

Building the Greater Manchester Local Industrial Strategy:

November 2018 update



Executive Summary

Background

As one of just three ‘trailblazer’ areas in the UK, we are working collaboratively with government to develop our local industrial strategy (‘the GM LIS’). It will be our joint plan with Government for creating exciting, well-paid jobs in new industries, and upskilling and increasing competitiveness in our high employment sectors.

Greater Manchester has always been a pioneering, progressive and ambitious place. We want our local industrial strategy to build on this legacy and set a bold and exciting vision for the future to unlock greater productivity and earning power across the city-region.

We want to identify where local strengths and leadership can make a difference to the economic opportunities and challenges we face. We want to support new industries to flourish where Greater Manchester is, or has the potential to be, a global leader. And we want to be inclusive and people-focused, enabling all our people to access jobs which are secure, fairly paid and fulfilling.

Focus of the strategy

Our work so far suggests that, to deliver against these criteria, the strategy needs to focus on:

- **Supporting our globally competitive strengths.** Building on our globally competitive research strengths and emerging industrial opportunities in health innovation and advanced materials – and capitalising on the creativity and collaborative culture of our people, our digital and technology asset base, and our emerging capabilities in green industries – will be essential if the city-region is to continue to attract investment and create new businesses and jobs for the future. Through this we will be pioneering emerging sectors, creating significant global competence and additional value for our local economy as these new sectors grow and flourish.
- **Strengthening the foundations of our economy.** Despite having concentrations of globally competitive, highly productive businesses, Greater Manchester’s overall productivity is around 10% lower than the national average. This is important because it holds back people’s earning potential and makes our economy more vulnerable to future economic shocks. Strengthening our people, infrastructure, business environment, innovation ecosystems and places will be important to enable all sectors and all places in Greater Manchester to be productive and prosperous. We need to grasp global opportunities emerging from changes to world markets and develop industries of the future, while also ensuring competitiveness and job quality in our high employment, low productivity sectors.

Status of the strategy

The development of the GM LIS is a collaborative effort with Government. The final strategy will present an agreed and shared view of the opportunities for Greater Manchester, as well as the challenges that will need to be addressed, to maximise its contribution to UK productivity and earnings growth. The final Local Industrial

Strategy will not imply any new spending commitments, but will inform the strategic use of local funding streams and, where relevant, spending from national schemes.

Recognising the importance of a robust skills strategy as part of the GM LIS, Government and Greater Manchester have announced the terms of a new “strategic partnership” with the Department for Education, covering the education and training system as a whole (including schools, T levels, 16-18, 19+, Learner Loans and Apprenticeships) building on the Skills and Employment Advisory Panel announced in the 2017 Autumn Budget.

Next steps

We are seeking views from everyone with an interest in Greater Manchester's future growth and prosperity on the suggested focus set out above. Responses can be submitted online via the GMCA's consultation portal¹ or in writing to GMLIS@greatermanchester-ca.gov.uk. The closing date for responses is the 25th November 2018.

We have also established an independent review panel – the Greater Manchester Independent Prosperity Review – to provide a robust and independently verified evidence base. This will report its recommendations to Greater Manchester and Government in early 2018. This approach will ensure the Greater Manchester Local Industrial Strategy is underpinned by a forensic understanding of the foundations of productivity, and the drivers of increased prosperity, across the city-region.

The results of the consultation exercise and Independent Prosperity Review will be brought together to inform the full Greater Manchester Local Industrial Strategy, which we intend to agree with Government in March 2019.

Summary of consultation questions

1. Do you agree or disagree that we have identified the right focus for the Greater Manchester local industrial strategy? Please explain your answer.
2. What is the most important thing our local industrial strategy should focus on?
3. Do you agree or disagree that health innovation and advanced materials – enabled by the creativity and collaborative culture of our people, our digital and technology asset base, and our emerging capabilities in green industries – are the globally competitive strengths around which we should build our local industrial strategy?
4. Are there any other economic strengths or sources of international competitiveness around which we should build our local industrial strategy that haven't been mentioned?
5. What support is needed to enable our globally competitive strengths to realise their full potential?
6. How do you think that we could ensure that we have the skilled people our future economy will need?
7. How could we support firms to innovate more?

