

## Manchester City Council Report for Information

**Report to:** Economy Scrutiny Committee – 10 November 2022

**Subject:** Economic Strategy Update

**Report of:** Strategic Director Growth and Development

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### Summary

This report provides an update on the development of a new Economic Strategy which sets out how the next phase of Manchester's growth can ensure that the city's economy is both high performing and drives a reduction in inequalities.

### Recommendations

The Committee is recommended to:

- Consider and comment on the information in the report to inform the next stage of the development of the Strategy.
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**Wards Affected:** All

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The report proposes that achieving zero carbon growth should be one of five outcomes of this work, and that the transition to a zero-carbon economy will in itself create new opportunities through investment in the wider low carbon sector. However, members should also be aware that increased wealth is also usually associated with increased consumption. By making Manchester's economy fairer and more inclusive, it is possible that per capita emissions would rise, though this could be offset to some extent by the transition away from fossil fuels.

**Equality, Diversity and Inclusion** - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

The main focus of this work is to make Manchester's economy fairer, to ensure that more people benefit from economic growth and that this benefit is equitable. The strategy suggests including more people are included in economic opportunity as an outcome.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>This report proposes a route to directly deliver on the Our Manchester priority <i>“We will work to ensure Manchester has a strong, inclusive and innovative economy with diverse growth sectors, where our residents are recognised for their contribution via fair contracts and are paid at least the Real Living Wage.”</i></p> <p>By working to encourage inclusive growth, this strategy will contribute to all Our Manchester themes by:</p> <ul style="list-style-type: none"> <li>• Growing and diversifying the economy</li> <li>• Create new, highly skilled job opportunities</li> <li>• Working harder to connect our residents to the city’s economy success</li> <li>• Supporting the transition to a zero carbon economy</li> <li>• Supporting investment in the infrastructure we need to thrive and grow</li> </ul>
A highly skilled city: world class and home grown talent sustaining the city’s economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### Financial Consequences – Revenue

There are no direct financial consequences.

### Financial Consequences – Capital

Not applicable

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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.

- Developing a More Inclusive Economy; Our Manchester Industrial Strategy, Executive, 11 September 2019
- Powering Recovering: Manchester's Recovery and Investment Plan

## 1.0 Introduction

- 1.1. Manchester has an ambition to grow in a fairer and more sustainable way whilst ensuring the city's economy remains competitive, diverse and dynamic. A new economic strategy for the city will be developed during early 2023 which will set out Manchester's approach to growth including focussing on developing a strong, competitive, inclusive and resilient economy which will maximise benefits of the city's residents and businesses.
- 1.2. This paper sets out a high-level vision for the strategy, some potential themes, a suggested approach to engagement and development of the strategy and a timeline for discussion. The Committee's views will help to shape the next detailed stage of the work and the content of the Strategy.

## 2.0 Vision and purpose

- 2.1. The following vision has been developed to summarise Manchester's ambitions for a more inclusive economy:

*“Manchester will have a strong, competitive and growing economy, one that is increasingly productive, innovative and zero carbon. We will build on our successful sectors, our connectivity and continue to create economic growth that benefits the surrounding regions and the national economy.*

*Our economy will be fairer and more inclusive, so that all the residents in our diverse city can benefit from the jobs and opportunities created by economic growth and are fairly recognised for the contributions they make.”*

- 2.2. Although the Our Manchester Industrial Strategy was developed in 2019 and Powering Recovery was published in late 2020, the economic context for Manchester and the UK has changed considerably. The city needs a new forward looking economic strategy to guide the next phase of growth, reassure private sector investors and developers and crucially to support wider objectives such as improving pay & career opportunities and reducing inequalities. Trickle down approaches to economic growth have failed and there is an ongoing need for the Council to influence the market to ensure that growth improves people's lives and is spread across the city not just focussed on the city centre.
- 2.3. The key purpose of the new strategy will be to:
  - **Reassert the fundamental importance of economic growth** in relation to the city's broader strategic ambitions including its contribution to public finances.
  - Send **an ambitious, positive and reassuring message** to current and prospective businesses, investors and developers about the existing and future opportunities presented by Manchester's growth plans, infrastructure, residential development, quality liveable neighbourhoods,

environment, zero carbon ambitions, talent pool and international connections.

