



GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Greater Manchester Internationalisation Strategy: 2020 Refresh

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PURPOSE OF REPORT

The report proposes an approach to refreshing the existing Greater Manchester Internationalisation Strategy with a view to agreeing an updated strategy for March 2020.

RECOMMENDATIONS

The LEP Board is asked to:

- i. Consider the report and provide feedback

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1. Introduction and background

- 1.1 In September 2017 the GMCA and GMLEP agreed a three-year internationalisation strategy. The strategy focuses on eight priorities:
 - Global **gateway** for the UK and North
 - World centre for **trade**.
 - UK magnet for **foreign direct investment**.
 - A portfolio of prime **foreign capital investment** opportunities.
 - Strengthened world leading international **research capabilities**.
 - The best UK destination for **international students**.
 - A world class **visitors** hub
 - Building the Manchester **brand and reputation**.
- 1.2 The Internationalisation Strategy is embedded within the Greater Manchester Strategy which was adopted in July 2017 and the priorities and actions set out in its Implementation Plan are embedded within the Growth Company Business Plan and inform the activities of the GM Combined Authority and the work of key partners including the Universities and Manchester Airport.
- 1.3 The strategy was reviewed in September 2018 to ensure that the priorities were still appropriate in light of the continued uncertainty following the UK's decision to leave the European Union, and to identify the key actions for the final 18 months of the strategy's life. This concluded that whilst eight Strategy priorities remain robust, GM's actions (and tactics) to achieve the overall agreed outcomes needed to be refined to reflect changing circumstances. As a result, an updated Action Plan was approved by the GMCA and GM LEP.
- 1.4 As the strategy moves into its final months, it is once again an appropriate time to review the priorities set out in the strategy, as well as the progress being made with its implementation. This note sets out a proposed approach to undertaking this review, with the aim being to have a refreshed and expanded Internationalisation Strategy and implementation plans in place in 2020.

2. Local, national and international context

- 1.1 Since the strategy was put together and agreed in 2017, there have been a number of significant changes to the context in which the strategy operates. These include:
 - Continued uncertainty around both the EU withdrawal process (with a 'no deal' Brexit rising in likelihood) and the future long-term trading relationship with the EU.
 - The agreement of the Greater Manchester Local Industrial Strategy, which includes a stronger focus on priority sectors than previous strategies. It highlights the importance of increasing exports and inward investment for productivity growth in the city region. It announced Greater Manchester's intention to launch a new Global Prosperity Partnerships model to promote high value trade, technology exchange, and scale up high growth companies to compete globally.
 - The election of a Mayor and enhanced profile of the GMCA, which has led to an increase in the number of requests for visits to the city region (covering trade and

investment, but also best practice policy exchange and wider cultural engagement) and opens up new opportunities to drive forward the city region's international agenda.

- An increased emphasis by GM on the importance and economic potential of city-to-city civic relationships, with the signing of a collaboration agreement with Barcelona and agreements in development several others, including with Tianjin in China, Sylhet in Bangladesh and Bangalore in India.
 - The development of a wider suite of GM strategies which all have an international component, including the digital strategy, cultural strategy, 5-year environment plan and so on.
 - The agreement of a national Tourism Sector Deal, which Greater Manchester is expected to have a lead role in implementing.
 - The launch of the national export strategy in August 2018, which sets a new national ambition for exports to account for 35% of GDP (up from 30%) and outlines national plans for the practical, promotional and financial support to help achieve this.
 - Increased coordination of Northern activity around inward investment and trade, led by the Greater Manchester LEP and Growth Company.
 - Development of GM's internationalisation institutional capacity, including the ongoing development of the Manchester-China Forum and the creation of the Manchester-India Partnership.
 - Announcement of the redevelopment of Manchester Airport Transformation Programme which will £1bn of investment to transform the Airport, including the building of a new terminal.
 - Continued success in international collaborations and attracting international students, in the face of significant policy uncertainty of the future national arrangements for collaborations and student visas.
 - A significant body of work developing a coordinated approach to the marketing of Greater Manchester.
- 2.2 All of these factors will need to be understood in the GM context and taken into account in the refreshed Internationalisation Strategy.
- ## **2. Approach to refreshing the Internationalisation Strategy.**
- 2.1 It is felt that the areas of focus of the existing strategy are still important and will all need to be included in the refreshed-strategy, albeit the framing of these may need to change to reflect lessons learnt (for example in practice there has been little benefit in separating foreign direct investment from foreign capital investment). It also is felt that emphasis this time will need to be made on stronger articulation of our target markets.
- 2.2 This approach also presents an opportunity to learn from GM's existing city-to-city relationships and to better understand the potential added value these links could bring to a refreshed strategy.
- 2.3 Initial mapping of these relationships has looked at a broad number of policy areas including crime and policing, health and care, resilience, environment, transport, housing, data, public service, as well as trade and investment.