¹ See here: <https://www.gmconsult.org/strategy-team/jobs-and-growth/>

8. What infrastructure improvements do you think are the most important to Greater Manchester's future economic competitiveness?
9. What practical steps could we take to better support businesses in Greater Manchester?
10. Which grand challenge (AI/data, ageing society, clean growth, and future of mobility) is most important for Greater Manchester's future competitiveness and why?
11. Which of Greater Manchester's place-based assets do you believe are most important to our economic growth?
12. How can we ensure that residents from all communities in Greater Manchester are able to access skills and good jobs?
13. How could you, or your organisation, contribute to delivering an ambitious local industrial strategy for Greater Manchester?
14. Is there anything else you would like to tell us about the development of the Greater Manchester local industrial strategy?

1. Background

- 1.1. Greater Manchester is a world-renowned centre of industry, innovation, enterprise and creativity. Developing a local industrial strategy is an exciting opportunity to build on our pioneering history and drive our city-region forward as a global economic powerhouse.
- 1.2. As one of just three ‘trailblazer’ areas in the UK, we are working collaboratively with government to develop our local industrial strategy (‘the GM LIS’). It will be our joint plan with Government for creating exciting, well-paid jobs in new industries, and upskilling and increasing competitiveness in our high employment sectors. It will set out how we will build on our unique strengths and opportunities, and capitalise on the creativity of our people, to create a digitally-enabled, green city-region.
- 1.3. Due to be agreed in March 2019, our local industrial strategy will set out specific, achievable, long-term priorities in line with the Greater Manchester Strategy² and the Government’s modern industrial strategy³ and will be grounded in a robust and granular evidence base, currently being developed by leading experts through the Greater Manchester Independent Prosperity Review⁴.
- 1.4. It will identify opportunities for future collaboration between Greater Manchester, Government, and local public and private stakeholders. It will provide a framework for aligning local and national decision-making and investment – including the UK Shared Prosperity Fund, Industrial Strategy Challenge Funding, Greater Manchester Investment Funds, and Sector Deals – to create a more inclusive economy where all residents can contribute to, and benefit from, growth.
- 1.5. This document outlines the approach being taken to develop the GM LIS, progress made to date, and the emerging focus of the strategy. It provides details of the key questions being asked as part of the stakeholder consultation exercise. Responses can be submitted online via the GMCA’s consultation portal⁵ or in writing to GMLIS@greatermanchester-ca.gov.uk. The closing date for responses is the 25th November 2018.

² The Greater Manchester Strategy “Our People, Our Place”: <https://www.greatermanchester-ca.gov.uk/ourpeopleourplace>

³ The UK’s Industrial Strategy: building a Britain fit for the future: <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

⁴ See here: https://www.greatermanchester-ca.gov.uk/info/20004/economy/198/greater_manchesters_local_industrial_strategy

⁵ See here: <https://www.gmconsult.org/strategy-team/jobs-and-growth/>

2. Approach to developing the Greater Manchester Local Industrial Strategy

- 2.1. Greater Manchester has established a process made up of three interlinked strands to develop a robust local industrial strategy ('the GM LIS') by March 2019:
- **Developing the evidence-base.** An independent review panel – the Greater Manchester Independent Prosperity Review – has been established to provide a robust and independently verified evidence base.
 - **Joint policy development work with Government.** Joint work with Government departments is underway to explore policy options, linked to the national industrial strategy, to respond to GM's unique assets, opportunities, and challenges.
 - **Local consultation.** A broad consultation exercise is being undertaken to ensure that there is a high level of input from local and national stakeholders, including businesses, CVSE representatives, and civic leaders.

