Date: 12th April 2019
Subject: Update on the GM Business Productivity and Inclusive Growth Programme
Report of: Cllr Sir Richard Leese, Portfolio Lead Leader for Economy and Jim Taylor, Portfolio Lead Chief Executive for Economy

PURPOSE OF REPORT
To update Scrutiny Committee on the GM Business Productivity and Inclusive Growth Programme and the Made Smarter Programme

RECOMMENDATIONS:
Scrutiny is asked to:

- Discuss activity underway to deliver the GM Business Productivity and Made Smarter Programmes.

CONTACT OFFICERS:
Donna Edwards, MD for Business Support & Business Finance, The Growth Company
Donna.Edwards@growthco.uk

Alison Gordon, Assistant Director – Business, Innovation and Enterprise, GMCA
Alison.gordon@greatermanchester.gov.uk
1. **BACKGROUND**

1.1 At September 2018’s Economy, Business Growth and Skills Overview and Scrutiny Committee meeting, members were provided with a paper on the Greater Manchester Business Productivity and Inclusive Growth Programme, part of an ambitious £45m programme led by Greater Manchester’s Business Growth Hub, part of The Growth Company.

1.2 The programme is funded by LGF (£15M), local authority contributions via retained business rates (£11M), and EU funds (£18.8M). The Programme focuses on delivering sustainable and inclusive growth that all of Greater Manchester and its businesses can benefit from, and on making the business base more resilient as Brexit approaches.

1.3 The programme has a universal element, but largely targets support on those businesses with the greatest potential and ability to grow and/or improve their productivity, whilst also supporting Greater Manchester’s strategic aim, as set out in the GMS of creating a thriving, inclusive economy with a focus on raising productivity by harnessing the strengths of GM’s people, assets and places.

1.4 With a clear focus on supporting businesses looking to grow through innovation, investment, internationalisation and workforce development, the range of services provided allow businesses to access a variety of support from light-touch information services, to more intensive support programmes and access to financial products.

1.5 The programme is based around four modules, each with its own specific focus and which operate across sectors and place. These four modules began at various stages between Q2 and Q4 2018-19, in part to ensure alignment with related ERDF programmes:

- Module A: Start-Up Programme
- Module B: Business Growth Programme
- Module C: Technology Co-Investment Fund
- Module D: Targeted Programme

1.6 The Business Growth Hub’s ERDF projects were contracted at the end of March and the team is now in the process of agreeing output and expenditure profiles across all areas with the CA. These are expected to be agreed by 30th April 2019.

1.7 Given that the programme is currently in its infancy, much of the activity that has taken place to date has focussed on planning and set up, however, this paper sets out initial progress made across the programme to date.
2. BUSINESS PRODUCTIVITY PROGRAMME - Module A – Start-up Programme

2.1 This £2.5m programme commenced Q4 2018-19 and provides support through pre-start up, start-up and scale-up stages of the business life-cycle across all ten local authorities.

2.2 To date, all procurement activities have taken place to ensure the most appropriate providers are on board and staff have been recruited into the relevant areas. Programmes have been devised to meet market need and the Business Growth Hub is working closely with relevant partners across Greater Manchester. A cohort of Spark2Scale (15 businesses) has already taken place and has exceeded all targets within this first quarter of delivery. The impact of these will be collected over the next 6 months.

3. BUSINESS PRODUCTIVITY PROGRAMME - Module B – Business Growth Programme

3.1 The Business Growth Hub is currently in the process of a restructure to ensure it has the most efficient and effective structure in place to achieve its contractual targets, work closely with stakeholders to ensure it is delivering what GM needs and identify those businesses and start-ups which will have the greatest economic impact and improvements around productivity.

3.2 As part of this restructure, work is underway to introduce a new Account Management approach. This new function is being introduced to specifically focus on relationship management with those businesses with the highest growth potential. This will ensure they are able to access the most relevant support from the Business Growth Hub, The Growth Company and wider GM network of support. This will also ensure that impacts are closely monitored/reported.

3.3 Procurement activities have been undertaken to ensure that the team is able to work with the most appropriate providers and associates over the next three years, and delivery has commenced in a number of areas including Leadership and Management, Greater Connected, Recipe4Success, Switched On and the Masterclass programme. Programmes have been developed/amended to ensure that KPIs are achieved on an ongoing basis and to date, all quarterly targets have been achieved.

3.4 The teams have been working with an increasing numbers of businesses ensuring that they continue to work intensively with those businesses who will add most benefit to GM, along with lighter touch programmes for those businesses with slower rates of growth potential.

