

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

**Date:** 11 March 2022

**Subject:** Update on the GM Business Productivity, Innovation and Inclusive Growth Programme, 2018 – 2022

**Report of:** Councillor Elise Wilson, Portfolio Lead for Business & Economy, Joanne Roney, Lead Chief Executive for Business & Economy and Mark Hughes, Group Chief Executive, The Growth Company

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### **PURPOSE OF REPORT**

In 2018, Greater Manchester's Business Productivity and Inclusive Growth programme was launched; an ambitious, 3-year programme, led by GM's Business Growth Hub (GC BGH), part of the Growth Company (GC) to meet the needs of the Greater Manchester Strategy (GMS) with a focus on creating a thriving and productive economy in all parts of Greater Manchester (GM). Since its inception, the programme has focused on building resilience and delivering sustainable and inclusive growth across the GM business base, enabling local businesses to survive and thrive. This report highlights progress and achievements of the programme to date and provides an outline of key strategic priorities moving forward, following the extension of programme delivery to June 2023.

### **RECOMMENDATIONS:**

Members are asked to:

- Note and comment on the report

### **CONTACT OFFICERS:**

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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 GM Manchester and providing equal opportunities for all. Programmes are designed and monitored for Equality Diversity and Inclusion (EDI). GC is committed to delivering 10 EDI pledges, as published on its website, and our Equality, Diversity and Inclusion Lead is currently supporting the recruitment of key EDI roles within GC, including working with our Social Value Lead and the chair of the African Business Forum to identify better ways to support African business owners in GM.

GC also 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 the newly launched online platform beenetzero.co.uk alongside the LEP, for businesses to access advice, support and funding on their journey to reducing carbon emissions. GC also provides a focused development programme for the Low Carbon and Environmental Goods and Services sectors. The Growth Company will move from its current position of Carbon Neutral to scope 1 & 2 with gold standard offset to Net Zero (Scope 1-3) with residual Green House Gases offset through neutralisation measures in line with Science Based Targets initiative (SBTi) guidance by 2035.

### **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 – Annex 1 and 2 included in body of report

### **Comments/recommendations from Overview & Scrutiny Committee**

N/A

## 1. BACKGROUND

- 1.1 In September 2018, Committee members were provided with a paper introducing GM's Business Productivity and Inclusive Growth Programme, an ambitious business support programme led by GC Business Growth Hub, part of The Growth Company.
- 1.2 Initially funded by Local Growth Fund/LA (£26M) and EU funds (£18.8M), the programme, which commenced in 2018, focused delivering sustainable and inclusive growth across the GM business base, enabling local businesses to survive and thrive. Demonstrating its success to date, a further LA funding investment of £8.1M (£7.4M Retained Business Rates and £0.7M Local Industrial Strategy funding to support productivity through Leadership and Management development) was agreed in November, 2020, leveraging £8.2M European Regional Development Fund (ERDF) and further £2.8M of match, enabling programme delivery to be extended to June 2023.
- 1.3 Whilst the programme has a universal element, it largely targets support on those businesses with the greatest potential and ability to grow and/or improve their productivity, whilst also supporting GM's evolving strategic aims as outlined within the GMS particularly around supporting businesses to look at their environmental sustainability and their journeys to net zero, how businesses can be more inclusive and with more of a focus on their innovative capabilities. The original programme was designed with a view to creating a thriving, inclusive economy with a focus on raising productivity by harnessing the strengths of GM's people, assets and places, and future activity focuses on how the programme can support a greener, fairer and more prosperous city-region aligning to the refreshed GMS through ensuring there is a strong focus on the frontier sectors and actively supporting those businesses in the foundational economy and social enterprises wishing to develop further and grow.