Developing the evidence base

- 2.2. The success of devolution in Greater Manchester was built on a strong evidence base – particularly through the Greater Manchester Independent Economic Review⁶.
- 2.3. The Local Industrial Strategy will take a similar evidence-based approach. The GMCA has established a Greater Manchester Independent Prosperity Review to develop this. This will be led by a Review Panel chaired by Professor Diane Coyle (Bennett Professor of Public Policy, University of Cambridge), which will oversee the development of the evidence base for the Local Industrial Strategy.
- 2.4. The Panel's membership includes:
- Professor Ed Glaeser (Professor of Economics at Harvard University)
 - Stephanie Flanders (Head of Bloomberg Economics)
 - Professor Henry Overman (Professor of Economic Geography at the London School of Economics)
 - Professor Mariana Mazzucato (Professor in the Economics of Innovation at University College London)
 - Darra Singh (Government & Public Sector Lead at Ernst & Young)
- 2.5. The Panel will independently verify Greater Manchester's existing evidence and oversee the commissioning of new research into priority areas. The views of industry will be brought into the analysis through a number of challenge sessions which will bring together businesses, policy makers, and academics. This approach will ensure the Greater Manchester Local Industrial Strategy is underpinned by a forensic understanding of the foundations of productivity, and the drivers of increased prosperity, across the city region.
- 2.6. Research which has been commissioned includes:

⁶ See here: <http://manchester-review.co.uk/>

- An audit of productivity, taking a deep-dive into productivity performance across Greater Manchester, and identifying the main policy levers that could raise productivity;
- A granular analysis of the “long tail” of low-productivity firms within Greater Manchester and how productivity could be raised in them. This will include a case study of the social care sector;
- A study to understand Greater Manchester’s national and international supply chain and trade linkages;
- An exploration of the city region’s innovation ecosystems, building on the Science and Innovation Audit this work will analyse the interrelationships between public and private innovation in Greater Manchester;
- Analysis of education and skills transitions, reviewing the role of the entire education and skills system in Greater Manchester and how individuals pass through key transition points; and
- A review of the infrastructure needs of Greater Manchester to raise productivity, including the potential for new approaches to unlock additional investment.

Joint policy development with Government

- 2.7. The Greater Manchester Local Industrial Strategy will be a joint vision for both local leaders and Government.
- 2.8. The Mayor of Greater Manchester, the Deputy Mayor for Business & Economy, the Chair of the Greater Manchester LEP, and the Secretary of State for Business, Energy and Industrial Strategy, will be responsible for the overall leadership of the Local Industrial Strategy.
- 2.9. Jürgen Maier (Chief Executive of Siemens UK) and Professor Dame Nancy Rothwell (President of the University of Manchester) will act as Greater Manchester’s Industrial Strategy Champions, leading engagement with businesses and universities on behalf of Greater Manchester LEP.
- 2.10. Engaging with Greater Manchester businesses will be central to the approach to developing the Local Industrial Strategy. The GMCA will engage with businesses across Greater Manchester, from micro businesses and SMEs to large companies, through existing networks and representative bodies. A key part of this is the formal consultation launched in October 2018.
- 2.11. The Director General for Business and Science in BEIS and the Chief Executive of GMCA will champion Greater Manchester’s priorities and the development of the strategy across local and national government.
- 2.12. Greater Manchester and Government have agreed that the final strategy will present an agreed and shared view of the opportunities for Greater Manchester, as well as the challenges that will need to be addressed, to maximise its contribution to UK productivity and earnings growth. The final Local Industrial Strategy will not imply any new spending commitments, but will inform the strategic use of local funding streams and, where relevant, spending from national schemes.

- 2.13. Recognising the importance of a robust skills strategy as part of the GM LIS, Greater Manchester and Government have also announced the terms of a new “strategic partnership” with the Department for Education, covering the education and training system as a whole (including schools, T levels, 16-18, 19+, Learner Loans and Apprenticeships) building on the Skills and Employment Advisory Panel announced in the 2017 Autumn Budget.

