



GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD - PART A

SUBJECT: Growth Company 6 Month Performance Report 2019/20

DATE: 21st January 2020

FROM: Mark Hughes, Group Chief Executive, Growth Company

1. Introduction

The Growth Company's (GC) Business Plan for the 2019/20 financial year was presented to the LEP Board in March 2019. The purpose of this report is to present to the Board a performance review of progress against Business Plan priorities, objectives and targets during the first half of the year (April to September 2019), as part of the agreed LEP reporting cycle. It should be noted that there is a lag between the end of the reporting period and when the LEP Board receives the report as performance is first reviewed by GC's Advisory Boards and Group Board (in November/December) before a report is brought to the next available LEP Board meeting.

The report comprises a high-level summary of performance which is set out below.

2. Implementation of Business Plan priorities

The first 6 months of the year has seen a positive start in terms of performance against the annual business plan. Currently, 46 of the 50 objectives contained in the Business Plan are rated as green or yellow in terms of progress to date with only one objective rated as Red, which is linked to apprenticeship performance. KPI performance is good with 8 of our top 12 KPIs exceeding target in the second quarter and only 2 falling below 80% of target.

In particular, good progress has taken place in our export performance where we have achieved 98% of the annual contractual target. Other noteworthy areas of delivery performance include business engagements and assists across our Business Support programmes, Work and Health programme and GM marketing campaigns. Internally, Q2 saw the achievement of IIP silver for the Group, which is the result of significant progress made on our people and OD activity over the last two years.

Some challenges remain. A number of decisions on FDI projects have been placed on hold in light of Brexit and this has impacted on the number of FDI jobs achieved year to date. The apprenticeship market still remains challenging and the overall target for the year will not be met.

We have also had to deal with a number of unplanned for activities including greater levels of Brexit planning/engagement and our response to the Thomas Cook closure.

On balance, progress against the Business Plan remains positive and plans are in place to respond quickly to the challenges that have arisen.

Key achievements in the first half of the year include the following:

Strategic Priority	Key Achievements
1. GVA & Productivity	<ul style="list-style-type: none"> Be the Business National Mentoring Programme secured, which aims to deliver 1,000 mentoring relationships by March 2020. Significant Brexit activity undertaken with 9 events through October and regular communications to over 27,000 businesses. GC Business Growth Hub chosen by BEIS to be its co-ordinating partner for supporting the delivery of the portion of the Governments EU Exit Programme directed through Growth Hubs. Business support targets for business engagements and assists exceeded Made Smarter intensively supported 292 businesses against annual target of 292. 59 grants totaling £1.5m now awarded Significant consumer reach and additional visitor spend generated by Marketing Manchester's Cricket World Cup and Unmissable Weekends campaigns. All ERDF for the 2018-21 Business Productivity and Inclusive Growth Programme secured, enabling full delivery.
2. Inclusive Growth	<ul style="list-style-type: none"> Launch of GM Good Employment Charter in July. Over 50 employers now completed application forms for Charter. Over-achievement of Skills Support for Employment GM targets with 3,700 accredited training starts against a target of 1,000 generating an over-achievement of revenue of £106k. Strong performance on GM Work & Health programme in Manchester, Salford & Trafford continuing to perform higher than Ingeus in other LAs. This will contribute to the improvement in sustained job outcomes during Quarter 3. Response to Thomas Cook closure, where 2,300 individuals across the North West were directly affected. GC established a dedicated website and contact centre within 24 hours of closure, and a GM Taskforce was established and had met within 72 hours. A jobs fair was organised with over 1,000 former staff attending and 127 (known so far) securing employment.
3. Internationalisation	<ul style="list-style-type: none"> Annual International trade targets exceeded by end of Q2. Manchester India Partnership visit to India with GM Mayor. 7 projects sourced which, if realised, could generate 600 jobs and additional GVA of £45m 8 international conferences secured for GM with an Economic Impact of £8.1m The Global Scale Up programme has been launched with the first cohort of 33 GM businesses onboarded. Engaging visitor welcome graphics installed at Manchester Airport as part of "Growing Manchester as the gateway to the North". New GM Business Tourism Strategy for 2019 launched. The Manchester Garden at the RHS Chelsea Flower Show attracted significant media coverage and won a Silver Award within the Space to Grow category.
4. Financial Position	<ul style="list-style-type: none"> £123m of contract wins secured year to date. Wins included Start-up Loans, Be the Business mentoring, Self-employment pilot.
5. Commercial Development	<ul style="list-style-type: none"> Secured MATRIX IAG accreditation service Establishment of GC Portfolio Management function to secure appropriate prioritisation of approach to projects and associated resources. Draft Vision & Ambition agreed by GC Board. Strategy for 2020 – 2023 developed. Group-wide Marketing and Communications Strategy finalised and now in delivery. Procurement completed of Business Growth Hub Omni channel contact centre software which will improve client engagement.
6. Organisational Transformation	<ul style="list-style-type: none"> Achievement of IIP Silver

