

Economy, Business Growth & Skills Overview and Scrutiny Committee

Date: 14 January 2022

Subject: Greater Manchester Local Industrial Strategy Implementation Update

Report of: Councillor Elise Wilson, Portfolio Lead for Business & Economy, Joanne Roney, Lead Chief Executive for Business & Economy and Lisa Dale-Clough, Head of Industrial Strategy, GMCA

PURPOSE OF REPORT

On 13th June 2019 the Greater Manchester Local Industrial Strategy was jointly launched with Government. Since then, work has been underway to implement the strategy via a phase 1 Implementation Plan, and to establish delivery structures including an overarching Programme Delivery Executive. This report provides the Committee with a further update on implementation following the report to the 05 February 2021 meeting. This report emphasises key highlights from 2021, as well as introducing the changing context for delivery of the strategy, including the COVID-19 pandemic and EU-Exit.

RECOMMENDATIONS:

Members are asked to:

- Note and comment on the report

CONTACT OFFICERS:

Simon Nokes, Executive Director of Strategy & Policy, GMCA

simon.nokes@greatermanchester-ca.gov.uk

Lisa Dale-Clough, Head of Industrial Strategy, GMCA

lisa.dale-clough@greatermanchester-ca.gov.uk

Jacob Morris-Davies, Local Industrial Strategy Programme Lead,

Jacob.Morris-Davies@greatermanchester-ca.gov.uk

Equalities Implications: The Local Industrial Strategy recognises the significant social, economic and spatial disparities across GM. The Local Industrial Strategy Implementation Plan looks to create opportunities across Greater Manchester, to create an economy fit for the future, that leads to prosperous communities filled with opportunity for all across the whole city-region.

Climate Change Impact Assessment and Mitigation Measures: The GM Local Industrial Strategy Implementation Plan works towards GM's ambition to achieve carbon neutral living in the city-region by 2038. This includes actions amongst other actions aimed to accelerate carbon neutral retrofitting and new builds, accelerate innovative local renewable energy generation and to support businesses to accelerate the implementation of energy and material efficiency measures in the design and production of products and services

Risk Management – n/a

Legal Considerations – n/a

Financial Consequences Revenue– n/a

Financial Consequences Capital – n/a

BACKGROUND PAPERS:

- Greater Manchester Local Industrial Strategy. Available here: <https://www.gov.uk/government/publications/greater-manchester-local-industrial-strategy>
- Greater Manchester Independent Prosperity Review. Available here: <https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-independent-prosperity-review/>
- Greater Manchester Independent Prosperity Review: One Year On. Available here: https://www.greatermanchester-ca.gov.uk/media/3408/gmipr_one-year-on.pdf
- Greater Manchester Combined Authority Local Industrial Strategy Implementation One Year Review, October 2020. Available here: <https://democracy.greatermanchester-ca.gov.uk/documents/s10606/16%20LIS%20UPDDATE%20GMCA%20NOV%202020.pdf>

