GM LOCAL ENTERPRISE PARTNERSHIP

Date: 12th November 2018

Subject: Greater Manchester Local Industrial Strategy Update

Report of: Sir Richard Leese, Leader of Manchester City Council and GM Deputy Mayor for Business and Economy.

PURPOSE OF REPORT

This paper updates members on recent progress with the development of the GM Local industrial Strategy and the key next steps to ensure that a full strategy is produced by March 2019.

RECOMMENDATIONS

Members are asked to:

- Note that an online consultation has been launched on the GM local industrial strategy, which will run to 25th November, and agree to promote this to their networks.

- Discuss the questions raised in paragraph 4.8 to shape the development of the full local industrial strategy.

- Note the timeline for the completion of the GM Independent Prosperity Review.

- Note that a progress statement has been released by HMG on the GM LIS and that work is on-going with officials to update the policy positions with departments and ensure that the full strategy released in March fully aligns with the results of our evidence base work and consultation with stakeholders.

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1. **Background**

1.1. The 2017 Autumn Budget announced that Greater Manchester would be one of three national ‘trailblazers’ working with Government to develop a local industrial strategy.

1.2. Greater Manchester has established a process made up of three interlinked strands to develop a robust local industrial strategy (‘the GM LIS’) by March 2019:

   - **Developing the evidence-base.** An independent review panel – the Greater Manchester Independent Prosperity Review – has been established to provide a robust and independently verified evidence base.

   - **Joint policy development work with Government.** Joint work with Government departments is underway to explore policy options, linked to the national industrial strategy, to respond to GM’s unique assets, opportunities, and challenges.

   - **Local consultation.** A broad consultation exercise is being undertaken to ensure that there is a high level of input from local and national stakeholders, including businesses, CVSE representatives, and civic leaders.

1.3. This paper updates members on progress and key next steps in each of these strands.

2. **Developing the evidence-base**

2.1. The success of devolution to Greater Manchester was built on a strong evidence base – particularly through the Greater Manchester Independent Economic Review. The Local Industrial Strategy is taking a similarly evidence-based approach. The Greater Manchester Independent Prosperity Review has been established to develop GM’s evidence base and to make recommendations to GM and Government regarding what this means for the development and implementation of the GM LIS. It is being led by a Review Panel chaired by Professor Diane Coyle (Bennett Professor of Public Policy, University of Cambridge). The Panel’s membership also includes:

   - Professor Ed Glaeser (Professor of Economics at Harvard University)
   - Stephanie Flanders (Head of Bloomberg Economics)
   - Professor Henry Overman (Professor of Economic Geography at the London School of Economics)
   - Professor Mariana Mazzucato (Professor in the Economics of Innovation at University College London)
   - Darra Singh (Government & Public Sector Lead at Ernst & Young)

2.2. The Panel is responsible for reviewing Greater Manchester’s existing evidence and overseeing the commissioning of new research into priority areas. This approach will ensure the Greater Manchester Local Industrial Strategy is underpinned by a forensic understanding of the foundations of productivity, and the drivers of increased prosperity, across the city-region. Research projects underway include:
o an Audit of Productivity, taking a deep-dive into productivity performance across Greater Manchester, and identifying the main policy levers that could raise productivity;

o a granular analysis of the “long tail” of low-productivity firms within Greater Manchester and how productivity could be raised in them. This will include case studies of the social care and retail sectors;

o a study to understand Greater Manchester’s national and international supply chain and trade linkages;

o an exploration of the city-region’s sources of global competitiveness and innovation, analysing the interrelationships between public and private innovation in Greater Manchester;

o analysis of education and skills transitions, reviewing the role of the entire education and skills system in Greater Manchester and how individuals pass through key transition points; and

o a review of the infrastructure needs of Greater Manchester to raise productivity, including the potential for new approaches to unlock additional investment.

2.3. The views of industry are being brought into the analysis through a number of challenge sessions which will bring together businesses, policy makers, and academics.

2.4. An open call for evidence has been issued by the Review Panel, which is available on the CA website, to ensure that researchers and partner organisations have the opportunity to contribute their research into the process.

2.5. The Panel met for the second time in September to review progress and will meet again in early January 2019 to review findings from the research studies and discuss potential recommendations to Greater Manchester and Government. A launch event at which the Panel will present their findings and recommendations is provisionally planned for February 2019.

3. Joint policy development work with Government

3.1. GM officers are maintaining regular contact with Government officials as the local industrial strategy develops. This includes weekly teleconferences with officials from the Cities and Local Growth Unit (the Government unit responsible for developing local industrial strategies) which are a key part of the co-production approach being taken.

3.2. At the GM-HMG senior officials meeting in May, it was agreed we would develop a joint statement which would confirm HMG and GM’s commitment to working together to develop a jointly-owned local industrial strategy, set out our approach and process for developing the GM LIS, and identify some early areas for collaborative working where we have the agreement of the relevant department.

