

GM Business Board

SUBJECT: GC: Business Support, International and Marketing Update

DATE: 19th July 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.

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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

SURVEY RESULTS

GC Business Survey. 235 responses June-July 2023 (previous month's in brackets). The profile is broadly representative of the GM business base, but for an over-representation of SMEs, manufacturing and DCT businesses, and under-representation of retail and hospitality businesses.

- **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 7.5 out of 10, slightly higher than the previous month, and broadly similar to the average for the last 3 months.
- **Sales and profits.** 24% (vs 21% previously) of firms reported that they experienced an increase in sales in the last month, and 67% expect profits to increase (vs 64%), and slightly higher than the same time last year. Just 1% (vs 2%) expect profits to decrease.
- **Investment.** 49% (vs 45%) of firms expect to increase Capex spend in the year ahead. 49% (vs 41%) of firms expect to increase their allocation towards investing in workforce development and skills, business model change (47% vs 43%), and innovation (49% vs 42%).
- **Impacts.** Rising costs (39% vs 43% previously), supply chain- minor issues (20% vs 22%), and decreased sales (12% vs 17%). The logistics sector was most likely to report decreased sales.
- **Cash reserves.** 66% (vs 70%) of firms report that they have cash reserves to last over 6 months. 85% of SME's with 10-49 employees have cash reserves to last over 6 months, and reserves were highest in construction (78%), manufacturing (76%), and life sciences (75%).
- **Cashflow.** 22% (vs 15%) of firms said they had cashflow problems. Micro-size firms (<10 employees) were more likely to report cashflow issues compared to SMEs (10-249 FTEs). Hospitality, construction, and retail were the most likely to report cashflow problems.
- **Innovation activity.** 30% (27% previously) have invested in new / significantly improved services, 31% (vs 19%) implemented new business practices, 20% (18%) had invested in advanced R&D activity, and 25% (26%) of firms introduced new / significantly improved goods.
- **The main pressing challenges facing business.** Access to new domestic sales opportunities (59% vs 53%) (highest impacts in construction and green tech services), developing the business model (43% vs 42%), managing overall business finances (44% vs 41%), developing new products/services (28% vs 36%), and workforce development (26% vs 24%).
- **Recruitment.** 22% (vs 22% previously) of firms are currently recruiting new staff, 19% (vs 13%) with difficulties. The main occupational groups recruiting are customer facing roles (42% vs 28%), managerial roles (13% vs 10%), and other roles 'not elsewhere classified' (8% vs 18%).

- **Workforce skill gaps.** 43% (vs 51%) of firms said that their workforce skills are only 'partly' at the level to meet business plan objectives. The main technical skill gaps identified are: specialist technical skills (38%), knowledge of products/services (14%). The main personal skill gaps identified are: sales (20%), ability to manage time (11%), and managing/motivating staff (11%).
- **Approach to social value.** 68% (67% previously) said they guarantee at least 16 hours of work per week; 65% (68%) pay the Real Living Wage (currently £10.90 in GM); 56% (51%) offer flexible working options; 39% (30%) involve employees in the overall direction of the business.
- **GM Chamber of Commerce Quarterly Economic Survey Q2** (published June 2023) results revealed a slight decline in economic performance in GM. The GM Index decreased to 22.1 from 30.3 in Q1 2023. Sales to UK customers decreased across the services, manufacturing and construction sectors. International trade also declined, with manufacturing businesses reporting decreased export sales. Business investment and confidence showed a mixed picture. While businesses expected stability in demand, optimism regarding profitability showed marginal decreases due to existing price increases with limited further scope to increase profits.
- **FSB Small Business Index Q1 2023 (published June 2023).** The Small Business Index (SBI) increased to -2.8 in Q1 2023 – this uptick follows three consecutive quarterly declines. The SBI is now at its strongest position since Q1 2022. The net balance of small businesses reporting revenue growth over the previous three months stood at -7.1% in Q1, reflecting the pressures on revenue from high input prices and weaker consumer demand. 91.8% of businesses reported increased costs compared to a year ago in Q1. This represents the highest net balance figure on this measure since data collection began, highlighting the widespread nature of cost pressures at present.