1. Background

- 1.1. In June 2019 Greater Manchester (GM) and Government jointly launched the Greater Manchester Local Industrial Strategy (GM LIS), one of the first Local Industrial Strategies in England.
- 1.2. The GM LIS is a direct response to the evidence base created through the GM Independent Prosperity Review and supports the implementation of the Greater Manchester Strategy and its objective to make GM one of the best places in the world to grow up, get on in life and grow old.
- 1.3. Effective implementation of the GM LIS also depends on a number of other plans. These include Places for Everyone and the Stockport Council Development Plan, the white paper on Unified Public Services for the People of GM, the Health and Social Care Prospectus, and the 5-Year Environment Plan, as well as the GM LEP Economic Vision.
- 1.4. Following the launch of the strategy, significant work was undertaken to develop the governance channels to oversee implementation and to define the capacity and resources to deliver against the actions outlined in the first Implementation Plan for the strategy, which covers 2019-2022.
- 1.5. The implementation of the GM LIS is a core priority for the GMCA, and robust programme governance arrangements were put in place to ensure effective delivery. As such:
 - The GM Growth Board (reporting to the GMCA) and GM Local Enterprise Partnership (LEP) have joint accountability for implementing the strategy. The GM Growth Board is responsible for overseeing the delivery of actions in the Implementation Plan; coordinating Local Authority implementation; ensuring alignment across policy themes; and integrating the priorities in the GM LIS with key investment portfolios. The GM LEP is responsible for providing strategic leadership and challenge; overseeing key initiatives; and ensuring strong links with the private sector.
 - A GM LIS Programme Delivery Executive has been operating since Autumn 2019, chaired by the GM Lead Chief Executive for Economy and Business, and made up of lead officers from the GMCA and key delivery organisations, including GM local authorities. The Executive is responsible for providing senior officer oversight of all of the actions in the GM LIS and establishing specific sub-groups and other activity as appropriate to ensure that key priorities are progressed. The GMCA Executive Director for Policy and Strategy is the Senior Responsible Officer (SRO) with overarching responsibility for GM LIS implementation and sits on the LIS Programme

Delivery Executive.

- 1.6. Milestones for Years 2 and 3 of implementation were agreed by GMCA on 25 October 2020. This included a preliminary assessment of the impact of Covid-19 for delivery at this point, including where actions were to be accelerated, paused or reorientated in response to the pandemic.

2. Implementation Plan

- 2.1. The GM LIS sets out a wide range of cross-cutting actions to strengthen the city-region's economy, improve the foundations of productivity, and ensure that growth benefits all people and places. The Implementation Plan mirrors the structure of the Local Industrial Strategy in that actions are divided across 9 key pillars as listed below:

- **People:** We will ensure that the education, skills and employment system allows everyone to reach their potential and employers have access to the skills required to deliver the Greater Manchester Local Industrial Strategy.
- **Infrastructure:** Greater Manchester will put in place the integrated 21st century infrastructure needed for digitally connected, clean and inclusive growth, and to facilitate international trade and investment.
- **Ideas:** Driving prosperity and leading industrial, social and economic transformation through innovation, partnerships and investment.
- **Business Environment:** The productivity of businesses in Greater Manchester will be radically improved by strengthening their leadership and management, increasing innovation commercialisation, adoption and diffusion, and raising levels of exports, foreign direct investment (FDI) and inward investment.
- **Place:** All parts of Greater Manchester will be supported to realise their full potential, cementing Greater Manchester's role in rebalancing the UK economy and reducing regional disparities.
- **Health Innovation:** Greater Manchester aims to lead the UK and the world in the roll-out of innovative new health and care solutions improving local population health.
- **Advanced Materials and Manufacturing:** Greater Manchester will aim to be a world-leading region for innovative firms to experiment with, develop and adopt advanced materials and Made Smarter technologies in manufacturing, facilitating the design of new products and processes. It will support other national centres to build the UK's leadership in tomorrow's technologies.
- **Digital and Creative Media:** Greater Manchester will be a leading European digital city-region, with the infrastructure, skills, and networks needed to digitalise all sectors, and internationally significant clusters in broadcasting, content creation and media, and cyber security.

- **Clean Growth:** Greater Manchester’s 5-year Environment Plan sets out its long-term environmental vision “to be carbon neutral by 2038”. Greater Manchester will launch the first city-region mission to achieve this. Government welcomes this locally led mission, which will support the delivery of the government’s Clean Growth Grand Challenge.

2.2. There are interdependencies across all pillars and actions. Coordinating delivery so that knowledge and resources can be identified and proactively shared, has been and will continue to be critical to unlocking the full potential impact of the LIS.

3. **Delivery Highlights 2021**

3.1. A wide range of LIS activity has continued throughout 2021. This section draws out some key highlights, but this update is not intended to cover every element of delivery activity undertaken by GMCA and partner organisations.

