

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee - 10 October 2018

Subject: Manchester and Greater Manchester Local Industrial Strategies

Report of: The Deputy Chief Executive

Summary

The report provides an update on the development of the Manchester and Greater Manchester Local Industrial Strategies and their respective engagement approaches. The Strategies will support the delivery of the Our Manchester Strategy and the Greater Manchester Strategy by setting out a set of priorities which will deliver a more inclusive city and city region.

Recommendations

The Committee are:-

- (1) invited to comment on the approaches being developed in Manchester and Greater Manchester and the links between the two pieces of work;
 - (2) invited to suggest the most significant issues or topics they feel need to be addressed by the two Strategies. The views of the Committee at this early stage will form an important part of the overall consultation process;
 - (3) asked to support the Manchester engagement process and are invited to put forward any citywide or local contacts to approach or to be personally involved in some of the conversations; and
 - (4) agree that a draft of the Manchester and Greater Manchester Local Industrial Strategies will be brought back to the Committee in early 2019 with final drafts being considered in March 2019.
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Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable)

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Strategy will focus on creating a more inclusive and sustainable economy with greater opportunities for residents to access better quality jobs.

A highly skilled city: world class and home grown talent sustaining the city's economic success	The development of the Strategy will include extensive engagement with businesses in the city to better understand their current and future skill requirements.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The Strategy will provide a delivery plan for achieving inclusive growth which will benefit a broader proportion of Manchester residents.
A liveable and low carbon city: a destination of choice to live, visit, work	The Strategy will set out how businesses can be supported to transition to being more sustainable and ultimately carbon neutral.
A connected city: world class infrastructure and connectivity to drive growth	The Strategy will include recommendations on the digital and transport infrastructure which is required to deliver a more inclusive city.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Working to Deliver Inclusive Growth in Manchester, Economy Scrutiny Committee (July 2017)

Inclusive Growth Commission: Making our Economy Work for Everyone, Inclusive Growth Commission, RSA (March 2017)

Patterns of Poverty in Greater Manchester's Neighbourhoods, Inclusive Growth Analysis Unit (May 2017)

Introduction

- 1.0 The Committee received a report in July 2017 titled '*Working to Deliver Inclusive Growth in Manchester*'. This report set out the findings of the Royal Society of Art's (RSA) Inclusive Growth Commission, the work of the Inclusive Growth Analysis Unit and summarised some of the existing activity in the city which was contributing to delivering inclusive growth. The report also set out a number of challenges facing the city including; low skills, low wages, part-time employment and productivity. The '*2018 State of the City Report*' provides the latest performance data in relation to the city and also highlights skills, outcomes for over 50's, the proportion of residents being paid the real living wage and transitioning to a zero carbon city as challenges for the city.
- 1.1 Following the 2017 report, consideration was given to whether or not a new strategy or delivery plan was required to enable Manchester's economy to become more inclusive. The publication of the UK Government's Industrial Strategy in late 2017 provided an opportunity to align Manchester's work with national and city region activity.
- 1.2 The Manchester Local Industrial Strategy (LIS) will support the delivery of the Our Manchester Strategy by producing a delivery plan that will help to create a more inclusive economy. The Strategy will be aligned to both the existing UK Government Industrial Strategy and also the Greater Manchester Local Industrial Strategy (GM LIS) which is also currently under development. Further information about the GM LIS is provided under section 4 of this report.
- 1.3 Manchester has a number of major economic assets which contribute to the city region and regional economy such as the city centre and Manchester Airport. The GM LIS will need to reflect the importance of these assets and the contribution they make to the city region, as well as some of the major infrastructure improvements which are required to support future growth such as High Speed 2, Northern Powerhouse Rail, Metrolink expansion, improvements to the motorway network and the roll out of full fibre.
- 1.4 The Manchester Strategy will provide a much more granular level of detail about the city and will contain specific suggestions about how productivity can be improved by focussing on the demand side of the economy, as well as better connecting residents to economic opportunities. There are clear links to existing programmes of work including the ambitions to become a zero carbon city, the Work and Skills Strategy, the development of a Digital Strategy for the city and transport infrastructure. Further information about the scope of the Manchester and GM Strategies is provided in the accompanying presentation (see appendix 1).

