

GM Business Board

SUBJECT: GC: Business Support, International and Marketing Update

DATE: 31st May 2023

FROM: Mark Hughes, Group Chief Executive, Growth Company

PURPOSE OF REPORT

To provide an update on the business situation in Greater Manchester and how, in response, The Growth Company (GC) is providing support to GM's economy. The report focuses on GC's Business Growth Hub, Business Finance, Marketing Manchester and MIDAS, and presents key activities. More detailed activities are provided in **Appendix 1**.

RECOMMENDATIONS:

The GM Business Board is requested to: Note the contents of the report.

CONTACT OFFICERS:

Mark Hughes MBE – Group Chief Executive, The Growth Company

Mark.Hughes@growthco.uk

Equalities Impact, Carbon and Sustainability Assessment:

GC is committed to putting equality, diversity and inclusion (EDI) at the centre 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 and providing equal opportunities. Programmes are designed and monitored for EDI. Engagement and support levels with ethnic minority led businesses are on par or better than diverse communities' composition in the GM business base or resident population. This positive position needs continuous development, and more research is needed to understand any differentials in impacts and future business trajectories post-delivery of support.

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 business support platform beenetzero.co.uk alongside the GM Business Board. GC also provides a focused development programme for 'Green Economy' businesses. GC 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 GHG offset through neutralisation measures in line 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: 1

BACKGROUND PAPERS:

N/A

BUSINESS SURVEY

- **GC Business Survey.** Completed between the 04 April 2023 to 03 May 2023. Previous month's results are provided in brackets. Highlights provided below, more detail in Appendix 1.
- **The GC Business Confidence Index (GC-BCI).** A ranking of how confident businesses are on their growth prospects for the year ahead, currently stands at 7.3 out of 10, (no change).
- **Sales and profits.** 21% (vs 26% previously) of firms reported that they experienced an increase in sales in the last month, and 66% expect profits to increase (vs 68%), and slightly higher than the same time last year. Just 2% (vs 3%) expect profits to decrease.

- **Investment.** 41% (vs 47%) of firms expect to increase Capex spend in the year ahead. 45% (vs 55%) of firms expect to increase their allocation towards investing in workforce development/skills, business model change (43% vs 52%), innovation (42% vs 54%).
- **Impacts.** Rising costs (36% vs 34% previously), decreased sales (21% vs 25%), and supply chain - minor issues (14% vs 18%). The hospitality, tourism, & sport sector and other personal services / support activities were most likely to report decreased sales. Rising costs remain the key impact facing businesses in Greater Manchester, however the impact has remained stable over the last 5 months affecting 33% (lowest) -35% (highest) of businesses during this time.
- **Cash reserves.** 75% (vs 81%) of firms report that they have cash reserves to last over 6 months (last 2 years ranging from 69% to 81%). 85% of SMEs with 50-249 employees have cash reserves to last over 6 months, and reserves were highest in retail and wholesale (87%), BFPS (83%), and manufacturing (74%).
- **Cashflow.** 22% (vs 18%) of firms said they had cashflow problems. Cashflow risk has risen sharply in the last 8 months from 14% of firms in July 2022 to 22% of firms (latest). Micro-size firms (<10 employees) were more likely to report cashflow issues this month compared to SMEs (10-249 FTEs). The 'other services' sector, retail and wholesale, and hospitality, tourism, and sport were the most likely to report cashflow problems than other sectors.
- **Innovation activity.** 32% (24% previously) have invested in new / significantly improved services, 23% (vs 19%) implemented new business practices, 17% (22%) had invested in advanced R&D activity, and 20% (19%) of firms introduced new/significantly improved goods.
- **The main pressing challenges facing business.** Access to new domestic sales opportunities (61% vs 52%) previously and continuing to rise, (highest impacts in construction and retail and wholesale services), developing the business model (42% vs 46%), managing overall business finances (39% vs 39%), developing new products/services (34% vs 34%), general workforce development & skills (27% vs 33%).
- **Recruitment.** 19% (vs 21% previously, and 31% 12 months ago) of firms are currently recruiting new staff, 15% (vs 12%, and 55% 12 months ago) said they had difficulties recruiting. The main occupational groups recruiting are customer facing roles (35% vs 23%, 48% 12 months ago), managerial roles (12% vs 17%, 14% 12 months ago).
- **Workforce skill gaps.** 56% (vs 59% previously) of firms said that their workforce skills are only 'partly' at the level to meet business objectives, slightly above the level reported (50% 12 months ago). The main technical skill gaps identified: specialist technical skills (33%), complex problem resolution (11%), knowledge of products/services (7%), advanced specialist IT skills (8%). The main people and personal skill gaps identified