3.2. In other countries where SME productivity is higher (e.g. US and Germany), SMEs are known to much more readily engage in leadership and management training, and the UK Productivity Review found this to be one of the key opportunities to boost UK productivity (as well as tech adoption). GM has continued to develop and refine a new and innovative **SME Leadership and Management** programme which will go live in 2022. The programme will support SMEs across GM via a combination of online learning delivered by Alliance Manchester Business School, Salford Business School, Manchester Metropolitan University and University of Bolton, with wrap-around Executive Development and other support from the GM Growth Company.

3.3. A new GM **Energy Innovation Agency** (which was seed-funded through the Local Industrial Strategy) has been created and has set out its first key priorities. They include providing a SME energy innovator validation and scale-up service; non-domestic building decarbonisation, retrofit and smart energy projects, and supporting public sector innovation funding bids for domestic building decarbonisation projects. The aim of the agency is to close the energy innovation gap for carbon emissions reductions between where existing solutions will take us and where we need to be to achieve carbon neutrality by 2038. The agency is a partnership between GMCA, Growth Company, Manchester Metropolitan University, University of Manchester, University of Salford, Bruntwood Ltd, Hitachi Europe Ltd and SSE Utility Solutions Ltd.

3.4. The **North West Made Smarter Adoption Pilot programme**, run by the growth Company and GMCA across the region, supported manufacturing businesses to implement technological solutions to increase their productivity.

The success of the Pilot saw it extended and rolled out to other regions in March 2022, and funding for a further three years was secured in the Autumn 2021 Comprehensive Spending Review.

- 3.5. A unique piece of research - “**Accelerating the Rate of Innovation Among Greater Manchester’s Advanced Manufacturing Base**” – was commissioned by the Greater Manchester Advanced Materials and Manufacturing Alliance (GAMMA), a public-private alliance that includes representation from local businesses and Government and is chaired by Juergen Maier. The research used new techniques to provide a detailed understanding of the Advanced Materials & Manufacturing landscape across Greater Manchester, as well as a series of clear recommendations for GM to further grow its thriving advanced manufacturing sector.
- 3.6. Work has been commissioned to examine the case for establishing a **Materials Catapult Centre** to help drive innovation and adoption of new Materials science in GM. The purpose of a materials catapult in the city-region would be to shorten the materials innovation cycle. This would accelerate opportunities for GM and UK firms to commercialise materials research that, in turn, supports net zero and other environmental commitments. It could also support SMEs to faster adopt advanced digital technologies, helping boost their productivity as well as catalyse a cluster of R&D intensive advanced materials and manufacturing firms to support levelling up.
- 3.7. The GMCA has agreed a new version of the **Greater Manchester International Strategy**, which embeds the sectoral, productivity and export-related priorities of the Local Industrial Strategy within its structures. The new strategy has 4 core ambitions including to: “*Position Greater Manchester at the heart of the UK’s global competitiveness and forefront of innovation with world-leading strengths in Digital/Cyber, Health Innovation, Advanced Materials, Manufacturing and Low Carbon Technology, driving investment in these sectors, improving our ability to turn research in to solutions that are shared with the world and enable us to become a greener and fairer place*”.
- 3.8. Work has begun on developing a programme of support for the city-region’s **Foundational Economy, which includes many of GM’s key workers and essential services**. The original ambitions for this work have been amended in response to the pandemic which affected the Foundational Economy in particular. A key part of this is the Greater Manchester Good Employment Charter and Living Wage City-Region campaign. Further work is underway to understand what GM could do to promote innovation and new progression routes in industries including hospitality, social care, early years and local retail.

