

CBI



Greater Manchester Revival Plan

A business manifesto for regional prosperity

February 2021:
Regional Growth

Foreword

The COVID-19 pandemic has shown that empowering regions remains important, especially as we look to a sustainable recovery. In Greater Manchester, the newly elected metro mayor will be the champion of this diverse and ambitious region. Home to the innovations that drove the industrial revolution, such as the railways and canals, and to political activists such as Emmeline Pankhurst, key organiser of the UK's suffragette movement.

The mayor will have the opportunity to build on this legacy, galvanising the identity and history of Greater Manchester, and capitalising on the sector strengths that have emerged. These include in health care, advanced manufacturing, digital and creative, and in net zero innovations. Already, the region is at the forefront of new graphene technology, key to unlocking the potential of the low-carbon transition, and health innovations that will give people longer, healthier working lives and more independence as they age. Both exportable innovations that will change the way we live and work.

However, a newly elected metro mayor will be entering office at an extremely challenging time. With Greater Manchester's economy relying heavily on the strength of the city centre, and the high levels of employment from the hospitality, retail and leisure sectors, the multiple lockdowns have hit these businesses and their supply chains hard. This is against a backdrop of longstanding productivity gaps. Between 1996 and 2016 total GVA grew by 83% and 54% in Manchester and Salford respectively, but by comparison only 24% and 8% in Rochdale and Tameside, respectively.¹ This has led to high levels of income inequality and social exclusion. Related to this are schools' poor performance and skills shortages, leaving businesses struggling to fill vacancies.

To address the short-term challenges of COVID-19, and to turn Greater Manchester into a healthier, more productive and thriving place, the newly elected metro mayor must develop and champion a strong economic vision. This should be based upon the Local Industrial Strategy (LIS), as well as the recovery plan. It should consider how to turbo-charge recovery planning, focusing on key projects and outcomes. This economic vision must enable businesses to succeed, and recognise that a strong economy that delivers growth and jobs can raise living standards and wages for all.

To be a success, this requires a renewed partnership, that builds on the collaboration we have seen throughout the pandemic. The metro mayor should work collaboratively with businesses, neighboring authorities, unions and the third sector, as well as all parts of government to revive the economy and thrive in the future. Business is ready to step up and support in this endeavor, working closely with the metro mayor to develop this economic vision, and to embed it.



Damian Waters

CBI Regional Director, North West



Introduction

The metro mayor of Greater Manchester, once elected in May 2021, will oversee the region's recovery, and set the foundations to thrive in the future.

In the short term, the metro mayor will need to consider how to support businesses and their supply chains forced to close because of the pandemic. Provisions must also be made to support the mental health of business owners and workers. Not just for those who have faced the uncertainty of long periods of furlough, but also for those who have worked so hard to keep their businesses alive, kept their staff safe, all whilst trying to keep morale high across the firm.

Looking to the future, the metro mayor must consider how to drive productivity growth, addressing the high prevalence of low productivity sectors, and disparities in economic growth. A strong economic vision is needed to leverage private sector investment and ensure that Greater Manchester solidifies itself on the global stage. This should build on the foundations of productivity, such as connectivity and skills, which make the region attractive for investment.

The challenges faced by the region, and existing inequalities that have been exacerbated by the pandemic are not insurmountable. This manifesto sets out a way where business and government can work together and ensure that Greater Manchester achieves its full potential during recovery and beyond. This is based upon three guiding principles:

Champion regional dynamism and global competitiveness to raise living standards

At the forefront of any plan to revive and thrive must be a strong economic vision. This must ensure that Greater Manchester is an attractive place for businesses to invest and should build on the distinctive strengths of the region as set out within the LIS. This includes health innovation; advanced manufacturing and materials; digital, creative and media industries; and clean growth.²

Transform digital and physical infrastructure on the race to net zero

There must be a concerted effort to improve connectivity across Greater Manchester and beyond to give firms access to the widest pool of talent possible, whether physically or digitally, and help to transport goods more easily. Plans should reflect new ways of working and support the race to net zero.

