

Economy, Business Growth & Skills Overview and Scrutiny Committee

Date: 4th February 2022

Subject: Refresh of Greater Manchester Local Industrial Strategy

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

Since the Greater Manchester Local Industrial Strategy was launched with Government on 13th June 2019, a coordinated programme of work has been underway to implement the actions in the strategy and to achieve its ambitions, under the umbrella of a Programme Delivery Executive and the guidance of the GM LEP and GMCA. At the same time, the economy of Greater Manchester and the UK has been impacted by a global pandemic and the exit of the UK from the European Union. The national economic policy context has also shifted substantially. This report sets out plans to refresh the Greater Manchester Local Industrial Strategy in response to these changes, as well as learning from the first phase of delivery.

RECOMMENDATIONS:

Members are asked to:

- Note and comment on the plans to refresh the Local Industrial Strategy

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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 everyone 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>
- Letter from Chancellor Rishi Sunak and Business Secretary Kwasi Kwarteng to businesses on the government's Plan for Growth, 30 March 2021: <https://www.gov.uk/government/publications/letter-from-chancellor-rishi-sunak-and-business-secretary-kwasi-kwarteng-to-businesses-on-the-governments-plan-for-growth/letter-from-chancellor-rishi-sunak-and-business-secretary-kwasi-kwarteng-to-businesses-on-the-governments-plan-for-growth>

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. However, during this period, the economy of Greater Manchester and the UK has been impacted by a global pandemic and the exit of the UK from the European Union. Our understanding of our economy and the tools required to support it has evolved during this period in Greater Manchester, as well as nationally. Government has moved away from the national Industrial Strategy and introduced Build Back Better: our Plan for Growth (amongst other strategies). Locally, the GM Living With COVID Plan, GM Independent Inequalities Commission, new Economic Vision, the development of Innovation GM and the new Greater Manchester Strategy have also introduced new narratives and propositions. Combined, these changes represent a major shift both in our economic reality and the associated policy context.
- 1.6. Considering these changes, work is beginning to consider what this means for the GM Local Industrial Strategy and the next phase of implementation. This report sets out a proposed framework and timescale for this work, which will culminate in a refreshed and rebranded Strategy document that sits alongside the existing strategy but brings it up to date (similar to the 'Independent Prosperity Review: One year On' report).

2. COVID19, EU-Exit and the Greater Manchester Local Industrial Strategy

- 2.1. Since March 2020, the COVID-19 pandemic has caused large scale and rapid disruption to our health, social, economic and community infrastructure. In addition, the UK's exit from the European Union is also having an effect on our economy, with the transaction costs of international business being higher in many sectors, and changes to the composition of our labour markets (to name but a few of the changes being seen).
- 2.2. The Independent Prosperity Review 'One Year On' report highlighted GM's central challenge in recovering from current economic difficulties: "to resist the temptation to lower standards and instead keep their focus on growth that can form the basis for long term prosperity. This means growth built on carbon reductions, good employment and sustainable business models."
- 2.3. This will mean remaining focussed on our frontier sectors and GM's research excellence, talent, and innovation assets to create opportunities for an innovation-led recovery, new high value jobs, and to tackle urgent challenges, including carbon emissions.
- 2.4. It will also mean linking COVID-19 recovery, economic resilience and continued reform and devolution. For example, the Panel highlighted the importance of:
- Building resilience and dealing with future pandemics by improving health outcomes in GM, including through reforming social care and innovation in life sciences and health technologies.
 - Greater autonomy to locally design, commission and test new policies and programmes that respond to the skills needs of residents.
 - Greater focus on supporting foundational economy businesses to adopt sustainable and higher value business models to prevent further employment losses.
 - Finding ways to capture the short-term progress COVID-19 brought on environmental objectives that may be easily reversed. GM must find ways of meeting its ambitious 2038 target that benefit the economy, health, and quality of life.
 - Supporting international links, leadership and management and better skills utilisation, as well as raising employment standards to create opportunities to 'build back better' and invest in SMEs.
 - Putting GM's public service reform model on a sustainable and long-term basis, given the effectiveness of the local response to COVID-19 (and national failures).

