

GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: GC: Business Support, International and Marketing Update

DATE: 22nd September 2021

FROM: Mark Hughes, Group Chief Executive, Growth Company

PURPOSE OF REPORT

To provide an update on the business situation in Greater Manchester and how, in response, The Growth Company (GC) is providing support to GM's economy. The report focuses on GC's Growth Hub, Business Finance, Marketing Manchester and MIDAS services.

RECOMMENDATIONS:

The GM LEP Board is requested to:

Members are asked to note the contents of the report.

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Equalities Impact, Carbon and Sustainability Assessment:

GC is 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 for all. Programmes are designed and monitored for EDI.

GC is committed to delivering 10 EDI pledges, as published on its website, and has appointed an Equality, Diversity and Inclusion Lead, Novlette Balela OBE, who has kickstarted this role with supporting the recruitment of key EDI roles within GC, is working with our Social Value Lead in developing a Black/African Business Network and is undertaking an EDI audit of GC programmes and services and will be presenting a report on the outcome of this to SMT in October.

Whilst not covered under the details of this report, GC supports and delivers 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.

The Growth Company has achieved net Carbon zero for 2019/20 and 2020/21 (Gold standard verified to our Scope 1 and 2 activities) and continues to work to further reduce its remaining carbon footprint.

Risk Management:

N/A

Legal Considerations:

N/A

Financial Consequences – Revenue:

N/A

Financial Consequences – Capital:

N/A

Number of attachments to the report:

0

BACKGROUND PAPERS:

N/A

1. PROGRESS21 EVENT & AUTUMN RECOVER CAMPAIGN

Progress21. Taking place on the 23 September at Manchester Central is a one day, three events (Careers, Business and Global): igniting career prospects, business opportunities and global ambition. The event aims to support and increase economic momentum, including update in in-person activity. LEP members are taking lead roles, including Lou Cordwell OBE, Andy Burnham, Cllr Elise Wilson, Mike Blackburn OBE, Sir Richard Leese OBE, Steve Connor and Justine Kelly. All Board members are asked to prompt this event and to date we have 3,500 registrants, 130 speakers and 180 exhibitors.

Autumn Recovery Campaign. GC is developing an Autumn business/investment recovery campaign, building on the support offered by Progress21. It will respond to the continued needs of businesses to support recovery and the evolving priorities of the GMCA & LEP. Key themes include Innovation, Net Zero, Skills and Inclusivity and GMS sectors, integrating these across our promotion and attraction of investment to GM with support for business already in GM. The campaign will package together new and existing support programmes utilising local and national programmes.

2. BUSINESS AND ECONOMIC CONTEXT

- **GC Business Survey.** Our Covid related Business Survey running since March 2020 and, with over 7,900 responses, is the largest scale survey of its kind and adapts to new issues of interest.
- GC Business Survey Results (29th July – 3rd September, 122 businesses responded). Results indicate a continued positive outlook in terms of economic resilience and financial stability of firms. This is evidenced by lower levels of reports of decreased sales (down by 7% to 31%) and increases in reports of increased sales (up to 31% from 20%), consistent maintenance of cash reserve levels (71% have more than 6-months' worth, an increase of 4%), a stable level of expected redundancies (81% not planning any, down 6% on the previous month, although those intending to make redundancies only increased by 4%) and finally, an increase in business optimism to 7.4 (a business confidence rating score out of 10), the second-highest level recorded.
- However, it is clear that supply chain issues (29%, the highest ever level), caused both by self-isolation of staff as well as Brexit and pandemic-related supply disruption, continue to cause issues in terms of raw materials shortages (18% also the highest level seen) as well as price inflation and delays to production, output and supply. For some firms this has resulted in a slight increase in suspended investment (8% up from 5%). These have been exacerbated by labour shortages in logistics, global transportation issues and recruitment difficulties; although, there was a decrease in the number of firms stating that their staff were self-isolating (6% down from 14%).
- 40% of firms are actively recruiting, which is up 10% on the previous reporting period, this is consistent with Adzuna vacancy data showing an increase in 47,000 jobs in GM this week.
- Most sectors are seeing increase in investment and confidence, with firms most interested in investing in Innovation 45% and Workforce Development 52%. Moreover, firms' willingness to increase capital expenditure (43%) has also increased.

