

Item No. 8

GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Greater Manchester Manufacturing Strategy Update

DATE: 12 November 2015

FROM: New Economy

Purpose

This report updates the LEP on the progress with the implementation of the recommendations of the Greater Manchester Manufacturing Strategy which was led by this LEP.

Context

The Greater Manchester Manufacturing Strategy, which was published in January 2015, highlighted the critical role that the manufacturing sector plays in delivering the growth aspirations of the GM economy. The sector employs over 100,000 people delivering £6 to 7bn GVA to the local economy. This is forecast to be over £10bn by 2025. Over the last few decades the structure of the sector has changed significantly as the larger manufacturers have given way to a diverse base where the average manufacturing company now employs only 18 people.

The Manufacturing Strategy highlighted the importance of elevating the quality of leadership and management in the sector. Since the Strategy was published there has been increasing Government interest in this issue. Its Productivity Plan¹ suggests that one quarter of the productivity gap between the UK and the US is associated with deficiencies in management and leadership capabilities. Juergen Maier has now been appointed to lead on the leadership and management strand of the Productivity Plan. A key recommendation of the Strategy was the establishment of the Manufacturing Champions Network to drive improved leadership and process efficiency in the sector.

The following sets out the progress in relation to the implementation of the Champions Network and all of the other recommendations of the Strategy.

- 1. Establishment of a Manufacturing Champions Network to drive improvement of management and leadership within SMEs across the sector in Greater Manchester**

¹ Fixing the Foundations: Creating a more prosperous Nation Published 10 July 2015

The development of the Manufacturing Champions Network has been led by consultant Martin Wright working to the LEP Steering Group, which is led by David Birch and Justin Kelly of Siemens (on behalf of Juergen Maier).

The objectives of the Network are to;

- Drive the improvement of leadership and management skills and business visioning in manufacturing companies through the promotion of best practice and the benefits of strong leadership to SMEs
- Encourage the application of LEAN principles to improve the business efficiency and productivity
- Encourage business adoption of performance measurement - so that businesses can understand how they are doing now and what is needed to improve future performance

The target audience for the Network is ambitious manufacturing SMEs that employ over 20 people. This is considered to be a size where most businesses will have capacity to engage. Approximately 1,000 of the 8,000 manufacturing businesses in Greater Manchester fall into this category. It is estimated that 600 of these companies are UK owned. Those businesses are the focus of attention for the Network activities.

The LEP Sub Group concluded that the most effective way to deliver the above objectives was through a programme of best practice events led by manufacturing “champions” from across the sector in Greater Manchester who could also provide advice and support to SMEs.

Ten GM Manufacturing Champions have been recruited to date to lead the Network and oversee a programme of themed events and activities.

The Manufacturing Champions are:

Tony Bannan, Chief Executive, Precision Technologies Group; **Julian Humphreys**, Vice President, NXP; **Paul Hunt**, European Director, Sun Chemicals; **Paul Kingston**, General Manager, Cargill; **Juergen Maier**, Chief Executive, Siemens; **Tim Monaghan**, European Manager, Diodes Inc.; **Tony O’Brien**, Plant Director, Kellogg; **Matt Smallman**, Managing Director, Hyde Aero Products; **Graham Wardlow**, Chief Executive, Magnesium Elektron; **Wayne Jones**, Chief Executive, MAN Diesel & Turbo²

It is envisaged that Membership will be strengthened further in due course with a focus on improving its diversity.

Progress

The Manufacturing Champions met on 1st October to agree the objectives of the Network and discuss the structure of the launch event workshop, which is being held on 16th November, at Siemens. The leaders agreed to support the launch workshop event,

² Wayne Jones has had to curtail further involvement due to his recent appointment as Head of Global Sales which is based in Germany.

contribute towards, and in some cases, host the future activities. They also agreed to provide light touch mentoring and advice to the SMEs.

