

Greater Manchester Combined Authority

Date: 23 February 2024

Subject: Greater Manchester Investment Zone

Report of: Councillor Bev Craig, Portfolio Lead for Economy & Business

Purpose of Report

The Trailblazer Devolution Deal and announcement on Investment Zones at the March 2023 Budget gave Greater Manchester a range of new tools to support economic growth. These included Growth Zones, an Investment Zone programme, and the retention of 100 per cent of the growth in Business Rates for 10 years.

An Investment Plan is being developed for Greater Manchester, so that these new tools can be deployed in a strategic and integrated way to deliver agreed priorities in the Greater Manchester Strategy – such as the Growth Locations – and the Frontier Sectors in the Local Industrial Strategy. The development of the Investment Zone proposal for the Government is part of the overall Investment Plan, focused on Greater Manchester’s priorities.

The Investment Zone programme provides Greater Manchester with an initial £80m over 5 years to invest in growing advanced materials and manufacturing. The Government have since announced that this will be extended to £160m over 10 years. Greater Manchester Combined Authority has worked with partners to develop the Investment Zone proposal - including a package of projects - for the city region. Greater Manchester’s Investment Zone proposals are subject to approval by Ministers.

Recommendations:

The GMCA is requested to:

1. Delegate authority to the GMCA Chief Executive Officer and Treasurer, in consultation with the Economy Portfolio Chief Executive and Leader, to negotiate with Government project allocations in 2024-25. A further update will then be provided to the GMCA, following Ministerial approval, confirming the project

allocations in 2024-25, and overall indicative allocations across the programme as a whole.

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Equalities Impact, Carbon and Sustainability Assessment:

Recommendation - Key points for decision-makers		
Insert text		
Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	The IZ projects will be open to all participants regardless of their characteristics. There are no specific provisions to target disadvantaged people or groups, though this may happen through the course of the programme. A highways improvement project in the outline package would improve access to transport in northern areas of the city region. Large infrastructure projects within the IZ will interact with and consult local communities, providing an opportunity to influence the approach to redevelopment. EIAs and other consultations will be carried out at the local level by local authorities. None of the projects in the programme is likely to have an effect on community cohesion.
Health		
Resilience and Adaptation	A	Major development projects in the IZ package will cause a short term increase in emissions and a public safety risk to be managed. The developments will follow best-practice in sustainability and health and safety to mitigate these risks. IZ programmes support firms to innovate, develop new technologies and use these for their commercialise commercial benefit. Several programmes focus on the development of advanced materials and machines for climate adaptation / carbon abatement. There is no specific focus on tackling crime or ASB within the IZ programme. Several of the large development projects in the package will involve an increase in the quality of green and blue infrastructure and investment in green spaces.
Housing		
Economy	G	The Investment Zone programme will invest £80 million in projects to generate growth and innovation in advanced materials and manufacturing. They have been selected for the likelihood of achieving economic benefits, based on a detailed evidence base for the sector in Greater Manchester. Investment Zone projects focus on private sector growth, supporting businesses to start and scale up, and through this creating new employment opportunities. Skills programmes within the package will support local people to access employment in the advanced materials and manufacturing sector. The Investment Zone focuses on business innovation, aiming to make Greater Manchester a more competitive economy. This specialised and technical activity requires skilled workers, and will create demand for good jobs across the city region. Investment Zone projects focus on Greater Manchester economic specialisms. The Investment Zone programme focuses on innovation in advanced materials and manufacturing, an area of existing strength in Greater Manchester. Working closely with Greater Manchester's universities, the programme will invest in deepening existing areas of expertise and translating findings into commercial improvements for businesses. A combination of interventions through the investment zone supports firms to develop complex and valuable products and services, making viable businesses from useful ideas, and helping businesses to turn already new ideas into viable commercial products. This will attract FDI interest. There is a skills scheme set out in the outline package that will invest in targeted skills programmes for groups of all ages, helping them to access positions in the advanced materials and manufacturing sector. Two investment zone projects focus on redevelopment / development of large scale employment sites.
Mobility and Connectivity	G	No projects in the programme directly address digital connectivity. It is unclear at this stage of the programme whether existing infrastructure will be digitally-enabled through IZ investments. The IZ will invest in new transport infrastructure to major employment sites. IZ projects will help to reduce congestion around high-traffic motorway junctions. IZ investment connects future employment sites to public transport routes, increasing access for affordable transport methods. It is unclear at this stage of the programme whether the IZ programme will affect local availability of shared transport. IZ investment connects future employment sites to public transport routes, increasing access for multiple transport modes from major population centres. The IZ will target investment at highways infrastructure for multi-modal use. Bus availability / access will increase. The IZ will invest in new road infrastructure where none currently exists. No projects in the programme specifically address digital connectivity. Investment in road infrastructure could increase traffic.
Carbon, Nature and Environment	A	During building of key infrastructure projects phase local air quality could worsen. Developments will follow best practice and look to mitigate air quality effects where possible. No water quality issues are apparent at this stage. New developments in the IZ package could have some impact on light pollution. Development activity will increase levels of noise pollution, as would an increase in manufacturing activity in Greater Manchester. Manufacturing innovation funded via the IZ may contribute to noise management improvements. No woodland / peatland impact is apparent at this stage. IZ invests in improvement in currently underused or derelict sites. Plans for development aim for biodiversity net gain. Developments in the IZ package should enhance community access to greenspace. The IZ invests in research and innovation programmes in decarbonisation and sustainable materials. Advanced materials and manufacturing is an integral part of energy transition and decarbonisation throughout multiple value chains.
Consumption and Production	A	Developments and innovation programmes will produce waste, though project leads will look to mitigate this where possible. Battery recycling and circular economy activity anticipated in several projects. Multiple projects and programmes focus on the circular economy. Advanced materials projects innovation is likely to have a knock-on impact on single-use plastic and packaging use. Innovation in advanced materials is likely to have a knock-on impact on construction waste.
Contribution to achieving the GM		Manufacturing and materials innovation is a central element of Greater Manchester meeting its climate ambitions. The R&D activity and local innovation capacity that the
Carbon Footprint	G	Positive impacts overall, whether long or short term.
	A	Mix of positive and negative impacts. Trade-offs to consider.
	R	Mostly negative, with at least one positive aspect. Trade-offs to consider.
	RR	Negative impacts overall.

