potential for some commercial and employment space	Planned Residential – capacity for 825 units –. SRF approved for a housing led scheme, with 15,000 sq ft at ground floor commercial uses.
Trinity Island : primarily residential with the potential for commercial and employment space	Residential with Planning Consent – 1,400 units to be developed by Renaker with 25,800 sq ft at ground floor commercial uses.
Quay Street/Deansgate Business District	Existing commercial buildings with up to 200,000 sq ft of additional re-development space .
Riverside T3 site next to Factory	Food and drink with possibility for some commercial floorspace up to 30,000 sq ft
Zig Zag arches at Water Street	Arch Co. long leases on vacant commercial NR Arches, with 30,000 sq ft.

ST. JOHN'S CULTURAL ENTERPRISE ZONE

1. Bonded Warehouse
2. Old Granada Studios
3. Manchester Goods Yard
4. Globe & Simpson
5. The Northlight
6. Shipyard
7. T3
8. The ABC Buildings
9. Vita Living (T1/ T2)
10. The Factory
11. No.1 Grape Street
12. Manchester Studios
13. Campfield Yard
14. Quay Street/Deansgate Business District
15. Trinity Islands
16. Water Street Development Area



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GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: 15th December 2020

DATE: Greater Manchester Environment Fund Update

FROM: Mark Atherton, Director of Environment, GMCA
Anne, Selby, Chair of the Greater Manchester Natural Capital Group

PURPOSE OF REPORT

In the Greater Manchester 5 Year Environment Plan, the Greater Manchester Combined Authority (GMCA) committed to supporting the development of a Greater Manchester Environment Fund (“GMEF”). Substantial development work has taken place over the last year. This report provides an update on the progress made, and next steps towards the establishment of a self-sustaining business model.

RECOMMENDATIONS

The LEP Board is asked to ...

- Note the progress made in developing the GMEF.
- Consider how the LEP Board can support scale-up of the GMEF through providing funding or identifying potential funders.
- Consider how the LEP Board can support the ambitions of the fund by considering whether the fund could be utilised to meet LEP Board partner’s compliance regulations or as a voluntary carbon offsetting schemes to support the wider ambitions of the 5 Year Environment Plan.

EQUALITIES IMPLICATIONS

Research suggests that there is a correlation between poor environmental quality and IMD areas. Where possible, the projects supported by the fund will aim to alleviate this differential.

CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION MEASURES

The purpose of the fund is to stimulate investment to deliver positive environmental impact across Greater Manchester. As the fund is established, there is potential to establish a carbon sequestration credit scheme which will prioritise nature-based carbon storage as a way to achieve the net zero carbon target by 2038.

CONTACT OFFICERS:

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Krista Patrick, Natural Capital Coordinator, GMCA
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Number of attachments to the report: 1

Greater Manchester Environment Fund Briefing Note (Annex 1)

BACKGROUND PAPERS

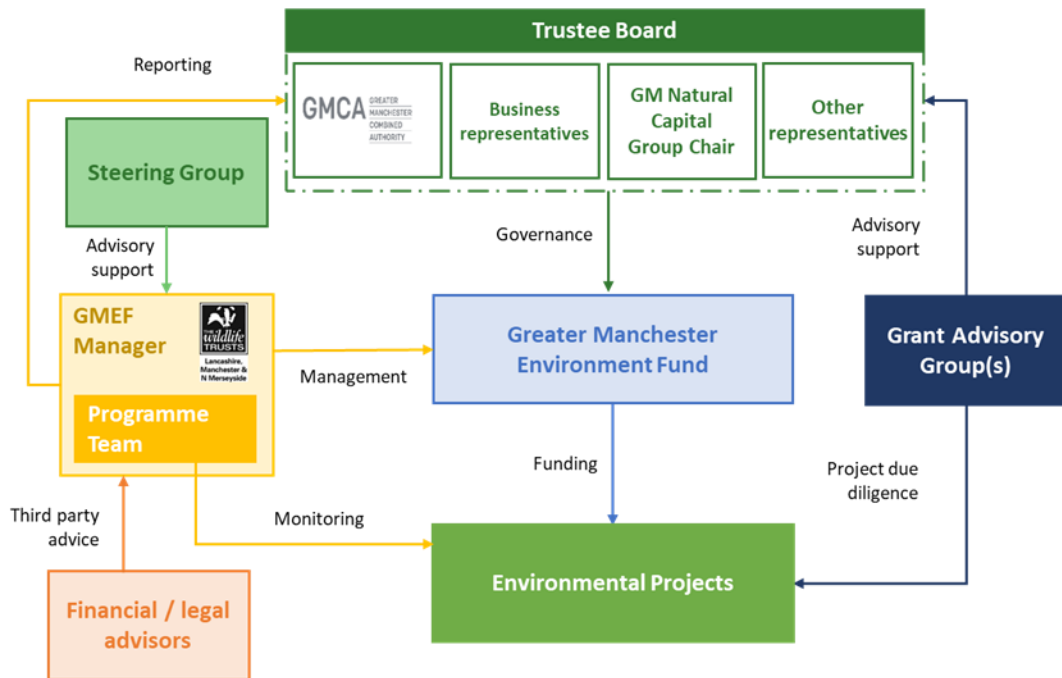
[GM Natural Capital Investment Plan](#)

1. INTRODUCTION

- 1.1 Greater Manchester has set out ambitious plans to improve and enhance its environment. Key to achieving this is to increase investment into projects that will help deliver on this aim on the ground in the city-region. As such, a key action in the 5 Year Environment Plan was to support the development of a Greater Manchester Environment Fund (GMEF).
- 1.2 Given current pressures on public spending, broadening the range of investment into projects to improve and enhance the natural environment – to philanthropic, impact first, responsible and mainstream investments – is crucial. The challenge of securing varied and sustained investment in the natural environment is common to all cities across the UK and is recognised in the Government’s Green Finance Strategy (2019).
- 1.3 Achieving this is also a key priority defined within Greater Manchester’s Local Industrial Strategy (2019) which refers to the role that natural capital plays in delivering a clean, green and resilient city region. The Strategy specifically refers to making use of innovative finance, policy and delivery mechanisms to increase natural capital and realise the ecosystem service benefits that go with this (such as health, resilience, air quality and reduced flood risk).
- 1.4 Working with partners, the Greater Manchester Combined Authority (GMCA) is developing structures and enabling mechanisms to mobilise existing and new sources of funding through supporting the establishment of the GMEF. This aims to blend public and private sector funding to close the gap between corporate organisations and institutions, that either wish or are required to address their negative environmental impact, and smaller, grassroots organisations, that aim to deliver schemes and projects.
- 1.5 The GMCA committed, in the 5 Year Environment Plan, to support the development of the GMEF and utilise £15,000 (along with matched contributions totalling £15,000 from the Environment Agency, United Utilities and Peel) to cover the initial set up costs of procuring a partner to establish the fund as a charitable vehicle with governance arrangements independent of GMCA.
- 1.6 A number of developments have taken place since then and this report provides an update on progress to date, including key milestones and next steps.

2. ESTABLISHING A GREATER MANCHESTER ENVIRONMENT FUND

- 2.1 Establishing the GMEF is the start of a long-term process which aims to grow funds and investment over time, both in size and breadth of opportunities and business models. The first building block of this is to establish the GMEF as a charitable vehicle.
- 2.2 The GMEF will provide a unified governance and decision-making framework to enhance delivery of Greater Manchester’s natural environment priorities. It will allow a range of funding sources to be aggregated within a single vehicle to leverage funding from the public sector, foundations and aligned corporates for strategic deployment. Initially, a straightforward grant funding model is envisaged, as set out below, with the fund being established as a charitable vehicle.



2.3 Through a competitive tendering process, Lancashire Wildlife Trust was appointed in May 2020 to begin the set-up of the charitable vehicle to deliver the GMEF.

3. DEVELOPING THE GREATER MANCHESTER ENVIRONMENT FUND

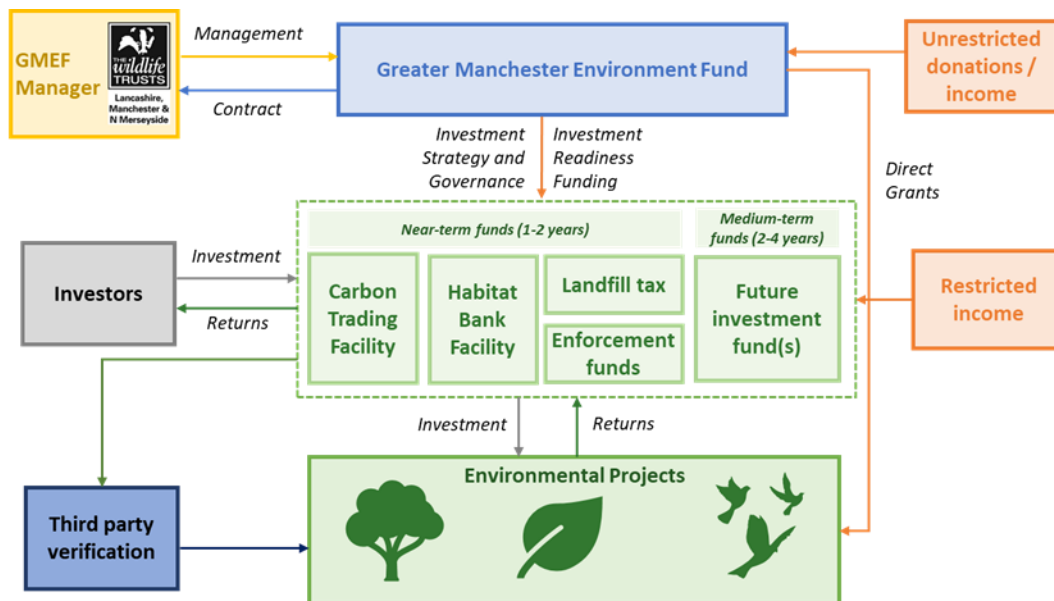
3.1 In the longer term, the aim is for the GMEF to grow beyond this initial straightforward grant-funding model and provide governance and oversight to a series of more focused sub-funds designed to deliver on specific environmental outcomes.

3.2 In particular, as identified in the Natural Capital Investment Plan commissioned by the GMCA in 2019, there is a significant opportunity to mobilise private investment in habitat creation across Greater Manchester through securing biodiversity net gain and carbon income streams (e.g. through peatland restoration and tree planting). These opportunities have been prioritised as a result of changes in regulation and pose the greatest short-term opportunities within Greater Manchester to support investment into the environment.

3.3 In January 2020, GMCA contracted Environmental Finance, an organisation that specialises in facilitating private sector funding into environmental schemes, to support the development of these two models. By the end of the year, Lancashire Wildlife Trust, the GMCA and Environmental Finance, will:

- Produce an Investment Strategy to provide a more compelling opportunity to potential funders for what the GMEF can achieve to attract additional funding – beyond unrestricted, donative income.
- Create Business Cases for priority habitat banking and carbon offsetting investment models to outline how these could be incorporated within the GMEF.

3.4 The ambition for the GMEF in the longer term is shown below.



- 3.5 The ambition is for the fund to become self-sustaining within 5 years as funding streams become aligned to Greater Manchester wide aspirations and new funding mechanisms and investment models are established. To realise this ambition, pump priming grants will be required to bring in much needed development capacity and provide the ability to trial and showcase the benefits that GMEF has to offer.
- 3.6 Initial engagement will focus on philanthropic funding partners to support capacity funding to build the models and enable fund implementation with grant applications to National Lottery Heritage Fund (NLHF), Charitable Trusts and proposals to other partners by the end of the year.
- 3.7 The GMEF has started to build a portfolio of 'shovel ready' projects that can demonstrate how new investment will contribute to priorities identified within the emerging Local Nature Recovery Network Strategy. These projects have also been submitted within a bid for £1.8million on behalf of a consortium of partners to the Green Recovery Challenge Fund. This involved aligning the priorities of 10 locally based environmental Non-Governmental Organisations into 1 strategic bid, to avoid 10 separate and competing bids. The portfolio of projects will continue to grow and will become the shop window of shovel ready opportunities for potential investors and funds as they become available through fines, taxes and incentives e.g. Enforcement Undertakings.
- 3.8 The GMEF will be looking at other impact investors, and corporates as this offers businesses a mechanism to offset their carbon emissions (voluntary) as well as developers to offset the loss of habitat through developments (which will become mandatory with enactment of the Environment Bill). Funds are being sought to develop pilot projects that can be used to demonstrate how the integrated delivery of nature-based solutions provide a framework to economic growth and create the systems for robust verification and measurements of the outcomes new resilient landscapes can produce.

- 3.9 GMEF has already secured its first fund to distribute on behalf of Suez and will be distributing £200,000 per year towards community recycling projects from 1st April 2021. There is huge potential for GMEF to develop fund distribution through Corporate Social Responsibility as well as providing a mechanism to collect and distribute the number of Taxes and Regulation Fines that companies and the general public may face e.g. Enforcement Undertakings, Clean Air Funds, waste water charges, and levies relating to plastic bags, cups etc as well as voluntary donations from the public such through crowdfunding initiatives.

4. NEXT STEPS

- 4.1 The GMEF is due to be established as a Charitable Company Limited by Guarantee by Spring 2021. To address the requirements of the Charity Commission, work is being undertaken to develop the Investment Strategy, a stand alone website and Communications Strategy as well as continuing to align existing and potential funding streams.
- 4.2 A fundamental part of the GMEF process will be stakeholder and funder engagement. A Briefing Paper has been produced which provides an overview of the opportunity to establish the GMEF with essential information on its purpose, strategy, governance and next steps (attached at Annex 1). This will evolve over time and will be used to raise the profile of the GMEF and gather feedback on its strategic objectives from key stakeholders, identify potential fundraising opportunities and engage with prospective funders.
- 4.3 As mentioned above, the GMEF is currently seeking philanthropic grant funding to cover the costs of delivering the investment readiness work for the implementation of the pilot investments and to support the development costs to scale up the GMEF. At this stage, we are looking for input from the LEP Board on potential funding opportunities including trusts and foundations or local corporates with grant funding programmes to support the GMEF development and pilot investment readiness work.
- 4.4 Over the next few years, further natural capital investment models are likely to become viable and benefit the Greater Manchester region. The GMEF can play an important role in providing a ready-made governance structure for these models and bringing them to market-readiness.
- 4.5 Opportunities are also being explored to expand the GMEF to cover wider ambitions of the 5 Year Environment Plan particularly around decarbonizing the built environment and transport sectors. The LEP Board are asked to consider how the GMEF can support delivery of Greater Manchester's wider ambitions to achieve a clean, carbon-neutral, climate resilient city region with a thriving natural environment over the long-term.

5. RECOMMENDATIONS

The LEP Board is asked to:

- Note the progress made in developing the GMEF.

- Consider how the LEP Board can support scale-up of the GMEF through providing funding or identifying potential funders.
- Consider how the LEP Board can support the ambitions of the fund by considering whether the fund could be utilised to meet LEP Board partner's compliance regulations or as a voluntary carbon offsetting schemes to support the wider ambitions of the 5 Year Environment Plan.

ANNEX

GREATER MANCHESTER ENVIRONMENT FUND BRIEFING PAPER

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Lancashire,
Manchester &
N Merseyside

**GREATER
MANCHESTER**
DOING THINGS DIFFERENTLY FOR THE ENVIRONMENT



Environmental
Finance

NATURAL
OUR WATER. OUR FUTURE
COURSE



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Greater Manchester Environment Fund Opportunity Overview

Executive Summary



Introduction

Purpose of this document

- This document provides an overview of the opportunity to establish a Greater Manchester Environment Fund (GMEF) with information on its purpose, strategy, governance and next steps to launch the fund.
- This document will be used to:
 - Raise the profile of GMEF;
 - Gather feedback from key stakeholders on GMEF’s strategic objectives;
 - Engage with prospective funders.