It is hoped to attract in the region of 50 manufacturing SMEs who have been preselected based on their ambition and growth potential. Its focus will be on the themes of productivity and investment.

This launch event will introduce the Manufacturing Champions, provide a taster from four of the Champions about their insights into leadership, their challenges and their view on the future of manufacturing. This will be followed a roundtable workshop with tables each chaired by a Champion where manufacturing businesses will be encouraged to open up about the issues that affect them.

Two further workshop events are planned early next year to be held on 28th January and 24th March. The themes and approaches to these follow up workshops will be informed by feedback received from SMEs through the roundtable workshops on 16th November.

Success will be measured by the numbers of SMEs who participate in programmes to improve their management and leadership capabilities. The purpose of the network will be to encourage those businesses to self-evaluate through events, demonstrating best practice and light touch mentoring advice from Champions. This should ultimately lead to those businesses seeking more in depth business support e.g. through the Business Growth Hub and skills providers.

Future of the Network

This business led approach has the potential to make a significant contribution to the improvement of leadership and management in the sector.

The response from the manufacturing leaders to date has been very positive. We have found a strong commitment from executives to invest time to support the development of sector. This is encouraging because it is recognised that this business led initiative would only work if the businesses themselves were prepared to make a significant contribution.

The LEP has made funding of £42,500 available to develop and launch of Network. This has covered the costs of consultancy to shape the structure and objectives of the Network and recruit the Manufacturing Champions. It is also funding the costs of the launch event and the two further events up to the end of March 2016.

It was always envisaged that the Network would be self-supporting as there is no further public funding available. With the Manufacturing Champions in place it is now timely to examine the options to achieve this objective.

Next Steps

The future hosting and funding options are now being explored by the LEP Steering Group in discussion with the Manufacturing Champions. Options include seeking membership contributions, securing sponsorship and/or entering partnership with a business support/skills support organisation/provider.

As part of this process the LEP Steering Group will be holding discussions with the Business Growth Hub and Manchester Business School. Recommendations will be presented to the LEP at its meeting on 18th January.

2. Development of an industry backed manufacturing engagement in schools pilot programme for Greater Manchester to drive up the numbers of young people choosing manufacturing as a career.

This work is being led by Engineering Futures, a partnership between Trafford and Tameside Colleges and The Skills Company³. A small liaison team is in place to develop a schools businesses engagement programme which aims to promote engineering/manufacturing as a career to young people.

The project is being overseen by the business led Engineering Futures Advisory Board and has been chaired by Wayne Jones⁴.

Initial focus has been on developing relationships between schools and businesses in five of the local authorities in GM. These are Trafford, Tameside, Manchester, Wigan and Rochdale. This has involved establishing clusters of schools and businesses in each area. These are now in place. Funding has now been secured to cover all 10 local authorities in GM.

The initial target of 25 schools has been exceeded with 52 schools now engaged across the five local authorities.

A range of school engagement activities have now been developed and are now being delivered. These include school assembly presentations on the value of engineering, business led workshops and participation in schools career events.

The EF Business Advisory Board is now working with Marketing Manchester to ensure that manufacturers are able to take advantage of the promotional opportunities arising from Manchester's designation as the European City of Science. This branding will provide an important banner that will help elevate the profile of the activities undertaken with schools that promote the role and value of engineering.

The Board has also raised the need to strengthen manufacturing business relationships and engagement with Universities. This has led to work being commissioned to better understand the demand and provision for Higher Level skills in engineering and manufacturing in GM. The findings of this work will be included in the next LEP update.

3. Establish a network of GM Manufacturing Skills Training locations which incorporates key private sector participants and give skills providers access to the latest manufacturing technologies.

New Economy commissioned an audit of skills providers' technical training facilities which has now been completed. This work has looked at the quality and range of training facilities

³ The new brand for Skills Solutions

⁴ A new Chair will shortly be appointed to succeed Wayne from within Advisory Board

that are currently available so that we can better understand where there are gaps are that need addressing.