3.5 Data collection has also been prioritised, with further development of the CRM system and data analyst/business intelligence resources. This will enable the Business Growth Hub to provide much more detail on the impact of the services going forward. Work has also started to look at digital diagnostics to ensure a more consistent approach, better informed referrals and the capture of more qualitative data.
3.6 All teams capture base line inclusive growth data as part of their initial meeting with a client, this is measured at the end of an intervention to see where changes have been made around volunteering and giving back, real living wage, using local suppliers and zero hours contracts. The Growth Hub’s People, Skills and Talent team is providing intensive support to businesses to improve what they do in relation to inclusive growth and social value.

4. **BUSINESS PRODUCTIVITY PROGRAMME - Module C: Technology Co-Investment Fund**

4.1 The GM Tech Co-Investment Fund (TCF) is a seed and early stage co-investment fund that invests in technologies and innovations. Co-investment is a two-way process, allowing selected private investment partners and the TCF to bring forward investment opportunities to each other. The TCF aims to close rounds of investment and generate a portfolio of investee businesses each with a wide range of different investment partners.

4.2 Co Angel is the brand through which TCF supports syndicates of business angels who link up with early stage businesses to help them bridge their funding gap and prepare businesses for more structured growth.

4.3 The programme has generated significant demand to date, with investments of £500,000 closed during Q4.

4.4 Two new Investment Managers have been recruited to drive both new Angel Investor and Co-investment partner recruitment, in addition to building and improving the quality of the pipeline.

4.5 The team has joined the Accelerate Places co working space to collocate with innovative early stage DCT businesses and co-funders, AXM VC and Campus Capital.

4.6 Additional resource has enabled attendance at many more events across the North West, building the profile of the service and the available funding to businesses.

4.7 Many of the businesses supported are young and growing by definition and require a range of business support services at different points in their development and we both contribute directly and signpost to other partners to provide support.

4.8 At present the demand is very high for businesses seeking funding, and therefore the focus remains on building relationships with new and existing angels and co-funders (VCs etc), to better understand their investment criteria.

5. **BUSINESS PRODUCTIVITY PROGRAMME - Module D: Greater Manchester Targeted Programme**

5.1 **Large Companies** - Recruitment of the Key Account Managers has commenced with interviews taking place in April. We anticipate that the majority will be place by the end of May 2019. Comprehensive induction plans are being prepared alongside a Key Account Management training package.
The team will focus on large organisations employing 250+ staff. Whilst this team will focus on large employers, the account management methodology will be applied to ERDF programmes going forward to ensure consistency of approach across all teams engaging GM clients.

Discussions have also commenced with Local Authorities to agree a joined-up approach for clients with touch points across different providers and stakeholders. There will be quarterly meetings held to brief Account Managers directly on their propositions, selling story, client ‘hooks’, benefits etc, better enabling the AM’s and KAM’s to link clients to the most appropriate support services.

The Large Company Account Managers are targeted to support a minimum of 162 businesses and to generate a minimum of 200 job roles across the duration of the contract.

5.2 Global Scale-up Programme - The global scale-up programme officially launched in March 2019. The launch was the kick start of the campaign to recruit businesses onto the programme. To date, 100 applications have been received and the project is ahead of forecast to reach the application target of 250 prior to the application deadline of 8th May. The target outputs for this programme are 50 business assists (12 hour support) and 100 jobs created. Additional impact that we will be recording are new products to market, number and value of sales, new export markets, funds raised, new partnerships. These no-contractual targets will be set this quarter.

The programme has gained significant PR, and the first international visit in June has been secured.

A targeted marketing campaign has been launched, which creates ‘lookalike audiences' based on the business characteristics of clients meeting the criteria for the programme. This approach has meant that most leads generated by social media targeting are not existing Business Growth Hub clients and, therefore, this has also produced increased lead generation opportunities for other services.

The programme is being promoted across each local authority, ensuring a broad range of clients is in place for the pilot of 50 for the duration of the contract. Applications are regularly reviewed, along with the use of website analytics, confirming there is take up from a diverse set of businesses.

Overall targets for the GSU programme are 50 businesses supported, with an increase in employment of 100 roles, as a minimum.