## 2. ACHIEVEMENTS TO DATE

- 2.1 Since the programme began in 2018, it has achieved the following outputs to the end of December 2021 (contract completion March 2022):

**Table 1: Programme Outputs to Dec 21**

Output	Target	Actual	Variance
Engagements	N/A	31,684	N/A
Enterprises Supported (greater than 1hr support)	N/A	7,034	N/A
Enterprises Intensively Supported (12hrs+ support)	3,801	3,938	104%
Business Start Ups	540	566	105%
Jobs Created	2,379	2,383	100%
Jobs Safeguarded	N/A	849	N/A
Annual Reduction in GHG (Tonnes)	5,735	9,395	164%
No. of Enterprises Cooperating with Research Entities	81	77	95%
No. of Enterprises Supported to Introduce New to the Market Products	55	104	189%

No. of Enterprises Supported to Introduce New to the Firm Products	411	303	74%
Potential Entrepreneurs Assisted to be Enterprise Ready	1,300	1,405	108%

2.3 Performance across all areas has been strong, especially considering the two-year impact of Covid on business priorities and accessibility (in addition to Brexit impacts) whilst the need Growth Hub has also had to provide additional and different support during this period (e.g., supporting a wider range of businesses to survive). Targets which have not yet been reached are centred on research co-operation and new products which understandingly proved challenging over the last two years.

2.4 **Local Authority Impacts** - GC BGH takes a place-based approach, ensuring that businesses across a range of sectors and local authorities are supported to strengthen the economy across the city-region. GC BGH works closely with its 10 LA partners through regular meetings both individually and as a collective to ensure its service delivery is in line with business base split and is tailored to local economic and social need.

Each Local Authority has a dedicated Account Manager who actively works with the business base and key stakeholders of that city/district to ensure they are aware of the support and opportunities available to them. This includes encouraging businesses to work with each other – particularly supporting larger companies to work with local SMEs and their communities. Over the last 2 years, the Account Managers’ key focus has been to identify and support business owners to access the various COVID-19 related grants with significant time spent on completing the funding applications as well as actively supporting businesses to access the support they needed to continue to operate, whether this was a significant decrease in trade, needing to pivot/digitise or to deal with unprecedented demand.

**Table 2: Outputs by Local Authority**

Local Authority	% of GM VAT and/or PAYE based enterprises ONS OCT 2021	% GM New Bus Starts ONS 2020	Enterprises Intensively Supported	New to Firm Products	Reduction in Green House Gases	Jobs Created	Entrepreneurs Supported
Bolton	9.9%	10.0%	7%	6%	5%	5%	5%
Bury	7.4%	6.1%	5%	5%	3%	7%	4%
Manchester	22.1%	27.4%	29%	29%	54%	29%	21%
Oldham	6.7%	7.4%	7%	4%	10%	6%	11%
Rochdale	6.4%	5.8%	5%	7%	6%	7%	9%
Salford	10.2%	11.6%	12%	13%	5%	8%	13%
Stockport	11.3%	8.6%	12%	13%	6%	11%	16%
Tameside	5.9%	5.1%	5%	7%	5%	8%	6%
Trafford	11.2%	9.8%	10%	9%	1%	11%	9%
Wigan	8.7%	8.1%	8%	7%	5%	7%	8%

- 2.5 Throughout the programme, GC BGH has ensured that services are designed to be inclusive and encourage the involvement of under-represented and hard-to-reach groups within the community (a key continuing focus, as outlined in Section 4):
- 14% of businesses supported to date were ethnic minority led (compared with 6% of UK SMEs) and
  - 29% of businesses supported were female led (15% of UK SMEs are majority female led).

**Table 3: Inclusive Growth Statistics**

Priority Groups	GC BGH %
Ethnic Minority Led Businesses	14
Female Led Businesses	29
Businesses Led by Individuals with a Disability	3
Businesses Led by Individuals Aged 16-25	6
Businesses Led by Individuals Aged 50+	17
Ethnic Minority Job Recipients	12
Female Job Recipients	43
Job Recipients with a Disability	2
Job Recipients Aged 16-25	21
Job Recipients Aged 50+	12

2.5 Return on Investment

- Mid-term evaluations of the BPIG programme found that for every £1 invested, services delivered a return on investment of £5.58 of net additional GVA.
- The current programme is responsible for delivering a high percentage of all job created targets in the GM ERDF programme and 90% of the GM ERDF reductions in greenhouse gases (carbon reductions).
- The service has very high customer satisfaction with 93% willing to recommend the services, 90% agreeing that they and their Adviser had been well-matched and 80% of survey respondents rating the quality of the support they had received as either Excellent or Good.
- 50% of businesses reported that they now employ more people than when they received the support offered.
- The geographic distribution of service take-up broadly follows the overall profile of GM business base density.