are: sales (15%), customer handling (12%), HR/training people (9%), and supporting better team working (9%).

- **Social Value.** Guarantee at least 16 hours of work per week for employees – 65% (62% previously) said this currently applies, and 12% likely to include in future. Pay the Real Living Wage – 63% (65%) said this currently applies, and 13% likely to include in future. Actively look to increase the diversity of the workforce (through recruitment and progression) – 49% (50%) currently applies, and 21% likely to include in future.
- **GM Chamber of Commerce Quarterly Economic Survey** (Q1 2023 published April 2023) shows that domestic sales decreased in Q1 2023. However, there were overall increases in cash positions, business confidence and export sales in Chamber members. Recruitment activity remained stable, though recruitment difficulties persist (despite easing overall since mid-2022). Business investment improved in the latest quarter, and concerns around inflation are starting to ease, but half the respondents expect to increase prices in the year ahead.
- **FSB North West Index Q1 2023** business confidence amongst, remained negative in Q1 2023. But significant reduction from -48 Q4 to -11. Net revenue in the North West remains negative in Q1 2023, but shows a stronger performance versus previous quarters reflecting nationwide trends. Investment intentions for small businesses have improved since the previous quarter, standing at net 18% from the net 12% recorded in Q4. General economic conditions (49%), utility costs (43%), and consumer demand (36%) are the main barriers to growth over the next 12 months.

GC SUPPORT SERVICES & ACTIVITIES

COMMISSIONING/FUNDING UPDATES

GM Shared Prosperity Fund (SPF). During April, GMCA released an open tender for £7.5m of UK Shared Prosperity Funding (UKSPF) for a contractor to deliver a holistic GM wide business support programme. We are awaiting notification of the results of this process. There may also be further local authority level opportunities within GM as the implementation plan develops, particularly around SME workspace. Marketing Manchester (MM) has been included in the tender for tourism sector development, and GC Angels for assist companies in preparing for early-stage finance.

Foundational Economy Funding. BGH is now mobilising two new projects for delivering innovation support to the foundational economies (retail, night-time economy, care) across Greater Manchester. Whilst small scale (£170,000), they are strategically important and will

provide specialist innovation advice and create a community eco system for recipients of innovation grant until March 2025.

Department for Business and Trade (DBT) – Review of Government’s approach to attracting foreign investment. Discussions being had with the department on the review initiated in April and due to conclude Sept 2023.

Department for Business and Trade (DBT) – Made Smarter. Discussions are in train to re-instate the Digital Transformation Internships element of the programme to support SME manufacturers to acquire the skills they need to support digital adoption projects.

National Growth Hub Role. GC’s role as the Business Growth Hub national lead has been confirmed by DBT with funding confirmed for the 2023/24 FY, as well funding for Growth Hubs in England for next 2 years. DBT will also be launching an Advanced Manufacturing plan in the summer, which will be launched at what are being called ‘Manufacturing Moments’. More details are awaited.

BUSINESS SUPPORT

Cost of Doing Business. GC Business Growth Hub (GC BGH) completed the delivery of a series of activities across Greater Manchester in March 2023, which supported businesses in responding to the increased costs of doing business, under the banner of a #HereForBusiness dedicated media/comms campaign. The programme has achieved a strong response, with 1,517 businesses attending the seminars, webinars, workshops, and drop-in clinics, provided through the programme. A further 184 businesses have received dedicated support to address individual needs.

