

Date: 29th March 2019

Subject: Greater Manchester Local Industrial Strategy Update

Report of: Sir Richard Leese, Deputy Mayor for Business/Economy

PUPOSE OF REPORT

Greater Manchester is one of three designated trailblazer areas working in collaboration with government to develop a Local Industrial Strategy (the GM Industrial Strategy). This paper updates Leaders on the latest position with the development of the GM Industrial Strategy.

RECOMMENDATIONS

1. To note progress to date with the development of the GM Industrial Strategy and agree the draft strategic priorities which will form the basis of the full strategy.
2. To note that negotiations with government are at an advanced stage and it is expected that the strategy will be agreed imminently and launched following the local government elections in May.

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1. Background

- 1.1. The 2017 Autumn Budget agreement between the GMCA and Government (HMG) set out that the Greater Manchester Local Industrial Strategy ('the GM Industrial Strategy') will reflect the main themes of the National Industrial Strategy, but also take a place-based approach to build on the area's unique strengths and ensure all people in GM can contribute to, and benefit from, enhanced productivity, earnings and economic growth.
- 1.2. Over the past 16 months, Greater Manchester has followed a process made up of three interlinked strands to meet government's objective of having an agreed and robust GM industrial strategy by March 2019:
 3. **Developing the evidence-base.** An independent review panel – the Greater Manchester Independent Prosperity Review – was established to provide a robust and independently verified evidence base. The Review was formally launched at events in Manchester (8th February) and London (5th March), attended by over 400 people.
 4. **Consultation.** A broad consultation exercise has been undertaken to ensure a high level of input from local and national stakeholders, including businesses, local authorities, CVSE representatives, and universities and colleges. This included a formal six-week consultation period in the Autumn, where more than 20 events were held, getting input from more than 500 stakeholders, which resulted in over 120 written responses to the online consultation document.
 5. **Joint policy development work** Joint work with districts, GM stakeholders and Government departments has been undertaken to explore policy options, linked to the national industrial strategy, to respond to GM's unique assets, opportunities, and challenges.
- 1.3. Negotiations with government are at an advanced stage and it is expected that agreement will be reached on the GM Industrial Strategy imminently. Because of restrictions around the pre-election period, it is anticipated that the full strategy will be launched following the local government elections in early May.

2. Progress with the development of the GM Industrial Strategy

- 2.1. Working closely with the Cities & Local Growth Unit, who are leading the development of Local Industrial Strategies in Whitehall, we have now:
 6. agreed the headline narrative and structure of the GM Industrial Strategy with senior officials across all relevant Government departments.
 7. held discussions around more specific policy proposals with national policy leads.
 8. entered into final negotiation with government on the final text and policy proposals to be contained in the GM Industrial Strategy.
- 2.2. Following agreement of the outline strategic framework at the February GMCA meeting, a full strategic framework, including GM specific priorities, has been developed with government which seeks to create prosperous places across the city region. This framework focuses on issues and opportunities in both high

growth, high productivity “frontier” sectors and low productivity, low pay, high employment “foundational” sectors. It follows a twin-track approach of:

9. Building on our strengths and opportunities; and

10. Supporting the foundations of productivity.

2.3. Based on the evidence contained in the 2019 Independent Prosperity Review which built on the 2016 Science and Innovation Audit, four strengths and opportunities have been identified:

11. **Health innovation:** Global leadership on health and care innovation, improving population health and extending healthy lives. Greater Manchester’s priorities are to:

- Continue using devolved health and social care arrangements to act as a test-bed for large scale clinical and med-tech trials, improving residents’ health and developing new export oriented products and services.
- Lead the transformation of health and care systems to respond to the needs of an ageing population.
- Link the Greater Manchester health and care innovation pipeline to global economic opportunities around healthy ageing.