Support requested

- We are seeking support with the set up of GMEF to ensure that it can best support the city region in achieving its environmental ambitions, including:
 - Advice on how GMEF can best support the delivery of Greater Manchester's environmental ambitions.
 - Support from philanthropic, private and public sector funding partners to bring in much needed development capacity to launch GMEF, implement pilot projects and showcase the benefits that the fund has to offer.



“We are leading the way in the creation of a Greater Manchester Environment Fund to ensure our environment is fit for the future.”

*Councillor Andrew Western,
Greater Manchester Green City
Region Portfolio Lead*

Acknowledgements

- GMCA has committed substantial funding and resources since 2016 to support the development of GMEF as an independent public, private and third sector initiative with the aim of securing more sustained investment in GM’s natural capital.
- GMEF has been designed in consultation with an Advisory Group made up of key local stakeholders, who have kindly provided their time and guidance to support the development of the fund.
- The development of GMEF has been funded through generous contributions from Peel Group, United Utilities and the Environment Agency.



GM's Environmental Ambitions

The Greater Manchester Environment Fund (GMEF) is a pioneering regional impact investment vehicle that unites public, private and philanthropic funding partners with a mission to tackle the urgent environmental challenges facing the Greater Manchester (GM) region.

- **GM faces major environmental challenges that threaten the future health and prosperity of the city region**, with dangerous levels of air pollution, degradation of priority habitats and increasing risks from climate change.
- In response, GM launched its 5-Year Environment Plan with the ambitious vision for a **“clean, carbon-neutral, climate resilient city region with a thriving natural environment”** and demanded urgent action to achieve this.
- Recognising that **traditional grant and public funding will be insufficient alone** to deliver the Mayor's ambitions, Greater Manchester Combined Authority (“GMCA”) is pioneering a new approach to take on these challenges and safeguard GM's natural environment for the future.
- A partnership between GMCA, Lancashire Wildlife Trust and Environmental Finance has developed GMEF as an independent vehicle to support GM's ambitions for the restoration and improvement of the natural environment.
- **GMEF is the UK's first regional environmental impact fund**, targeting social, environmental and financial outcomes and seeking to recycle capital back into realising GM's environmental ambitions over the long-term.

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“We need to act now to tackle the environmental challenges we face”
Andy Burnham, Mayor of Greater Manchester

Greater Manchester Environment Fund Opportunity

GMEF is now ready for launch with a developed pipeline of investment opportunities and is seeking long-term philanthropic funding partners to enable it to scale and leverage significant additional funds.

- GMEF will be set up as an independent charitable vehicle to:
 - **Align existing restricted and unrestricted public funding streams** for strategic use to benefit the environment;
 - **“Crowd in” and leverage private and philanthropic capital to catalyse further investment** into the environment;
 - Deliver grant funding, capacity building, repayable investment and seed funding for strategic environmental projects and funds, ultimately to help **build a self-sustaining local environmental impact investment sector**; and
 - Deliver a **consistent and transparent governance framework** for funders and delivery bodies to set priorities, access funds and deliver accountable results.
- GMEF is structured as a **charitable body, managed by Lancashire Wildlife Trust with independence from GMCA** and with representation from public, private and philanthropic sector stakeholders, enabling it to:
 - Benefit from a **diverse range of informed stakeholders** while being mission-driven in its chosen activities;
 - **Champion local policies and innovations** to enable the GM natural environment to flourish; and
 - **Coordinate public sector funding efforts with the private and philanthropic sectors** to deliver significantly greater benefit.
- **GMEF is seeking long-term funding partners, having already secured a commitment of £200,000 per year from SUEZ**, the global waste management group, to fund environmental schemes that support communities across the city region, and to cover GMEF’s operational costs for programme delivery.



**GREATER
MANCHESTER**
DOING THINGS DIFFERENTLY FOR THE ENVIRONMENT

Background



Context: GM’s Environmental Challenges and Ambitions

GM’s 5-Year Environment Plan (5YEP) sets out an ambitious vision for a “clean, carbon-neutral, climate resilient city region with a thriving natural environment”, and demands urgent action to achieve this.

Threats facing GM’s natural environment...

Land	Unsustainable land management; GM accounts for 3.6% of the UK’s annual CO ₂ emissions
Water	Over 90% of GM’s waterbodies fail to meet quality standards; over 50,000 properties at risk of flooding
Biodiversity	Biodiversity net gain approach not yet adopted across districts; lack of green space and ecological networks
Investment	Insufficient funding available to protect nature; lack of business models to attract alternative sources
Environment engagement	Lack of public recognition of the wide range of benefits that nature delivers for the economy and society

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...5YEP ambitions

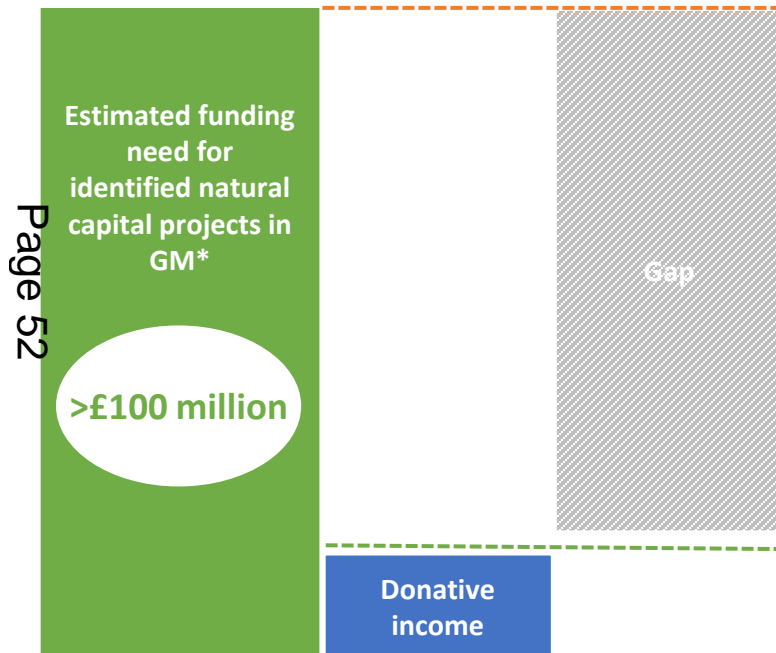
- Plant 1m trees by 2024, 3m by 2035
- Restore 50-75% of GM’s peatlands by 2040
- Carbon neutral city region by 2038
- Improve GM waterbodies to achieve standards by 2027; shift to more nature-based solutions for flood alleviation schemes
- Embed biodiversity net gain for developments and accelerate the delivery of a GM Nature Recovery Network
- Develop GMEF to broaden the range of funding sources; deliver investment readiness support and proof-of-concepts
- Widen engagement via volunteering and employment opportunities; build on evidence base to promote benefits

The Covid-19 pandemic has only increased the importance of delivering on these ambitions as soon as possible to boost the local economy, create jobs, increase climate resilience and enhance the wellbeing of GM’s residents.

Funding Need for the Environment

A significant amount of additional funding is needed to deliver GM's environmental objectives and develop and deploy local Nature-Based Solutions (NBS), much of which will need to come from non-public sources. Delivering NBS will lead to green jobs, greater wellbeing and economic resilience.

Funding gap for GM's natural capital



** Based on initial review of 26 projects with cost estimates; a further 25 projects have been identified but not yet costed. This is therefore likely to be a significant underestimate of the actual need.*

- Public and philanthropic capital is insufficient alone to meet the funding needed to protect GM's natural environment.
- Public funds that are available are segregated and managed independently preventing strategic allocation for target projects.
- NBS such as ecological restoration and urban green infrastructure currently draw upon limited funding resources.
- NBS project developers tend to suffer from a lack of:
 - Proven business models to access private investment;
 - Project scale and aggregation opportunities;
 - Arrangements for accountability and governance;
 - Detailed understanding of the value of benefits provided by NBS; and
 - Capacity to innovate and develop new funding opportunities.
- There is an urgent need to attract new sources of funding such as impact investment to protect the city region's natural environment, and to deploy existing sources more strategically.

GM is uniquely placed to act as a pioneer in the NBS investment sector thanks to the recognition of its devolved leadership of the importance of protecting nature for future generations and the unique ecological restoration opportunities that exist across the city region.

Greater Manchester Environment Fund Opportunity



GMEF Opportunity

Extensive consultation with GM-wide stakeholders and project developers has demonstrated the considerable need to create GMEF in order to mobilise the additional funding and investment required to deliver GM's ambitions of becoming a leading green city.

Status-Quo

GMEF Opportunity

Project developers



- **Funding pressures** – ad-hoc and typically short-term grants are available from disparate sources for environmental NGOs, facing greater pressure due to Covid-19.
- **Capacity constraints** – limited capacity and technical expertise available to create investable propositions to secure new sources of investment.

- **Reduce funding pressures** – provide a coordinated approach and governance framework involving public, private and third sector stakeholders to source and channel funding.
- **Increase capacity** – deliver funding for technical assistance and capacity building to enable organisations to access blended finance opportunities.

Donors and Investors



- **Growing interest in environmental initiatives** – funders are seeking new opportunities to deliver environmental impact alongside financial returns.
- **Lack of investment-ready projects** – limited pipeline of projects that demonstrate robust business models at sufficient scale to attract new sources of private capital.

- **Develop investable business models** – deploy funding strategically to develop investable business models that can attract private investment
- **Aggregate and leverage new funding sources** – provide a transparent mechanism to align public and private funds and to use repayable finance where appropriate to free up grant resources for high impact but non-investable projects.

GMEF provides a transparent framework for funders and delivery organisations to set regional priorities and facilitate projects that can deliver substantial local social and environmental impact.

GMEF: A Pioneering Regional Environmental Fund

GMEF has been designed to attract and leverage capital to facilitate investment into environmental projects across the GM region.

GM is leading the exploration of innovative approaches to natural capital investment



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- In 2018, GM was granted “**Urban Pioneer**” status by DEFRA, tasked with trialling new methods to funding natural capital to inform the delivery of the Government’s 25-Year Environment Plan.
- GM created the first Natural Capital Investment Plan (“NCIP”) for a city region to establish a natural capital baseline and stimulate new sources of sustainable investment.
- The work identified a critical need for **project developer capacity building** and **technical assistance** to facilitate the development of investable business models.

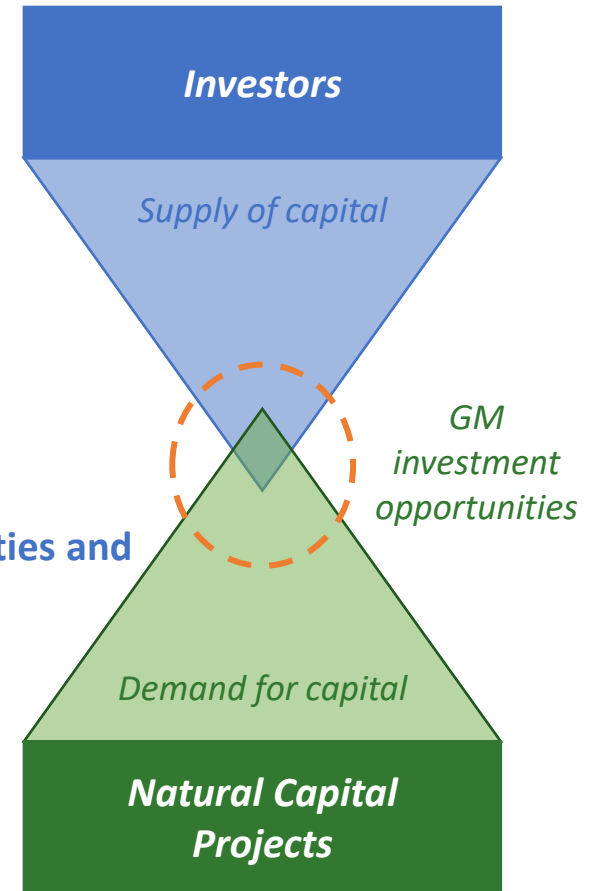
GMEF will build on this experience to develop and implement opportunities and unlock new investment sources by providing:

Top-Down Support

- Aligning restricted public funding streams for strategic deployment
- Repayable finance to crowd in private capital and fill project resourcing gaps

- Capacity building and technical assistance to increase the number of investable projects across GM

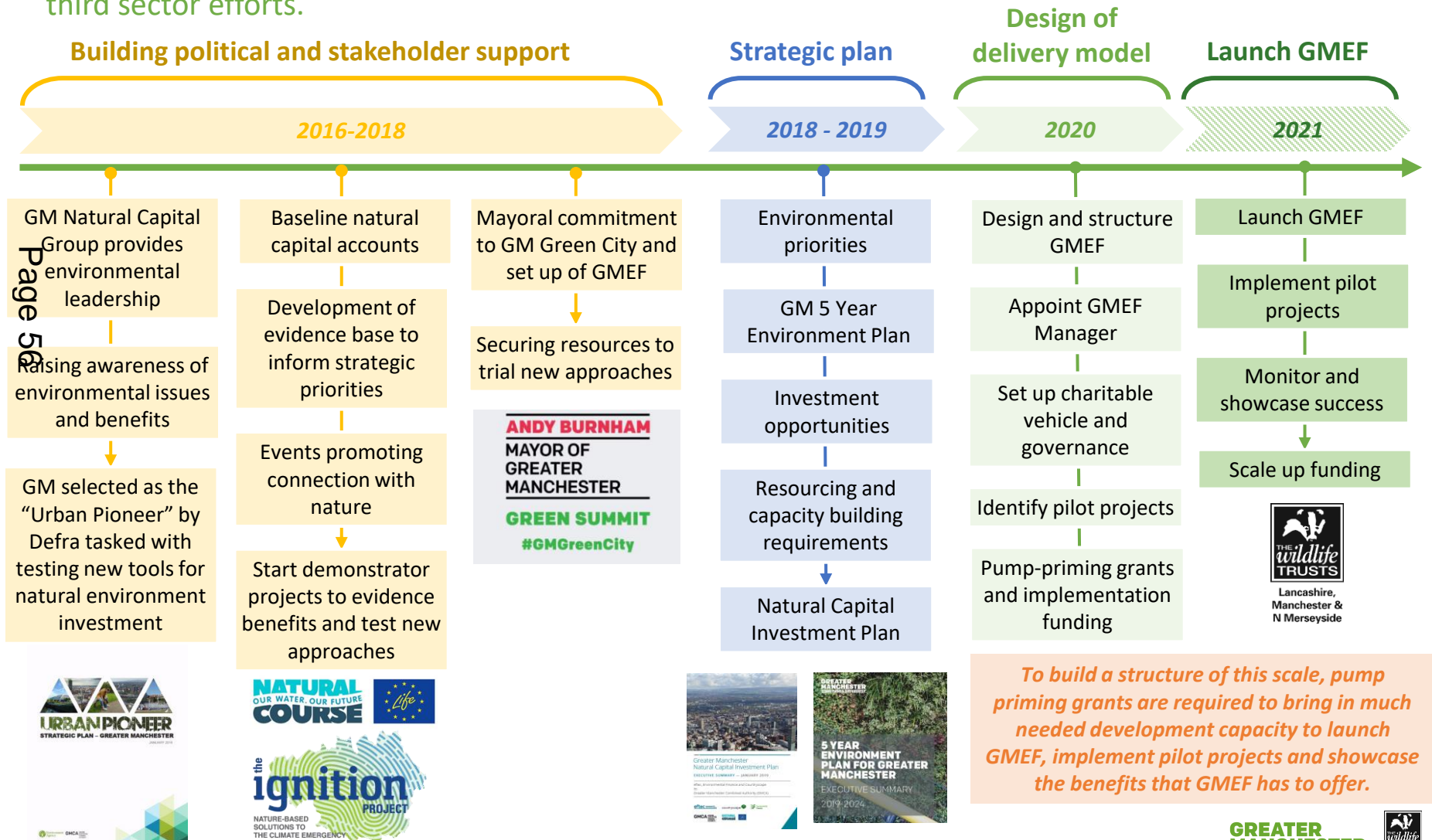
Bottom-Up Support



GMEF aims to align public and private sector funding to provide the capital needed to achieve GM’s environmental ambitions over the long-term.