Stimulate job creation and secure an inclusive workforce for the future

Underpinning any plans to drive productivity is the need for a skilled, healthy, and productive workforce, supplemented by a strong business base to create inclusive jobs. The mayor must take a multi-layered approach to overcoming the challenges which include the high unemployment rates, low levels of qualifications, and the impact of COVID-19 on the job market.

Champion regional dynamism and global competitiveness to raise living standards

A welcoming business environment will be vital to attracting and growing world class businesses within the region. A strong economic vision, that is outward facing, promotes the region through a pro-business agenda and seeks to bridge regional divides is key.

Provide a strong economic vision for the region alongside the recovery plan.

The recovery plan should focus on outcomes. This includes dynamic business support that builds on the strength of The Growth Company and the strong foundations of initiatives such as Made Smarter. Vitally it should be the result of collaboration, and consider the needs for skills, digital connectivity and physical infrastructure. The metro mayor is uniquely positioned to advocate and coordinate, working closely with key stakeholders and selling the potential of Greater Manchester to UK and overseas investors.

Recommendations:

- Develop and implement an economic vision, working closely with business and other partners, to ensure wide buy in and support. The metro mayor should continue to make the case for public investment in priority projects, which are vital to leveraging private investment. It is necessary to back up a long-term economic vision with locally agreed delivery plans for each of the 10 local authorities and regular performance reviews for the combined authority.
- Engage with businesses, unions, the third sector, local and neighboring authorities and national government through existing lines of communication including those established during the pandemic. These should continue to be adapted according to need, to ensure businesses of all sizes and sectors are represented in the development and delivery of an economic vision.
- Champion the role of social value in procurement, leading the way with how the combined authority procures goods and services, supporting businesses to engage with their social value potential and go beyond the balance sheet to drive meaningful change. This includes working closely with businesses and stakeholders in the implementation and evolution of the Good Employment Charter to ensure businesses of all sizes can easily demonstrate their commitment to good employment.

Raise the international profile of the region and be pro-active in attracting new investment.

The metro mayor has a vital role to play in raising the profile of the region nationally and internationally, pitching it as a great place to live, work and visit. This will be crucial to driving overseas investment but should also look to build on the strong regional brand to increase both leisure and business travel and subsequently increase spending in the local area.

Recommendations:

- Attract inward investment by making the region more accessible to investors. The combined authority should improve signposting by developing and maintaining a comprehensive investment prospectus. This should outline key sectors and opportunities for investment and should include a comprehensive [non-financial] landing package to help inward investors navigate these opportunities. This can be promoted by the metro mayor through existing channels overseas, such as consulates and embassies.
- Lead trade missions, both inward and outwards, and work in partnership with business organisations and other stakeholders such as the universities, utilising their experience leading overseas engagement. Trade missions should be tied to the existing sectoral strengths and areas of international competitiveness including health assets, the digital and creative sectors, and advanced materials and manufacturing.
- Drive effective marketing of Greater Manchester to encourage domestic and foreign visitors, helping the region and the UK maintain its position as a leading global visitor destination as we look to recover from the pandemic.



Promote exports as a driver of prosperity and recovery and align business support with exporting ambitions.

Greater Manchester has already set out a clear ambition within their Internationalisation Strategy to become a “Top 20 Global City by 2035”.³ Whilst significant progress has been made, such as through trade missions overseas, delivered in collaboration with businesses such as Manchester Airports Group, there is room to improve. With exporting a key driver of productivity, the metro mayor should promote its value to the business community and provide locally tailored support to help businesses begin exporting. This is important as we navigate new EU and global trading relationships, where support is needed to help businesses understand the value of new trade agreements.

Recommendations:

- Develop a fully integrated regional export strategy that sets out the benefits of trade alongside targeted business support. Business support should include identifying local and regional exporting champions to act as mentors and programmes of support to help businesses grow international sales online. This should include identifying marketing opportunities overseas, developing exporting plans and managing risk.
- Deliver a clear one-stop-stop for business support services working in collaboration with the combined authority, the Department for International Trade, the Northern Powerhouse Export Academy, the Local Enterprise Partnership (LEP) and The Growth Company.
- Support existing exporters navigate new trading relationships with the EU, as well as diversify into new export markets as the UK strikes new global trading agreements. This requires improved information sharing on trade intelligence and developing new trading relationships with priority markets.