**3 WIDER IMPACTS**

- 3.1 In addition to targeted outputs (Table 1), BPIG investment has also provided GM with:

- A vital strategic, agile and responsive capability supporting GMS delivery; the creation and delivery of the Digital Blueprint; 5 Year Environmental Plan; Internationalisation Strategy and work and skills priorities
- Response capacity to deal with real-time business challenges (e.g., COVID-19, Floods, Thomas Cook and Shop Direct closures and Brexit)
- Attracting further support for GM businesses via:
  - EnterprisingYou, an £8m programme funded by Department for Education to support the self-employed and those in the gig economy
  - Creative Scaleup, £1.3m programme funded by Department for Digital Culture, Media and Sport to support the Creative Industries to scale and become more investible
  - Small business grants, a £1.4m Ministry for Housing, Communities and Local Government (MHCLG) (Department for Levelling Up, Housing and Communities (DLUHC)) grant programme to support those small businesses most impacted by COVID-19
  - Peer Networks programme, a £0.73m Department for Business, Energy and Industrial Strategy funded initiative to support business leaders.
  - £331K from BEIS for co-ordination of Growth Hubs EU Exit Programme
  - £230K for supporting medical device innovation,
  - Intellectual Property Office funded post for GM
  - Skills for Growth - SME Support – a £7m European Social Fund programme delivered by GC BGH and GM Chamber of Commerce to identify skills gaps and needs within GM SMEs along with understanding employee development needs. A Skills Map portal of GM skills provision has been created containing nearly 2,000 learning programmes.
  - Start Up Vision (UK Community Renewal Fund) - support for people in GM to start new businesses and build their skills. This 6-month pilot programme will run until 30th June 2022 targeting the unemployed, economically inactive or employed (looking for self-employment) people across GM, with a focus on the priority areas of Manchester, Bolton, Oldham and Rochdale.
- Supported to accelerate SME innovation by helping them access facilities such as Cyber Foundry, Print City and The Landing.
- Enhanced intelligence gathering and analysis, allowing for locality and sector specific data to be shared with GM resilience forums, Local

Authorities and central government, supporting policy development in relation to COVID-19. Number of resilience surveys completed.

- GC BGH Account Managers advising Local Authorities with regards to available grants and supporting businesses to complete grant application forms.
- Local Authority Partnership - The introduction of a dedicated Account Management team, with individual Account Managers assigned to specific GM LAs, forming a strong working relationship and detailed knowledge of the local businesses. These place-based Account Managers engage with strategically important companies to each Local Authority, as well as actively managing the relationships of those SMEs with more than 10 staff who have the greatest high growth potential. This service ensures a greater take up of both public and private business support provision by offering a guided customer journey.
- Covid Response Capability:
  - A major marketing and outreach campaign '#HereForBusiness', developed to ensure companies were made aware of the support available to them, both locally and nationally. The campaign provided emergency support services for businesses impacted by the pandemic, eventually managing more than 29,000 enquiries from businesses across GM. This campaign was awarded Gold in the Best Covid Response Campaign category at the Chartered Institute of Public Relations' (CIPR) PRide North West Awards, in October 21.
  - The re-design of core services to ensure effective, continued delivery, whilst sufficient resource could be redirected and dedicated to dealing with immediate issues raised by COVID-19 and the provision of tailored virtual workshops to support GM SMEs to respond to and deal with the impacts of COVID-19 effectively.
  - The development of a Hospitality, Leisure and Tourism Programme, created in direct response to the pandemic, to support the sector with advice, and most latterly a response to its labour market challenges.
  - Worked with the Ministry of Housing Communities and Local Government (MHCLG, now DLUHC) both to support the development of and deliver a new national grant funding initiative covering SME Restart & Recovery and Kick-Starting Tourism. The grant enabled SMEs to access Grant funds of between £1,000 and £3,000, (with exceptional grants of £5,000) for the use of in-depth specialist support, covering access to small scale capital equipment (particularly IT related) and professional services, such as Legal, HR, Accountancy

and IT services to address their immediate needs in response to the impact of COVID.

