



HM Government

PROGRESS STATEMENT

Working towards a Greater Manchester Local Industrial Strategy

October 2018



GMCA GREATER
MANCHESTER
COMBINED
AUTHORITY



Our vision for the Greater Manchester Local Industrial Strategy

Developing ambitious Local Industrial Strategies is central to delivering the national Industrial Strategy's vision to build an economy fit for the future, with prosperous communities across the United Kingdom, and to drive up productivity.

This progress statement sets out plans for delivering a Strategy by March 2019, and highlights emerging priorities for Greater Manchester's Local Industrial Strategy. Greater Manchester Combined Authority (GMCA) intends to consult on these plans and priorities for their Local Industrial Strategy from October 2018, seeking views from businesses, universities, colleges, the Community Voluntary and Social Enterprise (CVSE) sector, and residents across the city region.

The Greater Manchester Local Industrial Strategy will provide a **distinctive and long-term vision**. It will set out how the city region will maximise its **contribution to UK productivity** based on its strengths and assets, as well as addressing barriers to growth and economic inclusion. It will describe how we will capitalise on Greater Manchester's best asset - its people - and ensure that they can all benefit from economic growth and the opportunities it brings throughout their lives. And it will provide a long-term roadmap for the local economy - supporting coordinated action around a shared, coherent vision and set of outcomes.

The Local Industrial Strategy will set out:

- ▶ A robust and granular evidence base driven by an Independent Prosperity Review and focused on a select number of agreed priorities;
- ▶ How Greater Manchester will harness its assets through the **Grand Challenges** to unlock greater productivity and earning power across the city region;
- ▶ How Greater Manchester will capitalise on its strengths, and address its weaknesses, to enhance the **Foundations of Productivity** set out in the Industrial Strategy to deliver inclusive growth. The Strategy will be tailored to the priorities of different places across the city region;
- ▶ Opportunities for future collaboration between Greater Manchester Combined Authority, Government, and local public and private stakeholders to achieve these shared priorities;
- ▶ **Specific, achievable, long-term priorities** in line with the national Industrial Strategy and the Greater Manchester Strategy¹.

Building on investments

In recent years, Government and Greater Manchester have made a number of investments to support Greater Manchester which the Local Industrial Strategy will build on:

- ▶ £243m allocated through the Transforming Cities Fund
- ▶ £105m allocated to the Henry Royce Institute, the National Institute for Material Science, Research and Innovation
- ▶ A Housing Package of up to £68.25m to support the delivery of 227,200 homes by 2035 backed by the Greater Manchester Spatial Framework
- ▶ Establishing one of the first Tech Nation Hubs in Manchester
- ▶ £23.8m in Local Full Fibre Network funding to improve broadband connections
- ▶ Over £663m in Local Growth Funding including:
 - £71m towards the Greater Manchester Skills Capital Programme
 - £15m towards the Greater Manchester Productivity & Inclusive Growth Programme
 - £15m investment in the International Screen School at Manchester Metropolitan University
 - £5m investment in the Greater Manchester Cyber Innovation Hub
 - £10m towards the Greater Manchester Life Science Investment Fund
 - £5m investment in the Graphene Engineering & Innovation Centre at the University of Manchester
- ▶ Significant investment in Enterprise Zones at Airport City focusing on advanced manufacturing, industrial biotech & pharmaceuticals and healthcare and the Oxford Road Corridor focusing on life science, health innovation & med tech

Developing the evidence base

The success of devolution in Greater Manchester was built on a strong evidence base – particularly through the Greater Manchester Independent Economic Review².

The Local Industrial Strategy will take a similar evidence-based approach. The GMCA has established a **Greater Manchester Independent Prosperity Review** to develop this. This will be led by a Review Panel chaired by Professor Diane Coyle (Bennett Professor of Public Policy, University of Cambridge), which will oversee the development of the evidence base for the Local Industrial Strategy. The Panel’s membership 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)

The Panel will independently verify Greater Manchester’s existing evidence and oversee the commissioning of new research into priority areas.