	<ul style="list-style-type: none"> • Rollout of Work Your Way phase two part 1 has been completed on time and to budget. • Launch of I-Mentor platform • Health and wellbeing programmes launched across the Group and training completed for the first cohort of 55 Mental Health First Aiders. • Zoho CRM implemented across 4 business areas, enabling improved client acquisition and pipeline visibility.
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3. Strategic Priorities

Each of the Business Plan's 6 strategic priorities has supporting operational objectives aligned against it. Progress against each of the operational objectives, with RAG ratings, has been reviewed by GC senior management and the GC Board.

The summary RAG rating of these operational objectives is set out in the table below:

Table 1. Business Plan Objective RAG Rating

Strategic Priority	No. of objectives	Green	Yellow	Amber	Red
1. Support / enable increase in GVA & productivity	9	5	3	0	1
2. Contribute to inclusive growth across GM	9	5	2	2	0
3. Lead the delivery of GM's Internationalisation Strategy	8	7	1	0	0
4. Improve financial position	8	6	1	1	0
5. Drive commercial development	8	5	2	1	0
6. Deliver organisational transformation	8	4	3	1	0
Total	50	33	13	3	1
Green	Progress ahead of or on schedule with objective achieved or likely to be achieved				
Yellow	Progress behind schedule but able to be recovered with good probability that objective will be achieved				
Amber	Progress behind schedule with key issues impeding recovery – risk that objective will not be achieved				
Red	Progress behind schedule with recovery doubtful and objective unlikely to be achieved or ability to achieve objective impaired by factors which the Group cannot resolve				

A good level of performance has been achieved during the first half of 2019-20, with 33 of the 50 objectives rated as green, 13 as yellow and the remaining 4 as amber/red.

The objective rated red falls under Strategic Priority 1: increasing GVA and productivity and is objective 1.7 which focuses on maximising Apprenticeship investments (levy and SME). Total starts at quarter 2 reached 643, 83% of profile to Q2, however, the YTD target is only 30% of annual, and the annual target will not be met.

Further details of KPI performance against relevant annual targets set in the Business Plan are included in Part B under the relevant strategic priority, with the position on the Group's top 12 KPIs set out in Section 4.

Specific issues which have been encountered in the first 6 months of the year include:

Strategic Priority	Key Issue
1.GVA & Productivity	<ul style="list-style-type: none"> • Under-performance of Apprenticeship starts. A 100 day Turn Around Plan to improved delivery, retention and achievement rates is in place (an output of an external Skills and Education review) and resources are in place to drive this forward.