- Set out **clear expectations** for existing and prospective businesses, investors, developers and other public sector stakeholders in relation to their role in developing a more inclusive, zero carbon and resilient economy.
- Focus on investing in the **enablers of economic growth** to ensure that the city remains economically competitive.
- Ensure that current and future economic opportunities are **accessible for residents** and that they support good living standards.

2.4. The final strategy will be underpinned by evidence but will be a concise, easy to read, outward facing economic growth prospectus which can be launched and promoted in early summer 2023. The main audience for the Strategy will be businesses, investors, developers, partners and residents.

### 3.0 Potential themes

3.1. The next stage of Manchester's economic growth needs to build on the strong foundations of the last 20 years and must utilise the city's assets for the benefit of Manchester residents. Future success is dependent on ensuring that Manchester remains a competitive, dynamic, diverse and attractive place for investment. This requires improvements to the city's infrastructure and environment, the creation and management of high-quality liveable neighbourhoods, major public and private sector investment to transform some key areas of the city and ensuring that employers have access to a diverse pool of talent.

3.2. Importantly, the Strategy must not try and become another version of the Our Manchester Strategy but must focus on the issues that are central to the city's future economic growth. An economic strategy could be positioned as the route to delivering the Our Manchester priority "*We will work to ensure Manchester has a strong, inclusive and innovative economy with diverse growth sectors, where our residents are recognised for their contribution via fair contracts and are paid at least the Real Living Wage*". This would ensure logical flow from Manchester's existing strategic framework.

3.3. The Strategy could be structured in a number of different ways, but one option is to look at five themes which sit around the core outcome which is ensuring that Manchester's economy is one of the most high-performing, whilst reducing inequality. These themes are summarised below.

- **Core outcome - Manchester's economy is one of the most high-performing, whilst reducing inequality:** Build on Manchester's assets to create a thriving economy which drives investment and good quality jobs. Maximise local benefit from economic growth using all available levers to help tackle low pay and inequality.

- **Objective 1 - Strategic approach to development and investment:** Develop a strong pipeline of new developments which can stimulate inclusive economic growth to provide the commercial, residential and mixed-use schemes to meet future demand. Attract new sources of national and international investment into the city.
- **Objective 2 – Thriving, productive and innovative sectors:** Continue to create a globally competitive environment for investment in innovation with increased investment in Research and Development. Ensure that innovation runs through everything we do including helping to drive productivity in lower paid sectors in the foundational economy. Promote clustering of sectors around key assets including the city centre, Oxford Road Corridor, Manchester Airport and local economic hubs.
- **Objective 3 - World class infrastructure, places and talent:** Improve the city’s infrastructure to enable the city to grow sustainably including the Airport and its surroundings, public transport, active travel, energy, digital, utilities, green spaces, housing and commercial space. Deliver transformational change in strategic areas of the city to improve district centres, deliver new housing and stimulate private investment.
- **Objective 4 – Zero carbon growth:** Transition the city’s economy to zero carbon by reducing dependence on fossil fuels, stimulating local energy generation and reducing consumption-based emissions. Create new opportunities in the zero-carbon economy across all interlinked sectors. Develop a more resilient economy to minimise the impact of future economic shocks and to adapt to climate change.
- **Objective 5 - Including more people in economic opportunity:** Ensure that more people can benefit from economic opportunities by equipping them with the skills to succeed and connecting them via employment programmes and transport.

#### 4.0 Engagement approach and timeline

4.1. The development of the Strategy will require input from a range of external partners. This engagement will sit alongside an analysis of available data and existing reports from economists and other relevant local, national and international sources. A targeted approach to engagement will be developed to include:

- Roundtables and policy panels with input and challenge from leading economists
- Business engagement via the Business Sounding Board, Our Manchester Business Forum and Anchors Group
- Partner engagement via the Our Manchester Forum and other relevant boards

4.2. The Council has in-house resources and expertise to produce a clear evidence base, lead conversations with partners and develop a draft strategy.

However, there is a need for external challenge and support in thinking through the fundamental question regarding the future of economic growth in the city and how this can have the greatest impact on reducing inequality. It is proposed that an external organisation is approached in order to undertake this role.

- 4.3. The Strategy will be scoped during autumn 2022 and will be formally developed in the first part of 2023 with formal approval in early summer 2023.

## **5. Recommendations**

- 5.1. The Committee is recommended to consider and comment on the information in the report to inform the next stage of the development of the Strategy.

## **6. Appendices**

Appendix 1 - Summary of existing strategies and initiatives