GC SUPPORT SERVICES & ACTIVITIES

BUSINESS GROWTH HUB

GM Shared Prosperity Fund (SPF) - E23 (Core Business Support) GC BGH has been successful in securing £7.5m of SPF to deliver core business and enterprise support across GM until March 2025. Now working closely with GMCA on a six-week mobilisation plan. Grant Funding Agreement is expected within the first two weeks of July. A key element of mobilisation is to work through how SPF and the £6.05m Retained Business Rates funding

will work together to ensure a joined up and enhanced client experience. There may also be further local authority level opportunities within GM as the implementation plans develop, particularly around SME workspace support, with conversations taking place with Bolton and Salford.

GM Shared Prosperity Fund (SPF) - E19 (Innovation) – tender likely to be published in July 2023 and GMCA have outlined their preference is for a consortium approach and the expected timing for the contract start is 1st October 2023.

Investment Portal. The investment portal to provide information and guidance to SME looking to raise finance is underdevelopment and a pilot platform is planned to be available at the end of July. Following further user testing and potential refinement a public launch is set for September.

Good Employment Charter. Over 1,600 employers engaged with the Charter Unit, with c.650 supporters and some 92 full Members. GM Good Employment Week was held 19-24th June with 25 events in partnership with local authorities, professional bodies and sectoral organisations. A high-profile campaign has been undertaken to promote “The How Good is Your Job?” with 3,0000 responses to date. Following this, there is an increasing pipeline of employers seeking to become full Members of the Charter.

Social Value Support. Recent work with training providers (Upturn Enterprise CiC, Elevate, On the Level, Flourish Together CiC) to deliver business support targeted at diverse-led businesses has now been completed. Cohort programmes and one to one advisory services were to delivered to 84 LGBTQ+, ethnic minority and female-led businesses. This work has/will continue to help shape the accessibility and inclusivity of GC’s ongoing service provision.

A BGH commissioned research project, working with the Black United Representation Network and Aston University is now underway. The ‘Barriers to Innovation for Ethnic Minority Businesses’ project is engaging with a wide number of stakeholders across GM to identify and evaluate the reasoning, potential barriers and opportunities for ethnic minority led businesses in designing and/or implementing innovative products and services that can be scaled sustainably. The project follows on from the Time to Change report in 2022 and will look to produce its findings in September 2023.

EnterprisingYou (EY). Since the programme began (March 2020), the programme received 8,986 enquiries, with 3,104 people starting on the programme (62% female, 38% male, 26% ethnic minority leaders, and 22% aged 50+). Recent events include Bolton University, Bury Business Improvement District (BID) and Fire-up Rochdale. EY held a celebration event on the 12th of July 2023, including the Mayor of GM as guest speaker, who launched the programme in March 2020, along with an EY client Louby Lou.

Create Growth (CG). The 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 and also included inclusive leadership, product innovation, sales and marketing, IP and trademark strategy as well as value-based pricing.

Skills for Growth (SFG) SME Support. To end June 2023, 7,519 businesses have been engaged, 3,779 SME Productivity Plans completed, 4,584 referrals have been made to GM Bridge and Good Employment Charter, 261 new apprenticeships, 10,376 individual skills plans created, and 2,735 completions claimed. We have moved into the contract extension profile, which is on track to achieve targets, with more focus on individual skills plans as we move into the last 3 months of delivery.

Leadership and Management - GM Leadership Hive. Since January 2022, to end June 2023, the BGH leadership programmes have engaged with 747 SMEs, intensively supported 344 SMEs, with 468 leaders from those businesses on the Executive Development Programme, WFD and Mentoring programmes accessing leadership development. All active delivery concluded at end of June 23, with focus on the collection of impacts from Jul-Oct 23 for jobs created and new products/services.

Access to Finance. 884 business assists generated (102% against target), completing the delivery phase of the ERDF contract. The team have helped businesses to create 378 new jobs and generated 538 Funding Offers, totalling £64.5m (£34.3m debt-based products and £27.8m in equity investments). Focus now on collection of outputs including New Jobs Created, New to Firm products and additional Funding Offers. Work is also ongoing to support the Create Growth Investment Readiness programme managed through the Digital, Creative and Tech team.

Innovation. Since 2019, the Innovation Service has generated c.917 business assists, 115

collaborations, 129 new to firm products, 67 new to market, and a total of 376 new jobs created. Programme collaborations continue between SMEs and the GM Universities across technology areas, including rapid prototyping, eco/environmental, advanced materials/chemistry, manufacturing, digital and creative, and AI/machine learning. The **Innovate UK Edge** team has continued to strong deliver in Q1, with over 90 new innovative SME's engaged and have helped to attract nearly £6m in grant funding and private investment and created over 70 new jobs.

