GM LOCAL ENTERPRISE PARTNERSHIP BOARD

Subject: Growth Company Mid-Year Performance Report
Date: 15 January 2018
From: Mark Hughes, Group Chief Executive, Growth Company

1. Background

At its meeting on 15 May 2017, the LEP Board received the Growth Company (GC) Business Plan for the 2017/18 financial year. The purpose of this report is to present to the Board a performance review of progress against Business Plan priorities, objectives and targets during the first half of the year (April to September 2017), as part of the agreed LEP reporting cycle. It should be noted that there is a lag between the end of the reporting period and when the LEP Board receives the report as performance is first reviewed by GC’s Advisory Boards and Group Board (in November/December) before a report is brought to the next available LEP Board meeting.

The report comprises a high level summary of performance which is set out below.

2. Implementation of Business Plan Priorities

Each of the Business Plan’s 7 strategic priorities has aligned against it supporting operational objectives. Progress against each of the operational objectives, with RAG ratings, has been reviewed by GC senior management and the GC Board.

The summary RAG rating of these operational objectives is set out in the table below:
## Strategic Priority

<table>
<thead>
<tr>
<th>Strategic Priority</th>
<th>No. of objectives</th>
<th>Green</th>
<th>Yellow</th>
<th>Amber</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Support / enable increase in GVA &amp; productivity</td>
<td>11</td>
<td>6</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Contribute to inclusive growth across GM</td>
<td>12</td>
<td>6</td>
<td>5</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3. Lead the delivery of GM’s Internationalisation Strategy</td>
<td>12</td>
<td>9</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Integrate our services</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5. Improve GC’s financial resilience, including surplus</td>
<td>10</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>6. Enhance GC’s profile and positioning</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7. Deliver GC’s internal transformation</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>41</strong></td>
<td><strong>24</strong></td>
<td><strong>5</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

### Progress

- **Green**: Progress ahead of or on schedule with objective achieved or likely to be achieved.
- **Yellow**: Progress behind schedule but able to be recovered with good probability that objective will be achieved.
- **Amber**: Progress behind schedule with key issues impeding recovery – risk that objective will not be achieved.
- **Red**: Progress behind schedule with recovery doubtful and objective unlikely to be achieved or ability to achieve objective impaired by factors which the Group cannot resolve.

## Key Achievements to Date

Key achievements in the first half of the year include the following:

### 1. Productivity

- Additional GVA generated across GM has now reached £84M.
- The number of businesses assisted and start up is ahead of target at the mid-year point.
- GC working with Productivity Leadership Group to develop a NW pilot for engaging SMEs to improve their productivity and engage with industrial digitisation.
- GREATer Manchester Mentoring offer, which aligns disparate business mentoring offerings across GM, developed and agreed by partners with formal launch planned for early 2018. The aim is to create a bank of 600 volunteer mentors and match 1,000 business leaders to a mentor by 2020.
- GC’s apprenticeship levy campaign has so far secured 725 starts, with the majority of these in higher level qualifications.
- CMI Management Level 6 Degree apprenticeship and TMI Level 7 MSc Apprenticeship have both been approved for delivery by Bolton and Lancaster Universities respectively.
- GC Education and Skills secured GMCA’s commission to undertake public sector / Local Authority workforce development planning for the apprenticeship levy.
- Working Well Extension contract performance is now on a strongly improving trajectory with 168 job outcomes achieved in Q2 compared to 91 and 49 in the previous two quarters.
- The £11.5M LGF contract for Skills for Employment has gone live.
- Full Business Case for £26M of LGF and LA funding for GM Business Productivity and Inclusive Growth Programme approved by the LEP Board and by GMCA.
- £1M secured from Visit England to develop and expand tourism products.