5.3 Manufacturing Project - The Manufacturing LGF funded programme now has one specialist Advisor dedicated to the development of the programme and service design activity. Work has focused on researching and understanding the gap in existing service provision which this targeted programme needs to meet, as a result of changes to the operating landscape with the introduction of the Made Smarter programme.
The LGF programme will focus on supporting clients to achieve increased productivity, driving circular economy behaviour and servitisation of clients’ business models. This will provide economic impacts, social value, deliver inclusive growth and address climate impacts by focusing on sourcing materials and people locally, as well as product life cycles and product end of life implications. An initial pilot is now underway with three businesses supported over the last quarter. Once the pilot has been reviewed the focus will move to full roll out and the recruitment of new businesses onto the programme. Procurement activity will be taking place to bring associates on board to support this delivery. Targets for this programme are 50 businesses supported and 100 jobs created and to date 2 businesses have been supported against a target of 3.

5.4 DCT ‘Amplify’ Programme - This element of the LGF programme aims to support 45 businesses and create 100 jobs. The programme will have 3 cohorts in total, and the first is progressing well, with 13 assists achieved to date against a target of 14.

Amplify Board Advisors are experts in the digital, creative and tech field who have experience of starting and running a business in the sector and who have been contracted by the core delivery partner to provide 9 days of advisory support to the business they are assigned to. This terminology (Board Advisor) was chosen to avoid conflict with existing Business Growth Hub Advisors. Clients on the programme have received a substantial portion of their Board Advisor support over the course of Q4.

The first cohort consists of businesses from across Greater Manchester, including Salford, Trafford, Wigan and Rochdale, in an attempt to deliver assists and jobs across the region and provide opportunities for residents in all areas.

The Project Manager maintains a relationship with every business on the programme throughout the duration of their cohort (the current cohort finishes in June 2019).

A mid programme review was undertaken in February where high level learnings were drawn out about the different components of the programme. Following this, some improvements will be made to the on-boarding process for the next cohort, in particular ensuring we are in a good position to communicate with the entire leadership team of each businesses, rather than just one business leader.

5.5 Local Authority Frameworks - Since September last year, further rounds of engagement have been held with local authorities to continue to develop the local frameworks of collaboration with the Business Growth Hub. Building on local reviews and strategies and considering local priorities in terms of sector, thematic support and places, the Growth Hub will work with local authorities to ensure that appropriate services are provided and where necessary co-produced, to address local needs and aspirations.
Whilst local delivery targets will not be set, these frameworks will provide mechanisms through which existing and emerging priorities can worked on together and levels of activity and impact will be reported on across sectors, services and geography (including at ward level if required).

The development of account management approaches and the recruitment of Business Growth Hub Account Managers, with a primary focus on local authority economic footprints, will enable these frameworks to develop detailed and targeted delivery and marketing activities in each LA area. Working together at a local level, lists of targeted ‘growth companies’ will be shared and developed to ensure that supported is marketed and directed to those businesses with the greatest potential to deliver growth as well as inclusivity and positive environmental impacts. The creation of the account management function will also provide clear and co-ordinated lines of operational communication between the Growth Hub and LAs.

6. MADE SMARTER PROGRAMME

6.1 The Made Smarter NW Pilot formally launched to SMEs in January 2019, following the soft launch at Digital Manufacturing Week in November 2018. The pilot will run from October 2018 to March 2021, with a budget of £20million for lifetime of the programme. The GMCA is the accountable body and The Growth Company is responsible for the operational delivery, in partnership with the 5 NW LEPs/Growth Hubs and Lancaster University.

The key outcomes for the pilot are:

- £115M increase in GVA
- 3000 SMEs engaging
- 480 IDT projects
- 100 SME Leaders undertaking the Made Smarter Leadership Programme
- 300 student placements
- 20 tech start ups

6.2 Governance - The Northwest Steering Group is established and is meeting on a bi-monthly basis to oversee performance and is a mix of both large and SME manufacturing businesses. Andrea Thompson, MD Europe and International, BAE Systems is chairing the group. The NW Pilot now participates in the national strategic implementation group activity chaired by Juergen Maier CEO of Siemens UK and GM LEP member, and the new Head of External Relationships and Marketing is a member of the National Commission’s Marketing and Comms sub group to ensure that lessons being learned in NW are shared and activities are aligned.

A key focus for the Steering Group has been the development of Marketing, Messaging and Communication Strategies so that the pilot can test and measure what is or is not working in terms of engaging SMEs to adopt digital technologies in their businesses. The pilot will also work with large manufacturers and their supply chain to see if this is a more effective route to effect change.
Steer Economics has been procured to undertake the mid-term and summative evaluation and this contract is being managed by GMCA.

6.3 **Recruitment** - As at March 2019 the NW Pilot team is in place except for 4 Specialist IDT Advisers and the Organisational & Development Specialist. At full headcount the team will be c22. Innovate UK is providing additional support and technical expertise as part of the recruitment process and SME diagnostic/project identification activity.

