

DEVELOPING A MORE INCLUSIVE ECONOMY – OUR MANCHESTER INDUSTRIAL STRATEGY

1. Introduction

Developing a More Inclusive Economy – Our Manchester Industrial Strategy sets out Manchester's vision and delivery plan for developing a more inclusive economy. By focusing on our people, our place and our prosperity, this Strategy will ensure that all of our residents can participate in and benefit from Manchester's economic growth.

This Strategy sets out actions that will help to deliver the objectives of the *Our Manchester Strategy 2016 – 2025*, the overarching ten year ambition for the city to be in the top flight of world-class cities by 2025. Becoming a world-class city by 2025 means developing a truly liveable city where all of the city's residents are able to prosper economically whilst living in high quality residential neighbourhoods with first class transport infrastructure that connects the city's economy to the rest of the region. Continuing to attract talent and investment in a competitive global economy increasingly requires cities to demonstrate that they are economically strong, but also driven by a strong set of values, such as caring for their people and the environment. Manchester is already known for being a 'city of firsts', with a long history of innovation and progressive economic and social policies. Continuing this tradition will be crucial if the city is to achieve the collective ambitions contained within the *Our Manchester Strategy 2016 - 2025*.

Developing a More Inclusive Economy – Our Manchester Industrial Strategy is complementary to the *Greater Manchester Local Industrial Strategy*. A jointly agreed document between the Greater Manchester Combined Authority and Her Majesty's Government, the *Greater Manchester Local Industrial Strategy* sets out a joint plan to raise productivity and earnings across the whole of Greater Manchester by capitalising on the region's unique assets and opportunities. This Strategy aligns to Greater Manchester's objectives but specifically sets out Manchester's contribution to delivering growth from our unique position as the conurbation core. As well as being necessary for Manchester to flourish, driving inclusive growth within our economy is essential to the wider city region achieving its economic aims.

The refresh of Manchester's *Local Plan* is currently in progress and, in conjunction with the *Greater Manchester Spatial Framework*, will set out Manchester's future strategy in relation to spatial development. *Developing a More Inclusive Economy – Our Manchester Industrial Strategy* will inform the development of the Local Plan and collectively they will ensure that future development will support our growing population and protect our environment, whilst simultaneously maximising our residents' economic opportunities from these developments.

The current *Work and Skill Strategy* for the city has a strong focus on economic inclusion and creating a more demand-led skills system. The Strategy is due to be refreshed in 2020 and this refresh will directly respond to *Developing a More Inclusive Economy – Our Manchester Industrial Strategy* by setting out the specific

activity required to ensure our residents are equipped with the essential educational, vocational and life skills required to succeed in our city's evolving economy.

2. Manchester's successes and challenges

Manchester's City Centre

The city centre continues to be the engine of Manchester's growth. As noted in the Greater Manchester Independent Prosperity Review's *Reviewers Report*, one in five jobs in Greater Manchester are now located in the city centre, with there being 60% more jobs in the city centre than in all other major employment locations within the city region. The population of the city centre has increased dramatically, growing by 120% between 2001 and 2011, compared to 8.1% across Greater Manchester as a whole. Now home to over 50,000 residents, the population is younger and more diverse than the rest of the region. A pipeline of planned residential developments mean that the population is expected to reach 100,000 by 2026.

As well as being the economic driver of the city region, the city centre also has a vital role to play in the rebalancing of the national economy. Sustaining the growth of the city centre will ensure that the Manchester can continue to compete as a viable alternative to London and the South East, increasing the productivity of the UK and increasing its global profile.

To ensure the continued population and economic growth of the city centre, significant public and private investment is required into a number of strategic infrastructure and development projects. The *City Centre Strategic Plan* is currently being refreshed to capture these projects and the opportunities they present to the city. A refreshed *City Centre Transport Strategy* is also in preparation to ensure the connectivity of development.

Manchester's transformation over the past 20 years has been immense and the city is held up as one of the best examples of a revived and thriving post-industrial city. We are now recognised as a leading global city, with many strong assets and a significant international profile. The city's economic performance continues to exceed both regional and national figures. This economic growth has been reflected in a rise in total employment in the city, increasing from 332,700 in 2006 to 392,000 in 2017¹. The economy is more diverse and resilient, with the city's fastest-growing sectors including Business, Financial and Professional Services, and Cultural, Creative and Digital². The Construction sector and its supply chain continue to grow as the city undertakes major regeneration projects. The services sector now creates the majority of employment opportunities in the city, but the quality and pay of roles varies significantly between sectors and occupations. The industries currently employing the largest number of Manchester residents are: Public Administration, Education and Health; Distribution, Hotels and Restaurants (which includes Retail);

¹ ONS Business Register and Employment Survey, 2017

² Greater Manchester Forecasting Model, 2018

and Banking, Finance and Insurance³. Some of the city's old industrial strengths are still present today - Manchester has a strong engineering sector and a growing textiles industry.

Sector Strengths

The *Greater Manchester Local Industrial Strategy* identifies the following areas as unique sector strengths and assets of the city region that, if capitalised on, will drive growth and productivity:

- Health innovation - global leadership on health and care innovation, extending healthy lives
- Advanced materials and manufacturing - a world-leading city region for advanced materials, and a Made Smarter ecosystem
- Digital, creative and media - a leading European digital city-region
- Clean growth - carbon neutral living in the city region by 2038

As the main economic driver at the heart of the conurbation, these sector strengths have been driven in Manchester. We're home to Health Innovation Manchester, which is at the forefront of linking academic research and frontline delivery to improve the health of our residents. Advanced materials research is underway along the Oxford Road Corridor in the National Graphene Institute and Graphene Engineering Innovation Centre, and will continue with the Henry Royce Institute currently under construction and development plans for the ID Manchester district. Manchester City Council have supported the Sharp Project and Space Studios in East Manchester to help solidify our offer to creative businesses. Technology firms now have the greatest space take up in the city centre, with Manchester having the largest tech sector in the UK outside of London. We have also worked with the Tyndall Centre at the University of Manchester to develop our science based target to be zero carbon by 2038.

