

**GREATER MANCHESTER COMBINED AUTHORITY (GMCA)  
ECONOMY, BUSINESS GROWTH AND SKILLS SCRUTINY COMMITTEE  
FRIDAY 9 MARCH 2018 2PM, BOARDROOM, GMCA, CHURCHGATE  
HOUSE**

Present:	Councillor:	Michael Holly (in the chair)
	Councillors:	Susan Haworth (Bolton) Roy Walker (Bury) Chris Goodwin (Oldham) John McCann (Oldham) Kate Lewis (Salford) Elise Wilson (Stockport) Yvonne Cartey (Tameside) John Holden (Trafford) Barry Brotherton (Trafford) Charles Rigby (Wigan)
	Officers:	Susan Ford (Statutory Scrutiny Officer, GMCA) Simon Nokes (Executive Director Policy & Strategy, GMCA) James Baker (CEO, Graphene Institute) Alison Gordon (Assistant Director, Business, Innovation & Business Policy) Michael Contaldo (Head of Innovation & Science Commercialisation) Richard Jeffrey (Growth Company) Annie Smith (Growth Company) Emma Stonier (Governance and Scrutiny, GMCA)
Apologies:	Councillors:	Ahmed Ali (Manchester) Grace Fletcher-Hackwood (Manchester) Cecile Biant (Rochdale) Mark Hunter (Stockport)
	Other attendees:	Sir Richard Leese (Portfolio Leader Economy and Business)
	Officers:	Eamonn Boylan (Chief Executive, GMCA) Jim Taylor (Portfolio Lead Chief Executive Economy and Business)

**E15/18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Ahmed Ali, Grace Fletcher Hackwood, Cecile Biant and Mark Hunter, Sir Richard Leese (Portfolio Leader Economy and Business), Eamonn Boylan (Chief Executive, GMCA) and Jim Taylor (Portfolio Lead Chief Executive Economy and Business).

**E16/18 CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS**

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The Chair informed Members that there was at present no further updates in relation to the collapse of Carillion. It was requested that, if available, an update was brought to the April meeting.

Following the last meeting the action log had been updated and outstanding actions followed up. The Chair noted his thanks to officers for this work and requested that if Members had any further questions these were sent to the Governance and Scrutiny Officer.

### **RESOLVED:**

1. That a verbal update regarding Carillion was provided at the April Committee meeting if available.

### **E17/18 DECLARATIONS OF INTEREST**

There were no declarations of interest declared at the meeting.

### **E18/18 MINUTES OF THE MEETING HELD 9 FEBRUARY 2018**

The minutes of the meeting held 9 February 2018 were submitted for approval. The Committee requested the following amendments;

- That the date be amended to the 9 February, not 19 January 2018;
- That under item E11/18 on page 3, bullet point 4 the following sentence was added '*The Committee recommended that the GMCA should continue to be open to and learn from best practice from other authorities*';
- That under item E11/18 the following was added as a resolution '*The Committee recommended that the GMCA should continue to be open to and learn from best practice from other authorities*';
- That under item E12/18 the comments from the Committee relating to the GM Digital Strategy were added on the action tracker to ensure that it was clear whether these had been included or not in the final strategy;
- That under item E13/18 on page 8, paragraph 6 the following was added '*Members highlighted the importance of attainment at key stage level 2 and queried whether this should be included as a headline measure in the dashboard in priority 2*';
- That under item E13/18 the action tracker included how the final GMS Performance Dashboard reflected the Committee's comments;
- That resolution 3 under item E13/18 was amended to read '*to note that the first full performance update will return to GMCA Scrutiny Committees in April alongside the refreshed GMS Implementation Plan 2018-20 and look forward to receiving the annual state of Greater Manchester report which will provide more detail about the inequality of outcomes between different groups*'; and
- That the following resolution was added under item 13/18 '*Officers to consider including attainment at key stage 2 as a headline measure in the performance dashboard*'.

The following comments were raised under matters arising;

- Resourcing for task and finish groups and whether one group per municipal

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year for each Scrutiny Committee was sufficient. Members were informed that this had been agreed by the Chairs and Vice Chairs of each Committee due to resourcing. The increase in the level of Scrutiny across GM was highlighted alongside the embedding of the Scrutiny Committees into governance arrangements. It was noted that Members resources and time commitments should also needed to be considered; and

- That topics this Committee had identified as being important should be included for consideration in the 2018/19 work programme.