#### **4. FUTURE DELIVERY – SUPPORTING THE DELIVERY OF GREATER MANCHESTER’S KEY PRIORITIES**

- 4.1 As part of its 2020/21 budget process, the GMCA agreed a new funding allocation of £8.1M (£7.4M Retained Business Rates and £0.7M for Leadership and Management). This will extend delivery of the programme to June 2023 (with financial close September 2023) and leverage additional funds from ERDF of £8.2M and additional public/private match of £2.8M to create a full programme value of £19.1M. This BPIIG extension represents a 47% pro rata reduction in GMCA funding because of a cut of Retained Business Rate funding, which in turn has meant that GM allocations of remaining EU funds have been lost.

To reflect an increased focus on innovation and the Innovation GM initiative, the next phase of the programme will be named the Business Productivity, **Innovation** and Inclusive Growth Programme (BPIIG). Innovation, with productivity, inclusivity and environmental sustainability will run through all BPIIG programmes elements.

- 4.2 Ensuring that GM has a resilient business base, with innovative, greener and inclusive businesses and leaders, will significantly contribute to GM’s economy and directly align with the refreshed GMS and Local Industrial Strategy (whilst recognising that the LIS is currently being reviewed).
- 4.3 The benefits of the new BPIIG Programme reflect the GMS priorities through:

##### **4.3.1 A Greener Greater Manchester - Achieve GM’s 2038 carbon neutral ambition.**

- GC BGH has enhanced its Sustainability and Net Zero team to provide net zero and resource efficiency advice to SMEs to identify opportunities to cut energy, materials, and water consumption, and reduce waste from existing processes alongside supporting businesses to identify where cost savings can be made – particularly at a time when energy costs are a key concern to many business owners. In addition to audit reviews, a new programme was launched in 2021 and will be delivered over the next 18 months - Journey to Net Zero is a programme for businesses who are at an early stage on the path to net zero emissions. Via group workshops, study material and one-to-one advice, environmental specialists will guide businesses through what net zero means for their business and how to prioritise action. With expert support, businesses build a strategic plan to cut their carbon footprint, reduce costs, minimise risk and capitalise on the many opportunities awaiting them in the net zero world.
- The GC BGH Green Technologies and Services sector development programme helps businesses to identify and tackle barriers to growth and



provides access to supply chains. The team is supporting the transition to a net zero economy by growing the businesses that operate within this sector by providing support to green economy businesses and stakeholders looking to connect and better understand the supply chain, overcoming the market failures surrounding the uptake of low carbon tech and energy efficiency measures.

- GC BGH is supporting the delivery of the Greater Manchester Clean Air Plan (CAP) to improve air quality on GM's roads by introducing a Clean Air Zone. The team is providing dedicated advice and guidance to businesses on what improvements can be made if they are unsuccessful in their application for grants and taking an active role by delivering 'meet the supplier' events to equip buyers with the knowledge and expertise to make empowered purchasing decisions.
- Work in partnership with the newly formed Energy Innovation Agency. The aim is to create a cross cutting team to increase the speed and depth of focused knowledge transfer, which will accelerate the deployment of net zero solutions to the market and wider synergies consistently. The partnership will bridge the gap between the achievable level of decarbonisation and net zero, known as the "Energy Innovation Gap". The project will strive to ensure the realisation of the associated economic opportunities (Supply Chain, Inward Investment, Export, Diversification, and Indigenous growth) to GM.
- Our environmental ambition is also supported by the Innovation programme which enables businesses to access the latest research in universities and other research institutions. This includes identifying opportunities for eco-innovation, helping to develop new products and services and enabling the application of eco-processes and materials. It also includes advice on considering the circular economy business model and help to gain a clear understanding of global environmental pressures and regulations.