The city has a significant role to play in building on these strengths and continuing to develop our assets to drive Manchester's economy and ensure the city region achieves the aims of the *Greater Manchester Local Industrial Strategy*.

Other prominent sectors in Manchester include business, financial and professional services; construction; and health and social care. We need to ensure that our residents are equipped with the skills to access the jobs that will be created in these sectors to ensure they achieve their predicted growth outcomes. We must also ensure that these jobs are of a good quality, with career progression and that they pay the real Living Wage.

Manchester Airport is the gateway to the North of the United Kingdom and the adjacent development of Airport City is creating thousands of new employment opportunities in the south of the city. Recognised globally, Manchester continues to attract significant foreign direct investment. Major regeneration programmes have helped to transform many areas of the city, including the city centre, Ancoats and East Manchester. The investment in the Metrolink network, bus lanes and cycling has helped to increase capacity of the transport network and enabled the growth of

³ ONS Annual Population Survey, 2018

the city centre, whilst simultaneously reducing the number of car journeys into the city centre. The vibrant cultural and night time economy of the city has attracted businesses, investment and young professionals to the city, who are driving residential growth in the conurbation core.

Manchester Airport and Airport City Manchester

Manchester Airport is the third busiest airport in the UK and is the primary gateway for the North. Serving over 200 destinations worldwide and with long haul routes to North America, the Middle East, Asia and Oceania, over 28 million passengers used the Airport in 2018. The current £1 billion transformation programme of investment and improvements will allow the Airport to support 50 million passengers by 2030. The Airport is key to Manchester being the 3rd most visited UK city by international visitors, with the city welcoming 1.32 million visitors in 2017. It also makes a major contribution to Manchester's tourism industry, which generated £4.51 billion in 2017 - a 3% increase on 2016.

Airport City Manchester is a £1 billion development value joint venture project with Beijing Construction Engineering Group. With capacity to create up to 8,000 jobs, this significant 5 million sq ft development will be a hub for logistics and advanced manufacturing, alongside offices, hotels and retail amenities. The development's proximity to Manchester Airport, the M56 and M60, regional and national railway lines (with a High Speed Rail station planned for the future) gives it unrivalled connectivity; this will enable it to become a truly global destination.

Manchester is the first city in the UK to adopt a science-based carbon budget. It has identified 2038 as the year that Manchester needs to become a net zero carbon city if it is to play its full part in meeting the objectives of the intergovernmental Paris Climate Accord. A full action plan to meet this aim is being developed by March 2020. Delivery of this ambitious target will require increased investment in low carbon energy, higher energy efficiency standards for new residential and commercial developments, a major retrofit programme and investment in low carbon transport. This represents a major opportunity to both establish Manchester as a centre for Green Technology and Services, and to work with local skills providers to ensure that the city's residents are given the best possible opportunities to access these new exciting careers.

The city is also becoming a major international player within innovative healthcare and life sciences. Health Innovation Manchester was formed in October 2017 to capitalise on the opportunities presented by the £6 billion devolution of Health and Social Care to Greater Manchester. It has a pivotal role in bringing forward a constant flow of targeted innovations to deliver innovation into frontline care at pace and scale. It has also supported a number of businesses to locate and expand within the city, including Qiagen, who are moving to Citylabs 2.0.

Although Manchester's economy is stronger and more resilient than in the past, significant challenges do still need to be overcome. The analysis in Appendix 2 demonstrates that Manchester's residents are underrepresented in higher paid sectors and occupations and overrepresented in lower paid ones, which leads to a significant gap between resident and workplace wages.

Gross value added (GVA) is still used as a comparative measure of economic performance. Analysis of recent data demonstrates that Manchester's economy has continued to grow and GVA per head of resident population was £36,136 in 2017, compared to £27,555 for the UK as a whole⁴. However, despite high levels of GVA, Manchester also has the highest concentration of highly deprived neighbourhoods in the region⁵. Health outcomes are a significant issue with the highest rates per 100,000 of premature deaths from cardiovascular disease, cancer and respiratory disease in England⁶. Skill levels are generally better in younger age groups, with the largest proportion of people with low or no skills in the 50+ age category.

To address these challenges, it is essential that the next stage of Manchester's journey focuses on **boosting the city's productivity alongside creating a more inclusive economy** – an economy that all of our residents can participate in and benefit from. *Developing a more inclusive economy – Our Manchester Industrial Strategy* aims to do just that. It sets out how we will continue to build on the city's strengths to increase productivity, support organisations to create better quality employment opportunities and intervene where necessary to create a more inclusive economy in Manchester. It also aims to ensure that Manchester's economy is resilient to future economic shocks, which is particularly pertinent with the uncertainty surrounding the United Kingdom's planned exit from the European Union. A suite of indicators that go beyond traditional income metrics (such as GVA) will be developed to measure the extent of Manchester's economic inclusivity.

3. Developing the Our Manchester Industrial Strategy

Using the Our Manchester approach, a wide-ranging engagement exercise was undertaken in autumn 2018 to inform the development of *Developing a More Inclusive Economy – Our Manchester Industrial Strategy*. Activity was carried out right across Manchester's neighbourhoods with a range of residents, businesses and organisations. Over 1,000 interactions took place, including face-to-face conversations, online surveys and workshops. To complement the large volume of qualitative information garnered from the engagement exercise, analysis of a range of quantitative data was undertaken, alongside a literature review.

The activity showed overwhelmingly positive feelings about Manchester. People are proud of Manchester, feeling that the city has strong potential, and enjoy its social and cultural amenities. Most residents feel as though there are opportunities for them in Manchester. Our young people have amazing ambition and a good understanding of the jobs that are available in Manchester. Businesses and organisations recognise the role they need to play in the city, with many already taking positive steps around flexible working and corporate social responsibility programmes.