2.0 Manchester LIS Engagement Approach

- 2.1 A wide ranging listening exercise with young people, residents, workers and businesses across the city is being developed using the *Our Manchester* principles. This will provide a large volume of qualitative information which will help to provide the evidence base to inform citywide and neighbourhood actions to address the fundamental issues of low pay and productivity. The majority of conversations will be undertaken through on street interviews, workshops and targeted engagement events carried out by volunteers.
- 2.2 Volunteers have been sought from a number of Council services including: City Policy; Reform and Innovation; Work and Skills and Neighbourhood Teams. Volunteers will attend a briefing session which will include information about the scope of the LIS, the purpose of the conversations and also some training on how to undertake strength based conversations.
- 2.3 A SMART survey will be also created online for more universal response. Respondents will be signposted to the survey via social media activity and bulletins allowing for quick and direct access and easy collation and evaluation of the results.
- 2.4 A particular target group to engage are people who are over 50. Ageing society is identified specifically as one of the four grand challenges in the government's Industrial Strategy. Manchester's approach will be developed with the age friendly team and will be shaped and informed by the 3 priorities of the Age Friendly Strategy: Age Friendly Neighbourhoods; Age Friendly Services; and Promoting Age Equality. Secondary schools, the Manchester Youth Council and Manchester universities have also been approached to ensure that voice of younger residents are incorporated into the consultation.
- 2.5 A core set of questions are being developed which will be adjusted depending on the setting and the subject of the conversation with different supplementary questions. The narrative to introduce the questions will need to be agreed with the Council's Communications team, but the initial suggestion is that the conversations focus on the delivery of the ambitions we have already signed up to in the *Our Manchester Strategy 2016-2025*.
- 2.6 Workshops are about to get underway with key strategic boards in the city to listen to their views at an early stage to help shape the development of the LIS. The discussion with the Committee is the first of these scheduled discussions. A list of organisations being engaged by the Greater Manchester Combined Authority (GMCA) is also being collated to ensure that partners are not being asked to have two separate conversations. Some of the Manchester boards which will be approached are as follows:
 - Our Manchester Forum;
 - Our Manchester Investment Board;

- Manchester Housing Providers Partnership;
- Age Friendly Manchester;
- Work and Skills Board;
- Health and Wellbeing Board;
- Manchester Climate Change Board;
- Our Manchester Business Forum;
- Business networks e.g. BW3, SMEN and North Manchester group.

2.7 A range of important quantitative data will also be analysed to help create the evidence base that will underpin the Strategy. This includes:

- Review of Greater Manchester evidence base which will be published in late 2018;
- State of the City and Economy Dashboard;
- Other sources of data such as the ONS Annual Survey of Hours and Earning and Labour Insight.

2.8 The draft timeline for the development of the Strategy is included in the table below. The ambition is to align the development of the Strategy to the GM LIS which would lead to a final draft being considered by the Committee in March 2019 and formal adoption during summer 2019.

Table 1: Manchester Local Industrial Strategy timeline

Task	Date
Discussion at Economy Scrutiny Committee	10 October 2018
Consultation Phase 1	October – November 2018
Analysis of consultation results and GM evidence base	December 2018
Workshop with Our Manchester Forum	11 December 2018
Consultation Phase 2 and engagement with key boards and stakeholders on draft Strategy	January-February 2019
Final Draft Strategy to Economy Scrutiny	6 March 2019
Final Strategy to Executive for adoption	Summer 2019

3.0 National Industrial Strategy

3.1 The UK Government published their Industrial Strategy '*Building a Britain fit for the Future*' in November 2017 which aims to create an economy that boosts productivity and earning power. The Strategy is structured around five foundations of productivity (Ideas, People, Business Environment, Infrastructure and Place) – and four grand challenges (Ageing Society, Digital/Artificial Intelligence, Clean Growth, and Future of Mobility). The Strategy also lists a number of funding streams, some of which are new and some of which have already been announced.

3.2 The Strategy includes a commitment to work with Combined Authorities and Local Enterprise Partnerships (LEPs) to develop Local Industrial Strategies

with the first being published by March 2019. These will be evidence based, long term plans which identify local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness. They will be used to direct local funding and also any national programmes.

4.0 Greater Manchester Local Industrial Strategy

4.1 The 2017 Autumn Budget agreement between the GMCA and HM Government (HMG) committed them to jointly developing a GM LIS which will reflect the main themes of the national Industrial Strategy, but also take a place-based approach that builds on the area's unique strengths and ensures all people in Greater Manchester can contribute to, and benefit from, enhanced productivity, earnings and economic growth.

4.2 Discussions with local authority Leaders, LEP members and other stakeholders confirmed that the ambition should be to develop a focused strategy which progresses the growth and reform agenda, aligned to the refreshed Greater Manchester Strategy. These discussions have also identified stakeholder views that skills needs to be a central element of the GM LIS and that, ultimately, the success of the GM LIS will be critically linked to our ability to have more influence and control over the skills system than is currently the case.