Main impacts and challenges:

- The main impacts facing businesses are decreased sales (31% vs 38% previous month), business travel to clients (32% vs 37%) and cashflow issues (25% vs 25%).
- By sector, the impact of decreased sales is most prevalent in Creative, Digital & Tech (50%), Hospitality, Tourism, and Sport (45%), Business, Financial, and Professional Services (33%), and Retail and Wholesale (30%).
- The main challenges are currently seen as: getting access to new domestic sales opportunities (70% vs 66%), developing new products & services (38% vs 40%), developing your business model & approach (41% vs 37%), managing the overall finances (43% vs 38%), and workforce and skills (27% vs 32%).

Growth and Business Prospects:

- 69% of firms (up from 66%) expect profits to increase, while 2% (down from 3%) expect a decrease. Manufacturing and construction sectors were most likely to report an increase.

- 31% of firms in the last month reported that they experienced an increase in sales (up from 20%), and the sectors most likely to report an increase in sales over the last 8 weeks are manufacturing and construction.
- Investment: 43% of firms expect to increase Capex in the year ahead. 45% of firms expect to increase their allocation towards investing in innovation, followed by workforce development and skills (52% stable at 53% previously, and digital transformation (50% up from 47% previously).

3. GC SUPPORT SERVICES & ACTIVITIES

3.1 Business Support

The national policy and commissioning landscape remains fluid with key areas such as Levelling Up, LEP Review, Shared Prosperity Fund, and Export Strategy timelines and outcomes still unclear. This is impacting service commissions such as DIT Trade, DWP Self-Employment Support and DCMS Creative Scale Up, Growth Hub funding, Peer Networks and BEIS Made Smarter. Alongside this, we are still awaiting decisions on Community Renewal Fund which was due to commence 1st September. Much of this is expected to become clearer at or around the CSR on 27th October.

Creative Industries Accelerator. The Growth Hub is currently delivering three 2-day Accelerator programmes aimed at the Creative Industries over the summer to create resilience focusing on strategy, people, finance and operations. Alongside this, a new report has been developed and published outlining key statistics within the sector. [Creative Industries Report | GC Business Growth Hub](#). **Funding ends in March 2022, and we are currently exploring options.**

Peer Networks. The Growth Hub will be delivering 6 different peer network groups starting from September. Each network will focus on a different theme or sector including the manufacturing sector, green technologies and services sector, mentoring, leadership, internationalisation and the third sector. **There could be an opportunity to access future funding for this from January 2022 where other regions haven't different their specific allocations.**

Global Scaleup. We will be hosting two virtual international missions in Autumn, the first one will be focused on Tampa, Florida in September with the second one focusing on Melbourne, Australia in October both cohorts will have a focus on digital and tech sector opportunities, we expect between 12 and 20 businesses to participate in each mission

Leadership and Management. GMCA, the Growth Hub and the four GM businesses schools are planning the launch of a new GM focused Leadership and Management offer from January 2022. This £2m programme will enable the Growth Hub to continue to deliver executive coaching, targeted programmes and mentoring along with a new digital platform which the business schools are developing which will enable GM leaders to access a bespoke online programme at a time and place which meets their needs.

Made Smarter. Demand for Digital Transformation Workshops remains high and is 68% ahead of target and this will follow through to placements, projects and L&M delegates. The number of new clients registering with the programme is improving as a result of the new focused campaigns started recently. Pre-covid potential clients are returning to the programme. The current programme is due to end in March 2022 and has submitted, at the request of BEIS, a budget for a further three years.

Good Employment Charter. Active and strong progress now sees Over 500 employers engaged, 230+ Supporters and 34 Member, covering 230,000+ employees. A revised Supporter registration process and increased recognition of the Charter in public procurement exercises has raised levels of engagement. Worked closely with the Race Equality and Disable Peoples' Panels to develop collateral and guidance for employers. Currently working with Timewise on introducing flexible/hybrid working practices and with the LEP and NTE adviser on the development of a targeted engagement campaign with the hospitality sector.

Skills for Growth SME Support. The Skills for Growth (SFG) programme supports businesses to better understand and develop their staff and people strategies to support businesses' needs. To

the end of August, 2,248 businesses have been engaged by the SFG brokerage service, with 740 Skills Productivity Plans, 699 Individual Skills Development Plans, Referrals into BridgeGM/Good Employment Charter 438, Apprenticeship Starts 27 and completion 24. However, the programme is behind initial targets and in response additional new and different resources, enhanced marketing, greater partner collaboration and a new associate model and have commenced.

EnterprisingYou (EY). Provides support for GM residents who are self-employed or Gig workers with earnings of less than £27k. To date the programme is on target with 4082 enquiries and 1525 starts on programme. New developments include - “fast track” support being introduced for those clients that are time poor/time critical; and an aftercare pack for clients who’ve completed on programme to enable and support their continued development & growth. We have an upcoming Alumni Virtual Business Networking event (8/10) to promote the EY Finance workshop plus webinars – Quick wins to cut carbon footprint (22/9 & 21/10); HR Lunch & Learn session (2/11).