GM Providers Forum. Growth Hub has established a GM Providers Forum as a regular forum through which nationally publicly commissioned/financed providers can co-ordinate and align through the sharing of activity, insights, and best practice. The Forum aims maximise impact and reach and the identification of opportunities for collaboration in line with Greater Manchester business demands and needs with a view to increasing the number of joint B2B events, cross referrals and sharing of best practice amongst members.

Good Employment Charter. The Good Employment Awards for 2023 were held on the evening of 27th April 2023. Around 250 attendees gathered to recognise employers across a number of categories. The Employer of the Year was awarded to Anchor Removals, based

in Salford. Peter Cheese, CEO, CIPD, was the guest speaker and praised Greater Manchester in its leading efforts on the good employment agenda.

The Charter will also hold a GM Good Employment Week (19th – 24th June), which will be the first week of its kind in the country; focus will be on employees and the employee voice, reflecting the need to empower employees to understand and be able to demand ‘good employment’.

Social Value Support. Growth Hub have commissioned a research project, working with the Black United Representation Network and Aston University (Time to Change Report in 2022) focused on ‘Barriers to Innovation for Ethnic Minority Business Owners’ and findings are due in September 2023. GC BGH has also delivered a marginalised communities business support programme with delivery partners which include: Flourish Together CiC, On the Level, Elevate GM and Upturn Enterprise, which has engaged 70+ businesses.

The team’s work with the VCSE (Voluntary, Community or Social Enterprise) sector has seen involvement in the development of the GM Inclusive Ownership Hub (formerly known as the Community Wealth Hub), which will be hosted by GC. GC continues to be involved in the design and implementation of the Inclusive Ownership Hub and will support its launch over the summer.

EnterprisingYou (EY). Since the programme began (March 2020), the programme has seen 8,286 enquiries, with 2,941 people starting on the programme (62% female, 38% male, 25% ethnic minority leaders, and 22% aged 50+). Growth within the programme has remained steady with 32% of those that have completed the programme reporting an increase in pre-tax profit to £4.7M. 55% of those who have completed also reported an increase in their current turnover levels to £12.7M, and 16% report no longer being reliant on benefits.

Skills for Growth SME Support. The SFG programme continues to be on profile and all 5 critical success factors are at 100% or above. 7,373 businesses have been engaged, 3,577 SME Productivity Plans completed, 4,507 referrals have been made to GM Bridge and Good Employment Charter, 238 new apprenticeships, 9,464 individual skills plans created, and 2,170 completions claimed. We have now focused on individual skills plans as we move into the projects’ last 5 months.

Leadership and Management - GM Leadership Hive. Since January 2022, the BGH

leadership programmes have intensively supported 352 SMEs, with 477 leaders from those businesses on the Executive Development Programme (EDP) and Mentoring programme accessing leadership development. The programme will be supporting a further 56 individuals between May and June this year, exceeding the assist target by 62. The team continues to focus on the impacts of support and the collection of these through to the end of September 2023.

Access to Finance. The Access to Finance team is currently heavily focused on finalising ERDF Business Assists; 863 completed since Oct 2015, with just 3 remaining to achieve the overall target of 866. In addition, the team have helped businesses to create 378 new jobs and generated 533 Funding Offers, totalling £62.8m (£34m debt-based products and £26m in equity investments).

Innovation. For the 22/23 financial year, 220 individual SMEs were engaged and supported in the Northwest by the Innovate UK EDGE team. We have helped these companies attract over £10M in external investment, created over 150 new jobs, and have increased turnover by over £17M, with approximately 100 of the companies flagged as having “High Growth” potential. We continue to hit our target of signing up new clients (~30/month). We have had our new contract offer from Innovate UK for the current financial year, confirming the renewal of the grant, which has risen slightly to £755k, with the creation of a new Investment Readiness, Ecosystem Specialist role.