However, the activity also highlighted some challenges that Manchester faces. Whilst generally very optimistic, there was a spatial divide in responses from residents, with those living in the North and East of the city feeling less connected to Manchester's opportunities than those in the South. Some of our older working age

⁴ ONS Regional Gross Value Added, 2018

⁵ RSA Inclusive Growth Commission – Making Our Economy Work for Everyone, 2017

⁶ Public Health England / ONS – 2014-2016 3 Year Average

residents struggle to find and stay in work. Whilst many of our young people know what career they would like to do, some are unsure of how best to achieve their potential. As well as looking to the Council and other public sector partners for strategic leadership, businesses and organisations also want specific initiatives to support their ambitions.

A number of overarching themes emerged from this activity:

- **Transport** - the current system is perceived negatively, despite the investment in Metrolink. Businesses and organisations feel that transport issues are becoming a serious impediment to their day-to-day operations. Specific issues were raised in the North of the city in relation to the cost and quality of bus services, and shift workers in particular feel that public transport does not support them to access employment.
- **Skills and talent** - businesses and organisations need access to a strong talent pool, especially in relation to specialist digital skills. Barriers to accessing employment opportunities for older residents were identified.
- **Digital** - an extremely important issue for businesses from all sectors, with specific references to the need for improved digital infrastructure. Better collaboration and networking were identified as priorities by digital businesses.
- **Affordability** - affordability of business premises was identified as a major issue, with concerns over the rising costs of rent, business rates and energy. Residents referenced the need for more affordable housing, rents and transport.
- **Environment** - there was strong support from businesses and organisations for the city's "Zero Carbon 2038" ambitions but they want the public sector to provide leadership on this agenda. Businesses made it clear that the quality of public realm within the city centre and district centres, the overall cleanliness of the city, homelessness and the perceived lack of green spaces impact on their ability to attract investment and broader economic growth.

A more detailed overview of the methodology used to develop the Strategy, and the findings from our consultation and literature review, can be found in Appendix 2.

4. Delivering a more inclusive economy for Manchester

Developing a More Inclusive Economy – Our Manchester Industrial Strategy aims to promote economic and social justice in Manchester to ensure that all of our residents can participate in and benefit from the city's economic growth. To achieve this, there are three main themes that require focus – **people**, **place** and **prosperity**. These themes form the three pillars of this Strategy but do not operate in isolation from each other. Only by investing in all three will the desired outcome of a more inclusive economy for Manchester's residents and workers be realised.

Figure 1: Three Pillars of the Our Manchester Industrial Strategy

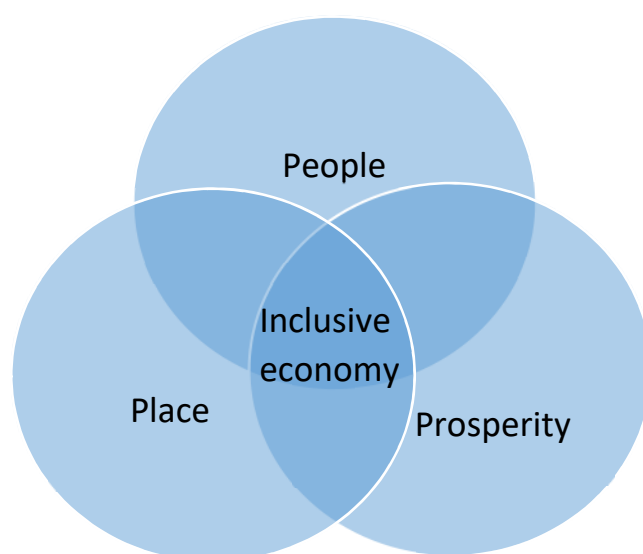


Table 1: Summary of the Three Pillars

People	Place	Prosperity
Equip residents and workers with the qualifications and softer skills that will enable them to access more opportunities. Interventions and programmes should prepare them for work and connect them with better quality work, including more initiatives which feature social value.	Ensure sustainable growth is achieved in key assets including the city centre and around the Airport. Create the conditions that will deliver a more inclusive economy by investing in transport infrastructure, digital infrastructure and the environment. Although the Strategy is a citywide document, it is essential that it is converted into local actions by people with a detailed knowledge and understanding of place.	Create higher quality job opportunities including better pay, working conditions and flexibility, particularly within the foundational economy. Develop evidence based demand-side programmes, such as re-imagining and repurposing buildings, to drive more inclusive economic activity.

A number of interventions or investment programmes are required in each of these three areas to facilitate change and support more inclusive and sustainable growth.

A number of programmes of work are already underway within the city and Greater Manchester which will help to drive economic inclusivity; these programmes are referenced where appropriate. It is clear from the engagement activity that underpins this Strategy that there is strong support for these programmes but that the pace of delivery needs to be increased and additional resources need to be attracted.

The following section sets out the strategic areas of focus within each of the pillars and is based on the evidence summarised in Section 3 and explained further Appendix 2. A detailed action plan is also appended which sets out the specific interventions which have been identified.

Pillar 1 - People

Equipping people with the skills to prosper

“A pipeline of well qualified young people with good digital skills.”

Response to consultation from employer

“We need a well-trained workforce, ideally comprising people from the area.”

Response to consultation from employer

A talent pipeline needs to be developed to enable employers to grow their own talent from within the city to meet their future growth ambitions. We need to ensure that our city's workforce is resilient with the skills to adapt to the future economy, including the potential changes to the labour market with the increase of automation and artificial intelligence. The growth in sectors such as Green Tech and Services and Construction offers opportunities for the city's residents to take a high quality vocational route which fully utilises T-Levels, the Apprenticeship Levy and Advanced Learner Loans.

Digital skills are an essential core requirement for most sectors meaning that the city's residents need to be digitally literate to thrive, especially younger people and over 50s. Businesses have also identified a need for higher level digital skills to mitigate the risk to the future sustainability of their organisation; this is a key factor when deciding whether to remain in the city.