Kickstart regional R&D investment through a long-term strategy and advocate for the creation of a Catapult Quarter.

Despite well-established strengths in health innovation and advanced materials,⁴ when considering innovation more broadly, Greater Manchester spends less than 1% of its GDP on R&D. This puts it in the bottom half of the country on this metric.⁵

The region can build on the current sector strengths, capitalise on the existing investment in facilities to support innovation and develop and build new partnerships between the combined authority, businesses, and academia to drive investment in innovation. To achieve this, there must be concerted efforts by the metro mayor on developing partnerships, encouraging collaboration, and making the case for further R&D investment into Greater Manchester.

Recommendations:

- Develop a long-term strategy for driving public and private investment in innovation by working with partners including the LEP, universities and colleges, industry, and national government. This should build upon existing strengths, bolster business led innovation and deployment, and encourage knowledge exchange between industry and academia.
- Remove barriers faced by businesses in commercialising R&D. The mayor should proactively support start-ups and scale-ups, helping SMEs through the growth ceiling. This scheme must consider the needs of different businesses, include a strategy and champion within the combined authority for SME and scale up businesses and robust peer networks to support mentoring. This should align with any wider one-stop-shop entry point for business support as currently provided by The Growth Company.
- Develop a case for the creation of a Catapult Quarter within the region, to drive further innovation investment. To be a success it should maximise collaboration between businesses, universities, the public sector, and local communities. The quarter itself could be attached to anchor institutions like existing Catapults, Research Technology Organisations or applied university research facilities and would incentivise co-location and knowledge exchange through a targeted benefits and support package. The Quarter could be focused towards fostering industry innovation around areas of potential – for example building on existing digital and health assets.



Transform digital and physical infrastructure on the race to net zero

As the country looks to recover from the impacts of COVID-19, the region must play its part on the race to net zero and ensure it is more resilient to future challenges. By focusing on a green recovery and the evolving nature of towns and cities there is an opportunity to improve equity within the combined authority.

Back a green recovery by ensuring projects and funding promote a more sustainable future.

The newly elected metro mayor should ensure all policy decisions are ‘future proof’ with net zero at the heart of a long-term economic vision. This will allow the region to maximise the value that comes from the net zero transition, and also improve people’s living standards. This includes through initiatives to tackle poor air quality and energy-inefficient housing.

Recommendations:

- Work hand in glove with national government to decarbonise heat and improve the energy efficiency of homes and buildings. This includes developing a Local Energy Plan that sets out routes to decarbonise power, transport, and heat, and using government funding or initiatives, including the UK Shared Prosperity Fund and Levelling Up Fund to deliver projects that promote a greener future. This should prioritise low-carbon methods of retrofit and construction to ensure all homes are energy efficient and future ready.
- Ensure the Local Energy Plan evolves to align with announcements within the Heat and Buildings Strategy, due from national government this year, and includes a strong role for local delivery mechanisms to decarbonise heat. This local approach will ensure the most appropriate heating solutions for Greater Manchester’s residents, that any advice on technology choices comes from a locally trusted body, and that local jobs and supply chains can be developed.
- Develop a comprehensive support package for SME businesses to help upgrade their vehicles to meet new emissions standards set out within the Clean Air Zone. Continued investment in net zero transport solutions is needed, including the deployment of an electric vehicle charging network across the combined authority. Working alongside neighbouring areas the metro mayor should also take a collaborative approach to the roll out of a hydrogen charging network, which will support the low-carbon transition for heavy goods vehicles.

Consider the impact of housing and connectivity on net zero ambitions, and in improving people's wellbeing.

By making use of existing powers and responsibilities, the metro mayor can align ambitions for economic and business growth, with connectivity plans to ensure access to jobs for those with the necessary skills. This should be developed in partnership with local stakeholders and businesses and consider the impacts of COVID-19 on ways of working. Plans must champion a more inclusive environment within Greater Manchester, recognising how access to transport, digital infrastructure and housing can impact opportunities.

