

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 have 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 <ul style="list-style-type: none"> 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.
Increasing Reach	<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.
People – Attracting the Brightest & Best	<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.
Financial Sustainability	<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 <ul style="list-style-type: none"> 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%	