Carbon Assessment

Overall Score



Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New build non-residential (including public) buildings		<p>Detailed plans on the energy performance of IZ projects are pending.</p> <p>Detailed plans on the energy efficiency of IZ projects are pending.</p> <p>Detailed plans on energy usage of IZ projects are pending.</p> <p>Detailed plans on the building management of IZ projects are pending.</p> <p>Detail on cost of fabric efficiency does not exist at this stage of the programme.</p> <p>IZ developments respond to GM councils' aims of achieving net zero-carbon, and includes a commitment to being a world leader in tackling climate and ecological emergencies. They plan for net zero carbon and reductions in resource use and waste. An increase of at least 10% in Biodiversity net gain is anticipated following delivery of the schemes.</p> <p>Manchester developments support the City Council's Climate Change Framework and City Centre Transport Strategy. E.g., ID-Manchester's team does not envisage there being many car parking spaces within ID Manchester. They expect this will be largely limited to providing accessible parking only. All buildings and public spaces will be fully accessible, whether travelling by foot or wheel, and comply with required accessibility regulations.</p> <p>ID Manchester is close to Piccadilly and Oxford Road railway stations, the Metrolink and bus networks, and the Beeline cycle network. The area is well connected to all forms of public transport, minimising the need for car journeys to and from the area, and pedestrian and cycle routes will be prioritised.</p> <p>Provision of electric vehicle charging is unclear at this stage of the programme.</p> <p>Provision of cycling facilities is unclear at this stage of the programme.</p> <p>The energy strategy for IZ developments should seek to supply energy so far as possible by on-site renewables.</p>

Transport

Active travel and public transport		<p>IZ development projects will include active travel improvements.</p> <p>No existing active travel routes will be removed or reduced as part of the programme.</p> <p>The IZ investment will create new active travel infrastructure.</p> <p>New amenities are part of IZ developments and will be open to the public.</p> <p>The IZ will invest in multi-modal transport infrastructure.</p> <p>It is unclear at this stage of the programme whether new public transport facilities will be constructed.</p> <p>No disruption envisaged.</p>
Roads, Parking and Vehicle Access		<p>The IZ will invest in multi-modal transport infrastructure.</p> <p>No reduction in access for cyclists or pedestrians envisaged.</p> <p>Access to major employment sites will be improved through transport improvements.</p> <p>Road improvements funded through the IZ will increase personal vehicle travel in targeted areas.</p> <p>No increase in parking spaces envisaged in city centre developments.</p> <p>No increase in parking spaces envisaged in city centre developments.</p>
Access to amenities		<p>The IZ will invest in new public amenities and will improve access via walking cycling.</p> <p>City centre investments fund new public amenities and is in close proximity to bus, tram and train stops.</p> <p>Developments in the IZ will not require car access to reach.</p>
Vehicle procurement	N/A	