Made Smarter. Q1 2023/24 (Apr-Jun) Made Smarter Adoption Programme has met/exceeded all but one KPI. The programme is waiting for feedback from the Department for Business and Trade (DBT) re the re-introduction of the Digital Technology Internship (DTI) programme (students).

BUSINESS FINANCE

Business Lending. GCBF invested £2.2m into GM SMEs in the first Quarter of 2023/24, including £1.9m in loans to 133 GM start-ups and £0.5m in growth business loans into 5 more established SMEs. The business loan WIP is consistent, with £0.73m across 16 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.

Angel & Innovation Finance. Following a strong Q4 last year which saw GC Angels invest £0.6m into 5 companies unlocking £1.2m into high innovation GM SMEs including two GIEC spin outs and a female FinTech company, GC Angels has focused on starting to raise a dedicated £30m fund to sustainably support the innovation gap in GM for the next 10 years. We now have over 230 GM opportunities that we are tracking and an integrated suite of partner advice for companies not yet ready to receive external funding. The portfolio is made up of 36 investments valued at £3.1m which has attracted £16.8m in additional capital. Over 40% of the companies are female founded and 25% founded by ethnic minorities. GC Angels has been accepted as an investor partner on to the Future Economy Programme by Innovate UK allowing access grants to develop innovative R&D projects.

Start Up Loans. During Q1 2023/24, GCBF issued 133 Start-Up Loans to the value of £1.89m in GM, and a further 230 loans across the UK under the new National Business Support Partner contract, we continue to work closely with the Growth Hub, integrating

workshops and one 2 one support. GCBF are currently bidding on the next phase of the Northern Powerhouse Investment Fund (NPIF 2), targeting the Small Loan Funds NW Lot of £16m plus a reserve to be invested in SMEs from April 2024 for which GC is the current provider.

INTERNATIONAL, MARKETING, AND INWARD INVESTMENT

Marketing Manchester

Local Visitor Economy Partnership (LVEP). VisitEngland recently approved Marketing Manchester's application to become the LVEP on behalf of the city-region of Greater Manchester. The CEO of VisitBritain/VisitEngland, the national tourism body, recently visited Manchester on a two-day fact-finding tour to be briefed on Greater Manchester's growing tourism offer. Her visit included tours of: Coop Live, Etihad Stadium, RHS Bridgewater, Science and Industry Museum and Aviva Studios/Manchester International Festival.

Accommodation Business Improvement District (ABID). Year 1 workstreams have been developed with the first meeting to brief businesses on activity held on 5 July with over 50 businesses represented. Activity highlights include a new street cleaning programme which focuses on visitor arrival points; a new cohort of City Hosts who will be visible in the city to help visitors; and a marketing campaign to encourage short breaks during August.

Business Conferences and Events. In Q1 (Apr-Jun), 23 bids submitted with a potential for 85,910 delegates and an economic impact of £114.7m. 9 bids were won in Q1 with an economic impact of £16.7m bringing 2,004 delegates/participants to GM. Currently the pipeline is buoyant with 153 live opportunities, 22 bids are required and 37 bids are pending decisions. To continue to raise the profile of Greater Manchester as a destination for business visits and events, the team attended IMEX Frankfurt on the VisitBritain stand week commencing 22 May, and had 45 appointments over three days. Follow up is now being undertaken and 5 bids have been submitted. The team attended The Meetings Show in June, with 5 business tourism partners joining the Manchester stand. 66 appointments were conducted and leads are being followed up.

Place Partnership Programme. Building on the successful events of 2023, a programme of real estate promotional activity and events will be launched in Jul/Aug to offer partners the opportunity to engage in a full year programme including MIPIM, UKREiff, London Real Estate Forum and Expo.

UKREiiF – 16-18 May 2023. GM exhibited in partnership with Opportunity London to deliver a joint city presence at The Canary. 29 GM partners joined the partnership from across public and private sectors. A total of 24 speaking opportunities for the GM delegation, included sessions on Atom Valley, Devolution, Transforming Transport and Levelling Up. Social media reach for the event was 2.4m with 37 pieces of coverage in the media providing approximately 14.5m opportunities to see.

London Real Estate Forum (LREF) - 28-29 September 2023 and Expo – 4-6 October 2023, Munich (as part of a UK Cities collective) attendance planning is well advanced and for **SXSW in and MIPIM** both in March 2024 is underway.

