Greater Manchester Local Enterprise Partnership

Item No. 10A

GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD - PART A

SUBJECT: Manchester Growth Company End of Year Performance Report 2016/17

DATE: 17 July 2017

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

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Introduction

1. Manchester Growth Company's (MGC) Business Plan for the 2016/17 financial year was presented to the LEP Board in May 2016. A mid-year review of progress to date against Business Plan objectives and targets was presented in January 2017. 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. Throughout the year there were some notable achievements which include:

   - The Group's business support, business finance, business grants, inward investment and marketing/promotion activities generated an overall economic impact of £491m.
   - Challenging targets to generate new exporting companies and maximise Government funds to support exporters through grants and loans were all achieved.
   - Despite a slowdown in investment decisions following the EU referendum, 97% of the inward investment jobs target was met with almost 3,900 new jobs attracted.
   - The Business Finance Solutions portfolio was significantly expanded with the completed assignment of 12 start-up loan books from other providers across the UK and a successful tender to become funder manager for the NPIF microfinance fund across the NW.
   - The Co-Angel investment service gathered momentum during the year with deal completion reaching 17 at an overall value of £14.5m.
   - The Skills Company delivered a pre-recruitment programme, in partnership with Amazon and other GM bodies, which resulted in 321 local unemployed people being offered employment at Amazon's new site at the Airport.
   - The refreshed GM Internationalisation Strategy was developed and approved and is now in implementation.
   - ESOF was successfully delivered with over 3,500 delegates from 43 countries attracted to the event and MGC led the largest ever GM delegation to the MIPIM International Property Show in Cannes.
   - Venturefest, the Business Growth Hub's landmark event of the year, was the largest yet with 645 attendees.
   - The Virgin Atlantic US campaign went live, strengthening GM's international links.

- Formal partnership agreements were completed between the Business Growth Hub and all ten GM Local Authorities, creating, for the first time, a single LA business support system across GM.
- MGC provided an immediate response to the EU referendum result, collaborating with other business organisations and bringing GM businesses together to discuss their concerns and provide practical support.
- The Work Company was the only non-incumbent provider to be included on DWP's prime contractor framework for the new Work and Health Programme in the NW, albeit our eventual bid was unsuccessful.
- GM's positioning within the Northern Powerhouse was further strengthened with MGC taking a lead role in the Northern Business Growth Hub network, collaboration on trade and investment and development of NPH sector propositions.
- The Group's Inclusive Growth and Social Value Strategy was approved and key elements implemented with mechanisms put in place to promote good practice to GM businesses and change business behaviours which work against inclusion.
- MGC itself expanded during the year with The Manufacturing Institute and National Schools Teaching brought into the Group, both giving the Group a national footprint.
- A substantial accommodation move was implemented at no cost to MGC and enabling our co-location with GMCA and the Mayor's office within Lee House/Churchgate.
- The IT Foundation project was completed on time and to budget and other system developments, notably the new Finance and HR systems, were successfully completed and rolled out. Substantial progress was also made on the Business Growth Hub Digital Transformation project and the BFS Fintech system, both of which are in implementation and will complete and go live in late summer 2017.
- The Group's new Staff Learning and Development programme was successfully implemented with 128 courses delivered to 1,246 attendees.
- Our aim to achieve more cost efficient procurement across the Group was significantly advanced with the appointment of suppliers, following competitive tender, for audit services, travel services and stationery.

4. Each strategic priority has a number of supporting operational objectives. Progress against each of the operational objectives, with RAG ratings, has been reviewed by the MGC Board. The operational objective RAG ratings have been used to assign an overall rating for each strategic priority, shown at Table 1 below, and the distribution of ratings for operational objectives is shown at Table 2 to provide an overall picture of progress and performance.

Table 1 – Summary of RAG ratings by Strategic Priority

RAG Rating	RAG Definition	No. Strategic Priorities
G	Priority achieved	6
Y	Priority largely achieved	1
A	Key elements of priority not achieved	1
R	Priority not achieved	0

Table 2 – RAG ratings for Strategic Priorities and Operational Objectives

Strategic Priority	No. of Operational Objectives	RAG Ratings of Operational Objectives				Overall Rating
		Green	Yellow	Amber	Red	
1. Support & enable GM strategic priorities	19	18	1	0	0	Green
2. Drive down GM productivity gap	8	7	0	1	0	Green
3. Achieve internationalisation ambitions	4	3	1	0	0	Green
4. Achieve improved surplus	17	10	5	1	1	Amber
5. Improve efficiencies	6	5	1	0	0	Green
6. Integrate services	5	1	3	1	0	Yellow
7. Deliver internal transformation	4	2	1	0	1	Green
8. Develop MGC leadership role	4	3	0	1	0	Green
TOTALS	**67**	**49**	**12**	**4**	**2**	

5. 61 of the 67 operational objectives are rated at Green or Yellow.

   6 objectives are rated at amber/red as follows:

   - Promotion of IIP to support workforce productivity (SP2 – amber) – The Group's IIP business suffered throughout the year following changes to the national product, which made it more onerous and expensive, and uncertainty regarding future national ownership – now resolved with the Government vesting ownership in a new Community Interest Company.

   - Retention of commercial operating licences (SP4 – amber) – International IIP provision, previously delivered by MGC, has been taken in-house by the new IIP Community Interest Company.

   - Achievement of MGC surplus target (SP4 – red) – The Group generated a net surplus of £152K in 2016/17, significantly below the Business Plan target of £1.045M.