Land Use

		<p>Green space within IZ development projects will be improved.</p> <p>Minimum 10% biodiversity improvement envisaged on IZ developments.</p> <p>It is unclear whether new natural habitat above net gain criteria will be created</p>			
No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.	Z

Risk Management

The Investment Zone and any associated risks will be overseen and managed through the an Investment Zone governance structure. A risk register has been compiled with the GMCA corporate risk manager and the Head of Internal Audit.

Legal Considerations

The work programme does not currently have requirements for legal input. Should future legal input be required it will be managed through appropriate governance arrangements.

Financial Consequences – Revenue

The proposed revenue investments in the Investment Zone programme will be funded by the Department for Levelling Up, Housing and Communities. This will be drawn down each year from the department subject to sign-off from the Secretary of State.

Financial Consequences – Capital

The proposed capital investments in the Investment Zone programme will be funded by the Department for Levelling Up, Housing and Communities. This will be drawn down each year from the department subject to sign-off from the Secretary of State.

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

None

Background Papers

None

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. The Investment Zone process

- 1.1. The March 2023 budget announced the Trailblazer Devolution Deal and Investment Zones policy, giving Greater Manchester a range of new tools to support economic growth. These included Growth Zones, an Investment Zone, and the retention of 100 per cent of the growth in Business Rates for 10 years.
- 1.2. The Government's prospectus stated that Investment Zones are intended to boost productivity, providing more high-priority jobs in places and levelling up the economy. The prospectus sets out that Investment Zones have to focus on growing clusters in one of the identified national priority sectors. It was agreed that Advanced Manufacturing & Materials would be Greater Manchester's Priority Sector, due to the city-region's world-leading strengths in the sector, opportunities to link to the wider manufacturing base, and the opportunity it provides to invest in related strengths such as digital, health innovation, and to drive decarbonisation.
- 1.3. An Investment Plan is being developed for Greater Manchester, so that those new resources can be deployed in a strategic and integrated way to deliver agreed priorities in the Greater Manchester Strategy – such as the Growth Locations – and the Frontier Sectors in the Local Industrial Strategy. The development of the Investment Zone proposal for the Government will then be part of the overall Investment Plan, focused on Greater Manchester's priorities.
- 1.4. The Investment Plan will set out measures to meet Greater Manchester's economic priorities, identifying areas for investment in physical assets, and funding gaps that prevent these opportunities from advancing. Through this process, projects throughout the city region will be developed and prepared for investment. The Investment Zone has accelerated this process for Advanced Materials and Manufacturing in Greater Manchester, and will continue through the Investment Planning process.
- 1.5. Investment Zones are intended to catalyse a small number of high-potential clusters in areas in need of levelling up to boost productivity and growth. The Government has been working with places via a structured conversation to co-develop and iterate proposals, with Mayoral Combined Authorities (MCAs) leading proposals. Proposals

have been co-designed with local partners including universities, at least one of which must co-sign the final proposal.

1.6. GMCA is proposing to use, wherever possible, existing governance structures, so that the Investment Zone is bound into existing priorities and avoids duplication. The GMCA will be the accountable body and will take responsibility for receiving funding from Government where relevant, and commissioning and procuring interventions.

1.7. Decisions on funding will be made in line with the GMCA constitution. The development of proposals will be supported by an Advisory Board, chaired by the Chief Executive Portfolio Lead for Economy & Business, drawn from the Graphene and Advanced Manufacturing & Materials Alliance (GAMMA) as the existing sector-development body, sitting under Innovation Greater Manchester, Greater Manchester’s universities, colleges and Chamber of Commerce.

1.8. Each Investment Zone is receiving a funding envelope of £80 million for the first five years, which can be used flexibly across fiscal incentives and flexible spend. Greater Manchester will take all of the funding as Flexible Spend, given the complexity and uncertainty around the deployment of tax incentives, and risk of displacement between different parts of Greater Manchester. Areas can also designate up to two Business Rates Retention sites – details are summarised in the table below.