The views of industry will be brought into the analysis through a number of challenge sessions which will bring together businesses, policy makers, and academics. 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 to be commissioned includes:

- ▶ An **audit of productivity**, taking a deep-dive into productivity performance across Greater Manchester, and identifying the main policy levers that could raise productivity;
- ▶ 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 a case study of the social care sector;
- ▶ A study to understand Greater Manchester’s national and international **supply chain and trade linkages**;

- ▶ An exploration of the city region’s **innovation ecosystems**, analysing the interrelationships between public and private innovation in Greater Manchester;
- ▶ 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

- ▶ A review of the **infrastructure** needs of Greater Manchester to raise productivity, including the potential for new approaches to unlock additional investment.



Understanding the Economy: Local Strengths and Challenges

Greater Manchester has a long industrial heritage. It has transformed from being the birthplace of the Industrial Revolution to become a services-rich economy and hub of digital, creative, low carbon and health innovation industries while maintaining a strong industrial base.

Greater Manchester is made up of a diverse range of local economies: from the dynamic Manchester city centre, to the creative cluster in Salford Quays and the concentration of research excellence in Oxford Road Corridor, to the city region's town centres and the industrial hub of Trafford Park. The city region sits at the heart of the Northern Powerhouse, with connections to the great cities of the North, Midlands and South. It has strong links to the rest of the world by air through Manchester Airport and by water through the Manchester Ship Canal.

Greater Manchester is a place that sparks new ideas and applies them to industry. It has the largest concentration of excellence in health research nationally outside the South East of England - home to the only Academic Health Science Centre in the North and one of Europe's largest single-site clinical-academic campuses, the Oxford Road Corridor.

Its devolved health and social care system mean that the city region is uniquely placed to translate this research excellence into practice. In advanced materials there is an opportunity to develop 'Graphene City', building on the new Henry Royce Institute, the UK's National Institute for Material Science, Research and Innovation, to bring together world-leading science with businesses to create jobs and growth. The city region's assets and capabilities in digital, energy and industrial biotechnology also offer real scope for future development².

Greater Manchester has a dynamic enterprise base of 105,000 businesses, with 6 million working age people within an hour's travel time providing a deep talent pool.

The city region's highly trained workforce includes one of the largest graduate pools in Europe, with a strong concentration of STEM graduates and postgraduates, and a long and successful history of entrepreneurship and enterprise. Greater Manchester's business strengths and people have enabled it to develop a strong reputation as a competitive place to do business.

As the first place to establish a Combined Authority and one of six pioneering Mayoral Combined Authorities, the city region has the analytical capacity, governance and partnerships, and delivery experience to pioneer an ambitious Local Industrial Strategy.

Devolution to Greater Manchester in recent years, including a unique £6bn per annum integrated health and social care budget and delivery, will support implementation of this strategy.

Yet, despite these strengths, many parts of Greater Manchester are still not realising their potential. By building a rigorous evidence base on the city region's strengths and opportunities, enhancing the foundations of productivity, and developing local ambitions to capitalise on the global growth opportunities of the Grand Challenges, the Greater Manchester Local Industrial Strategy will deliver improved productivity and earning power and spread prosperity across the city region.

Emerging Ambitions: Grand Challenges

The Greater Manchester Local Industrial Strategy will consider the Grand Challenges.

Early work has focused on responding to the **Ageing Society** and **Clean Growth** Grand Challenges: supporting the national missions and helping put the UK at the forefront of the industries of the future.

These two Challenges play to the unique strengths of Greater Manchester, in the wake of its health and social care devolution deal and the established partnership of public and private institutions behind this year's Mayor's Green Summit. This is emerging work and does not capture the full scope of the Local Industrial Strategy that will be published in 2019.

Ageing Society

National Mission: "People will enjoy five extra healthy, independent years of life by 2035, whilst narrowing the gap between the experience of the richest and poorest"

Like all UK cities and regions, Greater Manchester's population is ageing. By 2036, 14% of Greater Manchester's population will be 75 and over - an increase of 75% from 2011. Greater Manchester has already set out a clear ambition to be the UK's first age-friendly city region, recently recognised by the World Health Organisation (WHO).