Local consultation

- 2.14. We want to hear from everyone with an interest in Greater Manchester's future growth and prosperity, including businesses, business representative organisations, universities, colleges and schools, the community and voluntary sector, and residents.
- 2.15. This remainder of this document sets out the emerging focus of the GM LIS and seeks views on key questions for the next stage of its development, including around:
- •What the main focus of our local industrial strategy should be
 - •What our globally competitive strengths and main growth assets are
 - •What support is needed to grow the economy
 - •How we ensure all residents can access opportunities
 - •How we capitalise on the opportunities created by global changes such as decarbonisation and digitalisation
- 2.16. Responses can be submitted online via the GMCA's consultation portal⁷ or in writing to GMLIS@greatermanchester-ca.gov.uk. The closing date for responses is the 25th November 2018.

⁷ See here: <https://www.gmconsult.org/strategy-team/jobs-and-growth/>

3. Focus of the Strategy

- 3.1. Greater Manchester has always been a pioneering, progressive and ambitious place. As the first modern metropolis we powered the industrial revolution; the co-operative and trade union movements were born in the city-region and have since spread around the globe; and the world's first computer was built here, forging a path to the digitally-enabled world in which we all now live.
- 3.2. We want our local industrial strategy to build on this legacy of social and economic disruption. By recapturing the ambition of the past, combining it with our powerful public and private leadership and capacity to deliver, and coupled with the creativity and collaborative culture of Greater Manchester's people, we believe that Greater Manchester can drive forward as a global economic powerhouse and be recognised as one of the most pioneering and progressive city-regions in the world.
- 3.3. We therefore intend to develop a local industrial strategy which is:
 - **Ambitious** – articulating a bold and exciting vision for the future, backed up with a plan to deliver, to unlock greater productivity and earning power across the city-region.
 - **Distinctive** – setting out how we will respond to the economic opportunities and challenges specific to Greater Manchester where local strengths and leadership can make a difference.
 - **Focused** – supporting industries to flourish where Greater Manchester is, or has the potential to be, a global leader.
 - **Inclusive** – people focused, enabling people to access jobs which are secure, fairly paid and fulfilling, with opportunities to progress and develop.
 - **Evidence-based** – grounded in a robust analysis of local opportunities and challenges, including the Science and Innovation Audit and the Independent Prosperity Review.
- 3.4. To deliver against these criteria, we are currently focusing on two key objectives:
 - **Objective 1: Supporting our globally competitive strengths.** Building on our globally competitive research strengths and emerging industrial opportunities in health innovation and advanced materials – and capitalising on the creativity and collaborative culture of our people, our digital and technology asset base, and our emerging capabilities in green industries – will be essential if the city-region is to continue to attract investment and create new businesses and jobs for the future. Through this we will be pioneering emerging sectors, creating significant global competence and additional value for our local economy as these new sectors grow and flourish.
 - **Objective 2: Strengthening the foundations of our economy.** Strengthening our people, infrastructure, business environment, innovation ecosystems and places will be important to enable all sectors and all places in Greater Manchester to be productive and prosperous. We need to grasp global opportunities emerging from changes to world markets and develop industries of the future, while also ensuring competitiveness and job quality in our high employment, low productivity sectors.

Do you agree or disagree that we have identified the right focus for the Greater Manchester local industrial strategy? Please explain your answer.

What is the most important thing our local industrial strategy should focus on?

4. Supporting our globally competitive strengths

4.1. The Greater Manchester and Cheshire East Science and Innovation Audit⁸ identifies two core research strengths in which Greater Manchester is globally competitive and which have the potential to drive future growth in emerging industries:

- **Health Innovation:** Greater Manchester has the largest concentration of excellence in health research nationally outside South East England, with specialisms including genomics, cancer, and health informatics. Health and social care devolution has given the city-region influence over £6 billion per annum of spending and has created an unprecedented opportunity to innovate for both health and economic benefit. By building on the city-region's strong Artificial Intelligence (AI) and data analytics capability, we have the opportunity to radically improve health outcomes through early diagnosis, innovation, prevention and treatment, while simultaneously creating new tech-focused industries and jobs in what is already one of the UK's largest commercial clusters of life science businesses outside South East England.
- **Advanced materials and manufacturing:** Greater Manchester is a leading centre of UK manufacturing, with strengths in advanced materials, textiles, chemicals, and food and drink, and developing capabilities in industrial digitalisation. The city-region's capabilities in graphene – a revolutionary material first isolated at the University of Manchester in 2004 – and other 2D materials provides an opportunity to be at the centre of the 4th Industrial Revolution (known as Industry 4.0 or Made Smarter) by creating a world leading industry for graphene/2D materials and their applications. New breakthroughs in AI, robotics, the internet of things, and other technologies will provide opportunities for the city-region to be at the forefront not just of new export-orientated products, but of new production techniques.