Developing future talent, aspiration and ambition needs to run throughout a person's life, starting at Early Years, then school, further and higher education, and learning throughout adulthood. There is a need to build on the work of Curriculum for Life to ensure our young people have the opportunity to be able to develop the softer skills that employers desire. The 2018 CBI / Pearson report noted that *“over half of employers (60%) value broader skills, such as listening and problem-solving, as one of their three most important considerations when recruiting school and college*

*leavers. Furthermore, almost half (45%) of businesses rank readiness for work as the single most important factor”.*⁷

The programme of work that is required for Manchester to meet its 2038 zero carbon target is vast and will create jobs in several skilled areas, such as retrofitting, construction, energy generation and the circular economy. To support the delivery of this agenda, it will be essential for the local skills system to proactively respond to future demand. Industry and skills providers will need to work together closely to develop academic and vocational programmes which are fit for purpose. Paths for career progression should be built into these emerging opportunities. Further research is needed to establish the short, medium and long term demand for these skills.

Case Study: Cardinal Maritime Group

The Cardinal Maritime Group is a global logistics provider which has its head office firmly rooted in Wythenshawe. Our business is perceived to be one of the leading lights in the logistics sector and is expected to generate revenues of £120m in 2019, up from £97.5m in 2018. We operate across three sites in Wythenshawe and employ 30% of our workforce from within 2 miles of our head-office address. Our business enjoys the very highest levels of staff retention which, we believe, in addition to our strong sense of culture, is directly attributable to our recruitment strategy, which is focused on the local secondary schools and four sixth-form colleges. For the past 5 years, working alongside Businesses Working With Wythenshawe (BW3) and particularly the Manchester Enterprise Academy, Cardinal has recruited a steady-flow of apprentices and is committed to a programme of talent spotting within the region. The CEO, Brian Hay, who himself grew-up in Wythenshawe, is an active member of BW3 and currently sits on the committee. Brian’s time on the committee is focused on improving the lives of local residents, raising aspirations and directly influencing the delivery of vocational training within our schools and colleges.

Connecting people to good employment through social value

“Manchester works really well for some people. If you come from a background where you are educated and have a solid foundation... I think where it’s problematic is for those people who are not from a stable background...they might not have the qualifications or confidence to do things.”

Response to consultation from resident

For Manchester’s economy to become truly inclusive, people from all backgrounds and all areas of the city need to be given the opportunity to share in this economic success. Social value is a powerful tool which should be utilised by all public sector organisations and the private sector better to connect people to opportunities, or

⁷ CBI/Pearson Educating for the modern world, 2018

provide them with the additional support they need to compete in a competitive labour market.

Manchester City Council now applies a 20% scoring weighting for social value when considering tenders to ensure that publicly funded contracts generate the maximum possible benefit for the local economy and residents. A number of anchor institutions are also delivering significant social value and this good practice needs to be universally adopted.

Social value can play a key role in improving outcomes for people who need additional support to reach their full potential including: families living in poverty; care leavers; young people who are NEET (not in employment education or training); young people with Special Educational Need or Disability (SEND); longer term unemployed people with a health condition; and over 50s. The consultation with young people aged 11-18 with SEND demonstrated that they share the same future ambitions as other young people but that there are additional barriers that need to be overcome to access employment and more adjustments that may need to be made within the workplace. Improving outcomes for these cohorts is crucial if Manchester is to become a genuinely inclusive and caring city; collective ownership will be required to achieve this ambition.

We want all Manchester employers to support the Greater Manchester Good Employment Charter when it is launched. Large employers in the city will be asked to lead by example when it comes to demonstrating that they are paying the Real Living Wage; providing good quality working environments, terms and conditions; and offering the right support and progression opportunities for their workforce. For Manchester to become more inclusive, employers of all sizes and from all sectors must play their part, and must be scrutinised and held to account when they do not.

A healthy and productive workforce

“...a healthy workforce is a productive one. We should be leading the way in lowering stress yet increasing productivity and staff wellbeing.”

Consultation response from employer

Manchester's poor health outcomes are well documented and a major long term programme of investment and transformation is underway to tackle these issues. The Greater Manchester Independent Prosperity Review identifies poor health as a major drain on the city region's productivity. This emphasises that there is a strong economic rationale for tackling health conditions as well as the obvious social imperative.

Although the health and social care system is critical to success, tackling preventable health conditions and ensuring younger people have a healthy start to their lives is the responsibility of many other stakeholders in the city. As demonstrated in the section above, employers have a vital role to play in supporting their workforce to be active and by offering a healthy working environment and incentives.

Case Study: Working Well (Work and Health Programme) – James’ Story

Working Well (Work and Health Programme) aims to support the long term unemployed and disabled people into sustainable employment. It brings together expertise and local knowledge to include integrated health, skills and employment support, tailored to the individual participant.

Partially sighted James, aged 20, had never been able to find sustainable work. His lack of employment history counted against him, and he felt like he’d missed out on past opportunities due to the way his disability was viewed by employers. James was referred to Working Well (Work and Health Programme) as he wanted help to overcome his low confidence and anxiety, and to lead a full and normal life.

James was quickly assigned to a key worker, who helped him to put together a new CV and prepare for job interviews. He was also provided 1:2:1 wrap-around support to help him with his confidence and anxiety issues, which went a long way in terms of getting him to change his perception of himself.

Thanks to the tailored support he received, James was soon ready to apply for a warehousing role – a field he was keen to get in to. To give him the best possible chance of getting the job, James was given 1:2:1 interview support, as well as additional help in relation to the disclosure of his health condition. We made sure James understood the duties of the role, and supported him in having conversations about reasonable adjustment.

James was successful in getting the job and began his employment. Despite some difficult days in his first month, James has adjusted into his role. To assist James further, we helped his employer to order colour blindness correction glasses and encouraged his manager to explore more suitable ways of communicating with James. James now receives texts of his shift patterns, which he can easily read.

James is a prime example of how Working Well can help people with physical disabilities back into work. We’re continuing our work with James, and are looking for alternative roles which provide the maximum support for his health condition.