#### **4.3.2 A Fairer Greater Manchester - Inclusive Growth and Inclusivity**

- Inclusivity: underpins every aspect of GC BGH's programmes, developing a clear framework of support that upskills both advisors, wider staff and SMEs through one to one and workshop engagement, building knowledge and awareness on a range of topics whilst also embedding this knowledge into processes in skills development, recruitment and retention. Themes include volunteering, modern slavery, identification of business and individual training needs, diversity, GM Good Employment Charter engagement, real living wage, health and wellbeing, engaging with schools and young people through Bridge GM to promote entrepreneurship and over 50s support.

- **Place and Growth Locations:** GC BGH works closely with LAs, key stakeholders and partners across all 10 Local Authority areas to ensure delivery is in line with the business base and is tailored to local economic and social need. GC BGH works collaboratively with LAs, to support all districts to drive growth, innovation and capitalise on their local distinctiveness, strengths and comparative advantages. Our specialist frontier sector teams and Account Managers will support the 6 identified Growth Locations and continue to work with MIDAS around inward investment opportunities and large company supply chain opportunities. GC BGH also provides ongoing support to the foundational economy, individuals and communities, focusing on; health, wellbeing, employment, and job stability, social-standing and development aligning with other GC BGH programmes such as EnterprisingYou supporting the self-employed, Skills for Growth.
- **EDI:** A new programme is about to be launched which focuses on supporting businesses to understand and actively address issues around Equality, Diversity and Inclusion (EDI) into their recruitment and development plans. We also deliver support tailored to diverse groups either through our dedicated EDI focused staff or through associates from a range of communities – support is tailored to specific ethnic minority groups, females, those with disabilities and LGBTQ+.
- **Third Sector:** greater focus with newly recruited dedicated advisor to support social enterprises to build sustainable business practices and empowering them to grow their organisations, diversify the markets in which they engage, understand how to tender for work through the public sector or larger businesses and to build capacity for leaders to drive the organisation forward. All advisors will be supported to further develop their knowledge and understanding of Social Enterprises and the Third Sector along with continuing to work with other GM organisations supporting this sector.
- **Procurement:** specific support will be available through dedicated resource to enable smaller GM based businesses and the self-employed to understand opportunities that exist around (public sector and larger organisation) procurement building on the recent changes to UK procurement rules. This support will focus on supporting businesses to identify opportunities, how to develop a credible tender submission, understanding and answering social value questions, meeting the minimum requirements and opportunities such as consortia bids. In addition to this, there will be a focus on supporting large companies to look at their own supply chains and how they can actively work with smaller, more local businesses.

### 4.3.3 A More Prosperous Greater Manchester

- **A strong sector-focus** – designed to boost internationally competitive and innovative businesses in GM’s Local Industrial Strategy frontier sectors (e.g. health and life sciences; manufacturing materials; digital, creative and tech; and green technologies) together with those in foundational sectors and in high employment.

The Advanced Manufacturing team are expanding their successful Made for Manufacturing programme which is designed for any manufacturing leader who wants to enhance their manufacturing excellence by analysing their company, sharing the findings and taking actions to address the opportunities identified in the programme.

The Digital, Creative and Tech team are planning to run another Creative Leaders Festival in the Spring. This has previously attracted over 1500 businesses in the culture sector and had more than 150 guest speakers in the last 2 years. This year’s festival will focus on highlighting trends, skills gaps and inclusive leadership.

There will be a more sector led focus on start-ups to ensure that we are supporting the development of higher growth focused start-ups in areas such as digital, creative and tech, green technologies and health and life sciences and ensuring we are able to support these businesses to scale through enabling them to access the right finance, understand and access market opportunities and be supported through our innovation services.

There will be greater emphasis on providing support to the Foundational Economy, particularly in areas such as retail, construction, care and hospitality, leisure and tourism. One to many programmes have/are being developed to support businesses within these sectors to focus on key challenges and opportunities.