4.2. Growth in these core competencies, and the wider economy, will be enabled by three cross-cutting drivers of growth:

- **The creativity and collaborative culture of our people.** Greater Manchester's people are its best asset and the diversity of our population is an inherent strength. The city-region has a reputation as one of the most creative, collaborative, pioneering and progressive cities in the UK, which makes it a magnet for the talent that will be the driving force of our future growth. This creativity supports growth across all our sectors and makes it a natural breeding ground for creative and cultural industries.
- **The city-region's digital and technology strengths.** Greater Manchester businesses are already at the leading edge of new digital industries. Our city-region wide investment in Full Fibre broadband and Internet of Things infrastructure is creating ubiquitous data exchange capabilities. Our large-scale smart cities demonstrators are using new technologies and big data to transform everything from healthcare and transport to energy and the environment. The city-region's emerging and enabling technology sectors –

⁸ Greater Manchester and East Cheshire Science and Innovation Audit, available here: http://www.greatermanchester-ca.gov.uk/downloads/file/224/greater_manchester_and_cheshire_east_a_science_and_innovation_audit_report_sponsored_by_the_department_for_business_energy_and_industrial_strategy

particularly for HealthTech, CyberTech, IndustrialTech and CreativeTech – will underpin our future global competitiveness.

- **Green technologies and services.** With 45,000 people employed across 2,400 companies, green industries are already a growing and important sector for Greater Manchester. The global shift to clean growth will mean that increasingly all economic activity will need to be low carbon and Greater Manchester can grasp the opportunity to lead the world in the development, manufacture and use of low carbon technologies, systems and services. Following the Mayor's Green Summit, we have an aspiration to make Greater Manchester one of the cleanest and greenest city regions in Europe.

Do you agree or disagree that these are the globally competitive strengths around which we should build our local industrial strategy?

Are there any other economic strengths or sources of international competitiveness around which we should build our local industrial strategy that haven't been mentioned?

What support is needed to enable our globally competitive strengths to realise their full potential?

5. Strengthening the foundations of our economy

- 5.1. Despite having concentrations of globally competitive, highly productive businesses, Greater Manchester's overall productivity is around 10% lower than the national average. This is important because it holds back people's earning potential and makes our economy more vulnerable to future economic shocks.
- 5.2. The national industrial strategy identifies five foundations of productivity that underpin a strong economy: People, Ideas, Infrastructure, Business environment, and Place. This section seeks views on how Greater Manchester could strengthen each of these foundations to build an economy that works for people and business.

People – getting the best out of our people and providing a pipeline of skills to meet the needs of the economy

- 5.3. Greater Manchester has one of the largest and most diverse populations in the UK. It is home to nearly 3 million people, including more than 100,000 students, who speak over 200 languages.
- 5.4. One-in-six residents come from a black and minority ethnic background and the city-region has the UK's third largest LGBT community. This diversity and inclusivity is an inherent strength of our city-region. Capitalising on it will provide a foundation for future growth, generating new ideas and making the city-region a magnet for new talent and investment.
- 5.5. However, challenges remain, and Greater Manchester still has, on average, lower skills levels than the UK as a whole and some employers report difficulties recruiting staff.
- 5.6. As part of the local industrial strategy we intend to develop a local skills strategy to get the best out of our people and provide the pipeline of skills to address skills gaps, feed new industries, and give young people and adults a sense of excitement and hope for the future.

How do you think that we could ensure that we have the skilled people our future economy will need?