### 2. Inclusive Growth

- First data sets for inclusive growth benefits of Business Growth Hub programmes now available which show that during the current year, amongst other outcomes: 10 SMEs have increased their use of GM suppliers, 7 have increased staff salaries to or above the living wage and 4 have reduced or ceased their use of zero hour contracts.
- GM Working Well (Work and Health) contract secured, in partnership with Ingeus, with the programme to be launched by the GM Mayor in January 2018.
- MIDAS account management programme extended by 150 FOC companies allowing greater coverage across all GM districts.
- Funding approval and contract in place to allow GM Start Up programme to start, focused on lifestyle businesses in target areas or amongst target groups, which aims to create at least 200 new businesses in the next 12 months.
- LA “white label” loan products launched (or in process) in the 7 LAs which have requested this product.
- Good take up recorded amongst school leavers for GC Study Programmes in health & social care, childcare, digital marketing, software development and accounting.
- Work has started to develop a pilot Hospitality Employment Programme, aimed at matching local people to job opportunities in GM’s tourism sector.
- Relationship with Timewise established to promote flexible working practices to GM employers.

3. International
- The Manchester India Forum is in place and launches in the House of Commons on 1st February 2018 and in Mumbai on 6th February.
- Expansion of DIT account management programme now agreed and rolled out by MIDAS.
- Portfolio of GM foreign capital investment opportunities in place and MIDAS or undertaking promotional work with DIT in China and other locations.
- Contracts issued and signed for 16 Northern Powerhouse missions in 2017/18 with 6 of these being directly organised by GC.
- Visit, Invest and Meet web-sites to promote GM have all gone live.
- North of England hub on visitmanchester.com launched.
- £1.2M of funding secured from the Discover England Fund for visitor attraction with campaigns focused on GCC, China and India.
- GM Foreign Capital Investment portfolio in place and promotional campaign underway.
- Joint partnership agreements signed with Singapore Airlines and Thomas Cook to promote Houston and Boston routes to Manchester.
- An Overseas Student / Business Placement pilot is underway to connect international students from GM’s 4 universities with 10 GM businesses – first placement started in September 2017.
- Partnerships with the cultural and tourism sectors developed which will be a major contribution to the development of GM’s Culture Hosts platform.

4. Integrate Services
- Joint collaborative meetings established with all business member organisations to align business support services across GM.
- Web site content finalised for integrated GC offers to businesses related to leadership, organisational development, workforce development/skills and recruitment – to go live as part of rebranded GC web-site early in 2018. Quarterly operational reviews by business facing staff now up and running to support this integration initiative.
- Quarterly networking events for all business facing staff now in place.
- GC assets reflected in service delivery proposals as part of GM Work and Health Programme bid, non-levy Apprenticeships bid and GM Business Productivity Business Case.

5. Improve financial resilience
- New GC Business Development team in place to lead on contract bidding and generate new business opportunities.
- Bolton Business Ventures assignment completed.
- Full GC team deployed to develop GC tender for national Inward Investment contract which was submitted on 27 November (decision due on 21 December).
- GMCA 2017/18 funding contracts for the Business Growth Hub secured.
- Partnership funding secured by Marketing Manchester to match with additional GMCA funding for 2017/18.

6. Enhance GC profile & positioning
- Corporate rebranding started in July 2017 with roll out ongoing.
- Role of Business Growth Hubs strongly referenced in Government’s Industrial Strategy following lobbying and advocacy by the GC chaired Northern Powerhouse Business Growth Hub Network and NPH LEP Chairs.
- Manchester has hosted the country’s first Industry 4.0 summit which enabled GC to promote all of its services to manufacturing businesses.
- GC represented on a national Study Programme Expert Panel and also on various GM groups concerned with inclusive growth / social value, as well as becoming a member of Social Enterprise UK.
- Major cross GC project started to develop a comprehensive plan to support enhanced positioning and profile.

7. Internal
- ISO27001 accreditation achieved across all operating companies.
4. Challenges

5 of our 70 objectives are currently rated as amber as they are at risk of not being achieved in the current financial year. These relate to:

<table>
<thead>
<tr>
<th>Strategic Priority</th>
<th>Issue</th>
</tr>
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<tbody>
<tr>
<td>2. Inclusive Growth</td>
<td>• Whilst the ERDF funded GM Start Up programme has been approved and contracted, as referenced above, the delays in securing ERDF funding have left this programme with just 13 months to deliver a set of very challenging targets and this has been risk assessed as amber until early contract performance results are available.</td>
</tr>
</tbody>
</table>
| 4. Integrate Services | • Whilst good progress has been made on integrating services to businesses around workforce development and across the manufacturing sector, less progress has been made on other priority sectors (DCT, Life Sciences and LCEGS) due to the need to focus staff resources on other priorities.  
• Little progress has been made to date on work to align GC services to individuals pending the outcome of the ERDF application for the Start Up programme and also with key GC resources fully engaged in contract bidding activity, especially the GM Work and Health Programme. |
| 5. Improve financial resilience | • GC’s aim to achieve a 20% increase in sales by our Aspire Recruitment Agency has been affected by delays to staff restructuring within the Agency although sales did increase in September 2017 and so we expect to make more significant progress towards this objective in the second half of the year.  
• We are behind target in our aim to maintain operational margin and profit across GC’s Organisational Development commercial consultancy services. Business from retained clients is holding up well but leads for new business are below required levels and additional resources are being recruited to improve new sales. GC has introduced new commercial products during the year based on market demand and to avoid over-reliance on a declining IIP market and the focus is now on generating new business for those products. |

5. Top 10 KPIs

The Business Plan highlighted the Group’s top 10 service delivery and economic impact targets for the year in GM and the table below shows Quarter 2 performance against the full year targets.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Annual Target</th>
<th>Actuals Sep 17</th>
<th>RAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m of additional GVA / economic impact</td>
<td>£225m</td>
<td>£75.7m</td>
<td>A</td>
</tr>
<tr>
<td>No. of new jobs created</td>
<td>5,500</td>
<td>1,638</td>
<td>A</td>
</tr>
<tr>
<td>No. of new and existing businesses assisted</td>
<td>5,310</td>
<td>2,914</td>
<td>G</td>
</tr>
<tr>
<td>No. of new businesses created</td>
<td>440</td>
<td>185</td>
<td>G</td>
</tr>
<tr>
<td>£m investment in existing businesses</td>
<td>£10.5m</td>
<td>£6.8m</td>
<td>G</td>
</tr>
<tr>
<td>No. of apprenticeship starts</td>
<td>1,700</td>
<td>341</td>
<td>A</td>
</tr>
<tr>
<td>No. of clients placed into work</td>
<td>13,300</td>
<td>4,639</td>
<td>G</td>
</tr>
<tr>
<td>No. of new exporters assisted</td>
<td>143</td>
<td>42</td>
<td>G</td>
</tr>
<tr>
<td>£m value of export sales generated</td>
<td>£90m</td>
<td>£53m</td>
<td>G</td>
</tr>
</tbody>
</table>
The following KPIs are behind profile:

- **GVA and jobs created** – The shortfall is predominantly due to the previously reported slow-down in inward investment decisions which may be linked to wider economic uncertainty associated with Brexit. Whilst the number of project successes improved dramatically in the second quarter of 2017/18, with actuals only marginally below where we expected to be at the mid-year point, the larger projects, in terms of job generation, remain affected by the slow-down in decision making. However, three major projects have now started moving towards completion and these three alone would deliver the jobs and GVA target for the year. We remain hopeful, therefore, that overall annual targets will be met.

- **Apprenticeship starts** are behind profile as the new apprenticeship levy is creating delays as employers struggle to navigate the new national system, alongside some reluctance to co-invest in apprenticeship activity. This is consistent with ESFA statistics which show that apprenticeship starts are down by 39% nationally, compared to the position last year, and GM is down by 36%. The Growth Company is down by 20% compared to last year.

6. **Customer Satisfaction**

Latest customer feedback data, covering the July to September 2017 period, from GC services is set out below. Returns were received from clients in the following business areas: Employment, Skills, Organisational Development Services, Marketing Manchester, Business Growth Hub, Business Finance Solutions and International Trade.

The table shows a range of positive (excellent or good) responses of 89% - 96%, compared to 89% - 95% in the previous quarter (April to June 2017). The recommendation rate is at 97%, compared to 96% in the previous quarter.
7. Future Reports

Work is currently underway to produce GC’s new Business Plan for 2018/19 and this will be brought to the LEP Board in May 2018.

The out-turn performance report for the current year will be brought to the LEP Board in July 2018.