	<ul style="list-style-type: none"> Lower volumes on IIP first-time assessments as discretionary spend in businesses is held back.
2. Inclusive Growth	<ul style="list-style-type: none"> Some difficulties engaging NEET cohort which has impacted on performance.
3 Internationalisation	<ul style="list-style-type: none"> Inward Investment projects delayed due to Brexit uncertainty. Possible impact on end of year results. Some international conference decisions delayed, again due to Brexit uncertainty.
4. Financial position	<ul style="list-style-type: none"> Q2 reforecast numbers revised downwards due to changes in Skills and Commercial B2B figures.
5. Commercial development	<ul style="list-style-type: none"> Progress with GC consultancy slowed as acquisition conversations stalled.

4. KPI Performance

The Business Plan highlighted the Group's top 12 service delivery and economic impact targets for the year and the table below shows the Q2 performance against the target for the quarter and against overall annual targets.

Key Performance Indicator	Annual Target	Q2 Target	Q2 Actual	% to target achieved Q2	% to annual Target
£m of additional GVA / economic impact	£468m	£ 213,000,000	216,712,969	102%	40%
No. of new jobs created	10,759	4,879	4,662	96%	43%
No. of new and existing businesses assisted	20,814	9,396	13,418	143%	64%
No. of new businesses created	5,761	2,853	3155.00	111%	55%
£m investment in existing businesses	£28.6m	£ 14,200,000	8,246,725	58%	29%
No. of apprenticeship starts	2,143	773	643.00	83%	30%
No. of clients placed into work	8,501	4,225	4477.00	106%	53%
No. of new exporters assisted	60	25	35.00	140%	58%
£m value of export sales generated	£650m	£ 282,000,000	881,666,621	313%	136%
No. of new foreign direct investment projects	54	21	17	81%	31%
£M economic impact of conferences won	£26m	£ 6,500,000	12,631,514	194%	49%
Volume of media coverage (opportunities to see)	900m	350,000,000	590,420,448	169%	66%

Two KPIs are currently less than 80% of target achieved including investment in existing businesses and number of new foreign direct investment projects.

Investment in existing businesses – this target is a combination of Access to Finance (A2F) activity as well as GC Business Finance through their start-up loan, NPIF, Co Angels Export and Business Loans activity. For A2F, the summer period was quieter than expected, however, the numbers are also impacted by a lag in claims processing. The delayed claims will be processed during Q3 which will improve the current position. The pipeline for Q3 and Q4 is strong and the team are confident that their annual targets will be met. For GCBF, current lending is in line with

contractual requirements (£4.68m YTD) however is behind on the stretch targets set as part of the Business Planning process earlier in the year. They are confident that they will meet their annual contractual target (£13.4m) but may not achieve the £15.75m stretch target.

Foreign Direct Investment Projects has been impacted by delayed decision making. A number of projects have been placed on hold as a result of Brexit and based on the current pipeline, MIDAS is projecting a year end result of 3,400 jobs against a target of 4,000.

5. Customer Satisfaction

Quarter 2 customer feedback data from GC services is set out below. Returns were received from clients in the following business areas: Employment, Education & Skills, GC Commercial, Business Growth Hub, GCBF and International Trade.

Period: 1 April 2018 – 31 st March 2019							
Total Returns:	3091						
Descriptive Rating		Excellent	Good	Average	Poor	Very Poor	Not Answered
Numeric Rating		5	4	3	2	1	
Q1 – How would you rate your first impressions of the service / event in terms of its planning and meeting your expectations?	No	1731	980	103	137	75	65
	%	57%	32%	3%	5%	2%	
Q2 – How would you rate the extent to which you benefitted from the service / event and its desired impact?	No	1479	1208	139	130	89	46
	%	49%	40%	5%	4%	3%	
Q3 – How would you rate the quality of the advisor / staff member who provided the service or led the event?	No	2026	821	55	79	39	71
	%	67%	27%	2%	3%	1%	
Q4 – How would you rate your overall satisfaction with the service / event?	No	1792	982	72	141	63	41
	%	59%	32%	2%	5%	2%	
		Yes	No	Not Answered			
Q5 – Would you recommend the service / event to others?	No	2782	178	131			
	%	94%	6%				