

ITEM NO. 9

GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Manchester Growth Company End of Year Performance Report 2015/16

DATE: 14 July 2016

FROM: Mark Hughes, Group Chief Executive, Manchester Growth Company

Introduction

1. Manchester Growth Company's (MGC) Business Plan for the 2015/16 financial year was presented to the LEP Board in March 2015. A year review of progress to date against Business Plan objectives and targets was presented in January 2016. The purpose of this report is to present to the Board the end of year performance review.
2. The report comprises a high level summary of performance which is set out below.

Implementation of Business Plan priorities

3. A year-end RAG rating system has been used to assess the extent to which objectives were achieved. The Business Plan contains 13 strategic priorities which are supported by 58 operational priorities. The summary RAG rating of these priorities is as follows:
4. The summary RAG ratings for the 13 strategic priorities are as follows:

RAG Rating	RAG Definition 2015/16	No. Strategic Priorities
	Progress ahead of or on schedule with priority achieved or likely to be achieved	8
	Progress behind schedule but able to be recovered with good probability that priority will be achieved	5
	Progress behind schedule with key issues impeding recovery – risk that objective will not be achieved	0
	Progress behind schedule with recovery doubtful and priority unlikely to be achieved or ability to achieve priority impaired by factors which the Group cannot resolve	0

5. The distribution of RAG ratings across the operational priorities which underpin the strategic priorities is shown in the following table.

Strategic Priority	No. of Operational Priorities	RAG Ratings of Operational Priorities				Overall Rating
		Green	Yellow	Amber	Red	
1. Deliver devolution	9	7	2	0	0	Yellow
2. Capitalise on City of Science	5	5	0	0	0	Green
3. Stakeholder Relationships Strategy	4	3	1	0	0	Green
4. Financial Management	3	3	0	0	0	Green
5. Commercial Opportunities	3	1	2	0	0	Yellow
6. Internal Efficiency	6	6	0	0	0	Green
7. Improve Services	4	2	2	0	0	Yellow
8. Secure European Funding	4	2	1	1	0	Yellow
9. Enhanced Sector Focus	5	5	0	0	0	Green
10. New Partnerships	5	4	0	1	0	Green
11. Engagement with Local Authorities	2	2	0	0	0	Green
12. People Framework	5	5	0	0	0	Green
13. Organisational & Quality Systems	3	1	2	0	0	Yellow
TOTALS	58	46	10	2	0	

Key achievements

6. Notable achievements in 2015/16 include:

Business Support and Business Finance

- Deal signed with the Start Up Loans Company to manage £200m of loans nationally.
- Business Support projects funded from the 2007-13 ERDF programme and GM's City Deal were formally completed and closed with a final tally of 5,400 jobs created or safeguarded since 2012.
- Approvals totalling £13m were secured from GM's 2014-20 ERDF programme, which lever in equivalent funding from other public and private sources, including GMCA core funding, to enable the continuation and expansion of business support services to GM's SMEs. New services include broad based partnerships focussed on innovation, which includes all of GM's Universities and MSP, and on supporting GM's priority sectors, delivered in partnership with The Landing, Creative England, Central Manchester Foundation Trust, MIDAS and Marketing Manchester. Workforce Development diagnostic, advice and referral also added to the suite of Growth Hub services.
- Agreements reached with all GM Local Authorities on the integration of their business support activity into the Business Growth Hub, thus providing GM with a single overarching business support system.
- A new £20m RGF funded Textiles Growth Programme was launched to provide grants to textiles companies in GM and other parts of the country to enable modernisation and growth.
- A Manufacturing Champions Network was launched, led by nine of GM's top manufacturers, to support the growth of manufacturing SMEs – a key strand of GM's Manufacturing Strategy.
- GM selected as one of five Science and Innovation Audits across the country, the evidence from which will help to drive future local and national investment decisions.

Internationalisation and Marketing

- MGC led the first Northern Powerhouse trade mission, taking 62 northern businesses to Malaysia and Singapore.