Green Economy. The Green Economy team have recently launched the de-mystifying green tech webinar series and kicked off with a session on solar PV. Speakers included local GM suppliers ENSPEC and KAST renewables, the Pilot Group, the solar trade association and had a great range of attendees from businesses looking to procure solar, to those that supply it, looking to better understand their customers. The next session looks to de-mystify green finance solutions. Building on this theme, the team facilitated a green tech panel of experts at the pro-manchester green tech conference to bring awareness to supply chain capabilities. The team also partnered with Electricity NW to run an interactive clinic on grid connections.

Create Growth (CG). The DCMS Create Growth Programme has successfully completed its first cohort with strong feedback of 9.5 out of 10. 20 creative sector businesses participated from a variety of subsectors, such as design, publishing, performing arts and production. The curriculum for the SME’s was centred around investment readiness but also

included inclusive leadership, product innovation, sales and marketing, IP and trademark strategy as well as value-based pricing.

BUSINESS FINANCE

Angel & Innovation Finance. GC Angels invested £475k in four Companies in the quarter Jan-Mar 2023, unlocking £1m of private capital investment. Three companies are pre-revenue where the innovation is high but the investor appetite low. Molyem and Vector Homes are Graphene Engineering Innovation Centre (GEIC) based and focused on commercialising graphene-based technologies in sustainable and advanced materials to support clean water filtration and green housing, respectively.

The GC Angel portfolio now stands at 36 investments with total value of £3.1m, which has attracted direct co-investment of £16.8m and follow on investment has been received by 40% of the portfolio companies, who have raised a further £13.5m. Over 40% of the companies are female founded and 25% founded by ethnic minorities. We are expecting a realisation in Q1 of our investment in a cyber security training business. It will be our second return of capital which provides the evidence and track record required to begin the journey of raising a dedicated £30m fund to sustainably support growth in GM for the next 10 years.

Our pipeline and partnerships have broadened in anticipation of this capital visibility. We now have over 200 GM opportunities that we are tracking and an integrated suite of partner advice for companies not yet ready to receive external funding.

Business Lending. In the year to the end March 2023, GCBF invested £11.6m into GM SMEs, including £9.9m in loans to 743 GM start-ups and £1.1m of growth businesses loans into 18 more established SMEs, despite delays with RLS3 government backed guarantee accreditation process with BBB. The business loan WIP is consistent, with £1.2m across 21 businesses applications. The lending team continue to monitor the cost-of-living crisis, however, current provision levels within the loan books remain in line with prior year expectations. Pro-active support is offered to borrowers affected by both post-Covid market change and the impact of the cost-of-living crisis.

Start Up Loans. GCBF recently secured two 3-year BBB/Start Up Loan contracts to deliver loans for the North West and also as a National Business Support Partner. These commenced on 1st April and offer a significant scale up of direct GCBF lending nationally,

with an additional £30m per year and 3,000 jobs. These awards cement the key role of GC in the UK Government's approach to start-ups across the UK. In GM, for the year to 31st March 2023, GCBF issued 743 Start-Up Loans to the value of £9.9m, and continue to work closely with the Growth Hub, integrating workshops and one 2 one support.

INTERNATIONAL, MARKETING, AND INWARD INVESTMENT

Marketing Manchester

Local Visit Economy Partnership. In April, Marketing Manchester (MM) received confirmation of VisitEngland Local Visitor Economy Partnership (LVEP) status, joining 14 other DMOs, including neighbouring Cumbria Tourism, Visit Peak District and Derbyshire, Liverpool City Region Combined Authority, and Marketing Cheshire. The new national portfolio of strategic and high-performing LVEPs will support collaborative working locally and nationally on shared priorities and targets to grow the local visitor economy.