12. **Advanced materials and manufacturing:** A world-leading region for advanced materials, within a Made Smarter innovation ecosystem. Greater Manchester’s priorities are to:

- Develop an ecosystem to commercialise Graphene and other advanced materials for the benefit of the Greater Manchester and UK economy, contributing to the delivery of all four Grand Challenges.
- Strengthen the city region’s advanced materials and manufacturing clusters, ensuring ‘Graphene City’ is networked with industrial and technology parks across Greater Manchester and leading technology parks across the UK.
- Clearly signpost Greater Manchester as the place for advanced materials by developing a specialised Advanced Materials City in the M62 North East Growth Corridor, focused on opportunities in Greater Manchester’s manufacturing base and attracting significant inward investment.
- Improve productivity in Greater Manchester’s manufacturing base and lead the 4th Industrial Revolution by encouraging the development, design, adoption and creative application of digital technologies, Artificial Intelligence, environmental technologies, and graphene/2D materials thereby revolutionising manufacturing processes and accelerating commercial growth.

13. **Digital, creative and media:** A leading European digital city-region, with internationally-significant media and cyber & security clusters. Greater Manchester’s priorities are to:

- Sustain and grow the internationally-significant digital and creative and media cluster in the regional centre.
- Revitalise town centres and highstreets by supporting creatives, digital entrepreneurs, and innovators to start or scale a business, social or cooperative enterprise.
- Grow existing and emerging sector strengths in cyber security, broadcasting, content creation and media, software development, digital telecoms, fintech and e-commerce.
- Underpin cross sectoral growth by developing a digital skills pipeline and taking a Made Smarter approach to all industries, supporting firms across Greater Manchester to adopt productivity-enhancing digital technologies.
- Transform the local economy and public services by digitally enabling citizens and making more publicly held real-time open data available for anyone to use.

14. **Clean Growth:** A mission-based approach to deliver carbon neutral living by 2038, improving quality of life and creating new jobs. Greater Manchester's priority is to establish the UK's first city region Clean Growth Mission for carbon neutral living within the Greater Manchester economy by 2038, driving innovation, the creation of new technologies, improved resource efficiency, and improved quality of life. This Mission will:

- Deliver environmental improvements that directly enhance well-being, health, resilience, biodiversity and quality of life, including by enhancing the natural capital of the city region;
- Design and trial innovative technology and financial mechanisms to support delivery of energy efficient homes, buildings and low carbon transport, helping to ensure all new homes and commercial/industrial buildings are net zero carbon by 2028;
- Accelerate new models of local renewable energy generation, storage and efficiency within the city region, adopting a 'whole system approach', and testing the creation of a local energy market, and
- Support Greater Manchester enterprises to accelerate the implementation of energy and material efficiency measures in the design and production of products and services.

2.4. Again, based on the evidence contained in the 2019 Independent Prosperity Review, actions have been identified under each of the national Industrial Strategy's five foundations of productivity:

15. Leading industrial, social and economic transformation through innovation and the spread of **ideas** throughout the city-region. Greater Manchester's priorities are to:

- Strengthen the innovation asset base in Industrial Strategy priority areas of health innovation, advanced materials, digital and media, and clean growth.