- 3.9. In 2021 GM completed our **Local Data Review** which outlined the main open data challenges for the city region and identified 12 essential deliverables for overcoming these challenges. These deliverables include developing a roadmap to ‘level up’ organisations – taking them through the progression from the initial release of open data, to increasing the quantity, quality, and usage of that data.
- 3.10. A range of activity is also underway as part of promoting Greater Manchester’s economy and Local Industrial Strategy to attract investment and partnerships. This includes:
- **Powering Innovation campaign:** a new media partnership with a U.S based publication ‘Innovation & Tech Today’ to promote GM’s innovation ecosystem to a global audience. A new release - *Space habitat revealed as Manchester takes next graphene-enhanced leap* - demonstrated how GM’s advanced materials expertise could help meet future demand for human settlements in Space.
 - **Digital in our DNA campaign:** an eCommerce promotional campaign took place in October and November 2021, and future activity will focus on case studies of Manchester tech businesses including Peak AI and Rezzil.
 - **Greener Greater Manchester:** content and news stories are being uploaded to a new website www.greenergreatermanchester.com. The content was widely circulated during COP26.
 - A filming project is underway to create new content to position the frontier sectors in the Local Industrial Strategy, our foundational economy, and the city-region’s innovation and business ecosystem. The first films were premiered at Progress 21 and are available online:
 - Innovation: <https://www.youtube.com/watch?v=7W5hH96Quhg>
 - Digital: <https://www.youtube.com/watch?v=TtgYvQkBAck>
 - Green: <https://www.youtube.com/watch?v=bJJiObQsW68>
 - Tourism, hospitality and leisure: <https://www.youtube.com/watch?v=DOJlea3wS2M>

4. **A changing context for delivery: Covid 19 and EU-Exit**

- 4.1. Since March 2020, the COVID-19 pandemic has caused large scale and rapid disruption to our health, social, economic and community infrastructure. In GM, the learning of 450,000 people was disrupted and the number of residents in receipt of unemployment benefits rose by 93% from March 2021 to August 2021. As nationally, GM’s hospitality, leisure and tourism sector has been most severely affected, which accounts for circa £1.7bn of Gross Value Added (GVA) and 80,000 jobs locally.
- 4.2. Measures were introduced to buffer the blow to incomes and jobs include support to retain employees, business loans to maintain cashflow and liquidity, and grants for businesses worst affected by public health restrictions.

New national business support schemes were also introduced (e.g. Help to Grow), alongside new skills and education policies (e.g. Kickstart). New Government funding for infrastructure, construction and retrofitting has also been introduced as part of longer-term stimulus efforts.

- 4.3. Whilst the impacts have been severe, we have also seen a positive response from the business community, who have in many instances innovated, digitalised and pivoted the way they work so that they can continue to operate through disruptions, as well as helping to shape GM's response to the pandemic. We have also seen the start of a recovery in jobs and opportunities, and between November 2020 and November 2021 claimants of unemployment benefits fell again by 23%. However, businesses have reported severe skills shortages, and the unpredictable trajectory of the pandemic and the rising costs of doing business means we will need to continue to monitor and respond to changes.
- 4.4. In addition, the UK's exit from the European Union is also having an effect on our economy. The total number of export documents processed by the GM Chamber of Commerce is currently 19.9% less than in September 2020, although there is some evidence that the value of the goods being exported by UK businesses in each transaction is increasing. The COVID-related increase in the cost of international transportation and haulage are also part of the difficulties UK firms are currently facing accessing international markets.
- 4.5. In addition, national economic policy has shifted significantly in the past 12-18 months, with the national Industrial Strategy being replaced by a series of other policy documents including Build Back Better: Our Plan for Growth, UK Innovation Strategy, the Net Zero Strategy: Build Back Greener, the forthcoming Enterprise Strategy and the forthcoming Levelling Up White Paper.
- 4.6. Inevitably, these changes will affect the delivery of the GM Local Industrial Strategy: both in terms of our ability to achieve its ambitions, and the policy and resources available for doing so.
- 4.7. Work has recently begun to assess and respond to these issues as we consider implementation beyond the lifespan of the current Implementation Plan.
- 4.8. A report will be brought to this Committee in Spring 2022 setting out the plan for this work for the Committee's consideration.

5. Recommendations

- 5.1. Recommendations are set out at the start of this report.