6.4 **Marketing & PR** - A marketing strategy, together with messaging guideline is in development. The national Made Smarter website is now being managed by the pilot team and a series for workshops have taken place to develop the website to improve the customer journey. These have produced a range of personal and user stories to ensure that the target audience is engaged.

PR and Media campaigns are now running and during February this produced 478,658 opportunities to see; 25 articles across 19 platforms and 15 regional and 10 national press articles.

The Made Smarter team has partnered and delivered a number of events in the first quarter of 2019, working with intermediaries and strategic partners such as Growth Hubs, Autodesk, Santander and Pinsent Mason. An event was also held with banks, accountants and solicitors in Greater Manchester, sponsored by Natwest, to test how these can be used as a route to market. Feedback has shown that there is an appetite for more information to better understand what industrial digitalisation is to help inform their clients, and a willingness to support by amplifying messages to reach more of the target group. These will now be run across NW.

6.5 **Activity** - To date 247 SMEs have engaged and these are split by LEP area and work in progress as shown below:

<table>
<thead>
<tr>
<th>LEP Area</th>
<th>New Lead</th>
<th>Engaged</th>
<th>Triage</th>
<th>Application WIP</th>
<th>Project Submitted</th>
<th>Project Approved</th>
<th>Referral / Closed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheshire &amp; Warrington</td>
<td>8</td>
<td>17</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>32</td>
</tr>
<tr>
<td>Cumbria</td>
<td>5</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>Greater Manchester</td>
<td>40</td>
<td>29</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>79</td>
</tr>
<tr>
<td>Lancashire</td>
<td>23</td>
<td>17</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>54</td>
</tr>
<tr>
<td>Liverpool City Region</td>
<td>12</td>
<td>27</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88</strong></td>
<td><strong>109</strong></td>
<td><strong>13</strong></td>
<td><strong>5</strong></td>
<td><strong>4</strong></td>
<td><strong>2</strong></td>
<td><strong>26</strong></td>
<td><strong>247</strong></td>
</tr>
</tbody>
</table>

Focussed campaigns in Cheshire and Cumbria have improved position in these areas, and bespoke campaigns are being planned across the NW to tailor messages and work with the Growth Hubs in each.

We are now starting to see projects coming to panel, and 2 projects have now been approved (data/systems integration and Process control/data acquisition/analytics/AI). 4 more are at submission stage, with the pipeline building. We are using the Digital Readiness Tool (DRT) and 4Manufacturing diagnostic tool to test their usefulness/relevance and diagnostic capabilities for the programme.
6.6 **Skills Activity** - The Made Smarter Leadership & Management programme, designed and delivered by Lancaster University, is now recruiting SMEs, with first cohort to commence on 21/5. The ten-month programme is open to a limited number of North West business leaders who work within SME manufacturing (or a closely related sector). Those who take part will gain the insight and skills to enable the adoption of digital technologies within their business.

Through a mix of workshops hosted at Lancaster University, site-visits to a range of ‘smart’ SME manufacturers around the region, and facilitated learning sessions, participants will learn how to take a systematic approach to adopting hi-tech and digitally-based manufacturing techniques into their own production processes.

They will receive an audit to reveal how digital-ready their business currently is, how to measure the true impact and value of any changes they make to the way they work, and how to successfully bring employees and other stakeholders along on their journey of business transformation to enable change.

Other parts of the programme, which will be delivered jointly by Lancaster University Management School’s management experts and leading business practitioners already using smart technology, will include special project sprints.

7. **RECOMMENDATIONS**

7.1 The recommendations can be found at the front of this report.
ANNEX A

Outputs to March 2019

Module A: Start-ups programme

<table>
<thead>
<tr>
<th>Output</th>
<th>Cumulative target</th>
<th>Cumulative actual</th>
<th>%</th>
<th>All Years</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses assisted</td>
<td>0</td>
<td>10</td>
<td>n/a</td>
<td>350</td>
<td>340</td>
</tr>
<tr>
<td>Jobs created</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Entrepreneurs supported</td>
<td>0</td>
<td>38</td>
<td>n/a</td>
<td>1300</td>
<td>1262</td>
</tr>
<tr>
<td>New business start ups</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>270</td>
<td>270</td>
</tr>
</tbody>
</table>

Module B: Business growth programme

<table>
<thead>
<tr>
<th>Output</th>
<th>Cumulative target</th>
<th>Cumulative actual</th>
<th>%</th>
<th>All Years</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses assisted</td>
<td>131</td>
<td>141</td>
<td>108%</td>
<td>2575</td>
<td>2434</td>
</tr>
<tr>
<td>Businesses assisted receiving IDB support</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>192</td>
<td>192</td>
</tr>
<tr>
<td>Jobs created</td>
<td>13</td>
<td>2*</td>
<td>15%*</td>
<td>1012</td>
<td>1010</td>
</tr>
<tr>
<td>Greenhouse gases reduction (tonnes)</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>5735</td>
<td>5735</td>
</tr>
</tbody>
</table>

*Cumulative Target submitted, with 2 verified to date.