Domestic Marketing - Manchester Flower Festival (June) – delivered a campaign promoting the Manchester Flower Show on behalf of CityCo. In total this paid media delivered over 1.25m impressions, with 63k page views on Visitmanchester.com. **Soccer Aid (June)** – delivered an OOH campaign to target overnight stays focussed on the Soccer Aid match in Manchester. In-kind placements delivered 4.7m impressions across key sites throughout London.

International Marketing – GREAT Gateway Innovation Fund Campaign. The US GREAT campaign was delivered in June and July targeting 'Experience Seekers' in the New York tristate area in partnership with Aer Lingus and Visit Wales. The campaign incorporated a number of elements, e.g. Expedia Campaign, Sojern Campaign (Sojern is a travel marketing platform), influencer campaign, Google Web Stories, radio promotion, press and media visits (hosted 4 journalists throughout May/June), created new photography and film content. The final evaluation will take place in August. At a follow up meeting with New York Tourism & Conventions, it was agreed to deliver a city-to-city tourism partnership scheduled for late October in New York.

Sector / Thematic Campaigns. During Q1 City to Scale final campaign activity was delivered to complete the programme. As the ERDF funded sector marketing programme finished at the end of Q1, a new 23/24 sector marketing plan was developed in Q1 and will be implemented Q2 onwards.

Sector media and PR.

- In Q1, there were multiple PR announcements related to Greater Manchester's economy, trade and investment. These included new routes to Vegas from Manchester Airport, JP Morgan's investment in Manchester, the Nasscom MoU in partnership with MAG and MIP, and figures from DBT which showed Manchester topping the tables for FDI.
- As a result of huge media interest in India for the Nasscom MoU, the OTS for Q1 reached new heights of over 18m OTS media coverage. This was considered as a unique catapult innovation project in India resulting in national high profile coverage, hence very high OTS achieved. India media coverage was not included when KPIs were set, so noting that this will skew and significantly increase the OTS figure against target.
- Thought leadership opportunities were also arranged for sector representatives on topics such as UKREiiF, roundtables on tech and space with North West Business Insider and The Fintech Times, which resulted in positive coverage online and in print.
- To further position Greater Manchester as a leading city for investment, organic content was regularly published on the investinmanchester.com website, which included interviews with recent investors and sector insights related to attendance in Q1 at events including Money 2020, Advanced Materials Show and Medtech Japan.

Inward investment: MIDAS

Foreign Direct Investment Review. Lord Harrington is leading a review of foreign direct investment which will look to address the governance and operations of inward investment, including the Office for Investment, central and local partnerships, as well as the incentives for inward investment. The review will focus on digital technology, creative industries, life sciences, advanced manufacturing and green industries. Discussions are being had with the department on the review which is due to conclude Sept 2023. In response to the review, GC through MIDAS has directly inputted to Lord Harrington and in its Chair of the NPH T&I Officer's Group is working with the NP11 to formulate a Northern response to be shared with Lord Harrington by the end of July.

Shaping Future Activity. Initiating two pieces of strategic work to inform our market and sector priorities. These will provide an evidence base and focus for future targeted and proactive activity:

- **US Deep Dive:** Strategic deep dive research project on the USA to support the next stage of implementing the Greater Manchester International Strategy. This research will

identify which cities, regions, and sectors in the US should be targeted, while also identifying secondary emerging opportunities for future years also reflecting the existing relationships that GM has developed in the US over several years.

- **Inward investment for advanced manufacturing and advanced materials.** We need to update our assessment of GM's comparative advantages and distinctive value proposition to attract further advanced manufacturers, advanced materials, and low carbon firms into the city region. This research will address short term investment opportunities, including in markets like EV and mega factories, as well as the longer-term trends shaping international investment, such as net zero, supply chain redesign, and technology changes.

Results

- Year to date, there have been 11 successful inward investment projects and 274 jobs created. This year's YTD position is comparable to 2020/21 and 2021/22. It is behind the YTD position in 2022/23 (20 projects and 1,702 jobs), which was a significant 'catch-up' period for investors.
- Successes include 2 R&D projects. Of the total job created, 93% will be paid above the real living wage and 47% will be paid above £35,000. Although the target on the proportion of jobs paid above £35,000 is currently behind target, it is expected that this will be met over the year.
- The MIDAS pipeline has 47 projects and up 3,372 corresponding jobs with a strong-very strong chance of successfully closing this financial year. This includes 13 R&D, 14 HQ and 9 low carbon projects. MIDAS also continues to add projects to the existing pipeline and have begun engagement with 64 new projects so far in 2023/24.