Greater Manchester also has a number of assets and powers that makes it an **ideal testbed for boosting health, quality of life, and productivity in people of all ages.**

These include:

- ▶ **The Ageing Hub:** a partnership of researchers, local authorities, the health and social care partnership, voluntary and community sector organisations and other agencies to coordinate a strategic response to the opportunities and challenges of an ageing population across Greater Manchester.
- ▶ A single system approach to health and social care founded on the historic **£6bn p.a. Health and Social Care devolution deal.** With a population of nearly three million people, this allows new treatments and technologies to be tested at scale, and to pioneer new models of care (including linking health policy to housing).
- ▶ The Big Lottery-funded £10m **Ambition for Ageing** programme to create age-friendly communities.



- ▶ World-class **ageing research centres**, including the University of Manchester Institute for Collaborative Research on Ageing (MICRA), Health Innovation Manchester, the Dermatopharmacology Unit Partnership between University of Manchester and Salford Royal, the Manchester Biomedical Research Centre, and the new Older People and Frailty Unit.

The GMCA will aim to build on this success through the Local Industrial Strategy and put in place plans to meet the Challenge set out by the Prime Minister's mission for the Ageing Society Grand Challenge, enabling people in the city region to enjoy five extra years of life while reducing inequalities.

By harnessing the well-established institutions across the city region, and working in partnership with other centres of expertise across the Northern Powerhouse, there is an opportunity to establish Greater Manchester as the place to trial new neighbourhood-scale approaches to ageing, new goods and services targeted at the over-50s, and new models of care for older people.

There is also an opportunity to boost the contribution of older workers to the Greater Manchester economy³: the Local Industrial Strategy will build on the work being done to deliver the Working Well programme, with the objective that by 2020, 5,000 more 50-64 year olds will be in employment, relative to a 2016 baseline of 316,000.

Within existing budgets, the Greater Manchester Local Industrial Strategy will consider options to:

- ▶ Bring together businesses, citizens, academia and government to create a test-bed for new products, technologies and social innovation to meet the growing market represented by older people, domestically and internationally. This would **trial emerging markets of knowledge, goods and services for older people**, testing opportunities and linking them to Greater Manchester's business, export and skills base.
- ▶ Develop, pilot and test **new neighbourhood-scale models** that support ageing in place. This will involve utilising and expanding Greater Manchester's research partnerships, and building on the experience of the £10m Ambition for Ageing programme. This will look to the broader changes required to support ageing, including in housing, culture and local transport.
- ▶ Deliver a new model of independent living support, **Living Well at Home**, through transformed adult social care and health. This will keep people well and independent in their own homes and communities of choice, capitalising on the transformational potential of new assisted-living technologies and develop careers in care with progression through education and apprenticeships. This will be underpinned by pooled health and social care budgets, with a single Accountable Officer to ensure effective leadership.

- ▶ Trial ways to support the objectives of the Fuller Working Lives Strategy and pilot a **new model for supporting over 50s back into work**, in coordination with the Department for Education, Department for Work and Pensions and the Centre for Ageing Better.

All of these will build on and further the pioneering work done by Greater Manchester on **health and social care integration** through its Taking Charge strategy.

Clean Growth

Greater Manchester's Local Ambition: "To become carbon neutral at least a decade earlier than 2050"

Greater Manchester will lead the way in transitioning to a Clean Growth urban economy. The challenge is clear: if Greater Manchester fails to take action, forecast increases in population and the economy will lead to a 3% increase in carbon emissions by 2035. But an ambitious response also has the opportunity to put the city region at the forefront of low-carbon industry.

The city region has already shown significant ambition: in March 2018, Greater Manchester held its inaugural Mayor's Green Summit bringing together over 600 public and private sector representatives. There is an opportunity to build on this success by transitioning to a cleaner built environment, and boosting business productivity through greater energy and material efficiency.

Greater Manchester is seeking to progress its ambitions through existing innovation support available through Government.

Successfully addressing this challenge will require Greater Manchester to make the most of its existing science and innovation assets. Greater Manchester's universities have world-leading assets, such as the University of Salford's Energy House (the only fully climate controlled energy research facility in the world), the University of Manchester's National Grid Power Systems Research Centre, and Manchester Metropolitan University's Hydrogen Partnership.

Public-private partnerships already flourish in these organisations, including through pioneering demonstrators such as CityVerve (the UK's Smart Cities and Internet of Things demonstrator) and Triangulum (an international collaboration demonstrating how through 'smart green growth' carbon emissions can be reduced while boosting the economy). The challenge is to spread innovation beyond these pockets to the wider city region.