Component	Location	Duration
<ul style="list-style-type: none"> • Flexible Spend: £80m focused on specific Priority Sector, and can be deployed for the following purposes: <ul style="list-style-type: none"> ○ Research and Innovation, e.g., grants for projects ○ Skills, e.g., Skills Bootcamps, stimulating demand for apprenticeships ○ Local Infrastructure, e.g., land remediation for labs, schemes to improve connectivity to improve access to local labour market ○ Local Enterprise and Business Support, e.g., sector-specific tailored support for start-ups and SMEs ○ Planning and Development, e.g., funding to recruit a dedicated planning team, implement an LDO, or support a Development Corporation 	<ul style="list-style-type: none"> • GM wide 	<ul style="list-style-type: none"> • 5 years
<ul style="list-style-type: none"> • Retention of Growth of Business Rates with <u>no</u> reset (these sites do not have to be the same sites as tax sites, but must all be spent on supporting the ‘Priority Sector’ focus of the Investment Zone) 	<ul style="list-style-type: none"> • 600 ha over up to 2 sites 	<ul style="list-style-type: none"> • 25 years

1.9. Proposals for the allocation of funding must align with the priority sector, evidencing what strategies, funding and infrastructure is already in place, and focus on how interventions will build on this to attract new investment and additional growth.

1.10. The Government set out a Gateway process through which areas' proposals would be co-developed and iterated:

- Gateway 1 – Inception Meeting
- Gateway 2 – Priority Sector and Cluster
- Gateway 3 – Governance
- Gateway 4 – Interventions
- Gateway 5 – Delivery

1.11. GM has passed through each gateway and the proposal is awaiting Ministerial sign off, ready for funding to be drawn down from the beginning of the financial year 2024/25.

1.12. The two Investment Zone sites for the Retention of the growth in Business Rates were assessed as part of the work to also identify the 'Growth Zones' and 10-year retention of Business Rates agreed as part of the Trailblazer Devolution Deal. These were agreed by the GMCA in January 2024.

1.13. It is important to note that it is not a requirement to deploy the Flexible Spend portion of the Investment Zone policy offer in any specific bordered geographical areas of the city-region: as long as interventions can be proven to drive growth in the Priority Sector and support the cluster, interventions can be deployed anywhere in the conurbation.

Development of the package:

1.14. Working with universities and private sector partners, interventions have been developed to increase the scale and competitiveness of the city region's materials and manufacturing sector. The Investment Zone package is based on an evidence base that GM has developed over several years: the Local Industrial Strategy

identified advanced materials and manufacturing as a local strength, and further analysis in the Greater Manchester Independent Prosperity Review set out the areas of specialism and economic complexity in different parts of the city region. In 2021, the city region's Graphene and Advanced Materials & Manufacturing Alliance (GAMMA) commissioned a review of specialist clusters in GM, their interactions with the wider economy, and their specific obstacles to growth and innovation. In November 2022, Innovation GM published its Innovation Plan, identifying sustainable advanced materials as a priority for investment, and setting out measures to strengthen connections between the R&D base and industry.

1.15. Analysis of the sector shows longstanding constraints to growth, from a shortage of specialist premises for advanced manufacturing and room for scaling businesses to grow, to a lack of seed finance, to limited management capabilities in small businesses. Greater Manchester will invest in a range of interventions to lessen each of these sector-specific constraints.

1.16. The projects within the Greater Manchester package, though run by individual organisations, are complementary and interact to support different parts of the sector. The projects will:

- Address the need for existing businesses to adopt new technology with translational research programmes, skills programmes to build a pipeline of talent, and the preparation of large sites to support growing firms to scale-up.
- Support academics, spinouts, and entrepreneurs to commercialise Intellectual Property with targeted support and specialist Research & Development (R&D)-focused developments. Subsidised finance from GMCA and in-kind support from universities and business experts will help incubate innovative firms to grow within GM, addressing the low R&D intensity of business.

1.17. To develop a package of measures that aligns with Government's criteria and GM strategic priorities, GMCA officers worked with Districts, Universities and other partners to bring forward a long list of proposals. The projects were assessed to make sure that they met the Minimum Requirements set out in the Government's guidance. Officers also worked with the Districts, Universities, and other partners to identify opportunities to join up proposals, where there are potential links, overlaps or duplication.

