

## **GREATER MANCHESTER ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW & SCRUTINY COMMITTEE**

SUBJECT: Spending Review and Science & Innovation

DATE: 8 October 2021

FROM: Cllr Elise Wilson, Leader of Stockport Council and GM Portfolio Lead for  
Economy.  
John Wrathmell, Director of Strategy, Research & Economy, GMCA.

---

### **PURPOSE OF REPORT:**

This report provides scrutiny members with an overview of Greater Manchester's submission to Government for the upcoming Spending Review (SR) and Levelling Up White Paper. It then provides some more detailed information on our proposals for an Innovation Deal as part of this broader submission.

### **RECOMMENDATIONS:**

Committee Members are requested to:

1. Note and review Greater Manchester's proposals to Government.

### **CONTACT OFFICERS:**

John Wrathmell, Director of Strategy, Research & Economy, GMCA,  
[john.wrathmell@greatermanchester-ca.gov.uk](mailto:john.wrathmell@greatermanchester-ca.gov.uk)

Andy Hollingsworth, Head of Devolution Strategy, GMCA,  
[andy.hollingsworth@greatermanchester-ca.gov.uk](mailto:andy.hollingsworth@greatermanchester-ca.gov.uk)

Steven Heales, Head of Innovation and Science Commercialisation, GMCA,  
[steven.heales@greatermanchester-ca.gov.uk](mailto:steven.heales@greatermanchester-ca.gov.uk)

## **1. INTRODUCTION/BACKGROUND**

- 1.1 The Government announced on 7 September that they will publish a Spending Review and Budget on 27 October. The Spending Review will set both revenue and capital budgets for the next three financial years (2022-23 – 2024-25). This had been expected and was widely trailed over the Summer. It was originally due to happen last year, but was delayed following the second wave of CV-19 in Autumn 2020.
- 1.2 Alongside the Spending Review, the Government has confirmed plans to publish a Levelling Up White Paper (a replacement for the previously planned English Devolution White Paper). Earlier this year, Neil O'Brien MP was appointed the Prime Minister's 'Levelling Up Advisor' and has been working on the White Paper with a small team of officials in No10/Cabinet Office. The White Paper was expected near or alongside the Spending Review.
- 1.3 Between them, these two events (the Spending Review and White Paper) are likely to set much of the context within which many public services in GM will operate over the next few years. They will also set the context within which we are able to pursue local economic policy, for example through setting out the future of Local Enterprise Partnerships, the future role of business support and the Growth Hub. They will set the financial context within which services operate, set out the Government's views on various issues of local and regional governance, and define more clearly the Levelling Up agenda and how it will be approached.
- 1.4 The Ministerial Reshuffle has the potential to alter some of these timelines. The Spending Review and Budget are still due to conclude on 27 October. However, a number of changes could result in a delay to the detail of Levelling Up plans. These include the changing Ministerial responsibilities for Levelling Up, with a renamed Department for Levelling Up, Housing and Communities, a new Secretary of State, and the appointment of Neil O'Brien MP as a Junior Minister in the Department. The Government has also announced that Andy Haldane, former Bank of England chief economist, will head a Levelling Up Taskforce for six months (as a temporary Permanent Secretary) and will report to both the Prime Minister and Michael Gove.

## **2. GM'S SUBMISSION: A LEVELLING UP DEAL**

- 2.1 Given the importance of these events to Greater Manchester, we have developed a submission setting out how the city-region could work with Government to deliver on our shared ambitions – Levelling Up and tackling climate change. We are offering to agree a Levelling Up Deal with Government. This Deal would be a partnership between Greater Manchester and Government with clear responsibilities and proper accountability of local leaders.
- 2.2 Our submission builds on our long-term plans (inc. the emerging refreshed Greater Manchester Strategy, our 2040 Transport Strategy, and Places for Everyone and the emerging Stockport Local Plan). It also builds on the submission we developed for last

years aborted Comprehensive Spending Review, while reflecting further lessons learned and additional issues which have emerged over the previous 12 months.