GC Kickstart. GC employer clients now 874 (increase of 160) placements approved by DWP & uploaded to the JCP system (284 have been filled; 13 are under job offer; 326 remain to be filled; and 146 are in the process of going live on the Jobcentre vacancy system). With the addition of those 146 we will have had over 1000 placements approved. The fill rate has improved. We will make one further submission to DWP for a final 250 placements, unless the programme is extended.

Journey to Net Zero. Following a successful programme launch in August, the first cohort workshop now concluded, and second cohort will end on the 14th of September with strong feedback from attendees. Momentum is building and Cohort 3 is oversubscribed (at 24 businesses registered). Recruitment for Cohort 4 to launch 12th October is now active. To date 60 businesses registered.

Energy Innovation Agency (EIA). A Business Development Lead has been appointed and starts in role mid-September. A Director has also now been appointed with an October start date.

Project Verdigris. Collaborative engagement with key stakeholders continues. Meetings are ongoing to ensure there is no service overlap and existing infrastructure is accounted for and incorporated going forward. Key aspects under consideration include an SME business pledge, promotion of a switch to renewable energy campaign, and wider promotion of the Journey To Net Zero offer with structured targeting to ensure breadth and depth of impact in the near term.

Community Renewal Funding Bids. GC has submitted 5 bids, in collaboration with a number of partners, and all have been successfully included in the recommendation from GMCA to central government. There is no update and the programme was meant to start on the 1st September.

Innovation GM. GC has provided an outline for an ‘Inclusive Innovation’ programme to engage SMEs as part of the IGM portfolio to energise the innovation eco-system including embedded, client led and modular service components. A network of innovation champions and leaders, working with intermediaries to increase the levels of R&D activity/collaboration and provide access to finance and intended to be open to all sectors. Operating post ERDF, it seeks to take advantage of a less prescriptive approach and will form part of the anticipated Government expression of interest in IGM.

InnovationEdge. With the end of Horizon and the European Enterprise Network, GC is now delivering a small component (9 of @300 delivery staff) of InnovateUK’s relatively new InnovateEdge service which focuses on high growth business with innovation challenges including support for finance, IP, go to market and strategy.

Procurement and Diversity of Businesses. With the support of Marilyn Comrie, Rose Marley and potentially the Centre for Tendering, GC is reviewing procurement, tendering and business support provision across the group to become more inclusive through: increasing the reach of opportunities, creating programmes to upskill in relation to tender applications; develop our feedback for both successful and unsuccessful tenders to support upskilling; mapping the current pan-GM support for social economy organisations and appropriate referrals routes – incl. but not limited to GMCVO, Co-ops UK and wider VCSE local infrastructure organisations; the recruitment of 4 new business advisors (EDI X1, Procurement and Supply Chain X2 and Third Sector Development X1) within the Business Growth Hub to continue our work across the wider Social Value agenda and our active engagement with GMCA’s ‘Living Wage Region’ action groups and Social Enterprise Action Group.

3.2 Business Finance

Business lending. GCBF has invested £2m in 73 GM businesses, low activity in July/August while Recovery Loan Scheme Legal were completed by the BBB. Now in place to support lending going forward, this has been bolstered by confirmation that a further £5m of capital will be provided for NPIF Microfinance and an extended investment period pending the procurement of NPIF2 in 2023.

Innovation & Angel Finance. Demand continues to be high across GM. GC Angels has successfully invested £2.69m of LGF funding leveraging £13.2m of private co-investment, with a large and growing qualified pipeline of circa £21m. GC Angels now needs to urgently address access to new capital for this successful market gap bridging service. Short-term options are being explored and angel finance will also be approaching national funding rounds.

Start-up Loans. Start Up Loan activity has continued to build back strongly in line with the easing of Lockdown measures and recovered to near normal 'pre-Covid' monthly levels resulting in the 5 months to end Aug 21, £3.385m invested in 268 GM start-ups.

3.3 International & Marketing: Marketing Manchester

DMO Review. At time of writing the Government issued the [Independent Review of Destination Management Organisations in England](#), into which MM has had input and the report reflects many of our views. There are 12 key recommendations including a new DMO structure with a top tier Destination Development Partners (DDPs); core reliable funding (no specific amounts referenced and balanced by a recommendation for significant use of private sector funding) subject to application and criteria. Given criteria including regional scale, built around destinations and international access it is expected, if implemented, that MM would qualify as a DDP. The review also calls out for a greater role in place shaping and a greater appreciation of the economic value of tourism to local economic development. It is envisaged that DCMS will progress its response to these recommendations through CSR and they will also be reflected in the GMCA CSR submission.