4.3 The intention is that the GM LIS will be:

- developed so that it provides a long-term vision that sets out the opportunities to grow the economy and reform public services to 2030 and beyond;
- informed by a robust evidence base, and focused on a select number of priority actions, to capitalise on Greater Manchester's strengths and address the challenges it faces to raise skills levels and improve productivity and earning power;
- a collaborative effort, co-designed and jointly owned by Government, local leaders, business, the community, voluntary and social enterprise (CVSE) sector and citizens.

4.4 It has been proposed by Government that a joint statement be released setting out the process for developing the GM LIS and some early priorities (a date for the release of this statement is yet to be agreed), followed by a consultation and event targeted at businesses and other stakeholders in October 2018, and publication of the final GM LIS in March 2019.

4.5 Working in collaboration with the Cities & Local Growth Unit, who are leading the development of local industrial strategies in Whitehall, the initial tranche of work has focused on two workstreams:

- Agreeing the approach to developing the GM LIS; and
- Initiating the evidence base development work.

- 4.6 A robust and credible evidence base will be critical to make the case for what needs to be done to deliver growth for Greater Manchester and its residents. It will also be critical to ensure the buy-in from all government departments.
- 4.7 Greater Manchester already has a strong evidence-base (including the Manchester Independent Economic Review (MIER), the Northern Powerhouse Independent Economic Review, the Science and Innovation Audit, and the deep dive analysis, which provides a very solid platform on which to build. However, to enable the GM LIS process to genuinely drive forward the next phase of devolution and partnership working with Government, there will be a need to build on this evidence and co-produce additional analysis with HMG.
- 4.8 An Independent Review approach is therefore being progressed – building on the MIER model – led by a high-profile expert panel. The panel’s membership is as follows:
- Diane Coyle (Chair) – (Bennett Professor of Public Policy, University of Cambridge);
 - 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).
- 4.9 The Independent Advisory Panel agreed that the name of the Review should be considered, as industrial strategy was thought to be too narrow. The Greater Manchester Independent Prosperity Review has now been agreed as the name. The panel also identified a select number of research commissions that they recommend be taken forward to support the GM LIS. These are as follows:
- **Audit of Productivity:** This will aim to provide a finer-grained understanding of the barriers and enablers of productivity in different parts of Greater Manchester. It will build on the research piece undertaken recently by the GMCA on the economic role of the regional centre and look at agglomeration effects and clusters/specialisms across the city region.
 - **Education and Skills Transitions:** This will analyse the role of different parts of the education and skills system (early years, primary and secondary school outcomes, Further Education, Higher Education and skills within the labour market) in contributing to labour market outcomes. It will review the ‘transitions’ between different parts of the system and assess the extent to which failures at key transition points impact on individual outcomes. It will seek to set out the role of local and national actors in delivering improved skills performance.

- **Low Productivity Sector Review:** This will analyse in more granular detail the long tail of low productivity firms within Greater Manchester. Case studies of major sectors will be undertaken, including adult social care (taking into account the devolved commissioning powers which Greater Manchester has within this sector). The report will focus on how productivity could be raised in these sectors, including through greater technology adoption and diffusion.
- **Supply Chain and Trade Analysis:** Recognising that this is a challenging area to explore in a short timescale, there is an identified need to better understand Greater Manchester's supply chain and trade linkages nationally and internationally. Work will be undertaken to explore what new datasets and analytical techniques are available which can give a better understanding of Greater Manchester's supply chain and trading linkages.
- **Innovation Ecosystem:** Aligned with the work to refresh the information in the Greater Manchester and East Cheshire Science and Innovation Audit (particularly to expand the coverage of private sector assets), this research will analyse the interrelationships between public and private innovation in Greater Manchester. It will look to fill gaps in understanding of private sector innovation through the use of innovative data techniques.
- **Infrastructure:** This study will analyse the infrastructure needs of Greater Manchester to raise productivity, including looking at current funding and investment models and the potential for new approaches to unlock additional investment in infrastructure.

4.10 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 to discuss the research findings.

5.0 Recommendations

- 5.1 The Committee are invited to comment on the approaches being developed in Manchester and Greater Manchester and the links between the two pieces of work.
- 5.2 The Committee are also invited to suggest the most significant issues or topics they feel need to be addressed by the two Strategies. The views of the Committee at this early stage will form an important part of the overall consultation process.
- 5.3 The Committee are also asked to support the Manchester engagement process and are invited to put forward any citywide or local contacts to approach or to be personally involved in some of the conversations.
- 5.4 A draft of the Manchester and Greater Manchester Local Industrial Strategies will be brought back to the Committee in early 2019 with final drafts being considered in March 2019.