Recommendations:

- Strengthen the evidence base within the Greater Manchester Spatial Framework to deliver a strategic vision for housing and connectivity, considering its role in driving economic growth, in regenerating deprived parts of the region, and in achieving net zero targets. This framework must have buy-in from all boroughs and should be developed in partnership with local businesses including housing associations.
- Prioritise the roll-out of gigabit capable broadband and 5G by convening and supporting local authorities. This includes working closely with network providers, embedding digital infrastructure in economic development plans, and identifying champions for digital connectivity to serve in cabinets.
- Develop an integrated, low-carbon public transport system. This includes through the promotion and facilitation of active travel options such as walking and cycling, continued investment in the Manchester Beeline, and close working across the region's transport providers to encourage integrated and sustainable travel options. This requires continuing to call for the delivery of HS2 and Northern Powerhouse Rail in full, including linking to the projects at Manchester Airport to maximise the city's connectivity. The mayor should highlight the vital role these strategic projects will play in driving growth, in offering a route to net-zero long distance travel, in attracting new business investment, and in improving connectivity locally, regionally and internationally.



Showcase the positives of a greener more sustainable future to the business community.

COP26 provides a unique opportunity for the country and region. Greater Manchester has already committed to achieving carbon neutral living by 2038, and this year's conference provides the platform to set out how it will achieve that target, and the resulting opportunities. Collaboration with businesses and local leaders will be vital to selling the opportunities of investment, both nationally and overseas.

Recommendations:

- Partner with mayors, LEPs, and local authorities at COP26 to promote the opportunities of Greater Manchester and the North in renewable energy generation and low-carbon innovations such as graphene technology. This should be closely aligned with the work underway across the region's world class universities and colleges, and within the business community, including initiatives such as Net Zero North West.
- Lead the transition to net zero, using influence to promote projects and initiatives, drive positive policy change nationally, and to support supply chain development locally. By setting out a bold, green vision and identifying areas that Greater Manchester can help in the race to net zero the metro mayor will showcase regional strengths.



Stimulate job creation and secure an inclusive workforce for the future

The workforce of the future will need reskilling and retraining. The existing powers held by the metro mayor, including the devolved adult education budget puts them at an advantage to ensure Greater Manchester is well equipped to revive and thrive.

Align local skills provision with current and future needs, based on the strategic vision.

Even prior to COVID-19 Greater Manchester had a reskilling and retraining challenge. Research based on pre-COVID data showed that across the UK nine in ten workers will need some form of reskilling by 2030.⁶ Some jobs will change radically, some incrementally. This issue is likely to be compounded by the regionalised impacts of COVID-19 and Brexit, as well as the impacts of Artificial Intelligence and automation, which is set to disproportionately affect the North through job losses.⁷ The devolution deal gives Greater Manchester the opportunity to address some of these challenges, both through the ability to link the local skills agenda with a regional economic vision, and also through the devolved adult education budget.

Recommendations:

- Support retraining and reskilling through the creation of a locally led Jobs and Skills Hub to align support for individuals seeking employment with opportunities to retrain. This hub should build on the opportunities of the devolved adult education budget and bring businesses together with higher and further education providers to identify and remedy skills gaps and align interventions with the economic vision.
- Address the challenges within the local skills system making use of existing powers. This includes supporting with careers information, delivering a simplified business offer, using convening power to drive collaboration between businesses and education providers, and establishing mechanisms for engaging with businesses to ensure they have influence over the design and delivery of local training.
- Deliver a leading Apprenticeship Levy matchmaking service building upon previous efforts, with an increased focus on raising awareness of the tool and using existing business networks to help facilitate apprenticeship opportunities. This matchmaking service should consider further targeting on firms who are not headquartered in the region, but who have significant operations here, thereby increasing levy spend within Greater Manchester.

Be a strong voice to encourage the creation of good jobs at pace.

Over the years Greater Manchester has made great strides in graduate retention, reflecting the improving opportunities for graduates and the concentrations of high-quality jobs in some parts of the region.⁸ The metro mayor must continue to be an advocate for the development of new employment opportunities in all parts of the region, helping to retain further talent, but also attract further private investment and provide opportunities for all residents.