The Local Industrial Strategy will consider options to realise Greater Manchester's ambitions following the Mayor's Green Summit, including:

- ▶ Establishing Greater Manchester as an energy transition region by building on existing strengths to develop a **place-based, whole system approach** to energy supply and demand which is fit for the future, and in doing so creating a facilitative environment and local energy market which integrates existing technologies and trials new ones.
- ▶ **Reducing emissions from the transport system**, including by moving towards an emissions-free bus fleet, transforming cycling and walking, establishing a new public sector-led commercial model for the Greater Manchester electric vehicle charging network, and establishing a partnership with businesses that embeds low carbon travel principles in businesses practices.

- ▶ Developing innovative finance and delivery mechanisms to **retrofit homes and commercial buildings**, making them more energy efficient and reducing carbon emissions and fuel bills for residents in Greater Manchester.
- ▶ Establishing a **Greater Manchester Clean Growth Productivity Programme** that will focus on supporting Greater Manchester businesses through accelerating the implementation of energy and material efficiency measures in the design and production of products and services.

Emerging Ambitions: Foundations of Productivity

As the Greater Manchester Local Industrial Strategy is developed and consulted upon, the GMCA and Government will ensure it complements to strengthen the Industrial Strategy's foundations of productivity.

People

Greater Manchester's people are its greatest asset. Future prosperity depends on Greater Manchester residents - and young people in particular - having the skills, aspirations, and hope for the future needed to succeed and exceed expectations in all aspects of their lives. An important aspect of this will be to get more businesses engaged in schools, building on **BridgeGM**, and increasing the entrepreneurial culture in schools, both of which are central to future productivity growth. Greater Manchester and Government have a shared ambition to ensure employers are at the heart of the skills system, including through the growth of high quality apprenticeships.

To implement the Local Industrial Strategy, Greater Manchester needs to deliver the skills individuals need to succeed in the labour market and employers need to drive productivity and growth. Greater Manchester and Government agree that achieving this requires more than just a single deal or initiative: this is about building the

foundations for a strong strategic partnership for the system as a whole - in relation to schools, T levels, Further Education for 16-18 year olds and those aged 19+, Advanced Learner Loans and Apprenticeships - particularly at key transition points.

This strategic partnership will be based around the Budget announcement of a Greater Manchester Skills Advisory Panel. In Greater Manchester, an Employment and Skills Advisory Panel will be set up involving all stakeholders, including central government, to develop and implement a comprehensive local skills and employment plan that supports transitions from pre-16. This plan will underpin the Local Industrial Strategy by understanding and responding to current and future growth, skills and labour market needs. The Panel will support strategic planning for post-16 skills provision, such as the adult education budget.

In particular, through the Employment and Skills Advisory Panel, Greater Manchester and Government will work together on a place-based approach to:

- ▶ Support talent attraction, retention and quality in Greater Manchester’s schools, colleges and learning providers;
- ▶ Ensure the successful implementation of T levels in Greater Manchester;
- ▶ Ensure the effective transition of 16 to 18 year olds into further learning or work;
- ▶ Improve apprenticeship uptake to meet GMCA’s ambition of seeing a 45% increase in apprenticeships across the city region, support employer collaboration for apprenticeship levy purchasing and transfers (working with the National Apprenticeship Service), and work with the Institute for Apprenticeships to ensure appropriate Apprenticeship Standards are developed and in place; and
- ▶ Adopt a more strategic approach to careers advice and guidance, implementing the Careers Strategy (jointly with the Careers & Enterprise Company).

These activities will enhance the commitment already made by the Department for Education to develop a Memorandum of Understanding (MoU) to make sure devolution of the Adult Education Budget works for the wider skills system in Greater Manchester.

As an early example of collaboration, Government and Greater Manchester will work together to support the development of the National Retraining Scheme (NRS) and examine how Government and Great Manchester can work together on alignment between the NRS and the development of the Greater Manchester Local Industrial Strategy. Greater Manchester will also work with the Department for Education to understand the needs of the NRS target group.