Upcoming activity. Full programme of engagement with Ministers and fringe events during the Conservative Party Conference in early October. Plans are also underway to hold a Prestige Partner event in November with Joanne Roney as Key Speaker. Work will gather pace around the preparation of a new GM Tourism Strategy and the development of a proposal for a city centre Accommodation Business Improvement District. Continued drive on DMO Review.

Tourism Campaigns

- **Summer in the City** campaign and **#HereforCultureMCR** are now complete. **Summer in the City** generated + 30m paid impressions across digital & social and 304,692 web visits, **#Hereforculture** 56,521,836 paid impressions & OTS across digital, OOH & publishing channels generated 329,011 page views across campaign content.
- **US campaign with Avanti** – MM partnered with US Travel Trade specialist Avanti Destinations to promote GM's new bookable product. The campaign will be live from August to November, directing agents to the Visit Manchester Microsite | Avanti Destinations.
- **Autumn in the City** - Campaign activity will be delivered September to November, focused on UK day visits and short breaks.
- **Ryanair Europe campaign** – Campaign activity targeting European visitors from Ireland, Spain and Germany (delayed due to Covid) will recommence in the Autumn, subject to travel advice.
- **UKInbound conference** – MM partnered with UKInbound to bring hundreds of UK's travel trade from across the UK to Manchester for their annual conference 15-17 September.

Conferences & Events. 98 live conference opportunities in the pipeline. To date 20 bids have been submitted 18 for business conferences and 2 for sporting events for 2022 and beyond with a cumulative potential economic impact of £113million and 16,850 attendees. Year to date, 8 business conference bids have been converted, securing £12million of economic impact and 7,120 attendees and one of which will take place in the current financial year. Detailed work on the Delegate Welcome as we welcome events back to the region is underway with numerous partners across GM.

Return to the Office, 'Working from Work' campaign is now live and will support the return of office workers to towns and city centres within Greater Manchester, with upbeat content and confidence boosting content shared across our networks and with our partners.

Sector Campaigns

- **Powering Innovation and Digital in the DNA** campaign activity rollout is underway focused on European sector specific publications and engagement through Progress 21 Global sessions.
- **Greener Greater Manchester** campaign launched online in July 2021 (www.greenergreatermanchester.com). A fully integrated campaign plan will be rolled out including a weekly blog, PR, news, digital and social. Partners will be welcomed to become active participants, aimed at maximising GM's reach. COP events with GMCA include:
 - [Northwest Green Zone](#) at Manchester Central, 9th November – Smart Cities & Energy.
 - [GM COP26 Fringe Events in Glasgow](#), 11 Nov – International Mayoral Event
 - [COP26 Blue Zone in Glasgow](#) - 7 observer registrations have been approved to MM & MIDAS

Press & PR. Time Out named Manchester the [third best city in the world](#). San Francisco and Amsterdam were ranked one and two, with Copenhagen and New York ranked four and five. Hosted media from the Belfast Telegraph and the Jewish Chronicle, and handled media enquiries from The Daily Telegraph, Irish Daily Mail, a German travel blog, The Times and assisted BBC Radio Manchester. Ongoing conversations with journalists include a piece in The Spectator/The Week, and Conde Nast titles. Last month's coverage included The Telegraph in the form of a [listicle](#), and a [Manchester travel guide](#), plus print coverage in Art Mag, Prima, Nat Geo Traveller UK, and Women and Home. Expect an episode of '[Mission Accessible](#)' to air on Channel 4, offering an accessible travel guide to Manchester, due for broadcast in early September, featuring comedian Rosie Jones.

3.4 International & Inward investment: MIDAS

NPH Trade & Investment. GC has led the development of the NPH Trade and Investment CSR submission which will also be included into the NP11 - Convention for the North CSR submission. This sets out the economic opportunity (£350m p.a. GVA) and alignment to core government policies of greater levels of inward investment and trade alongside a £67m, 3-year delivery programme.

Government relocations have now moved forward, with BEIS, OFCOM and Home Office confirming their new operations in the city region. Another major department has signed on 250 desks in serviced office accommodation and will officially announce their relocation imminently. Further discussions continue with a number of other departments, Arms-Length Bodies (ALBs) and Non-departmental Public Bodies (NDPBs).