### RESOLVED:

1. To approve the minutes of the meeting held 9 February 2018 as an accurate record subject to the amendments outlined above;
2. That the action tracker was updated to reflect the amendments outlined above.

## E19/18 GRAPHENE/ADVANCED MATERIALS

Simon Nokes, Executive Director Policy and Strategy, GMCA introduced the Graphene and Advanced Materials and welcomed James Baker, CEO National Graphene Institute. Graphene was noted as a key area which GM has invested in. Of particular importance is how the isolation of Graphene in GM can be commercialised and used to bring economic benefits to the city region.

The presentation highlighted the following;

- Graphene was discovered in 2004 at the University of Manchester;
- The time taken from discovery to the development of a usable product and the challenges posed by this were highlighted to Members. Graphene was still in the early stages of development;
- That through investment in the National Graphene Institute and the Graphene Engineering Innovation Centre (GEIC) developments were being seen as to how this could be translated into economic and commercial benefit;
- There was worldwide interest in Graphene due to its unique properties;
- The possible benefits of Graphene include industries such as aerospace and bio-medicine;
- This was a key area for the University of Manchester with over 300 researchers working on Graphene and other 2-D materials;
- That there was an increase in activity and the translation of graphene from science into real life products. Graphene was already being used in cycle tyres to make them stronger and the launch of a fell running shoe, developed by a GM company, later this year was highlighted;
- The upcoming launch of an Aerospace Strategy by the National Graphene Institute;
- Ongoing collaborative work with partners and industries to bring products to markets;
- The opening of the GEIC later this year which it is anticipated will lead to an acceleration of products coming to market due to its ability to pilot production and process the scale-up of graphene and related 2-D materials;
- GEIC focus was also to work with large companies, SME's and partners to scale-up graphene products and applications; and
- The vision of a 'Graphene City' to enable GM to capitalise on the benefits of

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the discovery of Graphene at the University of Manchester.

In discussion Members raised the following questions and comments;

- The 'Graphene City' vision and ambition was welcomed and supported.
- Whether Graphene can be patented? It was confirmed that Graphene cannot be patented but ways of producing and selling it can be patented. This was highlighted as being crucial to attracting investment and capitalising on its discovery in GM. It was also noted that the University of Manchester were patenting production methods. Additionally Members were informed that a Science and Innovation Audit had taken place in GM which highlighted GM's core strengths in health innovation and advanced materials and that these combined specialisms created a unique market. The audit will feed into the development of the GM Industrial Strategy.
- Whether Graphene could be used in military applications in vehicles/ambulances to strengthen and enhance durability? Members were informed that this was theoretically possible and the challenges of moving Graphene from 2D to 3D, and into real life application, were highlighted. Research underway into using Graphene in medical rubber gloves to improve their strength was also highlighted to the Committee.
- That young people in GM should be informed and educated about Graphene and the opportunities this presented. It was also asked whether there were any educational activities taking place to inspire and make young people ready for potential opportunities? Challenges associated with this were highlighted to Members. The Graphene Institute had partnered with the Museum of Science and Industry (MOSI) to put on an exhibition and support school children to attend this. Additionally the Graphene Institute had produced a Massive Open Online Course (MOOC) course (equivalent to GCSE level) about Graphene for those who were interested in learning more. Professor Andre Geim and Professor Kostya Novoselov have also undertaken visits to schools and put on lectures at the Graphene Institute. There were a range of online resources on the Institute's website and it was agreed that these would be circulated to the Committee. Furthermore the Committee were notified of the upcoming launch of the Graphene Institute's Aerospace Strategy. Richard Branson was due to attend the launch and the potential this offered for extending the knowledge of Graphene to a wider cohort was highlighted. The fact that Graphene was not included in the current curriculum was also noted as presenting a challenge to increasing young people's knowledge. Work was underway to excite people's interest and a current project to produce a graphene car, and race this in the Abu Dhabi Grand Prix, was brought to the Committee's attention. A blog had also been produced and shared on social media which explained the potential of Graphene to reduce plastic waste. Members also commented that it was crucial to attract more girls to study STEM subjects so that future opportunities were available to them.
- Whether there was potential for Graphene to be used for bio-medical purposes? It was confirmed that research into bio-medical uses was taking place, however it was stressed that this was at very early stages.
- Does Graphene have the potential to create and store energy? Members were informed that it was an excellent conductor and store of energy and research into its use in batteries was being undertaken. Research into Graphene and other elements was required to ensure that a product could deliver both.