Greater Manchester: The Urban Pioneer

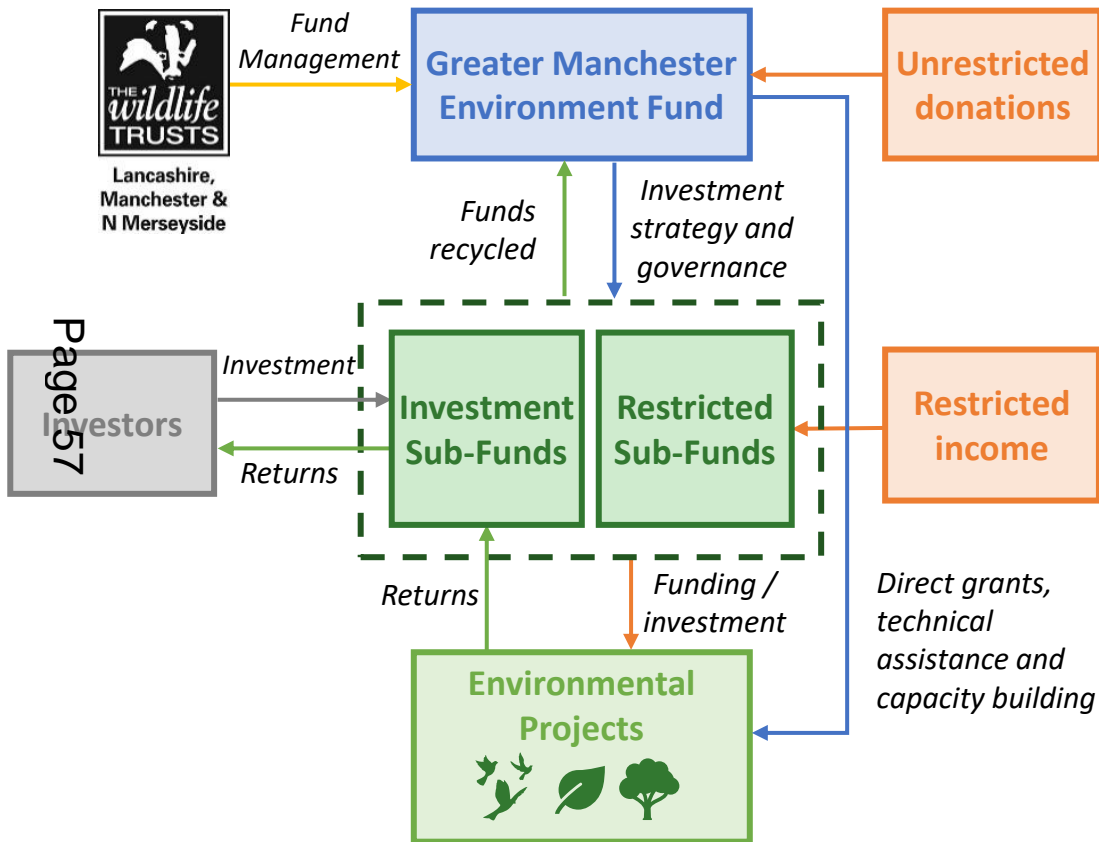
Through its journey of building political and stakeholder ambition that has culminated in GMEF, GM is at the forefront of the nascent environmental impact investment sector, unifying public, private and third sector efforts.



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GMEF Structural Overview

GMEF is a unique approach taken by a UK city region to strategically aggregate and leverage funding through an independent governance vehicle to deliver its environmental ambitions.



Overview of GMEF Approach

- GMEF is a charitable vehicle managed by Lancashire Wildlife Trust (“LWT”).
- LWT provides technical expertise, local network and experience in running charitable vehicles for fund deployment.
- GMEF will collate a range of non-restricted funds (such as public and philanthropic sources) and restricted funds (such as enforcement funds) to strategically channel into delivering GM’s environmental priorities.
- GMEF will use funding for:
 - Strategic direct project support; and
 - Creating specialist sub-funds focusing on natural capital business models that unlock restricted funding streams and mobilise private capital.
- Returns beyond those due to other investors will be recycled back into GMEF to support its environmental aims.

GMEF provides a transparent mechanism to collate funding sources and provide a governance framework to house further vehicles designed to fund specific natural capital projects in GM.

Investment Opportunities



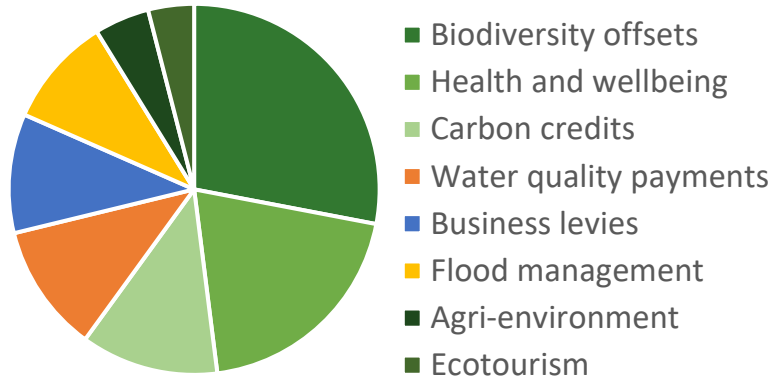
Investment Opportunity Analysis

Over the course of 2020, the GMEF partnership engaged with a wide range of stakeholders in the city region to support the design of GMEF and assess funding and investment opportunities.

Investment model prioritisation and assessment

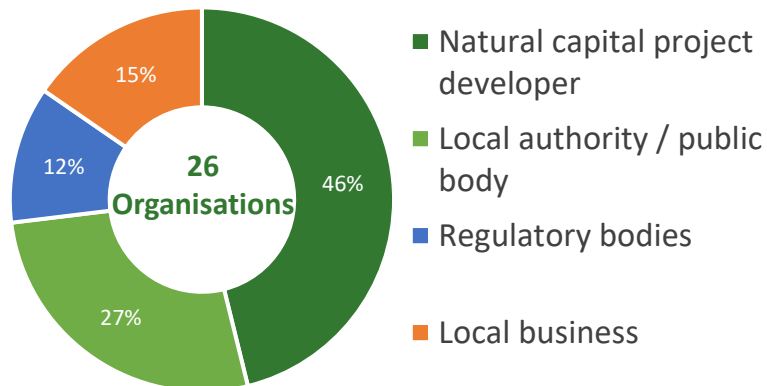
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Project revenue opportunities



- Over **50 natural capital projects** in development in GM were put forward by key partners. A **project level funding gap of well-over £100 million** was identified from projects that provided cost estimates.
- Major opportunities were identified to mobilise private investment in habitat creation and restoration through **biodiversity net gain** and **carbon income streams**.
- The establishment of a **Habitat Banking Facility and Carbon Offsetting Facility was prioritised** for further assessment based on the revenue opportunity review.

Investment model analysis



- Over **50 stakeholder conversations** were held with 26 organisations across the private, public and third sectors.
- The process evidenced the opportunity for **GMEF to better align public and philanthropic funding sources and expand private investment** into GM's natural capital.
- The results were used to **refine the proposed investment opportunities and tailor the design of GMEF** towards the distinct attributes of the GM region and the needs of its stakeholders.

GMEF Funding Opportunities Horizon

Liaison with a broad range of GM stakeholders and a dedicated GMEF Advisory Group has evidenced the significant opportunity for GMEF to raise public, philanthropic and private funds to deliver a thriving natural environment in GM and become self-sustaining over the long-term.

		Short Term (<1 year)	Medium Term (1-3 years)*	Long Term (3-5 years)*
Non-repayable funding sources	Pump-priming public and philanthropic grants	To provide much-needed development capacity and to pilot approaches	Clean Air Fund	Ambition to launch a Clean Air Zone plan to reduce emissions through taxation
	Corporate funding programmes	Deliver corporate programmes – £200k committed from Suez Community Fund	Landfill funds	Surplus landfill funds
			Enforcement undertakings	Fines for pollution issued by the EA
Repayable investment funds	Habitat Bank Facility	Further detail provided on pages 18-21	Sustainable Drainage Scheme (“SuDS”) fund	Private investment mechanisms for SuDS are in development through the EU-funded IGNITION programme
	Carbon Mitigation Facility		Environmental Impact Bonds	Results-based payment models are being explored to finance NBS
			Built environment carbon fund	GM is considering a mandatory carbon offsetting approach to delivering net zero carbon development
			Low-carbon / circular economy	Incorporate investment funds to achieve wider low carbon ambitions

Within 5 years, GMEF aims to accumulate sufficient funding, levies and private investment to become a self-sustaining funding source to support the delivery of GM’s environmental ambitions.

**Funding opportunities are indicative based on market analysis and stakeholder engagement. Other funding opportunities may also be available.*

Investment Opportunity Deep Dives

Three opportunities have been identified as the initial focus of GMEF. Deep dives on each of these are on slides 18-24.



Habitat Bank Facility

Building on the momentum of national policy and local expertise to position GM as the leading national authority for attracting repayable finance to create and restore habitats at a city region scale while providing verified biodiversity credits to developers.



Carbon Mitigation Facility

Overcoming challenges in structuring, verification and navigating opaque and volatile voluntary carbon markets by harnessing increasing corporate and public demand for local carbon offsets that can be seen, understood and trusted.



Pilot Investment

Grant funding needed to create and test the novel Carbon and Biodiversity Credit investment model to fund restoration of GM's degraded peatlands. Contributing to the evidence base for this form of financing would allow investment to be scaled up to support further natural capital projects.

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Investment Model Opportunity 1: Habitat Bank Facility

Greater Manchester has ambitious targets to embed Biodiversity Net Gain (BNG) policy within development as part of its commitment to becoming a green city region.

National BNG Policy

10% ▶ **Minimum BNG requirement for all new developments** by 2022 through the incoming Environment Bill


£200m ▶ **Estimated future annual revenue for habitat creation** from developers in England (Defra, 2019)


\$4bn ▶ **Annual habitat credits transacted in the US** (Conservation Finance Network, 2020)


GM could lead the way in building this market in the UK, by attracting repayable finance to create and restore habitats at a city region scale.

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Significant Benefits of a GM BNG Approach


 Increasing the quality and quantity of local greenspaces to benefit community well-being


 Supporting a green city region and delivering the Mayor's zero carbon target


 Generating new investment in strategic delivery of GM's Nature Recovery Network and ensuring funding is optimally spent


Greater Manchester Local BNG Policy Development

 Widespread political and stakeholder support is in place to support BNG policy development and implementation in GM.

 Significant evidence base to inform strategic policies developed across a broad group of industry experts within GM Natural Capital Group

 Implementation of BNG is part of a broad range of GM green city region initiatives, including:

 Prioritisation and commitment to BNG in the GM 5-Year Environment Plan and the GM Spatial Framework

 Salford City Council (within GMCA) is a leader in BNG and plans to introduce BNG policy in 2021 ahead of national policy

GM has been developing a BNG funding and delivery model since 2018 to inform best practice to strategically enhance biodiversity ahead of national legislation.

Investment Model Opportunity 1: Habitat Bank Facility

GM plans to lead the delivery of strategic habitat creation by setting up a dedicated Habitat Bank Facility to provide funding and support for local project developers seeking to deliver BNG at a city region scale, building on approaches in more developed markets.

A dedicated Habitat Bank Facility could...



Increase access to financing to enable districts to create and restore strategic habitats, and accelerate a GM-wide Nature Recovery Network



Streamline development in GM by developing habitat banks, providing developers with high quality “off-the-shelf” offsite BNG



Unlock Co-funding for projects with multiple outcomes e.g. flood defence, stacking carbon income streams



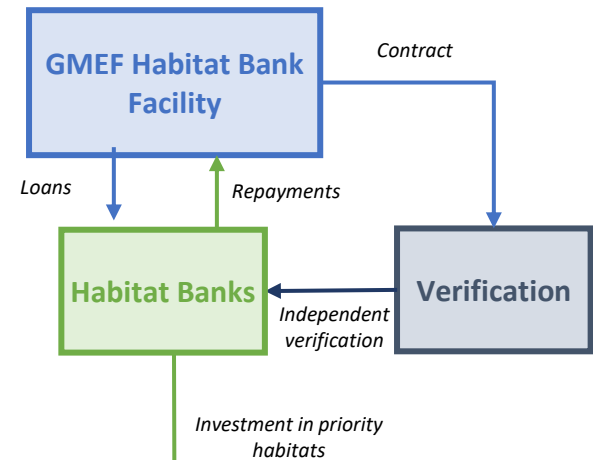
Reduce development and verification costs by centralising these across habitat projects in GM



Diversify local NGO income sources Thus building delivery capacity and financial sustainability



Support GM’s position as the BNG pioneer region Demonstrating how to effectively balance economic and environmental objectives



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GM market opportunity analysis

Salford

Identified as the clear leader in BNG development, on track to implement ahead of national policy by early-mid 2021.

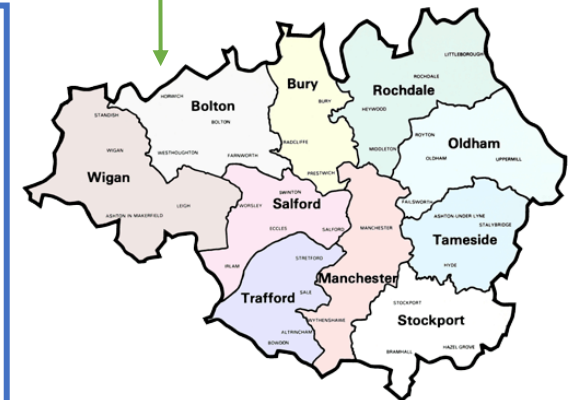
BNG proof of concept pilot funding is urgently required, to provide policy development and regional learnings to scale up BNG across GM.

Investment opportunity

>£300k annual income for offsite BNG, attracting **>£1m** investment to the area

Whole GM Region

£5m-£7m annual offsite BNG income reflecting a sizeable habitat bank investment opportunity



Investment Model Opportunity 2: Carbon Mitigation Facility

With GM's ambition to become carbon neutral by 2038, interest from GM corporates in locally based offsets, and a major need for restoration of GM's carbon sink landscapes, there is a clear opportunity for GMEF to develop business models based on income generated by voluntary carbon credits.

Clear opportunities for carbon sequestration in GM

Peatland⁽¹⁾

17,500ha

of which

98%

180,000t

of peatland in GM with huge potential to store carbon, reduce flood risks and provide key habitats

has been destroyed and the remainder is badly degraded, emitting huge amounts of CO₂

potential annual reduction of CO₂eq from restoring degraded peatlands

Woodland

1 million

trees to be planted by 2024 which will:

- Lock up carbon
- Alleviate air pollution
- Reduce flood risk
- Improve biodiversity



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Need for supportive market infrastructure

Market infrastructure to develop new funding mechanisms will enable restoration of these landscapes and creation of new habitats to deliver GM's carbon ambitions.

Corporate appetite for local carbon mitigation is increasing driven by growing consumer awareness and net zero commitments, providing new funding opportunities.

GM policy targets for mandatory net zero developments introduces a need for a vehicle to aggregate district offset funding and deploy into strategic projects.

Locally generated offsets have a major appeal in providing real, local benefits that can be seen, understood and trusted by corporate buyers.

Local project developers and landowners face major challenges in navigating opaque and volatile voluntary carbon markets and assessing income stacking opportunities.

(1) Natural England (2020). England Peat Strategy: Greater Manchester Combined Authority Peat Pilot Report for Defra

Investment Model Opportunity 2: Carbon Mitigation Facility

Engagement with local stakeholders shows there is an opportunity to provide funding and support in monetising carbon credits to developers of natural capital projects in GM. A proof-of-concept pilot is the next stage to implement and refine the business model.