- **Innovation** - GC BGH will continue to support product and service innovation and make simpler access to Higher Education knowledge and facilities through jointly funded GM university posts. COVID-19 has helped stimulate SME innovation and we have experienced all-time interest in digital transformation (39% increase), sustainable growth and innovation funding to support Research & Development (40% increase), and interest in our Innovation Voucher Scheme is currently outstripping supply. In response to this and GM ambitions our Innovation Service has developed the Digital Springboard and the new Innov8 programme with Cohorts at capacity and 100% attendance.

The wider Innovation team are working with GMCA on Innovation Greater Manchester (IGM). IGM has been established to drive innovation-led growth in towns, city centres and GMS Growth Locations across GM.

- **Leadership and People Development** - GMCA, GC BGH, and the four GM business schools new Leadership Hive Programme started in Jan 2022 to deliver executive coaching, targeted programmes and mentoring to GM SME business owners. A key focus of this service is a new digital portal of Leadership content which GM Leaders will be able to access, it is anticipated that the platform will be ready for use by April 2022 and is being developed by the four GM universities. An overarching brand of GM leadership and management provision is being created with a customer journey map being produced to show entry/exit points from the various programmes. The first element of this programme will be GC BGH's Executive Development Programme and Mentoring offer which has started delivering support in GM SME businesses at the beginning of January.
- **Internationalisation** – The Global Scale-up programme works with high growth businesses looking to accelerate their international growth. The programme partners with KPMG, Santander, DWF & Manchester Airport (working closely with the Department for International Trade) to take businesses through a three-stage programme of international growth sprints, international (including virtual) visits/missions and bootcamps.  
  
This year see's the return of in-person international visits, with the GM/Liverpool Mayoral mission to Ireland March 28th/29th which Global Scale-Up is part of. The team are also partnering with Liverpool Growth Platform and London & Partners (L&P) to deliver a Createch UK/Ireland mission this year, kicking off with a virtual session in April. Planning has commenced on this year's REACH (race ethnicity & cultural heritage) mission in partnership with L&P which will take place in the US in July.
- **Access to Finance** – In addition to supporting businesses on a one-to-one basis to understand investment readiness and work with finance providers to support businesses to access the funding for growth, the A2F team have developed a new early-stage valuation tool to help SME owners better understand the value of their business when accessing equity investment. The A2F team is also developing an investment readiness focused cohort programme for entrepreneurs looking for early-stage equity funding (Angel). The new initiative is called "Pathway 2 Equity" and is currently being piloted.

#### 4.4 Table 4: BPIIG Target Outputs 2022/23 (18 months)

Output	Target
Enterprises Supported (12 hrs)	1721
No. of New Enterprises Supported	219
Jobs Created	1005
No. of Enterprises Cooperating with Research Entities	43
No. of Enterprises Supported to Introduce New to the Market Products	27

No. of Enterprises Supported to Introduce New to the Firm Products	200
Potential Entrepreneurs Assisted to be Enterprise Ready	145
Annual Reduction in GHG (Tonnes)	1570

## 5. BEYOND SEPTEMBER 2023

- 5.1 The Growth Hub has been funded by a combination of GM Business Rates/ Enterprise Zone/Growth Deal resources and EU Structural Funds.

The remaining 18 months will focus on supporting the new GMS priorities and ensuring that GM businesses have a clear support path to facilitate their journeys to being greener and more sustainable, more inclusive and being able to identify and drive forward the growth and innovation opportunities to support better productivity and place focused initiatives. The Return on Investment (ROI) of £5.58 for every £1 demonstrates strong value for money particularly on an EU matched programme.

GC looks forward to working with the GMCA and GM Local Authorities on the continued evolution of the programme and securing future funding including Business Rates / Enterprise Zone alongside the now slightly clear Shared Prosperity Fund target (and hopefully with devolution and the 'promise' of streamlined bureaucracy the next programme will further improve its ROI).

## 6. RECOMMENDATIONS

- 6.1 Recommendations are set out at the start of this report