   - Delivery of enhanced CRM capability (SP6 – amber) – The Group undertook a comprehensive review of its CRM capability during 2016/17 and determined that its original plan to undertake work internally to link different systems would not meet the needs of the business going forward. Consequently, an existing contractor has been employed to re-model our core CRM provision and this work will be completed later in 2017/18. Whilst this delays the point at which we will have integrated provision across the whole of MGC, in the long term it will provide a more stable and sustainable system infrastructure to meet current and future business needs.

   - Achievement of Ofsted Level 2 for skills provision (SP7 – red) – This objective was not achieved with the Skills Company being awarded a Level 3 rating, in part due to the performance of its subcontracted provision. The Group has put in place an improvement plan which includes the acquisition of the subcontractor concerned. A new inspection is likely to be undertaken in 12-18 months time.

   - Publication of organisational development research and good practice (SP8 – amber) – Progress during the year was not as hoped due to resource constraints.

KPI Performance

6. The 2016/17 Business Plan highlighted the Group's top 10 service delivery and economic impact targets for the year in GM and Table 3 below provides out-turn figures against those targets with the following RAG rating:

Green – Target achieved or exceeded
Yellow – Out-turn between 90% and 100% of target or less than 90% but due to factors outside our control
Red – Out-turn less than 90% of target

Table 3 – Out-turn against Top 10 KPI Targets for GM

Indicator	Target 2016/17	Out-turn 2016/17	% of Target
£m of additional GVA / economic impact	£230m	**£222m**	**97%**
No. of new jobs created	5,400	**5,174**	**96%**
No. of business start ups	300	**319**	**106%**
£m of increased overseas and domestic sales	£174m	**£178m**	**102%**
£m of grant or loan investment in existing and new businesses	£24m	**£17.3m**	**72%**
No. of businesses supported	4,380	**3,534**	**81%**
No. of inward investments into GM	90	**71**	**79%**
No. of clients placed into work	11,300	**9,564**	**85%**
No. of apprenticeship starts	1,623	**1,208**	**74%**
No. of successfully completed apprenticeships	1,346	**974**	**72%**

7. The following points are made in relation to those shaded red:

- The value of grant or loan investment was affected by a range of factors: tightened credit criteria by the British Business bank for start-up loans, a time lag between businesses receiving Access to Finance support and receiving funding (funding secured increased from £7.7M on 31st March to £9.4M by 31st May) and less direct grant funding due to (a) a switch of GM export funds from grant to loan with the loan period extended into 2017/18, and (b) delayed contracting on new ERDF projects which contain grant programmes with the 2016/17 shortfall to be made up in 2017/18 and 2018/19.

- Apprenticeship starts were impacted due to the issues arising from the Ofsted inspection and our sub-contracted provision, as referenced in paragraph 5 above. This resulted in the Group suspending new starts with its major sub-contractor until the issues had been resolved and remedial action put in place.

- Failure to achieve targets for apprenticeship success rates and volumes is generally ascribed to learners taking longer to complete their apprenticeship programme than originally anticipated, a factor which is only identified after learners have started their programme. This means that they will complete in 2017/18 rather than in 2016/17. In addition, the 24+ age group was impacted by the Government's decision in 2014/15 to require learners to take out a loan to fund their apprenticeship which reduced the number of starters in 2015 and has had the knock on effect of reducing successful completions in 2016.

8. The out-turn for 3 top 10 KPIs was less than 90% of target but due to factors outside the Group's control and so are shaded yellow in the above table. These are:

- The number of businesses supported was affected by delays on ERDF contracting. The targets for 2016/17 were effectively the profile for year 1 of three year contracts and the shortfall during the year will be made up in years 2 and 3. A formal change to the outputs profile within the ERDF contracts is awaiting DCLG approval.

- The number of inward investment projects secured was behind target with evidence that there has been a slowing of decisions on investment projects in the run up to and since the EU referendum. However 97% of the inward investment jobs created target was achieved with higher jobs per project than had been anticipated.

- The target for placing clients into work was not reached with minor shortfalls against Working Well and Skills for Employment but a more significant shortfall against the National Careers Service contract with staff recruitment difficulties in the NCS supply chain, the need to redeploy some Work Company staff to support the new ESF CEIAG project which has high targets to achieve by July 2017 and prison lockdowns in HMPO Manchester which has restricted access to prisoners.

Customer satisfaction

9. In October 2016, the Group standardised its customer surveys undertaken for different services and events in order to provide consolidated results around key questions. The table below shows the consolidated responses from 2,121 returns over the October 2016 to March 2017 period.

   The table shows a range of positive (excellent or good) responses of 88% - 96% and a recommendation rate of 96%.

Table 4 – Customer Satisfaction

Total Returns: 2,121							
Descriptive Rating	**No. & %**	**Excellent**	**Good**	**Average**	**Poor**	**Very Poor**	**Not Answered**
Numeric Rating		**5**	**4**	**3**	**2**	**1**	
Q1 – How would you rate your first impressions of the service / event in terms of its planning and meeting your expectations?	**No.**	1,224	598	121	24	29	125
	%	61%	30%	6%	1%	1%	
Q2 – How would you rate the extent to which you benefitted from the service / event and its desired impact?	**No.**	1,022	715	177	31	34	142
	%	52%	36%	9%	2%	2%	
Q3 – How would you rate the quality of the advisor / staff member who provided the service or led the event?	**No.**	1,504	413	48	17	11	128
	%	75%	21%	2%	1%	1%	
Q4 – How would you rate your overall satisfaction with the service / event?	**No.**	1,243	594	81	28	31	144
	%	63%	30%	4%	1%	2%	
		Yes	**No**	**Not Answered**			
Q5 – Would you recommend the service / event to others?	**No.**	1,770	83	268*			
	%	96%	4%				

* This question was only added to the International Trade survey part way through the period, hence the high number of not answered.