3.3. It was originally envisaged that this would be published before summer recess (i.e. in July) but the release of the document was put back due to reasons out of the control of GM. HMG released the statement on the 30th October at the
GM All Party Parliamentary Group (APPG) which both Richard Leese and Greg Clark were speaking at. It is available here: [https://www.gov.uk/government/publications/local-industrial-strategy-greater-manchester-progress-statement](https://www.gov.uk/government/publications/local-industrial-strategy-greater-manchester-progress-statement). Since the document text was formally agreed by Government in July, it was not possible to make revisions in the period up to its release.

3.4. Although the policy development work for the GM LIS has moved on considerably since the text of the statement was developed in June – in particular we have focused our approach around our two key strengths of advanced materials and health innovation, underpinned by creativity, digital and the green economy – the statement includes some important new agreements. In particular:

- It confirms that the GM LIS will be a jointly owned strategy that will guide the future use of future local and national spending: “The Greater Manchester Local Industrial Strategy will set out an agreed and shared view of the opportunities for Greater Manchester, as well as the challenges that will need to be addressed, to maximise its contribution to UK productivity and earnings growth. The Local Industrial Strategy will not imply any new spending commitments, but will inform the strategic use of local funding streams and, where relevant, spending from national schemes.”

- It announces the terms of a new “strategic partnership” with the Department for Education, covering the education and training system as a whole (including schools, T levels, 16-18, 19+, Learner Loans and Apprenticeships) building on the Skills and Employment Advisory Panel announced in the 2017 Autumn Budget.

3.5. Discussions with officials from across Whitehall on further policy development are on-going, linked to the latest policy position set out in our consultation document, which will feed into the full local industrial strategy as that is developed over the coming months.

4. **Local consultation**

4.1. Officers have been speaking to a range of stakeholders (including businesses, business representative organisations, CVSE sector representatives, Housing Providers, GM districts, colleges, and universities) over the past few months to input to the development of a formal consultation. On the 15th October, at an events attended by over 120 stakeholders, predominantly from the private sector, an online consultation was launched.

4.2. Through the online consultation we are seeking views on:

- What the main focus of our local industrial strategy should be
- What our globally competitive industries and main growth assets are
- What support is needed to grow the economy
- How we ensure all residents can access opportunities
- How we capitalise on the opportunities created by global changes such as decarbonisation and digitalisation
4.3. The consultation is available via the CA’s new online platform for a period of 6 weeks (see here: https://www.gmconsult.org/strategy-team/jobs-and-growth/). During this time we are also holding events with CVSE bodies, employers and employer representatives and other stakeholders in locations across Greater Manchester to gather feedback face-to-face.

4.4. The consultation sets out that Greater Manchester has always been a pioneering, progressive and ambitious place and that we want to build on this legacy of social and economic disruption to develop a local industrial strategy which is:

- **Ambitious** – articulating a bold and exciting vision for the future, backed up with a plan to deliver, to unlock greater productivity and earning power across the city-region.

- **Distinctive** – setting out how we will respond to the economic opportunities and challenges specific to Greater Manchester where local strengths and leadership can make a difference.

- **Focused** – supporting industries to flourish where Greater Manchester is, or has the potential to be, a global leader.

- **Inclusive** – people focused, enabling people to access jobs which are secure, fairly paid and fulfilling, with opportunities to progress and develop.

- **Evidence-based** – grounded in a robust analysis of local opportunities and challenges, including the Science and Innovation Audit and the Independent Prosperity Review.

4.5. The consultation outlines an approach based around building on our globally competitive strengths to create exciting, well-paid jobs in new industries. It highlights the opportunity to exploit our globally competitive research strengths and emerging industrial opportunities in health innovation and advanced materials – and capitalising on the creativity of our people, our digital and technology asset base, and our emerging capabilities in green industries – to enable the city-region to continue to attract investment and create new businesses and jobs for the future. Through this we will be pioneering emerging sectors, creating significant global competence and additional value for our local economy as these new sectors grow and flourish.

4.6. The consultation also seeks views on how we can strengthen the foundations of our economy. It asks questions around how we can strengthen our people, infrastructure, business environment, innovation ecosystems and places, to enable all sectors and all places in Greater Manchester to be productive. It seeks views on how we can grasp global opportunities emerging from changes to world markets (such as digitalisation and decarbonisation) and develop industries of the future, while also ensuring competitiveness and job quality in our high employment, low productivity sectors.

4.7. The online consultation closes on the 25th November. Once the formal consultation we will continue to consult with stakeholders as we develop the full strategy in late-2018 and early-2019.

4.8. LEP members are asked to discuss the following key questions:

- Do you agree that we have identified the right overall focus for the Greater Manchester local industrial strategy?
Do you agree with the sources of global competitive advantage we have identified (i.e. health innovation and advanced materials, underpinned by creativity, digital and technology, and the green economy)? Are there significant assets or opportunities which this approach will not capture?

What should the strategy say about how we raise productivity and earnings across the whole economy, including in our high employment, low productivity sectors?

How can we ensure that people from all communities in Greater Manchester are able to access skills and good jobs?

What is the single most important thing our local industrial strategy should focus on?

5. Recommendations

5.1. Recommendations appear at the front of this report.