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- The importance of SME's across GM being aware of Graphene and its potential was commented on by Members. The Graphene Institute was undertaking work with the Growth Company in relation to industrial engagement. Additionally engagement with businesses around the GEIC was currently being considered and a membership model with different classes of membership was being investigated which could widen opportunities for smaller businesses around Graphene. A number of events were also being planned with local authorities across Greater Manchester.
- That the reference to carbon fibre and the process to development was a useful comparator to demonstrate the timescales involved from product discovery to real life application.
- What was considered the biggest risk to achieving the vision of how Graphene could be developed in GM and the UK? Members were notified that a lack of ambition regarding Graphene's potential, products not reaching the market quickly enough and business models were some of the risks which could potentially affect the delivery of the Institutes vision.

### RESOLVED:

1. To note the presentation on Graphene/2D materials; and
2. That the online resources available on the Graphene Institute's website were circulated to the Committee.

## BUSINESS START UPS

Simon Nokes, Executive Director, Policy and Strategy GMCA, introduced a report and presentation which provided an update on current GM business start-up activity, survival rates and work on-going to improve them. Business start-ups were highlighted as being crucial to the GM economy and its growth and the work GM has been able to carry out with the support of European Social Funding (ESF) was emphasised as being a central part of this.

Richard Jeffrey, Director of the Business Growth Hub, Growth Company, gave a presentation on start-ups and key items highlighted were;

- GM's ambition was set out in the GMS with a target that there will be at least 5000 more business start-ups per annum by 2020 compared to 2015 levels;
- GM performs well for start-ups with the rates above national and regional levels;
- In recent years there has been a strong upward trend in rates of start-ups, this included rates for young people;
- Work was underway to look into the reasons why first year business survival rates have been dropping;
- The importance of the ability of businesses to scale-up and grow was crucial;
- GM has a range of programmes available to support people to start and sustain their business but it was emphasised that the majority of new start-ups do not access any advice. The results of a recent business survey undertaken in GM had suggested that those business who sought advice and support had a higher success/survival rate;
- Variation in start-up rates across GM were noted, with four areas being above

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the UK average in one year survival rates. The importance of recognising local variation was also noted;

- GM's improvement in three year survival rates was above the rise seen in the UK as a whole, the North West and London;
- The GMCA was funding 5 business start-up programmes through its ESIF programme, these included; Growth Company Growth Start Up, Prince's Trust Excelerate Lab, Learndirect Start and Grow programme, Growth Company Start Smart and the GM Work and Health Programme;
- A range of business growth programmes have been funded by the GMCA and one of these programmes has developed a scale up programme called 'Spark 2 Scale'. This is a cohort based model which brings early stage businesses together to network and learn from one another. This programme has been highlighted as a national exemplar and two of its success stories; eLucid and ViewItUK were shared with the Committee; and
- Future planned activity included; the roll out of the Start Smart programme, the attraction of funding for the development of a new, coordinated programme that will bring together pre-start, start-up and scale up support in an integrated way and the convening of a Local Enterprise Partnership (LEP) task and finish group on Start Up and Scale Up which will produce set of recommendations.

In discussion Members raised the following questions and comments;

- Whether the rate of start-ups could be broken down via business sector and show sole traders vs. businesses which have potential for future growth? It was confirmed that there was the ability to differentiate between different types of business and identify those with growth potential. The ability to track growth in businesses that have received support was also highlighted as was richer data being available in future as the programmes grew. Officers would investigate the available data relating to break down by business sectors/sector split and provide an update to the Committee regarding this.
- Whether availability of appropriate premises for start-ups affected rates and sustainability? The increase of space across GM was highlighted, especially in locations which had received private sector support around Salford and Manchester. It was noted that availability of space was not consistent across all localities but an increase in space was being seen across GM. The example of the development of Ashton Old Baths in Tameside was used and the challenge of ensuring people were aware of existing space was mentioned.
- Whether the availability of local authority support for start-ups, particularly early on, had an impact on survival rates? The benefits of the Start Smart Programme in driving a more collaborative approach and improving consistency across GM were highlighted. Over the next year it was expected that reductions in variation across local authorities would be seen due to this funding. