

Economy, Business Growth & Skills Overview & Scrutiny Committee

Date: 2 November 2017

Subject: Digital portfolio update

Report of: Cllr Richard Farnell, Lead Portfolio Holder Digital, City Region

1. PURPOSE OF REPORT

- 1.1 To provide an initial overview and seek Overview & Scrutiny input on the emerging digital strategy and action planning work.
- 1.2 To summarise the work that the Growth Company does providing both business support re digital and growth of the digital sector

2. RECOMMENDATIONS

- 2.1 That work towards a GM Digital Strategy and Action Plan is supported.
That Committee members review and consider the measures proposed to gauge progress.

3. CONTACT OFFICERS

- 3.1 Phil Swan (phil.swan@greatermanchester-ca.gov.uk)
Helen Wilding (helen.wilding@greatermanchester-ca.gov.uk)
Katie Peate (Katie.Peate@businessgrowthhub.com)

4 BACKGROUND AND INTRODUCTION

The Greater Manchester Strategy sets out the key issues we are trying to tackle as a city-region. These include low levels of productivity and skills that are out of step with future economic need; and too many of our people of all ages without the tools and resilience for happy, healthy, productive lives.

It is globally recognised that digital technology is the most important means by which we will improve these outcomes in the future. The Aspen Institute in Washington recently stated that “the future vitality of cities is increasingly based on their ability to use digital networks in intelligent, strategic ways.”¹ If harnessed correctly, digital technology has the capacity to improve people’s lives in an unparalleled way. If we do nothing, or if the benefits of digital technology accrue only in one place, sector or group of people, we will have failed to create the digital city-region that Manchester needs to be.

¹ <https://assets.aspeninstitute.org/content/uploads/2016/03/CityAsPlatform.pdf>

Embracing digital technology throughout all sectors, geographies and occupations is fundamental to GM's current and future international competitiveness. GM's workforce needs to be equipped with the new range of skills required for future ways of working. The quality of Greater Manchester's digital skills, assets and reputation will determine its future ability to create, attract and retain wealth and talent and strengthen our communities.

In this regard, Greater Manchester is well-positioned to be a world player with a progressive digital agenda. There are 7,500 – 8,000 digital and creative businesses in Greater Manchester. More than 68,000 people are employed in the sector and they generate more than £3bn in economic output for the conurbation, making Greater Manchester home to the largest digital and creative cluster outside London. Critically, the gross value added to the economy per worker in the digital industries is almost double the norm for UK workers: £92,000 for digital industry workers compared with £54,000 for workers as a whole.

Over the past five years the number of workers in the digital industries increased by almost three times the rate recorded for all UK workers and with 40% lower living costs than London, a strong and diverse skills base and allied with a top 20 European airport, Greater Manchester has strong appeal in this sector.

More broadly, cities across the world are facing societal challenges including climate change, ageing, diversity, inclusion, ill health, urbanisation, digital ethics and pollution. Working with other world cities (building on established international connections), Greater Manchester has the opportunity to lead the way in the development of solutions that use digital technologies to address and gain deeper insights into these challenges.

Recognising this opportunity, the Greater Manchester Combined Authority created a Digital City-region Portfolio and in parallel held a #GMdigital Summit in July 2017 at which a clear digital ambition for Greater Manchester was established with a broad cross sector of more than 200 public, not for profit and private sector, academia and curious residents. This ambition is for:

“Greater Manchester to be recognised as a global digital city region and top five in Europe by 2020”.

The Summit outcomes and the Digital Portfolio have been aligned in the Greater Manchester Strategy with #GMdigital being the collective name of digital activities under the Greater Manchester Strategy going forwards.

5 GREATER MANCHESTER DIGITAL ACTION PLAN

The Digital Summit highlighted some of the great work of companies and individuals to transform Greater Manchester, and the enthusiasm and commitment to using digital technology to benefit our economy and society. Since then, key influencers and entrepreneurs across GM have come together across five themes to agree practical actions that will contribute to GM's ambition. The five themes are:

- Digital Infrastructure – the connectivity which Greater Manchester requires.

- Skills and Talent – the abilities of its people.
- Economic Growth and Productivity – the ways in which both the digital sector can grow and other sectors adopt digital ways of working.
- Inclusion – ensuring no-one is digitally left behind.
- Communications and Marketing – promoting Greater Manchester on a worldwide platform.

In total close to 100 people are actively involved in these groups, each with a clear Terms of Reference, developing a set of five priority recommendations each with the intention that these will form the basis of Greater Manchester's Digital Action Plan. Inherent within this approach is the recognition that Greater Manchester's success in this area is not in the gift of any individual or sector but can only be achieved through collaboration. In addition this approach is engaging some of the best minds available in the city region and is strengthening the city region's networks, creating conditions which evidence suggests engender further innovation. Each of the themes is supported by a GMCA or Growth Company officer and links with related Portfolios, such as Skills, are being carefully maintained to ensure alignment.

In order to co-ordinate the five theme areas a new GM Digital Steering Group has been created which is being chaired by Councillor Farnell in his capacity at Lead Member for the Digital City Region Portfolio and supported by Margaret Asquith, the Lead Officer. This met for the first time in September and is meeting again in late November to review the draft set of recommendations from the Themes.

This group includes the Chairs of the five themes plus representation from the Local Economic Partnership, Health & Social Care Partnership, academia, business and public sector. The Greater Manchester public sector information sharing programme, GM-Connect, has been aligned with this this group in order to report into the Digital Portfolio.

The recommendations from the five themes will be presented at a second Digital Summit on 8 December 2018 hosted by Co-op Digital at their new Federation House facility in Manchester. This event, six months on from the first event, will bring back together the digital community and provide a mechanism for review and prioritisation of the recommendations, forming the basis of the Action Plan to take forwards. It will also be live streamed to the general public with online, real time evaluation of the recommendations by participants.

In parallel with the work of the themes, the GMCA is developing a GM Digital Strategy to provide the narrative that will underpin the Action Plan and a set of measures through which Greater Manchester can evaluate the success of its actions. This draft strategy will also be shared on the 8 December, however the final Action Plan and Strategy will not be published until the New Year.

The Committee is asked to review the draft Strategy and Action Plan at its December 2018 meeting. In addition members of the Committee will be invited to the 8 December event.

6 MEASURES OF SUCCESS

Greater Manchester's vision of a digital city-region is holistic, with digital technology driving improvements across all areas of economy and society. For Greater Manchester, a world-leading digital city is one where its businesses, public service providers and citizens are using digital technology by default and to the fullest: to grow their businesses and improve productivity; to access skills, training and employment opportunities; to address global challenges that have a local impact, such as ill health, social isolation, homelessness and pollution; to improve living standards and well-being; and to improve the quality and value for money of public services.

A variety of organisations publish rankings of cities for different aspects of digital maturity. NESTA European Digital Cities Index² was considered one of the most credible and, in 2016, Greater Manchester was ranked 16th in Europe. Whilst this study was useful, it is not being repeated and focussed only on the best places in which to create start digital company, missing some of the social measures it is felt are reflected in the Greater Manchester Strategy.

Other indices have been considered. Some of these are very narrowly focused on tech companies or the digital and creative sector, others look at inclusion, others take a broader ecosystem approach. Some indices extrapolate from national data rather than examining the genuine differences between places. None include all the factors that are central to Greater Manchester's vision of a successful digital city, such as digital inclusion or diversity in tech companies.

In addition it is proposed that Greater Manchester benchmarks against peer cities as well as focusing on those indicators that we care most about and best reflect our priorities and values in Greater Manchester. Therefore a core set of indicators are being selected that best describe the kind of 21st Century digital city Greater Manchester wishes to be.

These are drawn from a range of data sources, using the NESTA European Digital Cities Index as a base and replacing some of the indicators with those that better describe our ambition for GM. Meeting the targets in all these areas and continuing to improve is what being a world-leading digital city region means to Greater Manchester: our businesses, our residents, our employees, our communities.

The Committee is asked for its views on these indicators:

² <https://digitalcityindex.eu/>

Measure	Description	Source	Current Ranking (Based on NESTA European Digital Cities Index 2016)		
			Europe	Out of top 60	UK
Digital Services Demand	Percentage of enterprises total turnover, from ecommerce for all enterprises, without financial sector (national level 2015)	Eurostat		21	
History of Scale-ups / Unicorns	Number of start-ups with billion-dollar valuations (city level, 2016)	GP Bullhound, CB Insights		13	
Mobile Internet Speed	Average speed of mobile internet (city level 2016)	Ookla			
R+D Intensity	Expenditure on R+D per inhabitant (NUTS2 level 2013)	Eurostat		54	
Number of women in senior management roles	A good digital city should have a good level of representation throughout key sectors and businesses	Manchester Digital Skill Audit			
Early stage funding	Amount of seed and start-up funding raised (estimated at city level 2015)	European Venture Capital Association		20	
Adoption of digital technologies by businesses					
Adoption of digital technologies by the public sector					
Access to accelerators	Number of accelerators per city population (city level 2016)	Gust, Open Axel, Seed DB		44	
People who use the internet to do online banking	% of People (aged 16-74) who used Internet in the last 3 months	Eurostat - Community survey on ICT usage in Households and by Individuals (I_IUBK)			

Targets and timescales for each of these are being reviewed by the lead officers for each Themes.

7 ALIGNMENT WITH THE GREATER MANCHESTER STRATEGY

Placeholders for the Action Plan, plus related activity of GM-Connect and specific cyber security related work, have been included in the Greater Manchester Strategy as follows.

Priority actions: in the next 6 months we will...	Lead	Lead Portfolios
Complete the GM Connect Early Years digitisation pilot in Salford and Bolton and commenced related Early Years pilots in Wigan, Bury, Oldham and Rochdale	GMCA HSCP	Young People & Cohesion Digital City Region Health & Social Care
Defined and commenced delivery of a Digital Skills Programme to support from digital inclusion up to higher level skills as part of the #GMdigital aspiration	GMCA GM LEP	Skills, Employment & Apprenticeships Digital City Region
Produce a GM Digital Strategy and Action Plan	GMCA GM LEP	Digital City Region Business & Economy Skills, Employment & Apprenticeships
Work with the LEP Task and Finish group to better support GM businesses to accelerate the adoption of digital technologies	GM LEP	Business & Economy Digital City Region
Through GM-Connect have defined the scope of the Cyber Innovation Centre, appointed a Centre Operator and commenced work on development of the facility aiming for an opening in summer 2018, simultaneously exploring opportunities with academia, national security agencies and Government.	GMCA LEP	Digital City Region Business & Economy Skills, Employment & Apprenticeships
Accelerate market investment of full fibre infrastructure across GM, including securing DCMS funding	GMCA	Digital City Region
Develop a GM cyber resilience strategy and action plan	GMCA	Digital City Region
Through GM Connect, design and test operational information sharing and analytical solutions operational information governance solutions and analytical solutions which support our future ambitions for reform, in particular integrated delivery supported by shared intelligence and an understanding of risk within our population	GMCA	Digital City Region Policy & Strategy
Continue to develop MappingGM as a platform for place-based information sharing, visualisation, and analysis	GMCA	Digital City Region
- Through GM-Connect consult and agree with specific groups and the general public on a secure information sharing model	GMCA	Digital City Region
- Building on first GM Digital Summit, agree specific actions to increase the level of Digital inclusion across GM in consultation with communities	GMCA	Digital City Region
- Through GM-Connect continue to establish information sharing agreements in priority areas using the Information Sharing Gateway	GMCA	Digital City Region
- Through GM-Connect design and develop early prototypes for a technology platform that will enable better services through more effective, secure and joined up use of information.	GMCA	Digital City Region

8 SUPPORT FOR BUSINESSES

Within the context of the wider GM digital aspiration, the GM Business Growth Hub is already supporting delivery of the GMCA's digital agenda by:

- Providing fully-funded **one-to-one support and advice from an experienced sector expert** to Greater Manchester SMEs within the Digital Creative and Tech (DCT) sectors. This includes onsite diagnostic and a mutually agreed plan for how the advisor can support the business to grow. The Growth Hub is due to work with over 150 businesses by the end of 2017.
- Delivery of **Greater Connected**, a 3 day fully-funded growth programme across 8 weeks. The programme includes learning sessions and group coaching - covers leadership, talent management, product & service development and scale-up strategies. Businesses must have <250 people, <€50m turnover and be in the digital and creative technology sector. Businesses are assigned a business advisor from the start to guide them through their ongoing scale-up journey. There are also ongoing community events beyond the programme.
- Delivery of **Digital Growth**: fully-funded expert advice and support to SMEs (mostly B2B) helping them with the implementation and utilisation of digital technologies. Masterclasses, workshops, networking events, conferences and dedicated one-to-one support with the digital advisors are included in the support. Issues covered include: big data and analytics, digital marketing, cybersecurity, data storage, Internet of Things, future digital trends, content creation and ecommerce. BGH has a team of 6 advisors, currently working with over 300 businesses.

The Budget for these programmes is just over £1.6 million for Digital Growth, and just under £700,000 for the DCT sectors programmes (one-to-one support and Greater Connected). The Digital Growth programme has created 42 jobs since the beginning of the programme in April 2016, and has a contract target of 112 jobs by the end of 2018. The DCT sectors programmes have already created 19 jobs from a contract target of 20 by the end of 2018. The programmes also measure new to market products, new to firm products and collaborations with research entities.

The Growth Company provides a range of additional services to support both individuals and organisations to attain digital skills qualifications through the Skills Company; Marketing Manchester's sector marketing activity to raise awareness of Manchester's digital credentials and MIDAS attracting new digital companies to invest.

Supporting information

The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100D(1) of the Local Government Act

1972. It does not include documents, which would disclose exempt or confidential information as identified by that Act.

- Greater Manchester Strategy: https://www.greatermanchester-ca.gov.uk/downloads/download/119/greater_manchester_strategy
- GM Digital Portfolio web page: https://www.greatermanchester-ca.gov.uk/info/20153/digital_city_region
- GM Digital Twitter feed used for general stakeholders updates: <https://twitter.com/GMCAdigital>
- Video by Jon Corner, Director of The Landing, summarising the purpose of the Economy and Growth theme: <https://twitter.com/twitter/statuses/910893447514656768>
- Links to Business Growth Hub supporting materials:
<https://www.businessgrowthhub.com/services/harnessing-digital-technology>
<https://www.businessgrowthhub.com/services/industry-support/creative-digital-and-tech>
[micro site](#)
[overview video](#)

The above papers and documents may be inspected during normal office hours at GMCA, Churchgate House, 56 Oxford Street, Manchester M1 6EU.