Accommodation Business Improvement District (ABID). The ABID Company started on 1 April and the City Visitor Charge came into force on that date. There was extensive media coverage which was overwhelmingly positive for the introduction of the new charge. Manchester was hailed as a "trailblazer" for being the first UK destination to introduce a visitor charge. ABID businesses have not reported any significant pushback from their guests against the City Visitor Charge. The current focus for the ABID Manager is the development of the delivery plans for the four workstreams, which will be carried out in May and June with input from ABID businesses, and finalising the operating arrangements with MCC for levy calculations and collections which will commence in May.

Business Conferences and Events. In Q4 (Jan-March 2023), 13 bids were submitted with a potential for 14,440 delegates and an economic impact of £30m. 7 bids were won in Q4 with an economic impact of £16m (£10m of which is the Davis Cup in September 2023) bringing 1,660 delegates/participants to Greater Manchester. Currently the pipeline is buoyant with 146 live opportunities, 19 bids are required and 39 bids are pending decisions. At this point last year, there were only 62 live opportunities in the pipeline (84 less than this year), 11 bids were required and 23 had been submitted.

The Sports Bidding Unit continues to bid for and support several high-profile events including support for Rugby League World Cup and future tennis and cycling events. For 2022/23, the Convention Bureau submitted 72 bids with a potential for 55,815 delegates and an economic

impact of £129.9m. The Bureau won 28 bids bringing a potential 31,080 delegates and an economic impact of £42.8m.

SXSW – 11-15 March

- As year 1 of a 3 year SXSW strategy, activity exceeded expectations and plans for year 2 are already underway to build on the success of year 1.
- Manchester Day Takeover of UK House on 13 March included 6 Sessions: Culture, Music Talent, E-sports, Digital City, Beyond the Music followed by Manchester DJ Mix.
- Tourism meetings with US sales & marketing teams were held to strengthen the partnership for future joint B2B and B2C activity. Consul General Texas is supporting with introductions to DMOs in Texas: Austin, Houston & San Antonio with aim of joint activity.
- Meetings were also held to scope out options for GM's future presence at SXSW, and building relationships with UK House, DIT teams, German House and Vancouver House organisers.
- MIDAS focused on GM digital and tech offer. A particular success was a cyber roundtable in partnership with the Austin incubator space, Capital Factor.

Business Mission to New York – 16-17 March: Strategi Partner programme

- VisitBritain International team, Aer Lingus and NYC & Company. VisitBritain International Director and US team to strengthen relationship and discuss potential for involvement in agent/influencer fam trip and Co-op B2C campaign US-wide; and Visit Wales team re: US B2C and B2B campaigns, activity around MUFC tour in US.
- NYC & Company (NY DMO) to re-initiate our city-to-city tourism partnership, agreed in principle to work with Aer Lingus on tourism partnership and launch with an event in NYC in 2023.
- Networking reception in partnership with Trade Commissioner and DIT - 61 guests attended including a mix of inward investment/trade, airlines, tourism, media and travel trade. Focus of speeches was on culture, connectivity, trade & investment, and visitor economy.
- The business meetings particularly useful from an Inward Investment perspective. It encompassed announcement that BNY Mellon had chosen GM as one of its key international growth locations, and further investor meetings re fintech growth in GM.

Place Partnership Programme

MIPIM – 14-17 March. A delegation of 75 delegates from 39 companies including 34 private partners and five Local Authorities. There were 36 events that partners were invited to join as part of the programme, including 16 off stand sessions. The delegation was led by Joanne Roney, Eamonn Boylan and Paul Dennett. The overarching theme was ‘Generation Manchester’ supported by four golden thread themes: Innovation, Green, Smart and Fairer. 2.9m social media reach, 58 pieces of coverage and 25.9m opportunities to see in the media were achieved.

UKREiiF – 16-18 May. GM exhibited in partnership with Opportunity London to deliver a joint city presence at The Canary, a prime location venue at the event. 29 partners joined the partnership from across public and private sectors. A total of 24 speaking opportunities for the GM delegation, including sessions such as Atom Valley, Devolution, Transforming Transport, and Levelling Up.