- Manchester's first direct flight to Beijing was secured, which was announced as part of the Chinese President's visit to Manchester last October.
- A five year contract was secured from UKTI to deliver international trade support across the North West to increase exports.
- A new £9.5m RGF funded Export Fund was launched to enable GM businesses to access grants and loans to help them secure and grow export orders.
- A full programme of Manchester City of Science events and activities was launched and delivered, leading up to the Euroscience Open Forum in July 2016.
- Marketing Manchester were designated lead body for the North of England to increase leisure and business visitors through the co-ordination of a £6m marketing campaign.

Workforce Development

- GM's Skills for Employment and Working Well extension contracts commissioned which were won, after competitive tender, by MGC's Work Company.
- The Construction Academy was launched, in partnership with Manchester University, to create 1,000 jobs for local unemployed people.
- BBC Digital Traineeships was launched, a programme to equip 5,000 young people with employability and digital skills.
- New purpose built training centre opened in Salford.
- Full engagement programme with GM companies launched jointly by the Skills Company and Business Growth Hub to raise awareness of the Apprenticeship Levy and encourage increased take up of apprenticeship opportunities.
- Validation process completed for a new Foundation Degree in Health Care, paving the way for this to be delivered by MGC's Skills Company with the University of Bolton, from September 2016.

Internal organisation

- MGC values launched, following staff input, to define our shared identity, attitudes and behaviours to cement a workplace culture based upon the values we have agreed on.

Priorities with amber status (risk that objective will not be achieved)

7. At the end of the year, only two of the 58 operational priorities were at amber (with none at red). These relate to:
 - Securing European funding and delivering the GM ESIF plan, reflecting continued delays to finalisation of financial allocations, output targets and ESF commissioning.
 - Strengthening MGC's role on business start up which is contingent on securing ERDF for the GM Self Employment and Growth project. The processing of MGC's ERDF application has been delayed by confirmation of match funding, which has now been resolved, and a procurement review by DCLG to ensure ERDF compliance which is still underway.

KPI performance – 2015/16 out-turn

8. Performance against the top 12 headline targets for GM, as set out in the 2015/16 Business Plan, is summarised in the table below.

Key Performance Indicator	Target 15/16	Achieved 15/16
Value of additional GVA generated	£214M	£263M
No. of new jobs created and existing jobs safeguarded	9,000	9,772
No. of new business start-ups created	720	254
Value of additional sales generated (domestic and export)	£180M	£283M
Value of grants or loans to businesses	£17.5M	£13M
No. of business engagements	16,800	16,928
No. of business assists	7,700	4,731
No. of inward investments	90	90
Value of economic impact from conferences attracted	£20M	£36.6M
No. of unemployed people placed into work	6,400	6,997
No. of successfully completed apprenticeships	1,200	930
No. of businesses with IIP accreditation	920	744

9. The factors affecting performance where targets were not met were as follows:

- Business start ups – As reported in the mid-year report, this target was largely tied to start up loans and the volume of those loans was well below target as a result of tightened lending criteria by Government. This included stricter requirements for proof of orders, additional bank and employer checks, minimum score for personal financial health, stricter rules around inclusion of all existing credit agreements and increased number/detail of supporting documents such as business plan and marketing plan.
- Value of grants or loans to businesses – This reflects the position on start up loans as above and was also affected by delayed BIS approvals for the RGF6 grant and loan programmes (Textiles and Export, which took 4 and 6 months respectively to progress from conditional offer to final offer) which meant that they started much later in the year than anticipated.
- Business assists – This target was similarly affected by delays to RGF6 approvals. It should be noted that MGC's ERDF and City Deal contractual targets for in-depth advice and support to businesses were met.
- Number of successfully completed apprenticeships – Whilst contractual targets for success rates were achieved, overall volumes of completed apprenticeships were lower than hoped. A large proportion of these were from National Schools Training and mostly learners who went past their end dates and so many of these will complete and be counted in 2016/17. Overall success rates in 2015/16 represented an increase compared to previous years and were above national benchmarks.
- Businesses with IIP accreditation – The overall stock of MGC clients with IIP accreditations fell due to de-accreditations and clients ceasing trading or converging, as well as not quite achieving as much new business as hoped. The main reason given for de-accreditations was price vs perceived value and relevance of the Framework and the 6th generation of IIP, which launched during the year, was designed to address these concerns. The number of new accreditations was lower than hoped due to the transition to the 6th generation Framework.