Pillar 2. Place

A city of thriving centres

“Great, fantastic inner-city transport links, plenty of varied job opportunities, multiple places to live across the city & many notable companies & institutions in the city.”

Consultation response from employer

Manchester’s city centre includes Oxford Road - known as the Oxford Road Corridor- are the major economic driver for the city and wider city region. It supports a significant volume of knowledge intensive jobs, as well as associated service roles

and significant volumes of construction jobs. Oxford Road Corridor is home to Manchester Science Partnerships, City Labs and many businesses benefitting from the proximity to Manchester's universities and hospitals. The recent investments in advanced materials have been significant, including the National Graphene Institute, Graphene Engineering Innovation Centre and Sir Henry Royce Institute. This is set to continue with ID Manchester, the University of Manchester's £1.5bn innovation district development project, which has the potential to create over 6,000 jobs. Due to open in 2021, Manchester Metropolitan University's School of Digital Arts is a £35m investment which will support our growing creative and digital industries.

Continuing to build on the city's international strengths in relation to sport and creativity are important. The regeneration of the St John's area, including the creation of the Factory, will add to the city's world class cultural facilities. The further development of the area in East Manchester around the Etihad Campus is a major opportunity to connect this growth with the residents of North and East Manchester.

There are challenges of maintaining the growth of the city centre, and in particular the balance between providing space for commercial buildings with the needs of the housing market. In 2018, there was c.215,000m² of new commercial space delivered across Manchester, including c.140,000m² of new office space, c.30,000m² of retail space, c.45,000m² of new educational space, as well as 840 additional hotel rooms⁸. This is a significant volume of additional floorspace but the end use needs to provide higher paid roles for local residents, including generating good quality secondary jobs in the service sector that have career progression at their heart.

The city centre also remains critical in the development of additional housing in Manchester to meet the ambitions of the *Manchester Residential Growth Strategy*. The latest *Greater Manchester Spatial Framework* documents state that Manchester is expected to deliver 27% of all new homes in the city region between 2018 and 2037, with development around the city centre making up the majority of this total.

Manchester's strong international brand is one of its key assets which, alongside the global connectivity provided by Manchester Airport and a pipeline of highly skilled graduates from the city's universities, continues to result in significant international investment into the city. Manchester Airport's current transformation programme and developments at Airport City Manchester will encourage growth in the south of the city, creating a number of jobs and driving Manchester as a global centre for logistics and advanced manufacturing. These developments should be linked into Wythenshawe Town Centre and Wythenshawe Hospital to ensure our residents can access the opportunities they present.

Manchester has a number of district centres which, alongside hosting employment opportunities, are home to essential services for residents. Companies are increasingly expanding into district centre venues; improvements in transport and digital infrastructure will present further opportunities for this growth. Often roles in our district centres have lower pay and productivity; improving the quality of work,

⁸ Manchester City Council Internal Analysis, 2019

pay and career progression in these jobs should be a focus on future growth to ensure our district centres thrive.

There are a number of strategic development sites across Manchester that present opportunities to support the city's future growth. Areas such as Strangeways and the former Central Retail Park have the benefits of being located near to the city centre, as well as being connected to the rest of the city. The regeneration vision for these areas will consider the flexible space needs of Manchester's growth sectors alongside the demand for additional housing and amenities.

Transport infrastructure to connect people and places

“Transport and buses, there's too many bus companies. There's a real congestion problem, if bus services were better, it wouldn't be.”

Consultation response from resident

As stated above, Manchester's economy is a major driver for the regional economy and is at the heart of the Northern Powerhouse. Strategic investments in High Speed 2 (HS2) and Northern Powerhouse Rail, alongside improvements to Manchester Piccadilly Station and Oxford Road Station, are essential in delivering the additional capacity and connectivity required if the city is to continue to grow and help rebalance economic growth away from London and the South East. The Greater Manchester Combined Authority's *HS2 and Northern Powerhouse Rail Growth Strategy* highlights the strategic importance of new HS2 stations at Manchester Piccadilly and Manchester Airport to the city's future economic growth.

The expansion of Metrolink has been extremely successful but the challenge for the future is to fund additional routes beyond the existing Trafford Park and Trafford Centre extensions. As such, work is underway to establish funding opportunities for the Manchester Airport Extension to Terminal 2; the intention is to subsequently complete the entire Western Loop. Communities that are served by Metrolink are generally happy with the service they receive and their connections to other parts of the city, whereas areas without a service want to see significant improvements to their bus services.

The Bus Services Act became law in June 2017, giving Mayoral Combined Authorities such as Greater Manchester powers to improve bus services by reforming the current bus market. Options for reform include moving to a franchise model. Buses are essential for the city's economy and also for social inclusion in many areas of the city, including the North and East. Existing services vary in price, quality and frequency, with some residents unable to use buses to access employment, such as shift work at Manchester Airport. Building on the recent investment in free travel for 16-18 year olds, there is now an opportunity for buses to be repositioned as part of a London-style integrated transport system, running across different modes of transport with integrated ticketing.

Employers were clear about the impact congestion causes to their businesses and workforce, particularly around the city centre. Further investment in both cycling and walking infrastructure is one solution to reducing congestion and also helps to deliver

the city's health and air quality objectives. The Greater Manchester Bee Network was launched in 2018; a further refined plan will be launched in 2019, which will set out the vision for both a new walking network and cycling system for the conurbation. Progress is already being made in Manchester but significant additional funding will be required to fully realise its ambitions.

Alongside improving both walking and cycling infrastructure, we need to further develop our electric transport infrastructure to provide mass transport solutions that are not detrimental to the city's air quality. This infrastructure must be accessible, linking people to Manchester's employment opportunities and providing for those with limited mobility.

Competitive and resilient digital infrastructure

“...better digital infrastructure - so aiming for 5G. More free wifi around the city centre.”