Ideas and innovation ecosystems – spreading innovation across the city-region

- 5.7. Greater Manchester is an international hub for innovation, with world-class science and research strengths in relation to health innovation and advanced materials, and fast-growth opportunities in digital, energy, and industrial biotechnology.
- 5.8. We have firms at the leading-edge of Research & Development (R&D), but the adoption and application of new innovations is not consistent across all firms and sectors. Spreading innovation across the city-region, and increasing the level of R&D investment by businesses, will be critical to creating future jobs and growth.

How could we support firms to innovate more?

Infrastructure – ensuring that our infrastructure is resilient and supports inclusive growth

- 5.9. Ensuring that our infrastructure is resilient now and into the future will be critical for ensuring future economic competitiveness.
- 5.10. Growth in our economy and population, combined with demographic change (ageing population), environmental and climate change pressures and massive technological and digital shifts, will need to be successfully managed to achieve the best outcomes for Greater Manchester.
- 5.11. As infrastructure sectors become increasingly interdependent further collaboration and co-ordination will be required. We will need to align investments in ‘hard’ infrastructure (transport, housing, energy, and digital) with improvements to ‘green and blue’ infrastructure (green spaces/river catchments/canal networks) and ‘social’ infrastructure (childcare, schools, hospitals and other public services).
- 5.12. As new technologies and big data transform everything from healthcare to energy, to industrial production and transport, we will need the digital infrastructure and technology platforms in place to become a truly smart city-region.

What infrastructure improvements do you think are the most important to Greater Manchester’s future economic competitiveness?

Business environment – enabling business and social enterprise to thrive and capitalise on new and emerging global opportunities

- 5.13. Greater Manchester is a dynamic business growth and start-up location, with strengths across a broad range of growing and established sectors, including a strong social enterprise sector.
- 5.14. However we face challenges in ensuring competitiveness and job quality in our high employment, low productivity sectors, and enabling residents to access jobs which are secure, fairly paid and fulfilling.
- 5.15. Like other cities and regions around the world, our business environment is being affected by global economic and societal changes.
- 5.16. We have an urgent requirement to decarbonise our industrial base, transport systems, housing, and energy infrastructure. Digitalisation and the rise of artificial intelligence and big data are affecting every aspect of people’s lives and work. Our population is ageing, creating new economic opportunities and requiring new models of public services.
- 5.17. These create risks for our future prosperity, but they are also significant opportunities for us to be at the leading edge of new global industries.

What practical steps could we take to better support businesses in Greater Manchester?

Which grand challenge (AI/data, ageing society, clean growth, and future of mobility) is most important for Greater Manchester’s future competitiveness and why?

Place – all parts of Greater Manchester contributing to, and benefiting from, growth

- 5.18. Greater Manchester is made up of a diverse range of local economies: from the dynamic Manchester city-centre, to the creative cluster around Salford Quays and the concentration of research excellence on the Oxford Road Corridor, to the industrial hub of Trafford Park and town centres across the city-region.
- 5.19. The city-region sits at the heart of the Northern Powerhouse, with strong links by rail and road to the rest of the UK, and to the rest of the world by air through Manchester Airport and by water through the Manchester Ship Canal.
- 5.20. However, access to skills, employment and opportunity remain unequal across the city region and not all residents have been able to benefit from the city-region's prosperity.

Which of Greater Manchester's place-based assets do you believe are most important to our economic growth?

How can we ensure that residents from all communities in Greater Manchester are able to access skills and good jobs?

And finally...

We plan to agree our local industrial strategy with Government by March 2019, and then produce a delivery plan. How could you, or your organisation, contribute to delivering an ambitious local industrial strategy for Greater Manchester?

Is there anything else you would like to tell us about the development of the Greater Manchester local industrial strategy?

6. Next steps

- 6.1. The stakeholder consultation exercise will close on the 25th November 2018.
- 6.2. The Independent Prosperity Review Panel will present its final recommendations to Greater Manchester and Government in early 2019.
- 6.3. The Greater Manchester Local Industrial Strategy will be finalised by March 2019, following further local consultation and evidence gathering.
- 6.4. Greater Manchester will set out in its Local Industrial Strategy its approach to evaluation of its interventions, including how to integrate cutting-edge independent evaluation methods at the outset of programmes and sharing the evaluation results widely