- 2.4 This work will help to ascertain which non-UK cities GM, districts and partners are already interacting with; those where there are possible new relationships; and the potential to develop a more joined up approach to maximise the benefit for the whole of the city region.
- 2.5 A key feature of GM's approach to internationalisation to date has been a strong focus on implementation, including through producing an action plan which sits alongside the strategy and coordinates the actions of the different partners who are involved in delivering it. There is however a need to strengthen our approach to implementation and ensure that all partners are actively delivering on their elements of the strategy. To ensure this is the case, a series of thematic implementation plans will be developed and agreed with relevant delivery organisations alongside the updated strategic document.
- 2.6 It is proposed that the following process is followed to update the strategy:
- i. **Evidence base update and review of existing strategy:** an update of the evidence base will be led by the GMCA research team. This will focus on quantifying progress against key measures (such as exports, inward investment, international visitors, international research collaborations and students, and so on), identifying new trends and the implications of these for Greater Manchester, and assessing the appropriateness of the priorities and activities being undertaken – see Appendix below for a draft of current performance with data to be confirmed/completed as part of the evidence update. This work will include an assessment of how the existing strategy sits alongside recent contextual changes/new policies, some of which are set out above. It will also include the work which has been undertaken by the GMCA to map city-to-city relationships and opportunities.
 - ii. **Consultation:** A key feature of the GM Internationalisation Strategy is that it is jointly owned by a broad range of partners who use it to guide and coordinate their international activity. It is proposed that a series of one-to-one interviews are undertaken with senior leaders and operational staff within these organisations to understand the strengths/weaknesses of the current strategy and gather views on what the new strategy should include and how it should be implemented. It is planned to speak to key stakeholders twice in the process to ensure their buy-in. The first round of one-to-one meetings will be undertaken by the GMCA strategy team and will take place in October and November 2019. The second round will be undertaken in early 2020.
 - iii. **Expert advice:** the international economy is going through a period of profound change. The uncertainty around the Brexit outcome dominates UK discussions, but globally the increasingly protectionist US market, and the prospect of a US-China trade war mean there are significant headwinds in which GM is developing its plans. Recent years have also seen radical shifts in the nature of global trade, particularly the rise of the global digital economy (which creates new opportunities through radically reducing the costs of "going global" for firms that can trade online, but also introduces new risks) and the 'servicisation' of goods exports (this is where services, such as on-going maintenance or financial services, are packaged in with goods sales increasing value added by also the complexity of international trade). The new opportunities and increased

focus on city-to-city relationships presents is not yet fully understood. It is proposed that expert advice on the implications of these new trends for Greater Manchester is brought in to ensure that the refreshed Internationalisation Strategy is grounded in leading-edge thinking. Funding has been set aside from LEP Capacity Funds for this. The work will be undertaken late-2019/early-2020.

- iv. **Governance:** the refresh of the Internationalisation Strategy will be overseen by the GM LEP and the GM Growth Board (on behalf of the GMCA). The GM Internationalisation and Marketing Board (IMAB) will act as the steering group for the refresh, ensuring that there is strong business and stakeholders input to the work. The IMAB Chair and nominated leads (from IMAB and the Growth Board) will be asked be involved in the “day to day” development of strategy, ensuring that the Advisory Board, LEP and Growth Board are actively involved in its development. The Chair of the IMAB will lead on the refresh on behalf of the GM LEP and report progress to LEP Board meetings.
- 2.7 Given the current uncertainty around Brexit and the UK’s future trading relationships with the rest of the world, there is a need to be flexible around the timings for the completion of the refreshed strategy. It is proposed that work around developing the evidence base and consultation is progressed and a date for publication in 2020 will be agreed in due course as the national situation becomes clearer.