2.3 The submission begins by setting out the case for a Levelling Up Deal:

- Greater Manchester is making progress, but still needs Levelling Up. *We still have a big productivity gap with the UK, we have communities in real need of Levelling Up, and our transport system is holding the conurbation back.*
- Greater Manchester has a strong track record of delivery *established over decades and demonstrated on a wide range of initiatives (from major projects and sound financial management of devolved funds, to delivering successful pilots and programmes on behalf of the UK Government).*
- Greater Manchester has plans that are ready to go to level up places, *including our Places for Everyone and Stockport Local Plan spatial plans, 2040 Transport Strategy, and our Innovation Greater Manchester partnership.*

2.4 The submission then sets out the case for a bespoke Levelling Up Deal between Government and Greater Manchester:

- Bringing together GM delivery and local resources with National support, leads to more effective delivery and value for money. *For example, it will allow GM to create the conditions for private investment, better link skills and job opportunities, and raise pride in place by improving both the physical environment and the services people rely on.*
- It provides an opportunity to model how Levelling Up can be a route to Net Zero, *for example through electrifying the bus fleet, and retrofitting homes.*
- It is an opportunity to create a model for Levelling Up and Net Zero delivery which can then be tested and replicated elsewhere. *GM's unique position at the forefront of the English devolution agenda means we can be a trusted partner to trial new approaches to partnership working and delivery.*

2.5 Building on this history of successful delivery, and on our shared ambitions with Government, **the submission proposes a Levelling Up Deal between GM and Government with three components** (Annex A provides a single slide summary of the proposed Deal):

2.5.1 **The Foundation.** Good quality public services are key to the attractiveness, liveability and civic pride of places across GM. The submission therefore makes the case that the Spending Review must put the finances of our local authorities, other public services, and VCSE sector on a sustainable footing.

2.5.2 **GM Delivery.** The Deal makes five commitments from GM over the Spending Review period:

- Enhanced local leadership and accountability, with transparent shared outcomes for which we will take responsibility.
- Decarbonisation, with a reduction of up to 1m tones in carbon emissions
- A London-style public transport system across bus, tram and bike hire
- Delivering pride in place, through 2,300 new homes on town centre sites and an end to rough sleeping

- Opportunities for talent and jobs, using local skills investments to support our ‘growth locations’ and delivering new bootcamp pilots for up to 2,000 people to train as lab technicians, in advanced machinery or to do retrofit conversion courses.

2.5.3 **National support.** In return, the Deal seeks national support through:

- Long-term and flexible resources on some core funding streams (inc. transport, business rates, the UK Shared Prosperity Fund, and skills and work funding)
- An Innovation Deal with Government to create a second ‘triangle’ of innovation excellence to drive UK growth (*see further detail below*)
- Further delivery-focused devolution or policy flexibility around transport, skills and work, and inward investment.
- Further pilots and partnerships, including building on our strengths in digital and productivity programmes and unique service integration linked to health and care
- National programmes to make some key investments in national assets within GM (e.g. motorways or flood defences), end policy uncertainty in some key areas and to continue some important national programmes we rely on within GM.

### 3. INNOVATION GREATER MANCHESTER

- 3.1 The Greater Manchester Local Enterprise Partnership has identified as one of its priorities to “*Maximise the impact of existing investments in innovation assets and developing GM’s ecosystem through a new model of innovation - Innovation Greater Manchester*”. This was shared with the Committee as part of a wider update about the LEP’s future priorities on 12th March 2021.
- 3.2 In alignment with the Government’s Innovation Strategy, which recognises the importance of strong innovation ecosystems in order to help innovative businesses scale (through its “places and institutions” pillar), Local business, scientific, and civic leaders in the Greater Manchester city-region have come together to develop Innovation Greater Manchester, a business-led partnership with a blueprint to develop a world-class innovation ecosystem.
- 3.3 The UK under-invests in public research and development funds, and where it does much greater levels go in to the South and particularly the “Golden Triangle” of Oxford-Cambridge-London. <https://www.nesta.org.uk/report/the-missing-4-billion/>
- 3.4 One way to level up is to back more innovation-intensive city-regions, creating more good jobs, in more places, through the growth of innovation-intensive clusters. There are also national targets to raise the innovation-intensity of the UK economy, for which multiple innovation regional powerhouse can play a full part in achieving.
- 3.5 Innovation Greater Manchester sets out how a network of cities and towns can collaborate to translate discovery and invention into industrial application – bringing manufacturing back to our towns, and unlocking spaces to help entrepreneurs and innovators in all of our places fulfil their potential. There are strong examples of this already in action, such as the £22m UKRI Strength in Places funds that were awarded in Summer 2021 for a national Advanced Machinery and Productivity Institute (AMPI) in Rochdale-Bury, and benefitting machine tooling manufacturing across the wider

region. This is a collaboration of local manufacturing firms, universities, and the National Physical Laboratory.