Ideas

In addition to the work to harness Greater Manchester’s assets to find cutting-edge solutions to the Grand Challenges, the Greater Manchester Local Industrial Strategy will seek to build on the successes of recent initiatives - such as the **CityVerve**, the UK’s Smart Cities and Internet of Things demonstrator, and **the Landing** technology enterprise incubator at MediaCityUK - and consider how best to use expertise in cognitive computing and clusters of commercial expertise in data analytics, cyber security, cloud computing and UX to raise productivity. Building on health devolution and the establishment of Health Innovation Manchester, the Local Industrial Strategy will also seek to create an ecosystem where health innovation and life sciences can continue to thrive, working to identify ways for Greater Manchester to help deliver the Government’s ambition of reaching **2.4% of GDP expenditure on R&D by 2027**.

Infrastructure

Digital and transport connectivity are vital foundations of Greater Manchester’s future prosperity and its role as a key hub of the Northern Powerhouse. An efficient transport system is a critical element of a strong economy, enabling people to take advantage of economic opportunities. Transport for Greater Manchester’s 2040 Strategy sets out how we will achieve a cleaner, greener, more prosperous city region through better connections and simpler travel. The Local Industrial Strategy will seek to build on the recent £243m allocation of the **Transforming Cities Fund** - as well as local levers such as the Transport Fund and Earnback Deal - to ensure people, goods and information flow as quickly and efficiently as possible. We will identify how local and national government, and the private sector, can better coordinate to deliver the infrastructure needed for Greater Manchester realise its growth potential. We will work together to promote digital infrastructure, exploring how to accelerate the rollout of full fibre to 100% coverage by 2033.

Business Environment

Greater Manchester is already a good place to start and grow a business. The Local Growth Fund-supported Productivity and Inclusive Growth programme is developing a single, coherent business support system for Greater Manchester. A new Greater Manchester Good Employment Charter is also being designed with employers, employees and others in the city region. This will support employers to improve productivity and services through the development of good jobs and best employment practice. Greater Manchester’s Independent Prosperity Review will explore options for addressing productivity, including both the “long tail” of low-productivity businesses and the “high tail” of high productivity, high growth, and globally-competitive firms. It will also consider issues such as access to finance, exporting, and management and leadership. The Local Industrial Strategy will consider how to build on the announcement by the Chancellor of £20m new funding for an industry-led Made Smarter (industrial digitalisation) pilot in the North West, which will provide support for up to 3,000 manufacturing SMEs **to adopt and exploit digital technology to increase their productivity**.



Collaboration

The Greater Manchester Local Industrial Strategy will be a joint vision for both local leaders and Government.

The Mayor of Greater Manchester, the Deputy Mayor for Business & Economy, the Chair of the Greater Manchester LEP, and the Secretary of State for Business, Energy and Industrial Strategy, will be responsible for the overall leadership of the Local Industrial Strategy.

Jürgen Maier (Chief Executive of Siemens UK) and Professor Dame Nancy Rothwell (President of the University of Manchester) will act as Greater Manchester's Industrial Strategy Champions, leading engagement with businesses and universities on behalf of Greater Manchester LEP.

Engaging with Greater Manchester businesses will be central to the approach to developing the Local Industrial Strategy. The GMCA will engage with businesses across Greater Manchester, from micro businesses and SMEs to large companies, through existing networks and representative bodies and will issue a formal consultation in October 2018 to capture the views of business.

The Director General for Business and Science in BEIS and the Chief Executive of GMCA will champion Greater Manchester's priorities and the development of the strategy across local and national government.

Prioritisation

The Independent Prosperity Review Panel will present its final recommendations to Greater Manchester and Government in early 2019. The Greater Manchester Local Industrial Strategy will be finalised by March 2019, following further local consultation and evidence gathering.

Government and Greater Manchester are clear that the 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.

Evaluation

Greater Manchester will set out in its Local Industrial Strategy its approach to evaluation of its interventions, including how to integrate cutting-edge independent evaluation methods at the outset of programmes and sharing the evaluation results widely.

References

1. Greater Manchester & Cheshire East Science and Innovation Audit (2016)
2. Details of the Manchester Independent Economic Review are available here: <http://manchester-review.co.uk/>
3. If the Greater Manchester 50-64 employment rate was at the all-age Greater Manchester average, GVA could grow by as much as £901.6million



© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available from: www.gov.uk/beis

Contact us if you have any enquiries about this publication, including requests for alternative formats, at: enquiries@beis.gov.uk