Recommendations:

- Create new jobs at pace. Projects should be delivered by using mayoral convening power to encourage the private and public sector to take part in shared initiatives to increase employment opportunities. Focus should be on areas with high levels of deprivation in the first instance, followed by geographies and sectors where talent is often lost or hard to recruit due to existing skills deficits or a perceived lack of opportunities for progression and development.
- Champion diversity and inclusion within the combined authority itself, leading by example with the use of recruitment best practice to encourage diverse candidates to apply to positions. This includes work around local procurement and supply chains and learning from and collaborating with initiatives such as the CBI's Change the Race Ratio,⁹ or the Good Business Charter.¹⁰
- Promote Greater Manchester as a destination of choice for companies considering relocation. This includes showcasing opportunities through a strong economic vision, as well as highlighting the existing strengths of the region, such as its high-quality academic institutions, existing connectivity nationally and internationally, and its attractiveness as a place to live and work.



Create an inclusive environment for all, making sure certain sections of society are not left behind.

To thrive in the future, the newly elected metro mayor must address the long-term skills gap, as well as the poor health outcomes. Whilst these gaps have closed significantly in recent years, for example the proportion of residents with no qualifications falling from 17.1% in 2006 to 9.6% in 2017, the gaps in employment rate and qualification levels still exist.¹¹

On top of the qualification rates, ill health and high mortality rates continue to have a significant impact on Greater Manchester. Research by the Northern Health Science Alliance found that decreasing the rates of ill health by just 1.2%, and of mortality by 0.7%, could close the gap in productivity between the North and the rest of England by 10%.¹²

Greater Manchester has the advantage of having devolution on aspects of health and social care, allowing it to take a more innovative approach to addressing long-term ill health. The newly elected metro mayor should therefore look to pioneer new approaches.

Recommendations:

- Champion education and training to improve youth employment, qualification levels and aspirations. The mayor should support industries that provide inclusive work patterns and boost youth employment, alongside learning opportunities and outreach that attract talent and diversity. The combined authority and associated bodies can set a strong example by creating opportunities for paid internships, apprenticeships and work experience.
- Promote a better standard of careers guidance in schools linked to labour market information and champion stronger links between business and schools in the area. This includes building on the region's strong history of high-quality apprenticeships, continuing to work with business to support in the creation of Kickstarter Jobs, and working closely with businesses, and higher and further education to set out a clear path into work for young people.
- Seize the opportunities from the Integrated Care Systems review to offer new solutions to health and social care. This should utilise the understanding and skills in health and social care the combined authority has developed and build on the findings set out within "Taking Charge".¹³ The metro mayor should work closely with businesses in addressing health inequalities, recognising the vital role businesses have played throughout the pandemic, and the opportunities to continue to collaborate, particularly to drive innovation in health and social care, and to support in delivering the NHS's future infrastructure and digital needs.

References

¹ Greater Manchester Combined Authority, Independent Prosperity Review, Reviewers Report, February 2019

² Greater Manchester Combined Authority, Local Industrial Strategy, June 2019

³ Greater Manchester Combined Authority, One Year International Strategy, October 2020

⁴ Greater Manchester Combined Authority, Independent Prosperity Review, Reviewers Report, February 2019

⁵ CBI analysis based on ONS (2019) Gross Domestic expenditure on research and development, UK, 2017

⁶ CBI, Learning for Life, October 2020

⁷ CBI, Reviving Regions, November 2020

⁸ Greater Manchester Combined Authority, Local Industrial Strategy, June 2019

⁹ <https://changetheraceratio.com/> Campaign established to increase racial and ethnic participation in businesses at board level.

¹⁰ <https://www.goodbusinesscharter.com/>: Initiative to encourage responsible capitalism and celebrate good business practices.

¹¹ Greater Manchester Combined Authority, Independent Prosperity Review, Reviewers Report, February 2019

¹² Northern Health and Science Alliance, Health for Wealth, November 2019

¹³ Greater Manchester Health and Social Care Partnership, Taking Charge of our Health and Social Care, December 2015



February 2021
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Produced by Hannah Richmond and the **Regional Growth** team
To share your views on this topic or ask us a question, contact:

Hannah Richmond
Principal Policy Adviser
Hannah.Richmond@cbi.org.uk