A GM Carbon Mitigation Facility could...



Secure offtake agreements with corporates with carbon targets to generate income streams from corporates offsetting emissions



Reduce set up and verification costs and access higher, more consistent carbon prices by aggregating local projects and centralising marketing.



Attract private investment into carbon sink projects requiring funding, allowing GM to meet its carbon targets through restoring its natural assets.



Act as a regional hub for information sharing and capacity building for local organisations developing carbon capture projects.

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Building on existing work in GM

In 2018, LWT partnered with Heathrow Airport to support its plans to become carbon neutral through a £94,000 investment in peatland restoration.

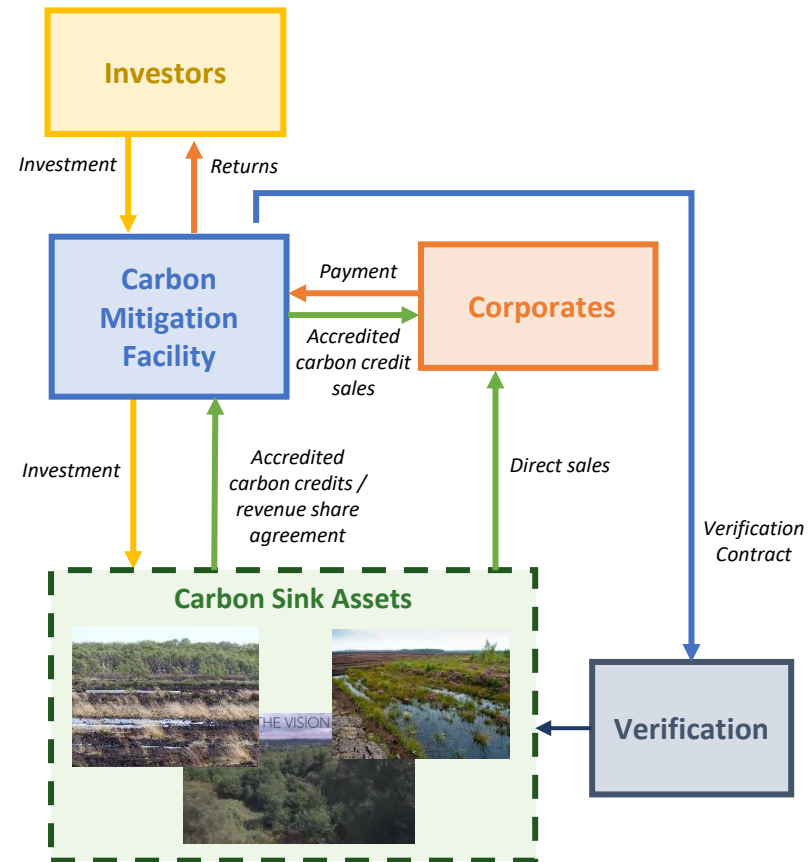
The 70 ha project at Little Woollen Moss is expected to reduce emissions by 22,427 tCO₂e over 30 years.

Heathrow
Making every journey better



There is a significant opportunity to build on this pilot and scale up carbon projects by providing upfront capital for habitat restoration and secure long-term carbon purchase commitments from corporates.

Indicative investment structure



Pilot Investment Opportunity: Chat Moss

Delivery of a pilot investment would enable the restoration of GM’s hugely valuable peatland habitat, whilst proving the BNG and carbon investment models to enable scale up.

Carbon Storage Potential

Chat Moss is the largest remaining fragment of lowland peatland within GM. It is currently a huge Green House Gas emitter, having experienced severe degradation through intensive agriculture, industrial pollution and peat extraction.



Demonstration pilots are critical to evidence the opportunity to avoid significant emissions through peatland restoration.

Strategic Local and National Priority to Restore Chat Moss

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Local Policy Support

Salford City Council:

- Has established Chat Moss as a “Biodiversity Heartland”;
- Aims to enhance local biodiversity through lowland raised bog restoration.

GMEF opportunity

- 1 Test approaches to fund GM’s Nature Recovery Network through ‘stacking’ carbon with BNG credits.

National Policy Support

Natural England:

- Recently selected a site at Chat Moss as one of nine (out of 90) applicants to be a BNG Credits Scheme pilot project;
- Will provide resources to develop BNG calculations and management plan to provide learnings for BNG delivery.

- 2 Secure private investment into peatland restoration based on blended income streams.



A pilot investment would build on Salford’s ambitions and LWT’s carbon funding experience to provide the evidence base to scale up the Habitat Bank and Carbon investment models, to include:

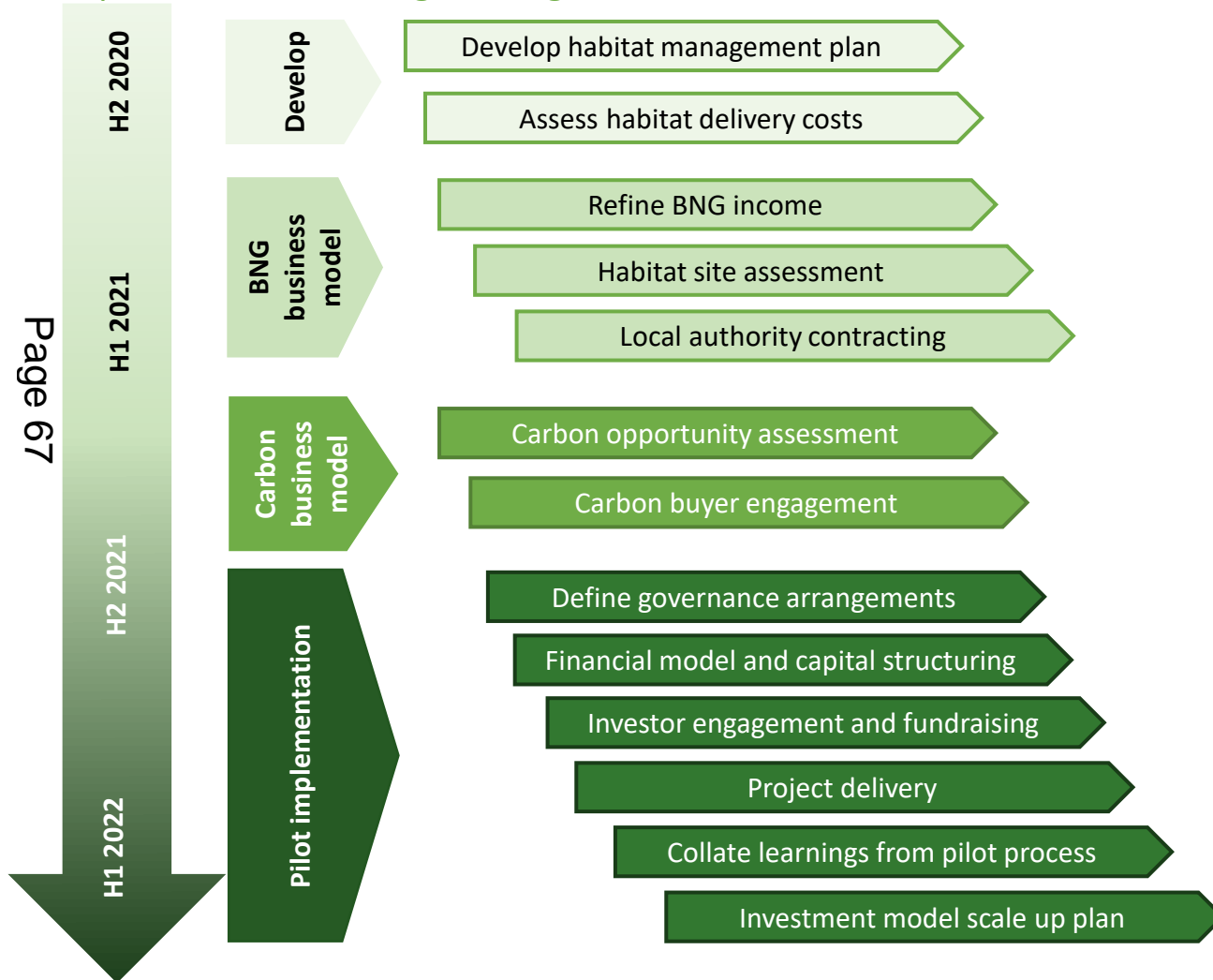
- Quantified carbon and biodiversity credits
- Verification requirements and process
- Monetisation of biodiversity and carbon outcomes
- Financing structure to support delivery
- Delivery process

GMEF is seeking a revolving grant of c.£175,000 to support the design and implementation of the BNG and carbon investment pilot over the next 18 months.

*Defra, 2020

Pilot Implementation and Scale Up Plan

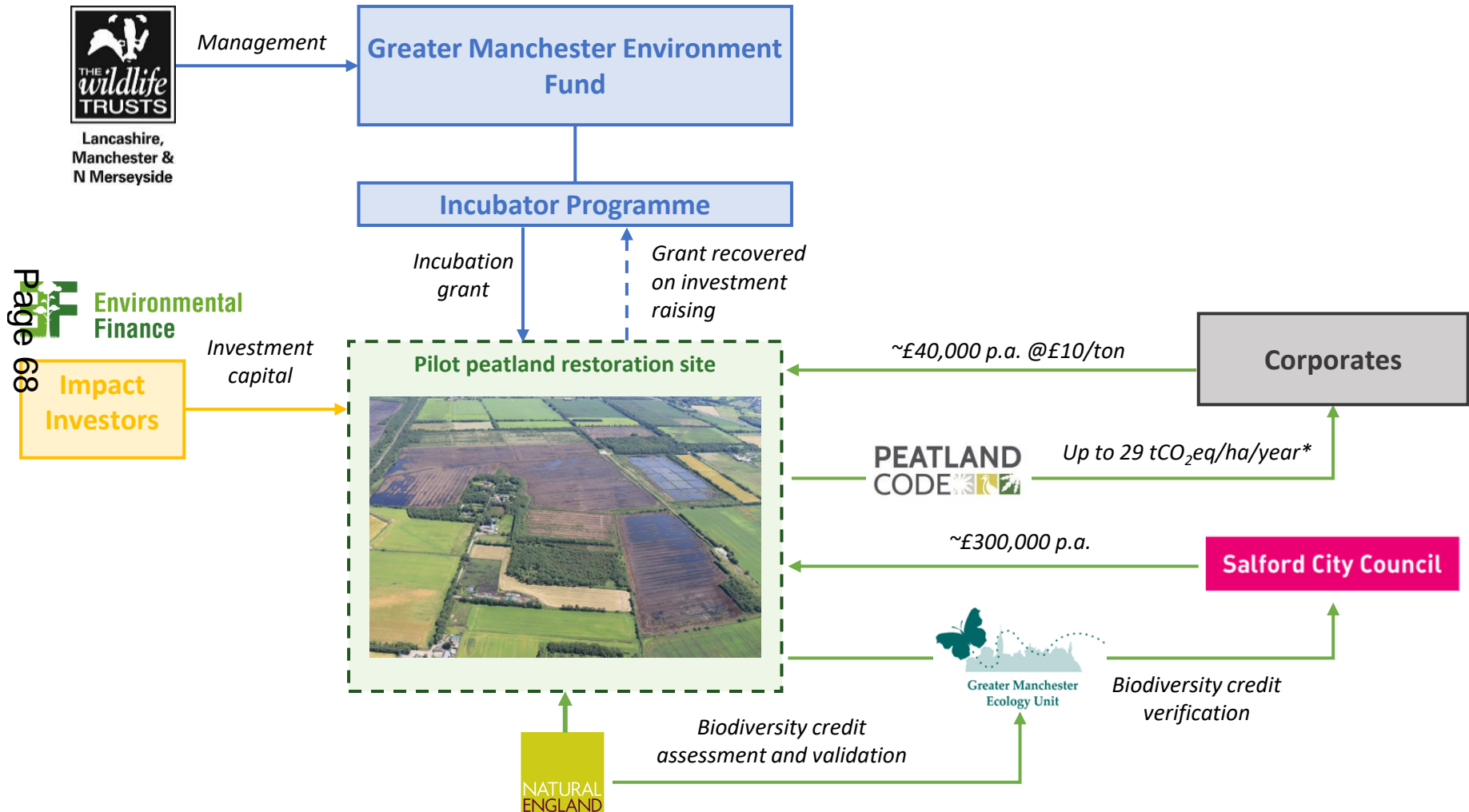
Learnings provided during the pilot process will be used to scale up the Habitat Bank and Carbon investment models to deliver additional funding for habitats across GM. Pilot implementation is dependent on securing funding and establishment of the investment case.



Delivery Team Partner	Role
 Lancashire, Manchester & N Merseyside	GMEF Fund Manager and local eNGO
	Local Planning Authority
 Greater Manchester Ecology Unit	Specialist ecological advisor
 Environmental Finance	Specialist financial advisor
 GREATER MANCHESTER COMBINED AUTHORITY	GMEF Sponsor
 NATURAL ENGLAND	BNG credit assessment and validation

Proposed Structure of Pilot Investment

Indicative transaction structure



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* Findings from study of 2,802 ha site on Chat Moss by Natural England in the Peat Pilot Report for Defra (2020)

Pilot Investment Programme Budget

GMEF's proposed pilot programme requires a revolving grant of c.£175k to deliver a proof-of-concept for BNG and carbon investment. This is intended to be recoverable to create legacy funding through an Incubation Programme for further pilot investments.

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Role	Budget (£'000)	Key responsibilities
Financial advisor	90	<ul style="list-style-type: none"> BNG and carbon business model development Financial model and capital structuring Investor engagement and fundraising Investment model scale up delivery plan
Carbon assessment	10	<ul style="list-style-type: none"> Emissions reductions projections Carbon verification methodology
GMEF Manager	20	<ul style="list-style-type: none"> Stakeholder engagement Investment model scale up delivery plan
Ecologist	10	<ul style="list-style-type: none"> Habitat management plan BNG unit calculations and costings Monitoring and reporting
Legal and other fees	20	<ul style="list-style-type: none"> Legal structuring, documentation and related costs
Net budget total	150	
VAT	25	
Grand total	175	<i>Revolving grant to support pilot implementation work streams to March 2022</i>

Incubation Programme

- The pilot programme is intended to provide a 'proof of concept' investment to allow the Habitat Bank and Carbon investment models to be scaled up to deliver greater investment in GM's natural capital.
- The pilot programme can be run independently from GMEF Manager scale up grant.
- The initial grant is intended to be recoverable from the realised follow-on investment to create legacy funding for a long-term Incubation Programme to deliver further pilot investments.
- Recovery of the repayable grant depends on the success of the pilot and subsequent fundraising for the launch of investment funds.

Scale Up Funding Need

Further pump priming grants would bring in much needed development capacity to attract a broader range of funding streams to accelerate GMEF growth and increase the impact it can achieve.

Scale Up Funding Request

- GMEF has already successfully secured funding commitments from Suez community fund to deliver grants of £200,000 per year into environmental projects for the benefit of the GM communities.
- While this funding source covers the operational costs to deliver the programme, further pump-priming grants are needed to:
 - Bring in much-needed capacity to build on this success by leveraging identified additional funding streams to meet GM's long-term environmental objectives
 - Put GMEF onto a sustainable long term footing to continue its mission and fulfil its potential to be the UK's leading regional environmental impact vehicle and a blueprint for other regions to follow.
- A grant funding request of £150k would cover the next 15 months of GMEF development work to support ambitions to scale up funding and investment to over £1m and showcase the benefits GMEF has to offer. Over 5 years, funding levels are projected to scale to nearly £4.7m.