Key findings

- 80% of skills facilities in GM are either good or excellent (nationally it is 63%). This reflects significant recent investment by a number of colleges and providers in Greater Manchester, e.g. Trafford & Tameside Colleges.
- Specialist equipment is not up to date in the majority of facilities – this type of technical education is expensive to run, requiring industry standard facilities and expert staff.
- There is a significant capacity to grow training activity within existing facilities, reflecting current underutilisation.
- Underutilisation of some facilities suggests future focus of capital investment should be on industry standard equipment rather than new build.
- All skills providers, except one, have hard to fill vacancies for teaching staff that mirror the skills shortage areas identified across industry.

The report recommends more effective employer engagement and joint investment between training providers and employers.

It also recommends the encouragement of more collaborative projects between providers and employers to build specialisation, remove duplication and ensure niche training is available.

It proposes that support is given to employers to open up their premises and equipment to allow their staff to make some contribution to teaching (e.g. masterclasses in fast changing areas)

Future investment should prioritise upgrading equipment ahead of new build facilities

The recommendations of this report have now been fed into criteria for Skills Capital funding to ensure that investment is made in those areas that address the key issues identified.

This will have to be aligned with the outcomes of the post 16 area based review which are expected to be completed early 2016.

The findings of this work are being shared with the Engineering Future Business Advisory Board. The appetite for provider/ business collaborations with those manufacturing business members will then be explored.

4. Improving our supply chain knowledge and exporting intelligence base to better inform strategic policy and business support delivery.

Greater Manchester has commissioned a piece of work with Liverpool LEP which is examining the role of supply chains in the numbers and capacity of existing mid-sized companies, which has now been completed by consultants Respublica following further work. It focuses attention on addressing the barriers to the growth of medium sized companies and the potential role that LEPs can play in addressing them. This report is now

nearing completion and its findings will be reported in the next update and will ultimately feed into the wider work on productivity.

In addition, two pieces of work are underway that will improve our exporting intelligence base. The GM Exporting Plan is currently being developed, which will set out GM Export focus and priorities. GM is also undertaking a refresh of its Internationalisation Strategy which is being prepared to determine our policy and priorities in respect of inward investment, attraction of talent and trade.

5. Development of business support package for manufacturing sub sectors to enhance the current national offer.

The Business Support Action Plan, prepared by the GM Business Growth Hub and agreed by the Business Support Advisory Board, is being implemented. The following summarises progress:

- Funding has been secured by the Business Growth Hub to continue delivery of the national Business Growth Service to SME Manufacturers across the North West, including Greater Manchester. This includes the Manufacturing Advisory Service (MAS grants for consultancy support), the Growth Accelerator offer (GA grants for business coaching) and a Leadership & Management offer (grants for L&M training for senior managers). The service is available to high growth SMEs until March 2017. Work is underway with the Business Growth Service to agree how this national service will be integrated behind the Business Growth Hub brand in the period leading up to full devolution in April 2017.
- A bid has been submitted by the Business Growth Hub for ERDF to enhance the national Business Growth Service offer. This will enable larger grants to be made to support more significant business improvement projects (under both MAS and GA) than are currently possible. It is expected that an investment decision will be made by DCLG in November.
- A bid has been submitted by the Business Growth Hub for an ERDF project which will create a 'wrap around' manufacturing service for Greater Manchester. This will provide additional specialist manufacturing advisors and enable a broader and deeper intervention to be delivered to GM SMEs, bringing in the national BGS offer to supplement this service as appropriate. It is expected that an investment decision will be made by DCLG in November on this.
- An exercise to refresh the mapping of services delivered by the Business Growth Hub and wider Manchester Growth Company has begun now more clarity is available on future funding. The exercise will include identification of services provided by external organisations (e.g. EEF, Chambers) and will enable gaps in service provision to be identified. This last element will take place once funding decisions are secured.

Recommendation

That the LEP notes the progress with the implementation of the Manufacturing Strategy recommendations