3. Changes in National Economic Policy Context

- 3.1. In the past 12-18 months Government has replaced the national Industrial Strategy and its associated branding and governance. In evidence to the Business, Energy and Industrial Strategy (BEIS) Select Committee Inquiry into Post-Pandemic Growth, Government stated that the national Industrial Strategy has been replaced by:
- Build Back Better: Our Plan for Growth
 - UK Innovation Strategy
 - Net Zero Strategy: Build Back Greener
 - a forthcoming Enterprise Strategy.
- 3.2. However, Government has not completely moved away from industrial policy, and in a letter to industry from the Chancellor and Secretary of State for Business, Energy and Industrial Strategy stated: *“We are still taking forward the best elements of the Industrial Strategy, including continuation of existing Sector Deals and reviewing the Grand Challenges and missions through the upcoming Innovation Strategy. This government remains committed to its industrial sectors.”*
- 3.3. Consequently, some elements of the previous national Industrial Strategy remain government policy including ‘Sector Deals’ for Aerospace, Artificial Intelligence, Automotive, Construction, Creative industries, Life Sciences, Nuclear, Offshore wind, Rail and Tourism, as well as the Industrial Strategy Challenge Fund. Although, the approach to sectors in national industrial policy continues to evolve, e.g., the Life Sciences Sector Deal was replaced by a ‘Sector Vision’ in 2021.
- 3.4. Similarly, the Local Industrial Strategies government agreed with local areas are still being hosted on GOV.UK. In the Select Committee already cited, Minister for Small Business Paul Scully MP stated Government is keen to help places work out “local economic plans” that fit into the Plan for Growth as well as recovery from C19, but that Government would not further prescribe any specific process or structures.
- 3.5. The ‘Levelling Up’ policy agenda will also have a significant impact on local and regional economic development going forwards, and it is expected to provide further clarity on the UK Shared Prosperity Fund, which as long seen as one of the key resources for implementing Local Industrial Strategies.
- 3.6. It should also be noted that no Mayoral Combined Authority or LEP that agreed and published a Local Industrial Strategy with Government has publicly moved away from the document. Some have, however, also published C19 economic

recovery strategies or investment plans that sit alongside their strategy and reframe its contents for the current context.

4. Process for refreshing the Greater Manchester Local Industrial Strategy

- 4.1. The GM Local Industrial Strategy originated in the city-region's sixth Devolution Agreement with Government in November 2017. The strategy that was developed and published in 2019 still employs a lot of local support and it is still considered the right long-term plan for our economy. It has been well adopted and integrated within Greater Manchester's structures and planning processes relating to economic growth and development, as well as by Local Authority economic plans, and by other partners.
- 4.2. Nevertheless, a refreshed and GM-owned strategy document that sits alongside the document agreed with Government - as well as a refreshed Implementation Plan - would have the following benefits:
 - A locally focussed and refreshed strategy and Implementation Plan would be more resilient to changes in national policy.
 - It would provide a definitive account of how GM is and intends to continue to steer an economic recovery, as well as the space to ask if we are doing all we can to drive a recovery in the short term that will achieve our long term aims.
 - It creates an opportunity to review and learn from implementation so far.
- 4.3. The intention is to retain the structure and themes of the existing strategy – focussing on the opportunities in our frontier industries and businesses and strengthening the foundations of productivity - but to update the text where needed, the 'look and feel' of the document, and the Implementation Plan.
- 4.4. A refresh of the evidence base underpinning the Local Industrial Strategy will also be essential to the plans for the refresh. This will not require anything of the scale and breadth of the GM Independent Prosperity Review, but there will be a series of discrete but interlinked research projects covering key issues or topics of interest emerging because of the pandemic or EU-Exit.
- 4.5. The GMCA Research Team will undertake a review of the business setting and labour market after C19 and EU-exit, including:
 - A concise review of changes in the skills and labour market since 2019, reflecting on labour market resilience.
 - A concise review of skills utilisation by Greater Manchester employers post-COVID, including graduates in non-graduate jobs.

- A concise review of the recent structural changes amongst Greater Manchester's enterprise environment, with a focus on trends in self-employment.
 - A concise review examining the impact of the Trade and Co-operation Agreement on goods exports by Greater Manchester's businesses, to understand the impact of EU-Exit on Greater Manchester's businesses.
- 4.6. In addition, GMCA is exploring potential collaborations with academic and other partners to support deeper dives into critical areas of interest including productivity, environmental crisis, and health inequalities. Ideas being developed include:
- Exploratory work to explore how the Local Industrial Strategy could help GM move faster and further on carbon reduction.
 - Re-examining the productivity puzzle afresh two years on from the Independent Prosperity Review and the significant changes in the economy since its publication.
 - A new look at health inequalities in Greater Manchester reflecting on the uneven impact of the pandemic and Greater Manchester's strategic focus on health innovation.
- 4.7. GMCA is also exploring the opportunity to re-engage the Independent Prosperity Review Panel to comment on the evidence that will be provided as part of this process. All projects will be agreed by a new Refresh Steering Group.
- 4.8. GMCA will also work closely with strategy and economy teams in each local authority to exchange evidence and ensure the most up to date representation of the opportunities for - and barriers to - inclusive growth across the city-region are reflected in the strategy.
- 4.9. The process for refreshing the strategy will also include a review of delivery so far, the content of the existing strategy, and the ambitions we set out to achieve, which will inform the text of the new sister document and Implementation Plan. This will start with policy leads and delivery partners, before extending out to local stakeholders and anchor institutions as well as engagement with Government.
- 4.10. We currently estimate a new strategy document and Implementation Plan will be complete in late summer 2022. The primary dependencies being the research commissions described above, and the need to manage the refresh alongside continuing to deliver the ambitious programmes under the strategy.

5. Recommendations

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