Inward investment: MIDAS

- Year to date, there have been 5 successful inward investment projects and 96 jobs. This is a stronger start to the year than 2020/21 and 2021/22 although lower than 2022/23 YTD position which benefited from Covid pent up demand.
- Successes include 1 R&D project (see Holiform below).
- 79% of jobs will be paid above the real living wage. 50% will be paid above £35,000.
- There have been 21 new projects added to the pipeline with 693 corresponding jobs. The MIDAS pipeline currently shows a further 37 projects and 2,631 jobs with a strong-very strong chance of successfully closing this financial year. This includes 7 R&D, 31 HQ and 8 low carbon projects.

Recent successes:

- Holiform – an innovative chemicals business who have outgrown their initial space at Manchester Science Park, now taken larger site on Trafford Park, creating 60 new jobs and safeguarding the initial 15, involving the consolidation of their R&D and Manufacturing teams. R&D is focused on the development of a fermentation process to support the manufacturing of chemical and cosmetic products.

- MI-GSO | PCUBED – a French Project Management Consultancy growing their Advanced Manufacturing / Lean offering, creating 100 new jobs over 3 years.
- Cellerate – a business established by former UoM / GEIC teams developing battery technologies that MIDAS supported to secure premises for their expansion, creating 10 new jobs.
- Scitech – a Life Sciences consultancy business opening a Northern office to service clients in the region with the creation of 17 new jobs.
- Ecolab – a US Account Managed company who have made an acquisition and are expanding their presence in Rochdale to produce generic/branded hygiene wipes - 7 new jobs
- City Law Practice – an Indian owned law firm expanding their UK presence to enter the Northern market. Starting small with 2 jobs.

Sector Programmes:

Detail of Financial & Professional Services, Creative Digital & Tech, Life Sciences & Healthcare, and Advanced Manufacturing and Materials initiatives are set out in Appendix 1.

Manchester China Forum

- Manchester China Forum (MCF) has hosted a number of senior visits: British Embassy Beijing (HM Business and Trade Commissioner, Head of Export Strategy) and British Consulate-General Guangzhou and Wuhan to progress discussions around future plans and priorities for bilateral/regional engagement, trade and investment, and education/culture links.
- In partnership with the British Embassy Beijing and the Tianjin Foreign Affairs Office: hybrid Greater Manchester – Tianjin Green & Low Carbon Session included senior representatives from FCDO, TfGM, EIA, and the GMCA as well as senior government and industry partners in Tianjin and to nurture collaboration opportunities on net zero ambitions.
- On May 15th, MCF, MIDAS and GMCA hosted a group of Chinese Infrastructure delegation in Manchester ahead of UKREiiF for an overview of GM investment landscape.

Manchester India Partnership

- Manchester India Partnership (MIP) is working on a DBT delegation of tech firms from India in partnership for 21 June. This 25 firm delegation are interested in setting up in the UK and will visit Manchester on the back of the London Tech Week.
- MIP is working with India's premier business association for tech companies NASSCOM to offer 10 free desk spaces for their members for a year to be based out of the 4M building at the Manchester Airport. A NASSCOM delegation of companies will be visiting Manchester on 28 June for the signing of a tripartite MoU between NASSCOM, MAG, and MIP/MIDAS.

Japan Steering Group

- Following on from the visit by Osaka officials and businesses in January, dialogue has continued, with MIDAS working on a confidential project with a low carbon product manufacturer.
- We are working with GMCA on a GM Mayoral delegation visit to Osaka and Tokyo in late 2023 and planning continues.
- MIDAS are commencing mapping of key Japan stakeholders, Japanese companies already invested in GM, target companies, and are liaising with DBT colleagues in market on this.
- Initial discussions have been held with the UK team planning the UK's presence at Expo 2025 in Osaka, for GM to consider involvement.