Consultation response from business

Digital infrastructure is essential for Manchester to remain economically competitive. A recent national study by Regeneris estimated that the potential economic impact of upgrading to a full fibre infrastructure would deliver £2.2bn productivity gain for SMEs, £2.3bn in innovation benefits, £1.9bn in flexible working benefits, and £2.3bn from new business start-ups⁹. Investment in a 5G network and the roll out of full fibre to premises will help to create the conditions for the city to continue to be at the forefront of innovation. Businesses and organisations were clear that this is a centrally important issue and shouldn't be viewed as something which only 'Digital' or 'Tech' businesses need. The recent growth in the cyber security sector within the city and the decision of both Amazon and GCHQ to locate in the city centre demonstrates the clustering and agglomeration taking place within Manchester's economy.

Vodafone and EE have both chosen Manchester as one of their 5G pilot areas and some funding for full fibre to premises has been attracted from central government; however, much more investment required.

This infrastructure is also essential for developing the city's smart city infrastructure to build on the lessons from the CityVerve and Triangulum programmes. The application of digital technology is needed to enable Manchester to capitalise on the opportunities that the Internet of Things will bring and compete economically on the international stage, whilst also aiding solutions to some of our most entrenched social issues, driving greater inclusion for residents and workers. Projects have the potential to find technological solutions to health, mobility and environmental challenges by utilising the power of connected devices.

New developments as inclusive and zero carbon exemplars

⁹ Regeneris Economic Impact of Full Fibre Infrastructure in 100 UK Towns and Cities, 2018

“... better decisions by local government in support of sustainable economy and low carbon business development ... rapid transition to sustainable housing and economic activity to support long-term employment and economic wellbeing.”

Consultation response from organisation

Manchester is a rapidly evolving city which continues to benefit from significant investment in new residential and commercial developments. These developments represent a major opportunity to bring about a more inclusive and sustainable city and should be seen as enablers of this Strategy. The work to review Manchester's *Local Plan* offers the opportunity to consider how development on Council and publicly owned land can consider the end use, quality of jobs and adherence to the city's zero carbon 2038 ambitions and the *Greater Manchester Spatial Framework's* requirement for all new development to be net zero carbon by 2028. Alongside new developments, retrofitting existing sites should be included within mission-led approaches to achieve our zero carbon aims.

Major new developments which are planned or underway need to be adequately resourced to bring about the kind of social, economic and environmental benefits the city desires. The Northern Gateway is an example of a project which can transform the northern part of the city centre; however, there is a risk that a lack of capacity within the public sector may result in sub-optimal outcomes and a missed opportunity. Projects such as this, and the new developments around the Etihad Campus, need to be viewed as inclusive exemplars and should be one of the tools that can help to bring about transformative long term social, economic and environmental change. This should include considering the conditions, pay and career progression of roles in the construction sector, associated industries and its supply chain to ensure the maximum benefit to residents from these new developments.

Innovative investment models to improve the environment

“Manchester should embed ambitious action on the environment at the heart of the Local Industrial Strategy, on the basis of the economic & social benefits that can be achieved for local people & businesses.”

Consultation response from organisation

Alongside the transition to a zero carbon city by 2038, the consultation responses from businesses and organisations were clear that the quality of the city's environment is a major factor in their success and productivity. City centre businesses highlighted the importance of cleanliness, good quality public realm and well-managed open spaces to their customers, staff and to the impression of the city left with visitors. Residents stressed the importance of the quality of their surroundings – their housing, nearby green spaces and local amenities – in their quality of life.

A recent New Local Government Network (NLGN) workshop looking at the issue of productive growth concluded that “there is a danger that features of the wider

environment, which in turn affect productivity, can be overlooked”¹⁰. The quality of the environment and liveability are also major factors for attracting and retaining talent and attracting investment.

Local developers, housing providers and the Council need to work together to develop new and innovative investment and maintenance programmes to ensure that our neighbourhoods remain places that people want to live and work in. Businesses also need to take responsibility for their surrounding environment. A robust evidence base is needed to demonstrate the benefits of green and blue infrastructure through programmes such as the EU Horizon 2020 funded Grow Green project. New parks such as Brunswick Park in the University of Manchester’s campus and planned new parks in West Gorton and a riverside park along the Medlock in Mayfield are all major opportunities.

Case Study: One Manchester

At One Manchester, we deliver our mission of creating opportunities, transforming communities and changing lives through a place-based approach. We have led on the development of a Place-Based Giving Scheme, transforming funding in East Manchester and improving the coordination, community engagement and efficacy of place-based funding. In 2017, we introduced our Catalyst Fund which offers potential or existing local businesses are small grants of up to £5,000. In October 2018, we launched an innovation competition for East Manchester Community Businesses to develop proposals presenting opportunities for local economic growth and employment. We are now investing in the growth of two locally based social enterprises, developing a wood and textile recycling business.

It is important to us as an organisation to put our social investment values into practice. During procurement we weigh social value at 20%, and proactively seek opportunities to engage with suppliers operating within the local area to support local businesses and jobs. These activities help create and sustain local employment opportunities, create new business, and grow the social economy. We shape the future vision for these places through our place plans to inform future developments and social investment.

Pillar 3. Prosperity

An improved foundational economy

“They need to look after their employees. They need to support their growth, development and wellbeing. They also need to engage with the local community and other businesses.”

Consultation response from employee

¹⁰ NLGN Productive Growth, January 2019

The foundational economy tends to be described as not easily tradeable or exportable, and not high-tech or research and development intense. It is found in all places and the challenges of pay and productivity tend to apply across all areas of the UK.

There are a number of different definitions but the one that is most commonly used is from the CRESCO Manifesto for the Foundational Economy and is as follows:

“What we will call the foundational economy is that part of the economy that creates and distributes goods and services consumed by all (regardless of income and status) because they support everyday life”.¹¹

The Manifesto goes on to list the following sectors as constituting the foundational economy:

- the utilities, including piped or cabled services, such as energy, water and sewerage;
- retail banking; food and petrol retailing; food processing;
- networks and services, such as rail or bus for transport and distribution of people and goods;
- telecommunications networks; and
- health, education and welfare / social care.