Recent successes:

- **Wahed X.** Part of the US headquartered Wahed X, an ethical halal investment platform. This division is the private investment arm that funds ethical tech businesses using finance from a portfolio of HNW investors, creating 27 jobs.
- **JC Decaux.** As part of their strategic growth plans for the North of England and Scotland, JC Decaux are building out the partnerships team for Greater Manchester and the wider Northern region. Created 3 new roles and safeguarded 30 jobs. Project closed June 2023.
- **Zedify.** A zero-emissions logistics company, Zedify selected Manchester as the next phase of their UK expansion, creating 30 new jobs.

Examples of Current Project Pipeline:

- **Project Brooks.** US Battery Manufacturer looking for first international site for pilot production. 150 forecast jobs.
- **Project Fab.** A leading semiconductor manufacturer with plans to create a new Fab Plant to for next generation of compound semiconductors. Also include an R&D centre. 300 jobs.
- **Project Brew.** A Canadian Graphene manufacturer, who will be taking space at GEIC and then looking for pilot production facility in the next twelve months.
- **Project Blade.** Spanish-owned renewables manufacturer looking at UK&I footprint consolidation along with a training facility. Invest heavily in green skills training centre for installation, maintenance and servicing. 20 new jobs.
- **Project Magnitude.** US Headquartered company looking to establish a Quantum Centre of Excellence in the UK - 20 new Jobs.
- **Project UK Scale.** European Headquartered Digital Transformation company looking to establish a UK base in the North of England - 700 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 (page 11).

Japan Steering Group

- Planning has commenced for the Mayoral mission to Japan, provisionally w/c 4th December 2023 – visiting Osaka & Tokyo. Sector focus will be Low Carbon, Life Sciences and Advanced Materials, and planning meetings have been held with DBT in Japan, Osaka Chamber of Commerce & Industry (OCCI), University of Manchester, DBT NPH Trade team, Osaka City officials and the office of the Governor or Osaka Prefecture.
- MIDAS have agreed with OCCI and DBT NPH Trade team to host two sector focused webinars in the Autumn to introduce OCCI members to the GM (& NPH Trade) opportunities as a prelude to the December visit and in-person meetings.

Manchester India Partnership (MIP)

- MIP hosted a DBT delegation of 25 tech companies from India in Partnership 21-22 June. The delegation visited on the back of the London Tech Week.
- MIP has delivered a tripartite MOU with India's premier business association for tech companies NASSCOM to offer 10 free desk spaces for a year at Manchester Airport's 4m office space. The MOU was signed on the 28th June in the presence of the Consul General Dr Shashank Vikram. 7 companies have expressed interest in establishing operations so far. Similar NASSCOM agreements in Canada are estimated to create 200 jobs within 2 years.
- The Catapult Connected Places Net Zero Innovation Twinning Report has been successfully launched and follow up discussions between the GMCA and Catapult are ongoing around further cooperation on Net Zero Twinning Frameworks for other geographies. MIP will be convening a Greater Manchester and Bangalore Stakeholder online session in the near future to explore further opportunities.
- MIP will be exploring a broad strategy refresh and a re-examination of the GM value added proposition for India in the coming months to reflect recent changes in the organisation.

Manchester China Forum (MCF)

- MCF co-hosted the Manchester visit for Incoming HM Trade Commissioner (HMTC) to China alongside with DBT Northern Powerhouse on 27 and 28 June, meeting stakeholders including University of Manchester, Manchester City Football Group, BCEGI, Manchester City Council, and FECIL as well as MAG during a private dinner.
- MCF hosted the visit of Sinosynergy – a Chinese hydrogen fuel cell company interested in exploring local commercial opportunities to Manchester. The company met with representatives from MIDAS, MMU Fuel Cell Innovation Center, TfGM, and Carlton Power.
- MCF Executive Director attended the Great Britain China Center (GBCC) Senior Leadership Forum along with Paul Dennett, Deputy Mayor of GM and City Leader of Salford. This was the first time for GBCC to extend the invite to a non-MP audience from this region – GM was represented at this important session, which provided the opportunity for an open and frank discussion regarding the latest on the UK-China bilateral relationship.