Upcoming Activity:

Financial & Professional Services: working with KPMG and The City UK on a series of small, invitation only London roundtables on the subjects of The Future of the Office, ESG and EDI.

Creative, Digital & Tech: in September:

- Ecommerce campaign: worked with Statista to produce a report into emerging technologies used by ecommerce companies. This will be used as the basis for an ecommerce targeting campaign
- Cyber campaign: directly targeting companies alongside a wider cyber comms campaign
- London Tech Week: working with DIT Australia to engage with their virtual delegation
- Potential high-level tech dinner for T20 CDT targets and on-going projects

Life Sciences & Healthcare:

- 27th- 30th Sept: MIDAS virtual attendance at US MedTech Conference
- Sept: Project Hearts and Minds: In visit from Korean digital health company to meet with local ecosystem partners and view locations. Date TBC dependent on travel restrictions

- First phase of Longevity research now completed mapping GM assets to support Healthy Ageing agenda. Second phase to benchmark GM with UK underway to conclude October.

Advanced Manufacturing & Materials: Date TBC - India Graphene, Low Carbon & Industry 4.0 Virtual Roadshow, virtual roadshow in place of the physical graphene. Look to engage with T20 targets including Tata Motors and other core targets through targeting campaigns run alongside the event. Has been organised with DIT team in India but final date yet to be confirmed.

Projects:

- 18 project wins to date, creating 525 jobs and safeguarding 742. Number of project wins is 50% higher than this time last year but remains below the YTD pre-pandemic average of 25. Number of jobs created is 80% up against this time last year but remains significantly below the YTD pre-Covid average of 1,092. A number of large imminent projects, with 3 alone totalling 1,000 jobs.
- The number of project wins from new investors has risen to 7 - a more than threefold increase since this time last year but remains below the YTD pre pandemic average of 13. New investors make up 39% of this year's project wins and 26% of job creations. Again, owing to the imminent projects above, this jobs figure from "new" investors will also rise significantly.
- The majority of project wins have been in the advanced manufacturing sector with imminent projects in CDT and FPBS sectors due to see them deliver a significant boost in job numbers.
- There have been 151 projects added to the pipeline to date, with 4,215 jobs. Following a surge in projects in the ¼ of last year and the ¼ 2021/22, the numbers added to the pipeline fell in August – largely due to the holiday period, but also potentially reflecting a slight slow-down of UK growth.
- Looking ahead, MIDAS currently has 20 projects with 1,235 estimated job creations in the pipeline that are estimated to close next quarter and have a green or gold rating; this means that they are likely to close successfully. If the more tentative amber rated projects are included, the number of projects estimated to close next quarter is 96 with 4,376 jobs.

Recent successes include:

- **Hahn Plastics:** Expanding existing site in Manchester to facilitate new product lines/ranges and increase manufacturing, investing £4m in new machinery and increase staff numbers by 30.
- **Tenmat:** Have made two acquisitions and looking to consolidate on a new site in Greater Manchester increasing job numbers to up to 80 jobs and invest £2M in capital works.
- **Stepan** - Company increasing factory outputs at Stalybridge site, upgrading machinery and recruit additional process engineers, creating 10 new jobs.
- **Project Horizon** – New tech support function with 50 cyber focused roles for major UK cyber brand. Landed/recruiting with official 'launch' in October, therefore is still confidential.
- **GFT:** German IT consultancy that work in the banking and insurance sector have set up a new innovation hub in WeWork Spinningfields with plans to create 100 jobs.

Selected Projects in MIDAS pipeline include:

- **Project Breakdown:** existing investor retain 400 contact centre jobs and create up to 175.
- **Project Summer:** Consumer information company relocating contact centre, 400-500 roles.
- **Project Holt:** Shared Service Centre for large advisory firm.
- **Project Solace: R&D** for Quantum computing company, 150 jobs.
- **Project Aquarium:** Animation company considering a Northern base, 50 new jobs
- **Project Rain:** US Games company setting up a new UK HQ in GM, 700 jobs.
- **Project CSR:** French Engineering company new/tech operation in Manchester, 70 jobs initially.
- **Project Carl:** Cyber and defence company expanding and adding another 100 jobs.
- **Project Adam:** Professional services co. Looking to consolidate and expand tech function.
- **Project Glen:** Yorkshire retailer looking to set up new logistics hub in Rochdale, 200 jobs.
- **Project Pallets:** Manufacturer of sustainable packaging products looking to Rochdale, 100 jobs.
- **Project Grocer:** Innovative logistics firm looking to open base in GM, employing staff rather than self-employed 'gig economy' jobs. Up to 200 jobs.