Although exact employment numbers in Manchester are difficult to accurately measure, approximately half of all jobs are likely to be in the foundational economy¹². The recent Greater Manchester Independent Prosperity Review noted that the sectors with the lowest productivity in Greater Manchester are Hospitality, Tourism and Sport (£22,800 GVA per employment), Retail (£27,200) and Health & Social Care (£28,000)¹³.

Improving pay and conditions in these sectors is challenging but there are opportunities to rethink the business models in some sectors which receive large volumes of public funding, such as Health and Social Care. For example, we have asked Homecare providers to pay the Manchester Living Wage for every hour of care delivered, which should include the time it takes to travel between visits, ensuring workers are paid fairly and outcomes improve. The levers of current devolution deals should be used to their full potential to ensure that improvements of employment are realised for workers in these industries, and for this best practice to act as a positive influence on other sectors in the city. Future devolution must be ambitious in considering how to strengthen the offer of the foundational economy in the public sector.

Technology is also likely to impact on employment in some sectors such as Retail and, although some high street retailers have struggled, the recent growth in online retail in the city has been significant. Retail supports large numbers of jobs across the city and the shift to automation will result in the need to rethink the role of

¹¹ CRESCO, Manifesto for the foundational economy, 2013

¹² ONS Business Register and Employment Survey, 2017

¹³ Greater Manchester Independent Prosperity Review, Reviewers' Report, 2019

employees in settings such as supermarkets. With this there are opportunities to grow independent retail and food and beverage businesses.

There are also tensions within some of the city's growth sectors. For instance, Hospitality is a major employer and with significant growth (13 new developments in the city centre alone since 2015 supporting new jobs) but with many of these new jobs being relatively low paid.

An international hub for creative industries

“Dynamic, creative, diverse, full of talent with a DIY and collaborative spirit.”

Consultation response from business

Although this Strategy takes a ‘horizontal approach’ rather than focusing on specific sectors, there is an obvious opportunity to capitalise on the city's strengths within the creative industries. Manchester is already known for its music, television and digital content but investments in the Factory at St John's, the School of Digital Arts at Manchester Metropolitan University and the new Manchester College Campus provide a major opportunity for the city to become a major international player in the creative industries.

Culture, media and sports was the most referenced sector by young people during the engagement exercise when they were asked to name their dream job and to name the available jobs in the city. In order to capitalise on this level of interest, the Manchester International Festival has worked with other cultural organisations in the city to launch the Greater Manchester Cultural Skill Consortium to create opportunities for people to develop skills in the arts and culture sector and to help improve diversity. The Factory Academy is the operational training model that will deliver the aspirations of the Consortium by forming partnerships with existing training providers to test the model, run apprenticeship and pre-employment programmes. Further work with creative industries employers within Greater Manchester will examine potential funding opportunities to continue to grow our creative sector, particularly in TV, film and drama content production.

Case Study: Reason Digital

Reason Digital is a social enterprise that changes lives for the better by using technology as a means to combat major societal issues such as food poverty, disease and loneliness. Founded in 2008, we now employ around 50 people and are based in the heart of Manchester's Northern Quarter.

We partner with charities, individuals and corporate social responsibility (CSR) leaders to create award-winning digital innovation. As a social enterprise, any profits we generate are reinvested into socially focused projects that bring about positive changes. Two examples of these projects are as follows:

1. *Charity Health Assistant Partnership - Partnership formed between Reason Digital and four charities. We use artificial intelligence to build more efficient, tailored support and guidance for people who have been diagnosed with serious health conditions such as Parkinson's or Multiple Sclerosis.*
2. *Impact Reporting - Now its own business, Impact is a cloud based CSR reporting tool that empowers organisations to monitor their CSR performance just as easily as their financial performance.*

As an organisation that's proudly Mancunian, we try to give back. We work hard to support the local community around us in unique and innovative ways. For example, during Christmas 2017 we built a Christmas 'Stall for All' in the Northern Quarter which raised over £4,000 for homeless people in Manchester.

People are our passion. We are working towards improving diversity in our team and in the sector in general with the implementation of a Women's Leadership Group and transparent publication of our Gender Pay Gap Analysis. We engage with local educational or community initiatives and are currently working with Innovateher to help encourage young girls from local schools to embrace the tech sector by providing them with strong female role models, mentoring and field trips to the office to give more insight into tech for good.

An innovative and entrepreneurial city

Manchester has a strong history of innovation. From being the home of the Industrial Revolution to developing the world's first program-stored computer; from the birth of the co-operative movement to the discovery of graphene at the University of Manchester, Manchester has always been a 'city of firsts'. Manchester remains an innovative and entrepreneurial city, with a leading reputation for enterprise. Despite the uncertain national economic outlook, the number of active enterprises in Manchester has continued to increase, rising to 23,845 in 2018¹⁴. This increase is in part driven by a culture of business start-ups, who are attracted to Manchester due to our talent pool and competitive rates compared to London.

Manchester has a wide-ranging business support offer, including the Business Growth Hub, which provides a fully funded offer to encourage businesses to start-up and grow across Greater Manchester. During 2018/19, a total of 343 12-hour support slots were delivered to Manchester-based enterprises or start-ups by the Hub. The Council also delivered the 12 month Big Ideas Generators project, which delivered one-to-one business information sessions at libraries, aiming to support those who are unrepresentative in the business arena. During the project, more than 3,000 places were taken up at over 400 events and activities, where 57% of participants were women and 28% were from ethnic minority backgrounds. Independent evaluation of the project shows that, for every £1 invested, there was a GVA productivity uplift of £4.58 to the Greater Manchester economy.