- 1.18. A panel of industry experts and advisors drawn from Innovation GM, GAMMA and invited representatives was also brought together, to provide comment and guidance on the proposals submitted for Local Enterprise and Research & Innovation. They examined strategic fit, ability to drive forward Greater Manchester's strengths, and insight into any deliverability issues of which they were aware.
- 1.19. The revised list of proposals was then independently assessed by Metro Dynamics, in line with the Assessment Framework, covering Strategic fit, Impact & outcomes and Deliverability – which will be particularly important given funding will need to start being deployed from April 2024 and the rigid timetable for the funding set by Government.
- 1.20. Following that assessment, GMCA officers, with guidance from an Innovation GM working group and other experts, have worked with the projects' lead organisations to bring together in a package which grows Advanced Manufacturing & Materials across the different themes of skills, infrastructure, research & innovation, planning & development, and enterprise support. These have been agreed by university representatives in Greater Manchester. The package of projects was put forward to Government.

2. The GM Investment Zone package

- 2.1. The set of projects in the package covers each category of interventions from the Investment Zone 'menu' set out in the Government's policy prospectus. However, it should be noted that the Advanced Materials and Manufacturing sector in GM is complex, and the range of interventions being put forward will target different areas of need across the city region. Subject to final agreement from the Government, the programme will invest in:
- Atom Valley research and innovation programmes to be delivered through Sustainable Manufacturing & Materials Centre (SMMC), and the infrastructure needed to make Atom Valley work.
 - ID Manchester as the largest private sector investment in this sector in Greater Manchester, accelerating the redevelopment of the site and driving research and

innovation through the ID Manchester Advanced Manufacturing & Materials Cluster programme.

- Investments in the wider supporting innovation ecosystem. Other significant assets in the city region which are not in the geographical areas above that have the potential to make a significant contribution to developing Greater Manchester's Advanced Manufacturing & Materials cluster. This includes:
 - The Acoustics Innovation Institute (University of Salford).
 - CAMSUM – the Centre for Advanced Manufacturing and Sustainable Materials Innovation (Manchester Metropolitan University).
 - NERIC – the North of England Robotics Innovation Centre (University of Salford).
 - Further development of employment sites in Ashton Moss / Future St Petersfield (Tameside) for Advanced Materials and Manufacturing.
- Four projects to provide the pipeline of skills and project development, and direct support for businesses, developing an ecosystem at a scale which can have a national impact:
 - A Revolving Investment Fund to directly invest in businesses in the Advanced Manufacturing & Materials sector.
 - Programmes to support businesses, building on the success of Made Smarter, developing supply chains, and to support international investment into the sector.
 - Skills development, including with the University of Bolton.
 - A Planning & Development fund, which Districts can draw from to develop Advanced Manufacturing & Materials projects.
- The remaining funding, will be used for the administration and delivery of the programme, in line with Government requirements.

2.2. Alongside the flexible funding, GMCA can nominate two sites of up to 600 hectares in total where Greater Manchester can retain the growth of business rates for 25 years. Under DLUHC guidance, any retained business rates must be spent on measures that provide for local economic growth within the region, support the priority sector within the Investment Zone, and represent value for money for the government. In the GM proposal, these are:

- The Manchester-Salford 'Smile': a site connecting the ID-Manchester development to the Salford Crescent regeneration area.

- The Northern Gateway: a portion of the Atom Valley site.

The boundaries for these Investment Zones were agreed by the GMCA in January 2024.

3. Recommendations

- 3.1. The initial funding envelope of £80m will be released in annual instalments by the Government over the first 5 years of the programme. In 2024-25 there is £4.8 million capital funding and £4.1 million revenue funding expected to be available for allocation against the priorities set out above.

- 3.2. It is recommended that the GMCA delegates authority to the GMCA Chief Executive Officer and Treasurer, in consultation with the Economy Portfolio Chief Executive and Leader, to negotiate with Government project allocations in 2024-25. A further update will then be provided to the GMCA, following Ministerial approval, confirming the project allocations in 2024-25, and overall indicative allocations across the programme as a whole.

- 3.3. This will be done in conjunction with the relevant projects, making such minor adjustments as may be needed once detailed negotiations happen with those projects and Government, to ensure the overall Year 1 programme balances to the amount of funding available.