- Integrate Greater Manchester's innovation eco-system to drive commercialisation, facilitate collaborations, partnerships and cross overs between technologies and industries, and coordinate innovation that addresses the Grand Challenges.
 - Drive increased investment in R&D and take-up of national innovation funding in Greater Manchester, to support the national target to boost spending on R&D to 2.4% of GDP by 2027.
16. Designing a skills and work system that ensures all **people** reach their potential and employers have the skills to deliver the Industrial Strategy. Greater Manchester's priorities are to:
- Supporting institutions to increase the number of people learning in settings – from early years, to schools, colleges and training providers – rated as good or outstanding.
 - Giving all young people a clear line of sight to opportunities for education, skills development and work in the city region.
 - Ensuring all residents have the functional skills and attributes employers need, particularly English, maths and digital skills.
 - Supporting adults to enter the labour market and progress in work through connected employment, progression and transition support.
 - Increasing take-up of the technical qualifications needed to drive the Greater Manchester Industrial Strategy (particularly at levels 4 and 5).
 - Increasing employer investment in workforce development, including digital skills, management and leadership, and in workforce health.
17. Developing a single **infrastructure** plan – and identifying opportunities to fund that plan - to put in place the integrated 21st century infrastructure needed for digitally driven, clean and inclusive growth. Greater Manchester's priorities are to:
- Develop an Infrastructure Plan for the city region and identify sources of sustainable, long-term local investment, to sit alongside devolved funding streams, to fund the delivery of the Plan.
 - Short-term action to improve transport system performance through rail devolution, bus reform, trialling tram-trains, and changing regulations to promote a cleaner, more efficient and integrated transport system.
 - Radically improve connectivity with other UK cities through Northern Powerhouse Rail and High Speed 2, and continue developing Greater Manchester as the global 'Gateway to the North' through the expansion of Manchester Airport.
 - Develop a programme of digitally-led innovations that enable better coordination of the transport system.
 - Continue transforming the digital connectivity of the city region to drive economic growth and innovation, meeting national targets of 100 per

cent full fibre coverage by 2033 and full roll-out of 5G technologies by 2028.

18. Transforming the productivity of **businesses** and all forms of enterprise by strengthening leadership and management, increasing innovation adoption, digital transformation, and raising exporting levels in firms. Greater Manchester will also create the optimum conditions for social enterprises and cooperatives to thrive. Greater Manchester's priorities are to:

- Strengthen the leadership and management capacity of businesses and enterprise in Greater Manchester to increase productivity and skills utilisation.
- Implement a Greater Manchester Good Employment Charter to improve skills utilisation and management standards and so raise productivity across all sectors.
- Support business and enterprise to adopt innovations and create new products, services and business models.
- Sustain and develop the strong business support infrastructure, based around the Business Growth Hub, by further strengthening support to drive innovation (including business model innovation), productivity, workforce development and scaling up businesses in key sectors.
- Drive further internationalisation of Greater Manchester's business and enterprise base, supporting exports, inward investment, and international partnerships.

19. Supporting all **places** in Greater Manchester to realise their full potential by ensuring that the conditions are in place for investment and jobs growth across the city region; and equipping people –through improvements in skills and transport accessibility – to access jobs across the conurbation. Greater Manchester's priorities are to:

- Ensure a thriving and productive economy in all parts of Greater Manchester, by maximising national and international assets, city and town centres, strategic employment locations and neighbourhoods.
- Reduce inequalities and improve prosperity by addressing barriers to participating in employment and accessing opportunities across the city region.
- Building on city, growth and devolution deals and continue reforming public services to put the Greater Manchester model of unified public services on a sustainable financial footing.

2.5. The full strategy will have a chapter on each of our strengths and opportunities and the foundations of productivity which will set out how Greater Manchester and Government will work together to capitalise on the opportunities and address the challenges identified. The GM Industrial Strategy is not a funding document, but it will inform the strategic use of local funding streams and, where relevant, spending from national schemes. Locally, it will be used to

assess the strategic fit of future funding, including relevant elements of the UK Shared Prosperity Fund.

- 2.6. The strategy will also set out a clear set of outcomes that will be delivered by 2040. Progress towards these will be monitored through clear implementation and evaluation arrangements, which will be set out in full in the final strategy document.
- 2.7. At the February GMCA meeting delegated authority was passed to the Chief Executive of the GMCA and the GM portfolio lead officer for Economy/Business – working with the Deputy Mayor for Business/Economy, the GM Mayor, and the Chair of the GM LEP – to agree the full local industrial strategy with government. Discussions with government are now at their final stages and a verbal update on the latest position with the negotiations will be provided to Leaders at the GMCA meeting.

3. Recommendations

- 3.1. Recommendations appear at the front of this report.