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Scale Up Funding Need	Organisation	Costs (incl. VAT) (£'000)
Corporate funding streams (e.g. CSR, carbon market, waste levies)	GMEF Manager*	75
Enforcement undertakings		15
Local authority funding		10
Clean Air Fund distribution		10
Project management and other costs		10
Further investment model development	Financial Advisor	30
Net total		150

Projected GMEF funding raised

Funding sources (£'000)	2 Year Total	5-Year Total	Confidence
Suez Community Fund	400	1,000	High - committed
Corporate donations	100	900	Medium – strong local appetite from initial engagement
Clean air fund	-	420	Low – early development stage
Enforcement undertakings	60	300	Medium – historical analysis
Local authorities	8	68	Medium – high engagement; but local budget pressures
Individual giving	-	60	Low – resource intensive to secure
Private repayable investment funds	500	2,000	Medium – strong business model for BNG and carbon with other investment funds already in development
Total	1,068	4,668	

*Includes staff costs (for a Programme Manager, Communication Officer and LWT Senior Management support) and associated office costs to March 2022

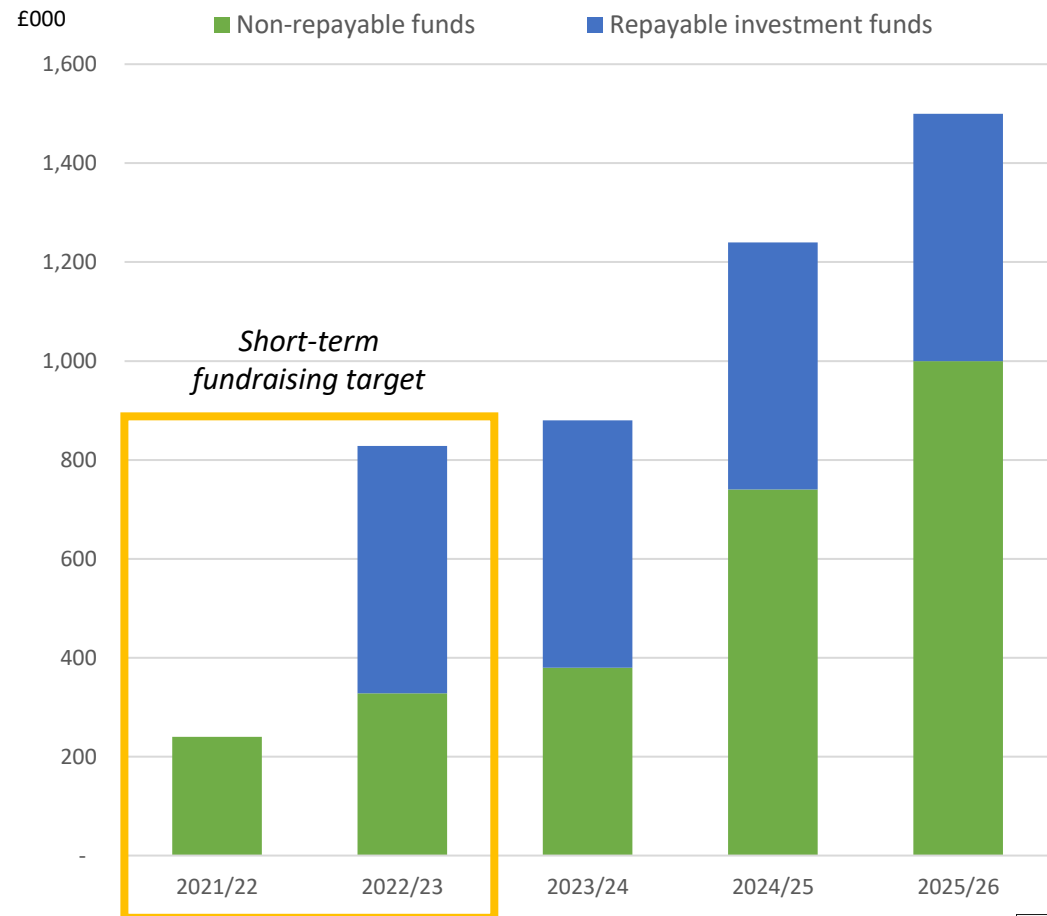
Total Grant Request Summary

A short term grant of £325,000 in total will accelerate GMEF by providing the development capacity to implement GM’s first natural capital investment fund within 18 months and further funding to be raised to support GM’s natural capital priorities.

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	Amount requested (£000)
Pilot programme revolving grant	175
GMEF scale up funding grant	150
Total funding request	325

Annual Projected GMEF Funding Mobilised

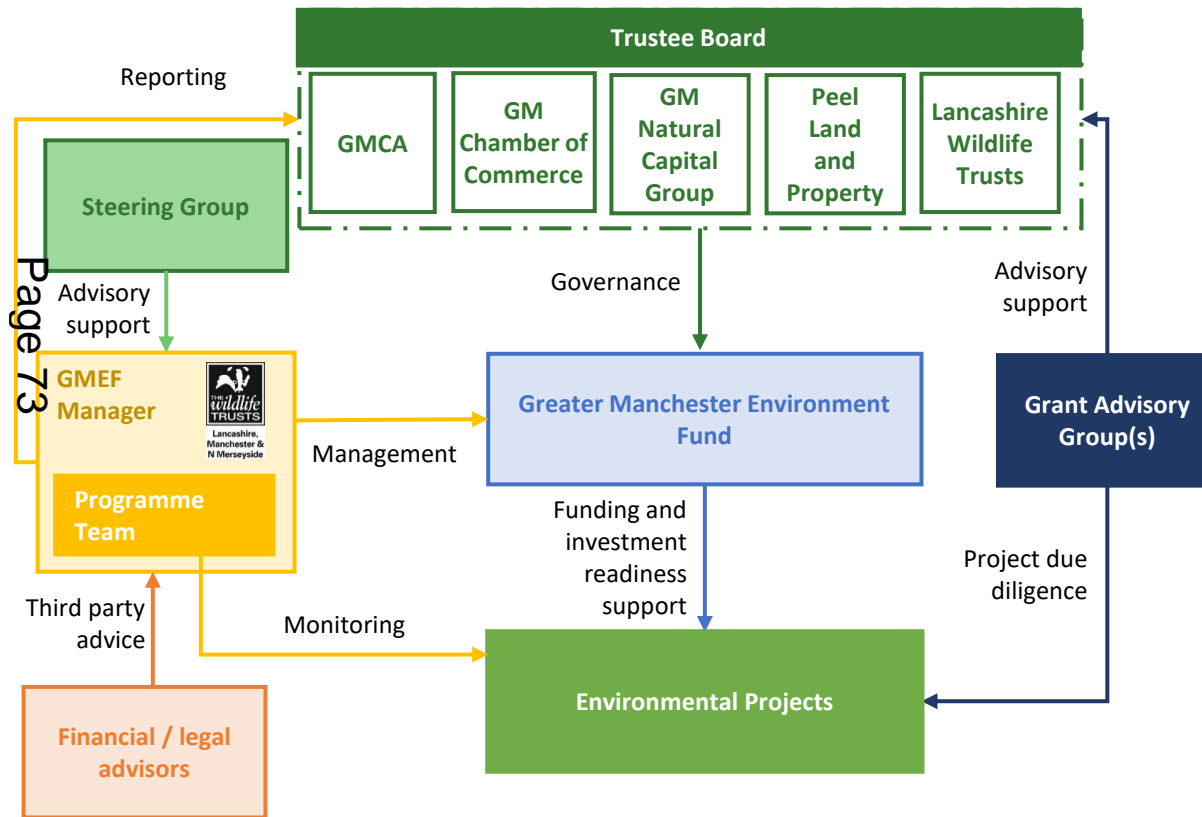


GMEF Delivery



GMEF Governance Structure

GMEF will be structured as a charitable company limited by guarantee using a similar model as the Lancashire Environment Fund, which LWT designed and has managed effectively over the last 20 years, deploying over £25 million of grants.



Indicative Governance Structure

- GMEF is set up as a charitable company, with LWT contracted as its manager.
 - LWT’s experienced Programme Team monitors day-to-day operation, project delivery and compliance.
- An independent Board of Trustees provides strong governance and oversight to ensure GMEF delivers GM’s environmental ambitions.
 - Includes members from GMCA, LWT, GM Natural Capital Group Chair and business representatives to provide a wealth of diverse knowledge and experience.
- An independent project Steering Group provides strategic oversight and potential access to funding streams.
- Grant Advisory Groups support the Trustee Board with project due diligence and verification for specific funding streams.
- Specialist financial and legal experts can be brought in to support as required to implement new investment sub-funds.

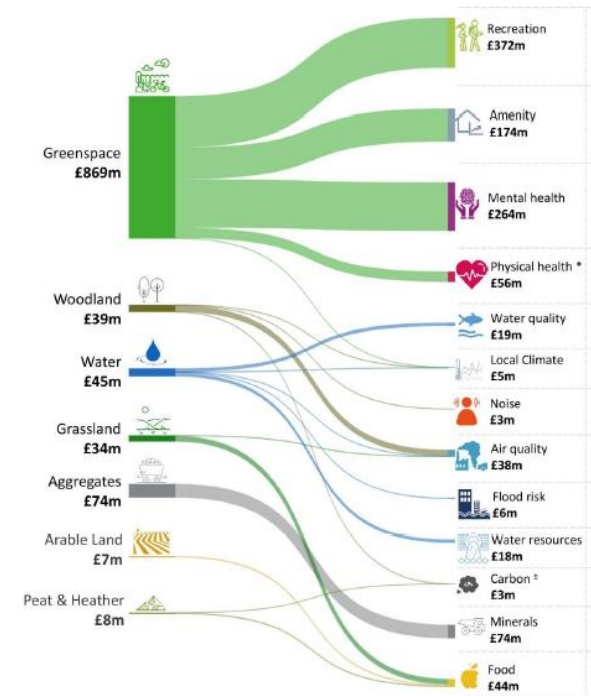
GMEF Sponsor: Greater Manchester Combined Authority

GMCA is working together to improve the lives of people in Greater Manchester.

- GMCA is made up of the ten GM councils and the Mayor, who work with other local services, businesses, communities and other partners to improve the city region.
- GMCA's vision is to make GM, home to more than 2.8 million people, one of the best places in the world to grow up, get on and grow old.
- As a devolved city region, GMCA gives local people more control over issues that affect their area. GMCA enables the region to speak with one voice and can make a strong case for resources and investment to help the entire north of England achieve its full potential.
- GMCA recognises that the natural environment in the GM region is fundamental to the health and wellbeing of the residents and the foundation of the local economy.
- GMCA has set out bold plans to create a city region that is fit for the future and will lead a new environmental revolution in the UK.
- GMCA is working to ensure that immediate environmental leadership and action will tackle the scale of the environmental threats facing the region and secure a cleaner and healthier environment for all.

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Benefits of GM's Natural Environment



#GMGreencity

GREATER MANCHESTER
DOING THINGS DIFFERENTLY

GMEF Manager: Lancashire Wildlife Trust (LWT)

Founded in 1962, LWT has over 50 years of experience in managing large-scale projects, partnerships and funding programmes to protect and enhance the natural environment, build a strong voice for wildlife, and inspire people to connect and engage with nature.



Lancashire,
Manchester &
N Merseyside

LWT's Experience

- LWT has 30,000 members, 4,000 volunteers, 190 staff, manages around 200 ha of nature reserves and delivers environmental education to 20,000 children per year.
- LWT is well-known for its science-based conservation expertise and is at the forefront of bringing species such as red squirrels back from the brink. LWT has recently reintroduced the Manchester Argos butterfly to Greater Manchester after an absence of 150 years.

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LWT has a range of environmental expertise including in advocacy, campaigning, land management and partnerships; programme management, wider stakeholder engagement, consultation and communication; and fundraising, including experience in new and more diverse income streams and fund distribution.

With an annual turnover of £5 million, a £1 million trading arm and a £1 million landfill distribution arm, LWT is experienced at managing large-scale projects including:

- Chat Moss - major lowland peat land acquisition, restoration and habitat creation;
- Bickershaw Country Park - natural flood storage;
- Wigan Flashes - land reclamation and transformation into the country's first proposed National Nature Reserve; and
- Great Manchester Wetlands Partnership - areas designated as a Nature Improvement Area.

“If we are going to turn the tide and meet the double challenge of climate crisis and biodiversity crisis, then developing approaches such as the Greater Manchester Environment Fund are crucial.

We aim to trailblaze and to turn theory into delivery.”

Anne Selby, CEO

GMEF Investment Advisor: Environmental Finance

EF is the UK's leading environmental impact investment boutique, offering corporate finance advisory and fund management services across the natural and built environment.



EF's Experience



EF has the leading UK track record of designing combined environmental and social impact funds.



EF currently manages over £50 million of blended or aligned social and environmental impact funds.



EF's team has designed over £200 million of impact investment structures.



EF has strong stakeholder relationships with leading environmental organisations.



EF has extensive experience in both innovative financing and natural capital asset management.



EF is a wholly employee-owned social enterprise, with 51% of profits being delivered to on-mission activities and investments.

EF's Clients

Fund Management



Fund Advisory and Creation



Investment Advisory



Working together to safeguard Marine Protected Areas

Contacts



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GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Growth Deal Update and Approvals

DATE: 15 December 2020

FROM: Andy Burnham, Mayor of Greater Manchester, and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM

PURPOSE OF REPORT

This report provides an update on progress on the delivery of the Local Growth Deal (LGF) Programme (Tranches 1, 2 and 3) and to seek approval to vary the transport grant allocation, to maximise Growth Deal grant spend by March 2021.

RECOMMENDATIONS

The LEP Board is asked to

- Note the progress made in relation to the Growth Deal transport programme as set out in Section 3 of this report;
- Note the progress made in relation to the non transport Skills Capital and Economic Development & Regeneration (ED &R) programmes as set out in Section 5 of this report; and
- Agree the £5.4 million variation of the Growth Deal transport grant to maximise eligible grant spend on the Mayors Challenge Fund Cycling and Walking programme for 2020/2021, as set out in Section 2 of this report.

EQUALITIES IMPLICATIONS

The Growth Deal Transport programme is managed in line with current legislation and assessments are carried out by the promoters of each scheme.

CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION MEASURES

The Growth Deal programme objectives are to introduce measures to enable economic growth within Greater Manchester. The programme contains measures to enable growth to be accommodated through improvements to the public transport network and to encourage increases in active travel.

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1. INTRODUCTION

- 1.1 The Local Growth Deal announcements made by Government in July 2014, January 2015 and November 2016 confirmed capital funding for Greater Manchester in relation to a programme of Major Schemes, Minor Works, Additional Priorities, Skills Capital and Economic Development & Regeneration (ED &R) Programmes (Growth Deal 1, 2 and 3).
- 1.2 The Growth Deal Programme is in the final year of delivery, with Government requiring the full Growth Deal Programme and LGF grant to be fully spent by 31 March 2021.
- 1.3 The spend rate across the whole of the Growth Deal programme has now increased significantly, and all LGF funding is committed. Following a review of 2020/21 transport spend forecasts, as reported in the Capital Update Report to the 27 November GMCA meeting, there are some forecast variances across the schemes that make up the Growth Deal transport programme. Progress is currently as planned on the non transport projects.

2. CURRENT REPORTING AND PERFORMANCE

- 2.1 The Growth Deal programme overall is progressing well; with a number of major schemes on site; however as noted above, there are some variances in the 2020/21 forecasts across schemes that make up the transport element of the programme.
- 2.2 The forecast spend for capital schemes was reported to the GMCA meeting on 27 November 2020. This included the original Growth Deal schemes along with schemes contributing to the Growth Deal spend target. In July the LEP/GMCA agreed to add some MCF Cycling and Walking schemes to the Growth Deal portfolio to contribute to the Growth Deal spend target by March 2021 (with the MCF funding then being used to fund spend on remaining Growth Deal projects beyond March 2021). It is proposed to increase the total amount of MCF Cycling and Walking schemes within the Growth Deal portfolio by £5.4 million, from £26.7 million to £32.1 million to enable further activity in 2020/21 on these schemes to contribute to the Growth Deal spend target. There will be no impact in terms of funding allocations to projects as an equal amount of MCF funding would then be recycled to fund remaining spend on Growth Deal projects beyond March 2021 as set out in the 4 August Growth Deal Update to the LEP. The LEP is requested to agree this reallocation as set out at recommendation 3 to this report. Subject to the LEP's approval, this reallocation will then be considered by GMCA at its meeting of 18 December.
- 2.3 The Growth Deal programme remains on target to meet the 31 March 2021 grant deadline based on the Growth Deal transport reallocation as set out in this report.