Appendix 1: Outcome Performance

Operational Objective	Strategy 2020 Outcomes	Mid-Term Performance Review: April 2018	Performance at August 2019
IS01: Global Gateway for the UK and the North: Implementation of MAG route development strategy; Accelerate north road and rail infrastructure; destination gateway for the north; strategic destination airline partnerships.	<p>Increase the number of inbound international businesses from 1.02m to 1.31m by 2020.</p> <p>Increase the number of inbound international tourists from 2.91m to 3.43m by 2020.</p>	<p>Inbound international business visitor number increased from 1.02m in 2015 to 1.491m in 2017 (+46%)</p> <p>Inbound international leisure visitors increased from 2.91 m in 2015 to 3.822m in 2017 (+31%)</p>	Updated data will form part of the wider evidence base review
IS02: World Centre for Trade across key GM Sectors: Export orientated business culture; Intensive support to existing exporters; Fully integrated business export offer; identify gaps and weakness in international supply chains.	<p>Improve our export performance by £900m by 2020 (from £5.35bn(2015) to £6.25bn) and narrow the gap between our actual and “expected” export performance by 17%.</p>	<p>GM total exports in 2016 stood at £6.4billion, 23% of the North West total and 2% of the UK total.</p> <p>This represents a significant 16% rise from 2015, following 3% growth from the level in 2014 to 2015, and 0.1% growth between 2013 and 2014.</p> <p>The EU accounted for approximately 58% of exports in GM in 2016, in line with both 2014 and 2015.</p>	Total GM exports rose by 5% in 2017 to £6.7 billion
IS03: UK Magnet for FDI Exploit internal MGC operational synergies; market partnerships with private sector; strong relationship with DIT; Portfolio of international collaborative R&D opps with Universities leading to FDI; Target heads of supply chains.	<p>Increase our proportion of UK FDI from 3.5% to 5%. This would be worth up to an additional £300m investment over the strategy period.</p>	<p>EY's 2018 <i>UK Attractiveness Survey</i> is due to be published in May and will contain an in-depth analysis of the UK's performance in attracting FDI since the referendum vote up to the end of 2017</p>	In 2018 the UK FDI consisted of 1,054 projects with Greater Manchester accounting for 38 of them or 3.6%

IS04: Portfolio of Prime FCI Opportunities Leverage intelligence through GMSF site identification; Promotion of portfolio working with DIT: improve GM capacity to exploit FCI opportunities.	Win large scale FCI projects can be expected to enable GM to secure a minimum additional £1bn FCI during the Strategy period.	The level of FCI investment projects in GM has increased significantly. With FCI China investment alone exceeding £3bn	Updated data will form part of the wider evidence base review
IS05: Strengthened international research capabilities and International Talent Base Development of Manchester Visa to attract international talent in key areas (digital and engineering); leverage Science Audit strategic positioning; attraction of international entrepreneurs.	Grow the international research reputations of GM universities measured through improvements in university league table rankings.	Manchester University International ranking was 34 th in QS Ranking in 2017 from 29 th in 2016 Salford University remains in top 650 worldwide MMU remains in top 800 worldwide.	The University of Manchester was ranked 27 th in the 2020 QS Rankings, up from 29 th in 2019 Salford University was ranked in the top 1,000 universities worldwide MMU was ranked in the top 800 universities worldwide
IS06: The best UK Destination for International Students. Development of Study Manchester Platform; salary thresholds to reflect local economy; develop blended learning and foundation degrees for international students.	Our target is for 20% of students studying in Greater Manchester to be from overseas by 2020 from 15%.	The proportion of international students across GM universities increased from 15% to 17% over the strategy period.	The latest figures for 2017/18 show GM universities with 100,995 students of which 19,015 are international or 18.8%
IS07: A World Class Visitor Hub Commercially integrated visitor packages and marketing; Public/private partnership to attract international events; Northern	Match UK average growth (12%) by the end of the Strategy period through additional investment to implement the above Strategic enablers. This would result in additional £64m of visitor spend.	Visitor volume figures for 2017 are not available until Jul 2018 so a 3 yr comparator figure for 2014-17 cannot be provided, however, the GM visitor number uplift from 2013 to 2016 was 18%, which is	Updated data will form part of the wider evidence base review

tourism campaign; Analysis to understand gaps in offer;	(GM Growth over the period 2011-14 was 4.3%, compared to the UK average of 12%).	ahead of the UK increase of 15% for the same period	
IS08: Build Manchester Brand and Reputation and tell our story brilliantly. Develop GM narrative; Cross sector digital platform; develop new international networks and strategic partnerships.	We aim to measure our progress in building our international brand and reputation through a range of mechanisms including the monitoring of recognised global city indexes	Our position in the Anholt index rose from 27 th in 2015 to 24 th in 2017.	Updated data will form part of the wider evidence base review.