Module C: Targeted programme

<table>
<thead>
<tr>
<th>Output</th>
<th>Cumulative target</th>
<th>Cumulative actual</th>
<th>%</th>
<th>All Years</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses assisted</td>
<td>17</td>
<td>16</td>
<td>93%</td>
<td>307</td>
<td>302</td>
</tr>
<tr>
<td>Jobs created</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

Module D: Tech co-investment programme

<table>
<thead>
<tr>
<th>Output</th>
<th>Cumulative target</th>
<th>Cumulative actual</th>
<th>%</th>
<th>All Years</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses assisted (investments)</td>
<td>10</td>
<td>9</td>
<td>90%</td>
<td>47</td>
<td>37</td>
</tr>
<tr>
<td>Jobs created</td>
<td>30</td>
<td>13.5</td>
<td>45%</td>
<td>237</td>
<td>223.5</td>
</tr>
</tbody>
</table>
ANNEX B

GLOSSARY

Amplify
Cohort programme for Digital, Creative and Tech businesses providing over 15 days of support in a variety of formats, including a European Study Trip to learn from industry leaders, a Growth Sprint to help form a culture of continual incremental growth, and 9 days of one to one support from a dedicated Board Advisor with experience of scaling a company in the sector. The programme helps businesses elevate their growth ambitions and sustain momentum to execute against these ambitions.

Greater Connected
Cohort programme for Digital, Creative and Tech businesses providing 2.5 days of workshop-based support over 6-8 weeks. The programme helps them get to grips with their business ambitions and map out a clear route to growth, with support delivered by industry experts. Each cohort has roughly 15 businesses on it, with 5 cohorts taking place a year.

Leadership and Management
Executive development and workforce development support service split into 3 strands.

The Executive Development Programme is 12-18 hours of bespoke, tailored support delivered by externally procured specialists. It focusses on senior executives within businesses of 15+ staff and is delivered in the format best suited to the needs of the business e.g. can be a blend of 1 to 1 and 1 to many support.

Leaders of Today is a workforce development service consisting of 12 hours of support split into 4 sessions over a 1-month period. It is structured as a cohort programme and targets businesses with <15 employees, focusing on senior executives.

Leaders of Tomorrow is a workforce development programme which has the same structure as leaders of today (12 hours over 1 month), however, is aimed at the next line of managers within a business to promote internal development, progression and retention.

Recipe4Success
Recipe4Success is a six-month programme to escalate sustainable and comprehensive growth in the Food & Drink sector. Made up of masterclasses and development workshops with industry experts, Manchester Metropolitan University and the Department of International Trade; this programme culminates in a Meet the Buyer opportunity (past Meet the Buyer have been with Tesco, Morrisons, Holiday Inn, Food Service companies and regional pub groups). The programme is led by a Business Advisor who specialises in this sector and who also supports the participants on a one-to-one basis. Expert sessions cover strategic development, effective sales and marketing strategies, routes to market, understanding margins/promotions, buyer engagement and accessing finance plus specific regulatory/safety workshops. The
programme supports the growth and scaleup of businesses to succeed in this vibrant and growing sector.

**Spark2Scale**

Spark2Scale is a six-month programme to escalate sustainable and comprehensive growth amongst start-ups with the ambition to scale. Made up of six masterclasses and peer-to-peer learning sessions with industry experts, the programme is led by a team of four business advisers helping participants on a one-to-one basis. Expert sessions cover Strategic development, effective sales and marketing strategies, and accessing finance. Start-ups are equipped with analysis and modelling tools to develop the most effective business growth strategy and continue their upward trajectory.

**Switched On**

Switched On is a fully-funded business development programme designed to support SMEs in the Green Technologies and Services sector to grow. The masterclass programme provides delegates with the information and skills to grow their business by entering new markets, raising the company profile and growing a business’s sales pipeline. The programme is made up of 3 sessions that cover the broad themes: Business Planning, Sales and Marketing. For each theme (and where relevant) the course content includes specific information on the Green Technologies and Services sector – i.e. data analysis of the sector and growth statistics, relevant case studies, bespoke templates etc, details of relevant sector and market reports.