3. TRANSPORT UPDATE

- 3.1 Since the last update, the A5063 Trafford Road (Salford), Rochdale South Heywood Link Road (M62 J19) and Phase 1 of the Oldham Town Centre Regeneration/Accessible Oldham Major schemes have commenced on site.
- 3.2 Four Major schemes, Wigan Bus Station, MSIRR Regent Road/Water Street, Wigan A49 Link Road and Ashton Interchange are now complete and in operation. Works are progressing on the Salford Bolton Network Improvement Programme (SBNI), MSIRR Great Ancoats Street projects and the final element of the Metrolink Service Improvement Package. Advance works are progressing on the Wigan M58 Link Road scheme and the construction of a temporary travel shop and temporary bus station are

underway as part of the Stockport Mixed Use Development scheme. Salford Central Station and Carrington Relief Road are in the final stages of development prior to moving into delivery. The Stockport Town Centre Access Plan (TCAP) scheme is in the final year of delivery and is forecast to achieve full spend by 31 March 2021.

3.3 The Minor Works and Additional Priorities programme continues to progress well, with the Bus Stop Accessibility programme having commenced on site in Oldham in November.

3.4 The Additional priorities and Minor Works programme is forecast to meet the Growth Deal grant spend allocation by 31 March 2021.

4. TRANSPORT – FINANCIAL UPDATE

4.1 Claims for the reimbursement of expended costs from scheme promoters are being processed on an ongoing basis, in line with the agreed Major Schemes Capital Programme Guidance.

4.2 The previously approved arrangements for the cash flow of development work by scheme promoters are being kept under regular review and the quarterly Capital Expenditure Updates to the GMCA provide ongoing expenditure information in relation to these costs.

4.3 The monitoring of the financial position on the Growth Deal programme which takes place on an ongoing basis has identified a number of schemes with projected potential savings or overruns against the original budget. As the GMCA's Local Growth Deal budget is fixed, the ultimate cost risk is borne by the relevant scheme promoter, which is either GMCA, for TfGM promoted schemes, or the relevant Local Authority. The agreed arrangements for dealing with these savings and cost overruns are being progressed, as set out in previous reports.

4.4 Work has continued with scheme promoters to ensure schedules and financial forecasts are regularly reviewed, and that challenges are identified and mitigated and the Major scheme programme is forecast to fully spend the remaining grant within the Growth Deal funding period to 31 March 2021.

5. NON TRANSPORT FINANCIAL UPDATE

5.1 GMCA's Skills Capital 2017-2020 Programme and Economic Development & Regeneration projects (ED&R) have now completed commissioning and all projects are contractually committed, with an update on progress of projects being reported at the GMLEP meeting on 17 November.

5.2 The spend rate across the non transport projects has increased significantly and detailed forecasts have been submitted across all projects and are being monitored closely to identify any areas of risk.

5.3 Discussions have taken place with project leads at the colleges and Universities receiving the grants, to ensure they are aware of the March 2021 spend deadline, and appropriate actions are taken to ensure that any spend identified as being at risk past this point is reduced and brought forward, through actions such as accelerating grants, ensuring swift claims are made and exploring project level options to support an increased cashflow, always within the defray and repay rules set out in our funding agreements

5.4 Based on the latest position, full spend of the non transport LGF allocation is forecast to be achieved by March 2021, however, work is ongoing with projects to ensure this spend deadline is achieved.

6. RECOMMENDATIONS

6.1 Recommendations are set out at the front of this report.

Eamonn Boylan

Chief Executive Officer, GMCA & TfGM

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GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: GM Business/Economic Update & Growth Company Support Activities

DATE: 15th December 2020

FROM: Mark Hughes, Group Chief Executive, Growth Company

PURPOSE OF REPORT

To provide an update on the business and economic situation in Greater Manchester and how, in response, The Growth Company is providing vital support to the GM economy and the report specifically focuses on the GC's Business Support, Marketing Manchester and MIDAS activities. The report focuses on new initiatives or significant changes rather than reporting on all components of our support to businesses since Covid-19 impacts commenced.

RECOMMENDATIONS:

Members are asked to note the contents of the report.

EQUALITIES IMPLICATIONS

The Growth Company are committed to putting equality, diversity and inclusion at the heart of its services. The activities which are updated upon within this report are delivered with the recognition of the importance of supporting a diverse range of businesses and individuals across Greater Manchester and providing equal opportunities and for all. Programmes are designed and monitored for EDI.

CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION MEASURES

Whilst not covered under the details of this report, The Growth Company support and deliver services which contribute towards GM's ambition to achieve carbon neutral living in the city-region by 2038. This includes specific projects such as the Low Carbon programme and providing support and advice to businesses to accelerate their implementation of energy and material efficiency measures in the design and production of their products and services. GC also provides a focused sector development programme for the Low Carbon and Environmental Goods and Services sectors.

CONTACT OFFICERS:

Mark Hughes – Chief Executive, The Growth Company

1. BUSINESS AND ECONOMIC CONTEXT

- 1.2 GC Business Intelligence team is continually monitoring a range of data and information sources and indicators to understand the impact that Covid-19 is having on the economy and business, with this intelligence use to inform and direct GC's activities.
- 1.3 GC also utilises the insight gained from its advisors working with thousands of businesses across GM and since Covid-19 hit, has undertaken a continuous survey of business impacts and issues with over 6,500 surveys now completed. The latest observations are shared below.

- 1.4 The latest figures from the Office for National Statistics show that the UK economy grew by 15.5% between July and September, the largest increase on record. However, growth slowed in September to 1.1% and the UK economy is still 8.2% smaller than it was before the Covid-19 crisis. The economy had previously contracted by a record 19.8% between April and June. According to the Business Impact of Coronavirus (COVID-19) Survey, 14% of UK businesses said they had low or no confidence that their business would survive the next three months. 9% of the UK workforce remains on furlough, while the proportion of the UK workforce that is now back at its normal place of business is nearing 60%.
- 1.5 The latest UK Regional PMI data shows a loss of momentum across the UK during October, with some areas seeing setbacks to activity amid tighter restrictions to tackle the spread of Covid-19. Eight out of the nine regions recorded a rise in business activity in October, but growth slowed in all cases. The South East recorded the steepest increase (business activity index 57.1, over 50=growth), followed by the East of England (54.9). A general lack of pressure on business capacity was reflected in a drop in manufacturing backlogs of work across more regions. The majority of regions also reported higher average output prices in October, with West Midlands, Yorkshire & Humber and the North West all reporting the highest rise in prices.
- 1.6 ONS Figures also show that a record 314,000 people lost their jobs from June to September, boosting the UK unemployment rate from 4.1% in quarter 2 to 4.8% in quarter three. The ONS found that young people have been the worst affected during the crisis as the unemployment rate for under 25s stood at 14.6%, which has been attributed to young people's tendency to work in sectors most affected by Covid-19 restrictions, e.g. Hospitality, Leisure and Retail. Moreover, the self employed have been badly affected by a reduction in earnings and the London School for Economics found that around a million of these individuals are planning to move away from self employment.
- 1.7 Unsurprisingly, the arts, entertainment and recreation industry, and the accommodation and food service industry, had the highest proportions of their workforce on partial or full furlough under the terms of the UK Government's Coronavirus Job Retention Scheme, at 34% and 22% respectively. The ICT and professional, scientific and technical activities industry had the highest proportions of their workforce working remotely instead of at their normal place of work, at 77% and 65% respectively. The ICT industry also had the lowest proportion of their workforce at their normal place of work, at 19%.
- 1.8 The number of job adverts posted has risen to levels not seen since before lockdown in March. There were 1.36 million active UK job adverts in the first week of November, according to the Recruitment Employment Confederation. However, the BBC noted that regional disparities were clear, with North West England and Wales leading the recovery. Seasonal vacancies have plunged this year by approximately a third due to the pandemic, but there are still thousands of openings.
- 1.9 Certainly, there has been a continued upturn in the number of vacancies across Greater Manchester. On 19th November the number of vacancies advertised across GM were approaching 29,000 whereas, on 6th November there were under 26,000 live vacancies in GM. The sectors advertising the most openings are IT (particularly in the City of Manchester, Salford and Trafford); Healthcare and Nursing; Teaching; Sales and Customer Services. At present, Logistics and Warehousing vacancies are particularly prominent in Bolton, Oldham, Rochdale and Wigan.
- 1.10 **GC's Business Survey** was enhanced early in the pandemic to ensure that ongoing support could be effectively targeted and to date has had over 6,500 responses (including repeat surveys from some businesses). GC produces a weekly Situation Report (SITREP) for GMCA, which is fed into GM resilience forums and is shared with Local Authorities and other partners. Below is a summary of the fortnightly survey results covering the 2-week period up to 23rd November (164 firms completed the survey during this period):

- The three main impacts facing businesses remain **decreased sales** (64% vs 43% previous report), **cashflow problems** (33% vs 31% previously), and **business travel to visit clients** (25% vs 28%). 52% of firms report that they have cash reserves to last over 6 months, up from 51% previously.
- There has been a sharp increase in firms reporting decreased sales over the two-week period. By sector, the impact of decreased sales is most prevalent in hospitality/leisure/tourism, creative and cultural industries, parts of administrative professional services, and retail/wholesale.
- 85% of firms said they were **not planning to make redundancies** at all. 8% said they have **made redundancies** but no more are planned, 3% said they have **made redundancies and they are currently considering making more** and the remaining 4% said they have **not made any redundancies** yet, but they are actively considering making redundancies in the future.
- The main challenges reported were: **getting access to new domestic sales opportunities** (68% up from 60% previously), **managing the overall finances of your businesses** (32% up from 23%) and **developing new products and services** (31% down from 33%).
- 52% of firms said that the impact of the transition and exit from the EU had a 'neutral' effect on their business, 12% said 'negative' and 34% were 'unsure'.
- 43% of firms (40% previously) **expect profits to increase**, and 23% (22% previously) **expect profits to decrease**. The manufacturing sector is most likely to report an increase in profit and parts of the professional services are most likely to report decrease in profit.
- The main future challenges highlighted by firms include: adopting digital technologies / transformation, finding suppliers and managing supply chains, and finding the right skills. The main areas of further support which businesses are interested in are: planning, marketing, digital transformation and financial advice.

1.11 RedFlag Alert insolvency data shows little change in risk in GM in the two weeks to the 20th November. The highest volume of 1-3 red flags was prevalent in the retail and wholesale sector, followed by business services and manufacturing companies. Real estate, business administration support services, and construction reported the highest concentration of 1-3 red flags.

2. RESPONSE – GC SUPPORT ACTIVITIES

Business Finance

- 2.1 **Bounce Back Loan Scheme (BBLs)**. GCBF launches its £10m Bounce Back Loan Scheme on 16th November in order to support the many businesses who are dependent on loans at this time to continue to survive and grow as a result of the impacts of Covid-19 and local restrictions in place. By the following day, £16m worth of enquiries had been received and applications had to be paused. Significant levels of ineligible applications have been received (e.g. outside GM, banking with an accredited provider) and also duplicate/fraudulent activity. To 8th December, we have received 685 applications worth a total of £24.8m. Of these, 335 (£12.876m) have been declined, 135 withdrawn (£4.43m), 41 approved (£1.224m) and a further 117 (£4.18m) are in review.
- 2.2 **Coronavirus Business Interruption Loan Scheme (CILS)**. In terms of larger business loan activity, GCBF have invested £3.49m, with £2.2m of the total invested funded by NPIF micro loans. This takes total NPIF investment to £8m of the available £10m, with 18 months of the initial investment phase remaining. The announcement of the availability of a further £100m to NPIF in the Spending Review coincides with a bid from GCBF to the fund for further capital which was submitted before the announcement.
- 2.3 **Innovation & Angel Finance**. Demand continues to be high across GM with a reduced supply of private capital in the early stage market continuing. GC Angels has now invested £1.919m of LGF funding which has generated £8.9m of co-investment, with a further pipeline worth £16.48m.

- 2.4 **Start-up Loans.** After a slow start as a result of the immediate impact of Covid-19, Start Up Loan activity is now increasing. £3.185m has been invested in 272 GM start-ups. Start Up Loans has also benefitted from increased capital in the Spending Review which will fund a further 1,000 Start Ups across the UK in 21/22.

Business Support

- 2.5 **Redundancy Support/EmployGM.** GC continue to receive and monitor HR1 notifications, with a system in place across GC Employment, GC BGH and DWP, who are working closely to ensure that both the business and their employees receive the support they need. For example, following the recent announcements made regarding the collapse of Debenhams and Arcadia, GC have proactively reached out to make contact with the branches affected and are liaising with partners including GMCA, DWP and Local Authorities in order to provide a co-ordinated response, and ensure that employers/individuals are aware of GC's services. This includes EmployGM, which helps to signpost individuals to find the support that they need in order to find new roles or develop new skills, and to date has received 18,400 visitors.
- 2.6 **GC Kickstart.** GC's kickstart offer is underway, with a number of applications submitted to DWP. To 3rd December, 149 placements have been approved (which includes 31 placements within GC), with over a further 680 placement opportunities in the pipeline which are at various stages in the application process. GC have established partnerships with a number of organisations to provide white label services including: GMCVO, Bruntwood, Stockport Local Authority, Scaleup Institute, London & Partners, Bionow, Forum of Private Business. A number of LAs have also agreed to make referrals to GC's kickstart programme. GC's Tier 3 offer has the potential for Aspire to directly employ a Kickstarter, who is then placed/hosted in a business, however, we are still awaiting final confirmation from DWP on this route.
- 2.7 **Enabling access to grant funding to deal with the effects of Covid.** GM has been allocated £1.4m of funding from MHCLG to provide 100% grants of up to £3k to businesses impacted by Covid. BGH received over 1600 EOIs by the 9th September deadline. The EOIs have been scored based on how a business has been impacted by COVID, the numbers of jobs the grant would safeguard, and how the grant would be used to support productivity. To 20th November, 101 projects were going live, with 60 businesses requesting minor capital equipment (59%) and 41 requesting consultancy support (41%). 50 are Visitor Economy and 51 from the Wider Economy.
- 2.8 **Skills for Growth.** Launched on 30th October, BGH will be supporting 4,000 SMEs across GM to reskill their workforces via the Skills for Growth programme, supporting the city region's long-term economic recovery in response to Covid-19. Funded by the European Social Fund and commissioned by the GMCA, the Skills for Growth – SME Skills Support package will be delivered in partnership with the Greater Manchester Chamber of Commerce (GMCC). The scheme will support businesses that need to better understand and develop their staff skill sets and business models to ensure they are future-proofed and in a strong position to grow. To the end of November, 112 businesses have been engaged by the Skills for Growth brokerage service, with 46 Skills Productivity Plans produced, and 3 Individual Skills Development Plans produced.
- 2.9 **EnterprisingYou.** Provides support for GM residents who are self-employed or Gig workers. The programme includes 1-2-1 access to a Business Coach & Specialist Advisors (Mentoring, Personal Finance & Health & Wellbeing); free access to a digital portal including H&W support; Career support & Training/Development provision. To date there have been 1,552 enquiries, 562 starts on programme, 174 clients have accessed the Finance Specialist, 137 the Health & Wellbeing specialist & 130 Mentoring. 59 clients have accessed and attended (i.e. completed) the Training & Development provision. To date the service is slightly behind profile on some targeted outputs due to Covid impacts on delivery; however, the figures are increasing significantly month on month, and

therefore we expect to be within/near profile by end of next quarter (Mar 21). Early indications from both the Evaluators & Customer feedback is that the service is being well received.