3.6 Innovation Greater Manchester can drive coordination and accelerate investment into a range of clusters of innovative firms, responsive to local economic key strengths and allied research capabilities.

<b>Greater Manchester and Cheshire East's science excellence &amp; key related assets</b> <i>Sourced from the <a href="#">Greater Manchester and Cheshire East Science &amp; Innovation Audit</a></i>	
<b>STRENGTHS</b>	
<b>Health Innovation</b> <ul style="list-style-type: none"> <li>• GM has amongst the highest concentrations of allied health research in the UK</li> <li>• University of Manchester is 5<sup>th</sup> in the UK for research power in medical sciences, the highest-ranking institution outside the South East</li> <li>• Key assets include: the Medicines Discovery Catapult, Manchester Cancer Research Centre, the Manchester Institute for Biotechnology, The Stoller Biomarker Discovery Centre, Manchester Science Park, Citylabs, the Christabel Pankhurst Institute for Health Technology Research and Innovation, the UK Biobank, and Alderley Science Park</li> </ul>	<b>Advanced materials</b> <ul style="list-style-type: none"> <li>• University of Manchester produces the second-highest number of publications in 10% most cited among Russell Group universities</li> <li>• GM leads the world in graphene citations and is amongst the world leaders in carbon capture and storage</li> <li>• Key assets include: BP Centre for Advanced Materials, Sir Henry Royce Institute, National Graphene Institute, Graphene Engineering Innovation Centre, the International Centre for Advanced Materials, and the Cockcroft Institute</li> </ul>
<b>FAST GROWING OPPORTUNITIES</b>	
<b>Clean Growth</b> <ul style="list-style-type: none"> <li>• Globally significant research in nuclear hydrogen, and sustainable materials, with fast growing strengths in smart energy systems and sustainable construction methods</li> <li>• GM is the first city-region testbed for energy innovation, and our Local Industrial Strategy launched a mission-led approach to becoming carbon neutral by 2038</li> <li>• Key assets include the Dalton Nuclear Institute, The Tyndall Centre for Climate Change Research, The Manchester Fuel Cell Innovation Centre, and Salford Energy House</li> </ul>	<b>Digital</b> <ul style="list-style-type: none"> <li>• GM's digital and creative sector is the fastest growing sector in GM and the largest outside London, accounting for £5bn of economic activity, 10k firms, and 86k jobs</li> <li>• GM has a fast-growing UK and global market share in e-commerce, cyber, and broadcast media, anchored around large operations of Government Communication Headquarters (GCHQ) operation, The Hut Group, AO, BooHoo, Amazon and Hewlett Packard</li> <li>• Key assets in and around GM include MediaCityUK, GM Cyber Innovation Centre, Digital Futures, and The Manchester School of Digital Arts, and the Hartree Centre.</li> </ul>

3.7 As set out earlier, GMCA and the GM LEP have submitted a proposal into Government for an ‘Innovation Deal’ as a core part of our proposed Levelling Up Deal. This would be a key element in creating more high value jobs across Greater Manchester, and would deliver on the Government’s ambitions as set out in the UK Innovation Strategy to drive greater benefits from the UK R&D system to more places across the UK.

<https://www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it/uk-innovation-strategy-leading-the-future-by-creating-it-accessible-webpage>

3.8 This builds on the significant investments that have been secured for science and innovation assets through the European Development Fund and Local Growth Fund. Since the last update to the committee on science and innovation, the following key assets and programmes have progressed –

- Salford University has secured £3m from Research England for a North of England Robotics Centre, building on the £12.86m investment secured through European Regional Development funds. This proves new test hub for adoption of robotics, automation and other digital technologies in to business processes
- Energy House Two (Salford University) is under construction and is set to open in late 2022. This is being supported through £16m funding, of which 8.2m is ERDF
- The Universities of Salford and Manchester worked with local Rochdale manufacturers to secure £22m for a national Advanced Machinery and Productivity Institute. This builds on just over £20m of Towns Funding already secured by Rochdale Council
- The Cristabel Pankhurst Institute is now launched, supported by £5m of Local Growth Funds and £20.6m of wider funds, with a key focus on applied research to address health inequalities. This is led by The University of Manchester, in partnership with Manchester University NHS Foundation Trust, Health Innovation Manchester, and Manchester Science Partnerships
- Health Innovation Manchester, in partnership with University of Manchester and Bionow, has secured funding for a Research and Innovation Health Accelerator - a programme to support SMEs to develop digital health technologies

## 4. RECOMMENDATIONS

The recommendations are set out at the front of this report.