¹⁴ ONS, UK Business activity, size and location, 2018

We need to continue to ensure that our residents can turn their entrepreneurial ideas into innovative business successes to drive Manchester's inclusive economy. As well as continuing a strong business support offer via the Business Growth Hub, it is necessary to ensure that there are a range of affordable commercial premises available to the city's entrepreneurs and strong skills talent pipeline to develop these ideas. Alternative finance and investment solutions - such as the Local Growth Fund and the Evergreen Fund - need to be considered so that funding opportunities are available to fill the gaps that traditional bank loans cannot provide. Manchester also needs to encourage the commercialisation of our universities' research and development, which requires support on intellectual property, financing and licensing.

Reimagined, repurposed and retrofitted commercial premises

“Businesses need the right mix of accommodation to support their growth. For example: co-working space; incubators; digital and technology centres; wet lab space, grow on space etc.”

Consultation response from business

The continued growth and expansion of the city centre has created rising land values which has helped to stimulate the redevelopment of older buildings on the fringes of the city centre which were previously not economically viable. This has placed accommodation pressures on a range of businesses and organisations who have traditionally relied on lower quality buildings with cheaper rents and overheads.

The city already has a strong track record when it comes to converting older buildings into more productive uses, and a history of taking bold demand-led approaches to vacant buildings. Examples include the Sharp Project and Space Studios, which utilised empty industrial buildings for uses which capitalised on emerging strengths within creative and digital industries, and TV and film production. Federation House has successfully repurposed an existing heritage building to provide flexible workspace in a good working environment, two qualities which are increasingly the focus of driving commercial demand.

Upscaling this proactive approach has the potential to deliver a range of benefits to different areas of the city, many of which are in need of economic stimulus. Repurposing vacant or underutilised buildings is more environmentally sustainable than new build and can offer opportunities for retrofit to meet the city's zero carbon ambitions, whilst also reducing the cost of utilities for occupiers. Cheaper and flexible workspaces or incubators can encourage entrepreneurship and innovation in different neighbourhoods and can also offer alternative uses for buildings in district centres. Coupled with improved transport and digital infrastructure, this will bring more opportunities for the growth and expansion of businesses into district centres.

Repurposing under-utilised buildings generates economic output for local areas with the opportunity for organisations and businesses to progress to larger premises as they grow. Rethinking the city's existing buildings is an essential part of the Strategy

and needs to run alongside the substantial investment in new commercial buildings in key areas of the city.

Case Study: HMG Paints

HMG Paints is an established family run business that has been based in Collyhurst since 1930. We are the UK's largest and leading independent paint manufacturer but we definitely have a passion to invest even further in the company. We employ 200 staff who are mostly from the local area and they are as important to us as the company is to them. Our staff are always willing to evolve and change. There is often talk of young people not being work ready and of skills shortages, but we believe that this is often more of a case of softer skills and behavioural issues and as such, transitional work readiness is an area we are very passionate about. We see ourselves as a great and sustainable business operating with honesty and integrity. It's a simple philosophy of just trying to be a good neighbour! We have undertaken a lot of work in and around the local community as our way of giving something back.

Community wealth building

“Get more corporate and government run businesses using local SMEs.”

Consultation response from employer

Manchester City Council have worked with the Centre for Local Economic Strategies (CLES) since 2008 to develop a more progressive approach to procurement which includes social value, local supply chains and more ethical procurement and commissioning. The most recent analysis of the Council's top 300 suppliers by value of spend found that £307 million out of a total spend of £430.7 million was spent with Manchester based suppliers, a proportionate rise of over 20 percentage points since work began in 2008/09¹⁵. Analysis of the Council's expenditure demonstrates the positive impact on local job creation, apprenticeships and for SMEs.

Organisations in Manchester need to view their procurement and commissioning activities as part of the drive to create more wealth in local communities. This is a part of the broader approach to social value and is one which can bring about real change for smaller businesses and residents. Those larger anchor institutions in the city, especially those that are publicly funded, need to consider their policies and whether they can do more. Many sectors are now working together to consider their collective impact, with the most recent Cultural Impact Survey covering 37 organisations - including all the city's major cultural institutions. Their collective activity during 2017/18 generated an estimated £137.2m in GVA for the city, employed Manchester residents as just under half of their workforce (43%) and engaged a total of 4,410 volunteers who collectively volunteered 219,706 hours at a value of £3.2m.

¹⁵ CLES Power of Procurement, 2018

Case Study: Manchester City Council Progressive Procurement

Manchester City Council introduced its Sustainable Procurement Policy in 2008 with the aim of maximising the social, economic and environmental benefits to the city's local communities from our significant spend with external suppliers and contractors. We also engaged the Centre for Local Economic Strategies (CLES) to undertake annual reviews of its impact with our top 300 suppliers and contractors. The CLES research was the first of its kind in the UK and is based on detailed surveys and sample interviews with our top 300 suppliers and contractors.

The 'Power of Procurement II: The Policy and Practice of Manchester City Council - 10 Years On' report in 2017 summarised the impact of this work. The amount re-spent back in the Manchester economy has increased from 25p in every pound to 43p in every pound. We now apply a 20% social value weighting to all tenders and have developed a procurement and commissioning toolkit for our suppliers and our commissioning staff. Social value is also being driven through our strategic investments and projects, including Our Town Hall, Highways Investment Programme and The Factory.

We held our third annual social value event in February 2019 to promote social value and to report survey figures back to contributing suppliers, including SMEs.

4. Implementation and Monitoring

Many of the strategic priorities within the Strategy are not new and delivering them will require a continuation of long standing work with an emphasis on scaling up the ambition and investment. Other priorities require a new or more innovative approach to delivery which requires key stakeholders to consider how they can deliver more inclusive outcomes.

In order to identify some of the specific programmes of work or interventions that will be driven by this Strategy, a delivery plan has been produced and is summarised in Appendix 1. This sets out the detailed activity which will be driven by the *Our Manchester Industrial Strategy* along with the expected outcomes. Progress and outputs from this delivery plan will be reported alongside key citywide data which will be used to measure the inclusivity of Manchester's economy and benchmark to other comparators. Rather than just considering traditional income measures (such as GVA), a suite of both social and economic indicators will be devised to measure the impact of implementation.