- 2.10 **Peer Networks Programme – Greater Manchester.** BGH are providing national co-ordination across Growth Hubs for the Peer Networks Programme in England. Within GM, BGH committed to deliver 16 peer network cohorts of up to 11 participants in each by March 2021. Based on evidence of demand this has been increased to 30 cohorts supporting a total of 330 participants who will benefit from a combination of both 18 hours of facilitated Action Learning and 3.5 hours of 1-1 support. The cohorts are being delivered in partnership with local delivery partners including GM Chamber, pro-Manchester and Bruntwood. Active involvement in the peer network will enhance the leadership capabilities, knowledge and confidence of business owners and entrepreneurs within a local region. The programme's longer-term aims are focused on reducing the UK productivity gap by helping business leaders find practical solutions to strategic and operational challenges.
- 2.11 **Business Support for Tourism, Hospitality & Leisure** GC BGH and Marketing Manchester have created a programme of support specifically tailored to the current needs of the tourism and hospitality sector across GM. Support includes: a specific landing page has been created with a dedicated contact number; identified BGH advisors with specific experience in this sector to support; provision of Clinics and one-to-one support to help businesses with their strategic direction, along with a programme of support where businesses from the sector can work together to identify opportunities for the future; an Access to Finance specialist for the sector, helping businesses understand their finances, looking at cash flow and helping to identify sources of finance. For self-employed, freelancers or people working in the gig economy, GC can provide access to the Enterprising You Programme.
- 2.12 **Employment Legal Advice Service.** GC launched a new service in partnership with Manchester Citizens Advice on 30th November. The service will provide support to individuals across GM to access free employment-related legal support, with legal experts donating their time on a Pro Bono basis. Law firms taking part include: Aaron and Partners, Glaisyers, Linder Myers, Monarch, Peach Law, Stephenson, Wrigley Claydon, Hattons Solicitors, and JMR Solicitors. Enquiries to the service will be passed on to a dedicated triage advisor who will review the case and decide on the correct pathway for the user, including whether to refer them to an expert from the network of legal partners.

Support For Tourism, Hospitality & Leisure

- 2.13 **GM Tourism & Hospitality Support & Recovery Plan.** Launched in early November, the Recovery Plan has been developed by Marketing Manchester in partnership with the Tourism Industry Economic Recovery (TIER) group, which is comprised of leading voices across the tourism, hospitality and leisure sector including culture, aviation, transport, sport, conferencing, hotels, food and drink and retail. The aim of the plan is to help Greater Manchester's sector navigate the next six months before rebuilding, following the devastating effect of the Coronavirus pandemic.

The plan includes eight areas of focus. The first three that MM and partners have been, and will continue, to support: providing a regular programme of business advice and information; support across GM to lobby for continued Government support; and raising the profile of GM's tourism, hospitality and leisure sector at a national level. When the time is right to move towards recovery, the plan prioritises an additional five areas of focus: rebuilding consumer confidence in, and the profile of, Greater Manchester; rebuilding the region's international profile and connectivity; building back the business visits and events (conferencing) sector; better demonstrating how the tourism, hospitality and leisure sector can support Greater Manchester's wider strategic objectives; and seeking consensus for a more sustainable structure for DMOs like Marketing Manchester, to ensure businesses continue to benefit from their support and activity.

2.14 **Tourism and Hospitality Support Hub:** GC/MM set up the Tourism and Hospitality Support Hub to signpost and connect the sector to advice, support, research and reopening guidance. To date the website has received 18,584 visitors. The most visited pages are Government Advice Industry Updates. As mentioned above, Marketing Manchester have also been working closely with GC BGH to target support towards businesses in the Tourism, Hospitality & Leisure sector.

2.15 **Recovery Campaigns:** MM has delivered several recovery themed campaigns with partners:- Manchester Misses You, Find Your Space and Space to Learn, which collectively reached audiences over 12m with engaging inspirational content:

- **Find Your Space in GM** – aimed to help rebuild confidence in Greater Manchester as a place to visit, live and work. To date the campaign has received 98,600 views, Facebook impressions 2.39m, Twitter impressions of 867,000.
- **Space to Learn** – bespoke campaigns were delivered in partnership with UoM, MMU and Salford University to re-affirm GM's attractiveness to students with the aim of ensuring students take up their places this year and/or apply to study in Manchester for next year. The campaign has achieved a reach of +4million.
- **Have A Night on Us Short-break Campaign** – MM launched an Autumn Shortbreaks campaign on called 'Have a Night on Us' in partnership with MHA (Manchester Hoteliers Association) to promote hotel offers that include a free night. The campaign was halted after a week when restrictions were increased and will restart when restrictions allow.
- **Space to Meet** – this campaign is focused on business tourism but was put on hold due to additional restrictions. However, MM's conference bidding activity continues and to date 5 conferences have been won with an estimated economic impact of £4m, including: 3rd International Conference on Energy Research and Social Science (September 2021); UKInbound Annual Conference (postponed to June 2021); Para Power Weightlifting World Cup (March 2021); World Para Swimming Championships (August 2023).
- **Back to the office** - campaign development is underway to target commuters to encourage them to begin returning to offices, aiming to increase footfall and support transport providers, hospitality, retail and cultural businesses. Timing for commencing this campaign will be aligned to GM's Tier status and government work from home advice. The campaign will include supporting GM's business organisations in communications with business networks and employees.

2.16 **GM Priority Thematic Campaigns:** Longer-term strategic marketing campaigns will focus on three integrated multi-channel campaigns to run in 2021: Digital, Green and Innovation. These themes align with and deliver against GM's LIS, Economic Proposition and Internationalisation Strategy and will include inward investment and business conference delivery strands.

- **Innovation.** "Powered by Innovation Campaign" aims to strengthen GM's position as a leading region for innovation. To drive economic growth across GM and beyond, by building on our globally leading R&D and innovation capabilities, to deliver increased prosperity, and longer and healthier lives for all GM's citizens. Multiple sectors will be featured within the campaign including: Advanced Manufacturing and life Lifesciences and will be aligned with Innovation GM.
- **Digital.** The 'Digital in the DNA' campaign will showcase Manchester's digital strengths and position the city region as a digital exemplar on a global scale. The campaign will enhance GM's reputation as the business location of choice for digital sub-sectors where it outperforms all other UK cities – cyber security, eCommerce, AI and data, service design, IoT, MedTech (& strengthening the foundations of economy).
- **Green Campaign.** A 'Greener Manchester' Campaign is in development for 2021 in conjunction with key partners and organisations including GC, MIDAS, GMLEP, GMCA and the private

sector. Work is underway to explore a unified GM presence at COP26, the United Nations Climate Change Conference to be held in Glasgow, Nov 2021.

- 2.17 **Industry Research:** Marketing Manchester have partnered with NatWest, who sponsor the North of England Tourism Business Barometer, including 9 other destinations participating. The most recent 7th fortnightly results report that customer footfall has significantly dropped and businesses trading with a shortfall of customers over 60% is now 82% (increase of 15% on Wave 6). This Wave is the 2nd worst (after Wave 6) for job losses, with 83% of businesses reducing their permanent workforce and 69% reducing the number of temporary/casual staff within their operations. There continues to be a poor and worsening outlook for advance bookings up to Christmas, with 94% now reporting a 'significant' downfall for Oct – Dec (increase of 14% on Wave 6). For Jan – Mar 2021, 80% report a significant downfall in business (this remains the same as Wave 6). The perceived length of recovery and for revenues to return for Wave 7 is by Jan 2022 (marginally better than Wave 6). This demonstrates the scale of challenge for businesses in Greater Manchester.
- 2.18 **LEP Economic Proposition and Launch.** Marketing Manchester has provided content curation and communications activity, on behalf of the GM LEP, and working with GMCA colleagues to articulate Greater Manchester's economic proposition, strengths and ambitions. Communications aim to reinforce awareness of Greater Manchester's unique strengths and ensure that the Government is fully aware of the city-region's capabilities and ability to play its part in delivering the UK's recovery agenda. The aim is to secure maximum Government support to deliver interventions that will safeguard jobs and economic prospects in Greater Manchester, the North of England and UK. The Proposition was launched on 18th November with 170 delegates registering. Speakers included Cllr Elise Wilson and GMLEP Co-Chairs, Mo Isap and Lou Cordwell. Media coverage was achieved in eight publications providing over 1million OTS and social media which a reach of 214k. The Economic Proposition has been downloaded over 500 times to date.

Inward investment

- 2.19 Before coronavirus struck, the transforming UK economy was offering the prospect of strong growth in FDI. In 2019, the number of new FDI projects coming into the UK rose by 56, or 7.4%, to 782 — the second-largest inflow of new projects secured by the UK in any year in the past decade. Within this overall strong performance, the UK had been particularly successful in attracting digital tech FDI, leading Europe by a significant margin. At the same time, investors' level of concern over the effects of Brexit appeared to be declining, with EY's investor sentiment research strongly supporting the positive view of the UK's prospects going into 2020. Before COVID-19 exploded onto the global stage, 31% of investors were planning to invest in the UK in 2020. That proportion represented both a significant increase from 23% in the previous year's survey and the highest positive sentiment for the UK in over a decade. All of this pointed to a relatively bright outlook for UK FDI as we went into the pandemic, whereas now:
- 30-45% fewer FDI projects expected in the UK in 2020 than in 2019;
 - 25% of overseas investors are planning investment projects in the UK in next 12 months – down from 31% in April;
 - There have also been significant changes in the sectors investors expect to drive future UK growth. Half of those surveyed expect **digital investment to be key to growth** (up from 26% in 2019), followed by **investment in health and wellbeing** (36% up from 15%), and real estate and construction (31%, up from 10%);
 - A country's ability to handle future crises and their track record with COVID-19 are top factors in investor decision-making;

- New opportunities emerging with 32% of manufacturers planning to ‘reshore’ activity to UK given pandemic disruption and the changing economic model in city centres identified by 61% of investors as shaping their future strategy;
- Investors’ outlook for the UK is stronger than it is for Europe and the UK is Europe’s second most attractive investment destination.

(Source – EY *Attractiveness Survey UK, November 20*)

2.20 Inward Investment Performance. In terms of MIDAS’ current performance, the year on year picture is that project numbers are down by 32% and jobs by 50%. This is largely through projects being delayed rather than being formally cancelled/going elsewhere and therefore there is a chance that they may come back online over the coming months. Likewise, the pipeline has somewhat recovered from earlier in the year, with project enquires down by 16% and of these, jobs down by 14% compared to the same period of 19/20. This is a strong recovery from earlier in the year when these were 40 – 50% down, however, this rebound of the pipeline will take time to find its way through to project closures and ultimately outputs, which may move in to 2021/22. Therefore, as the pipeline is such as moving feast, the final year end 2021 forecast is currently circa 54 projects and 1,800 – 3,200 jobs. This will be 45% - 80% of the jobs target.

2.21 Covid-19 Sector Impacts.

- Despite COVID-19 delays, the **creative, digital and tech** team has seen a rise in projects from new and existing investors particularly eCommerce companies. On the whole, firms in the sector are able to productively work from home but feedback suggests that although productivity currently remains high, the need to facilitate innovation, culture and good mental health will likely be what drives businesses back to the office.
- The **financial and professional services** team has noticed an increased focus on technology and disruption. Changing work practices and lifestyle adjustments also seem to be pushing firms (not just BPOs and call centres) to think about their office footprint, whether to reduce or expand or completely rethink their location strategy. Customer service functions for industries experiencing low demand such as travel and hospitality are most at risk immediately, whereas the acceleration to online services continues to put long-term pressure on phone-based customer service functions in general.
- Most **manufacturing** businesses continue to operate, have brought back furloughed staff and redundancies are currently low. Aerospace has been particularly hard hit, though the diverse nature of Greater Manchester’s manufacturing sector means few firms had ‘all eggs in one basket’ so the effect has not been dramatic and has been further mitigated by effective pivoting.
- **Life science** companies are also bringing staff back from furlough with some recruiting agency workers to keep up with demand on manufacturing capabilities as a result of COVID-19. As a strong region for diagnostics, the team has noticed lots of companies diversify to offer COVID testing services and pivoting their technology use to address related issues, support triage, patient monitoring and the delivery of healthcare.

2.22 ERDF Research & Innovation Programme. The “Innovate Manchester” events programme is designed to bring together large organisations, GM SMEs, public sector & academia to collaborate on innovative new ideas. Events cover 4 cross-cutting themes with a webinar & Innovation Lab each (8 events in total), including: *Changing the Way We Produce & Consume; Our Digital Futures – Data & Ethics; Sustainable Cities & Infrastructure; and The Future of Human Experience.*

3 RECOMMENDATIONS

Recommendations appear at the front of this report.

GM LOCAL ENTERPRISE PARTNERSHIP BOARD – PART A

SUBJECT: The Growth Company 6 month Performance Report 2020/21

DATE: 15th December 2020

FROM: Mark Hughes, Group Chief Executive, The Growth Company

PURPOSE OF REPORT

The purpose of this report is to present to the LEP Board a mid-year performance review of GC's progress against its Business Plan priorities, objectives and targets for 2020/21, as part of the agreed LEP reporting cycle.

As GC has provided significant updates recently to the LEP Board (in September and November) regarding its specific Covid response activities, these are not repeated here in this report; however, a separate report is again provided to the LEP which updates on GC's Covid related additional activities, which were not foreseen at the time the Business Plan was written, across Business Support, Marketing Manchester and MIDAS.

RECOMMENDATIONS

It is recommended that the report be noted.

EQUALITIES IMPLICATIONS

The Growth Company are committed to putting equality, diversity and inclusion at the heart of its services. The activities which are updated upon within this report are delivered with the recognition of the importance of supporting a diverse range of businesses and individuals across Greater Manchester and providing equal opportunities and for all. Programmes are designed and monitored for EDI and GC's internal EDI Group have produced a GC pledge, which sets out 10 commitments GC is making to increase Minority Ethnic diversity at all levels across GC and to provide increased support.

CLIMATE CHANGE IMPACT ASSESSMENT AND MITIGATION MEASURES

The Growth Company support and deliver services which contribute towards GM's ambition to achieve carbon neutral living in the city-region by 2038. This includes specific projects such as the Low Carbon programme and providing support and advice to businesses to accelerate their implementation of energy and material efficiency measures in the design and production of their products and services. GC also provides a focused sector development programme for the Low Carbon and Environmental Goods and Services sectors. Part B of this report provides further information.

CONTACT OFFICERS:

Mark Hughes – Chief Executive, The Growth Company

1. INTRODUCTION

This report provides an update on The Growth Company's performance at the mid-point of the 2020/21 financial year, covering the period April-September. It should be noted that there is a lag between the end of the reporting period and when the LEP Board receives the report, as performance is first reviewed by GC's Advisory Boards and Group Board prior to presenting to the LEP Board.

The first 6 months of 2020/21 have, understandably been impacted by Covid-19 – from the forced closure of all physical estate; moving to virtual delivery; a significant drop in forecasted revenue, considerable early uncertainty around commissioners attitude to service delivery and payment; and creating Covid-secure environments within our offices for partial return to physical delivery etc, as well as significant new demands from individuals and businesses in GM for new and greater level of support. Covid-19 has required GC to overcome many operational and financial challenges, whilst at the same time making significant contributions to the economic (and specific health) emergency response for businesses and individuals across Greater Manchester.

Covid-19 and GC's response, including undertaking a significant range of additional unplanned activity, has impacted its progress against the original 2020-21 Business Plan. The Plan has 71 actions detailed under GC's Six Strategies Priorities, of these 41 are rated as green or yellow, and 30 are rated amber or red (unlikely or will not be achieved within planned timescale). Progress against a number of our objectives has been delayed this year as resource has been redirected to ramping up activities to support the immediate needs of businesses and individuals through the provision of advice and guidance, helping to navigate national and local restrictions and how to access the business support measures announced by Government. Similarly, it has been essential to secure GC's own financial position which has required the implementation of a number of cost saving measures, including the utilisation of the Job Retention scheme, temporary salary reductions, and a rightsizing programme leading to redundancies of 51 staff (71 posts, with a number of staff being redeployed / early leavers). Whilst there has been a need to reprioritise activities, GC has also seen other activities accelerated, particularly under our objectives related to digital transformation of service delivery.

Detailed commentary regarding GC's performance against its Business Plan objectives is provided in the Part B report, with a summary of key achievements and challenges set out in Section 3 below.

The Growth Company has delivered a range of additional interventions and initiatives in response to the Covid-19 pandemic, which had not been planned for under the 2020/21 Business Plan, which was finalised just before the pandemic hit the UK. In September and November 2020, GC provided reports to the LEP to update on its additional activities in response to the Covid-19 pandemic, therefore, this detail is not repeated within this performance report. However, a separate report is included for the December GM LEP meeting, which provides an update on GC's activities to the end of November, across Business Support, Marketing Manchester and MIDAS.

2. IMPLEMENTATION OF BUSINESS PLAN PRIORITIES AND OBJECTIVES

Each of the Business Plan's 6 strategic priorities has supporting operational objectives aligned against it. Progress against each of the operational objectives, with RAG ratings, has been reviewed by GC senior management and the GC Board.

The summary RAG rating of these operational objectives is set out in the table below.

Table 1. Business Plan Objective RAG Rating

Theme	No. of Actions	Green	Yellow	Amber	Red
1. Market Leader	8	2	2	3	1
2. Increasing Reach	12	7	1	4	0
3. People – Attracting the Brightest & Best	11	4	3	4	0

4. Financial Sustainability	13	6	2	5	0
5. Social Value & Environmental Sustainability	13	2	3	3	5
6. Delivering for Greater Manchester					
i GVA & Productivity (6)	14	1	3	2	0
ii Inclusive Growth (4)		1	3	0	0
iii Internationalisation (4)		1	0	0	3
Total	71	24	17	21	9
Green	Progress ahead of or on schedule with objective achieved or likely to be achieved				
Yellow	Progress behind schedule but able to be recovered with good probability that objective will be achieved				
Amber	Progress behind schedule with key issues impeding recovery – risk that objective will not be achieved				
Red	Progress behind schedule with recovery doubtful and objective unlikely to be achieved or ability to achieve objective impaired by factors which the Group cannot resolve				

3. ACHIEVEMENTS AND CHALLENGES

Key achievements for the first 6 months of the year have included:

Theme	Key Achievements
Delivering for Greater Manchester • GVA & Productivity • Inclusive Growth • Internationalisation	<ul style="list-style-type: none"> • Business engagement activity is significantly ahead of profile due to the focus on outbound activity in the early stages of COVID. • BGH COVID web pages and webinars regularly updated and delivered to provide a central place for businesses and stakeholders • GC BGH commissioned to lead the Peer Network programme (£225k); undertaking the Peer Network delivery (c.£250k). • To date the trade contract has supported businesses to achieve export wins to the value of £200m since April 2020. • MM supported the launch of the 1-year refreshed Internationalisation Strategy. • 2 conferences were won in Q2, 1 international and 1 national both for 2021. Economic Impact of £874k and 600 delegates. • Investinmanchester.com 13,268 unique website visitors; 2,216,000 OTS; 538,118 social engagements • MIDAS successful in bidding for a third High Potential Opportunity (HPO) with DIT on Healthy Ageing, to go with previous HPOs on Light-weighting (Advanced Materials) and Sustainable Packaging (Green Growth). • MIDAS have hosted to investors, intermediaries and DIT via 14 virtual sessions as part of six overarching webinar events including; FinTech Virtual Mission; GM Green Summit; eCommerce webinar; Innovate Manchester – Our Digital Futures: Data and Ethics, generating +1,100 registrations/engagements and +600 attendees resulting in an average 55% attendance rate against the 46% industry standard. • Find Your Space campaign delivered throughout Q2, promoting inspiring content for THL businesses, reaching an audience of over 12m. • On the National Citizen Service our performance (pre and during Covid) has consistently been in the top position of 9 providers nationally. • Delivery of two Disability Confident webinars to promote inclusive growth to employers ensuring that the agile recruitment and working practices we've seen emerge through Covid-19 remain and support more disabled people into employment. • Delivery of SEDA contract was successfully completed, meeting all required metrics (217 plans achieved against a target of 200), which has now progressed to the Skills for Growth contract being awarded. • GC Skills financial performance improved throughout the period due to expenditure control. Performance metrics, audit and quality assurance has also seen improvements in some areas of the business unit, despite the impact across the sector overall due to COVID.
Market Leader	<ul style="list-style-type: none"> • GC colleagues have continued to demonstrate great resilience and to work successfully in an agile way through national and local restrictions. • GC continued its outbound contact project during Q2 as part of its #HereforBusiness campaign, reaching out to 25,000 businesses • GC's Business Survey continues to gather intelligence from businesses in GM to understand the challenges they are facing and where support is most needed. At the end of Q2 over 4,000 responses to the survey had been received.

	<ul style="list-style-type: none"> • EmployGM website (supporting those recently made redundant or furloughed) has continued to evolve to provide residents with the latest full and part time roles, information regarding employment webinars and jobs fairs, mental health coaching, etc. To the end of Q2 the website had received 17,000 unique visitors. • National Citizen Service delivered a scaled back summer programme to over 1,000 young people. Whilst on a smaller scale than originally planned, GC are the highest performer of 9 regions nationally (and were highest performer pre-Covid) • ESFA have continued to recognise that GC are leading standard delivery across the country on the National Careers Service. COVID-19 specification activity has continued to provide much needed flexibility to engage and sustain impactful partnerships to reach a larger customer audience. • Business engagements and assists running at +50% pre Covid: 24,298 business engagements and 17,208 businesses assisted. Developed and Launched KickStart Service with tiered service and key partner organisations • Cyber Essentials and Cyber Essential Plus certifications passed. This is the first year that no remediation work has been required.
<p>Increasing Reach</p>	<ul style="list-style-type: none"> • Secured two places on the Tier 2 DWP CAEHRS, enabling bids across the North of England (NW and East Regions), and crucially national bids worth up to £64m per year. • Secured large (£9.9m) prime contract for Ministry of Justice (CFO Hubs) and secured place on MOJ's Dynamic Framework. • GMCA's Skills for Growth SME brokerage service secured (TCV £7m). • GC BGH secured national Peer Network coordination role (£225k) and likely to be delivering national EU transition role (c. £200k). Bid submitted for AI Accelerator programme (part of the AIFoundry programme in GM), with anticipated value to GC of £50k. • Digital enablement of training and assessment services ahead of plan • Hardware for the new IT Foundation infrastructure has been fully procured and awaiting delivery. The Project is currently on track to complete by end of Feb 21. • Expansion of multi-channel services is being progressed to ensure we maximise the use of the product in elements such as web chat, deeper email integrations and where required PCI card payment technologies. • GC Employment in the process of rolling out Abintegro, a self-help career management tool, out across the Business Unit. • Developed new initiatives/programmes including GC kickstart offer and Employment Legal Service (rolling out in Q3). • 4m impressions through the Marketing Manchester's Space to Learn campaign, delivered for 3 GM universities (UoM, MMU, UoS). The campaign focused on encouraging students to take up their places this academic year and to promote applications for next year. • 'Find Your Space' destination marketing campaign was shortlisted at the Northern Marketing Awards. It was also shortlisted in the City Nation Place, international destination awards, along with MM's Citizens of Manchester Campaign.
<p>People – Attracting the Brightest & Best</p>	<ul style="list-style-type: none"> • Over 40 Mental Health First Aiders across GC are now in place and a number of communications have been shared to inform staff on how to access this resource. • The mental health & wellbeing of staff has been a key focus as part of GC's Covid-19 response. A weekly Wellbeing Wednesday email has been established which provides useful information, guidance and toolkits for staff to utilise. • EDI Group, supported by SMT, has led the development of an action plan to increase Minority Ethnic diversity at all levels across GC. This culminated in the publication of a GC Pledge including 10 commitments which was shared with the GC Board at its September meeting. • Plans continue to be developed regarding GC's requirements and vision for an agile organisation, providing blended delivery that meets the needs of our clients/customers, our staff and stakeholders.
<p>Financial Sustainability</p>	<ul style="list-style-type: none"> • Significant progress made to achieve break even position in year as reported in Q2 reforecast. All business units have improved their financial position from the Q1 reforecast position. • Significant improvement in cashflow forecast with minimum cash balance now forecasted at £3m over the next 12 months to December 2021. Cashflow forecast also subject to rigorous review by RSM. • Delivered a clean 2019/20 external audit under challenging circumstances given current working environment with accounts produced in-house and board sign-off expected in November. • Effective use of furlough scheme to balance cost management and delivery of services. • Business development pipeline value is broadly on target (£590m) despite political and economic upheaval has reduced forecasting ability. Submitted opportunities are behind target, but crucially wins remain ahead of target with c. £50m won and £40m pending results.

Social Value & Environmental Sustainability	<ul style="list-style-type: none"> We have agreed and quantified our Scope 1 and 2 emissions, meeting the requirements of SECR Regulations. The carbon emissions for 2019/20 were 817 tonnes CO2e, which will be the baseline year for our SECR reporting going forward. With minimal site usage, the environmental impact of our waste arisings will be significantly lower this year, and with moves to virtual working is likely to remain lower in the future. The key Scope 3 emissions currently arising have been identified, and the data collection systems are known. (Although there will be a need to reassess these scope 3 emissions once there is an increased return to the office).
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Specific challenges which have been encountered have included:

Theme	Key Challenges
Delivering for Greater Manchester • GVA & Productivity • Inclusive Growth Internationalisation	<ul style="list-style-type: none"> Continued closure of business conference events venues will lead to further reduction in venue and accommodation commission income required to operate the Convention Bureau. The sector still faces a huge challenge with no start date for re-opening. A Business Tourism 10 point plan has been written by the Bureau and a delivery plan for activity is being put together when the sector is able to restart. Delays to investment decisions remain and several projects that were due to close in the quarter have been put on hold. B2B Commercial Services continue to be impacted by difficulties regarding client availability to continue planned services, hundreds of previously planned activities have had to be reallocated across Q1 and Q2.
Market Leader	<ul style="list-style-type: none"> Operations-wide adaptation to working remotely and testing of new methodology has led to a significant change in performance management at-pace and across the business. An enhanced performance management approach was due to be rolled out to Group but this has been delayed as further work is required to ensure that the approach implemented will support agile performance management.
Increasing Reach	<ul style="list-style-type: none"> The reach of our Employment programmes & apprenticeships has been affected by Covid, e.g. some programme have needed to be scaled back such as the National Citizen Service where GC had over 12,000 confirmed to attend the summer programme but this was reduced to over 1,000. Similarly, the reach of our Commercial Services has been challenged as businesses have cut their discretionary spend.
People – Attracting the Brightest & Best	<ul style="list-style-type: none"> HR resource has been focussed on supporting the business through Covid, with efforts during Q2 continuing to focus on rightsizing the business, managing the furlough process, supporting continued remote working and the mental health & well-being of staff. As a result, activities against a number of Actions under our Brightest and Best theme have been delayed, as we now look to refocus to ensure that HR systems, procedures and processes are developed/enhanced to support GC as an agile organisation.
Financial Sustainability	<ul style="list-style-type: none"> The audit of the 19/20 statutory accounts has been extremely challenging this year. This is the first time the accounts have been prepared in-house and so has been a resource intensive task, and even more so due to increased scrutiny from our Auditors RSM on issues such as going concern, revenue recognition and loan book recoverability. In addition, all work has been carried out remotely which has added further challenge. Despite this, the accounts have been prepared and signed off in accordance with schedule.
Social Value & Environmental Sustainability	<ul style="list-style-type: none"> A key challenge under this theme has been resourcing, with a number of activities being delayed whilst resource has been redirected to focus on Covid related projects to support businesses.

4. KPI PERFORMANCE

The Business Plan contained 13 service delivery and economic impact KPIs for the year and the table below shows performance to Q2 (April – September) against overall annual targets.

The numbers show how performance has been significantly impacted, with 2 green, 4 amber and 7 red KPIs. It is clear that a number of our KPIs will not be achieved this year as delivery has been affected by Covid restrictions, has been ‘crowded-out’ by Covid response activity, or because of lost income as a result of Covid e.g. apprenticeship starts, foreign direct investment and media coverage. In particular:

- £GVA impacted by the dramatic reduction in economic output;
- Apprenticeships hit by hiring changes;
- Foreign direct investment reflects the UK slump in activity (also impacting jobs created);
- Conferences won as a result of the dramatic impact of Covid on the events sector; and

- National Citizen Service, resulting from the cessation of physical delivery.

It should also be highlighted that GC's business assist target is behind profile as this target includes intensive (12 hour) assists from the Business Growth Hub, who have continued to see a reduced number of intensive assist leads coming in (66%), as whilst engagement with business has greatly increased, not all of these have been eligible for ERDF given that there has been a greater number of shorter interventions (i.e. less than 12 hours). GC are also seeing overperformance for business assists in other parts of the Group, e.g. by GC Business Finance and the Trade team.

Key Performance Indicator	Annual Target	Q2 Target	Q2 Actual	% to target achieved Q2
1. £m of additional GVA / economic impact	£752m	354	274	77%
2. No. of new jobs created	16,636	7,820	6,361	81%
3. No. of new and existing businesses assisted	36,786	18,904	17,208	91%
4. No. of new businesses created	11,117	5,535	5,853	106%
5. £m investment in existing businesses	£35.2m	£17m	£16m	94%
6. No. of apprenticeship starts	1,487	821	259	32%
7. No. of clients placed into work	25,075	12,630	9,300	74%
8. No. of new exporters assisted	120	36	33	92%
9. £m value of export sales generated	£958m	500	536	107%
10. No. of new foreign direct investment projects	54	22	12	55%
11. £m economic impact of conferences won	£30m	19	1	5%
12. Volume of media coverage (opportunities to see)	900m	400m	47m	12%
13. No. of young people attended National Citizen Service programme	14,528	11,895	3760	32%

RAG KEY FOR TOP 12 KPIs

Green: Target achieved/exceeded.

Amber: 80–99% of target achieved.

Red: Less than 80% of target achieved.

Further KPIs across the themes of Business, People and Place are set out in Part B of the report, under Annex 2.

5. CUSTOMER SATISFACTION

Customer feedback data from GC services is set out below, with 89% of clients reporting that they would recommend GC.

73-82% of clients rated individual questions as excellent as good. GC's overall survey results have been affected by a Covid survey which was undertaken for Apprenticeships, where provision has seen significant disruption due to Covid, in particular around access to sites for technical provision and changes in staffing. There has also been disruption in relation to learners' ability to complete their programmes where technical practical input is required and delay due to awarding body respond to virtual End Point Assessment. If the results from the Skills survey results are removed, GC's survey results for excellent and good across individual questions rises to 80-88%.

The Growth Company
Consolidated Return
Period: 1st July 2020 – 30th September 2020

		Excellent	Good	Average	Poor	Very Poor
Descriptive Rating		5	4	3	2	1
Numeric Rating		5	4	3	2	1
Q1 – How would you rate your first impressions of the service / event in terms of its planning and meeting your expectations?	No.	576	428	119	58	58
	%	46%	35%	8%	4%	4%
Q2 – How would you rate the extent to which you benefitted from the service / event and its desired impact?	No.	454	462	230	76	78
	%	36%	37%	18%	6%	6%
Q3 – How would you rate the quality of the advisor / staff member who provided the service or led the event?	No.	614	407	96	59	71
	%	49%	33%	8%	5%	6%
Q4 – How would you rate your overall satisfaction with the service / event?	No.	575	412	91	76	91
	%	46%	33%	7%	6%	7%
		Yes	No	Not Answered	Total Answered	
Q5 – Would you recommend the service / event to others?	No.	842	99	3	941	
	%	89%	11%		100%	

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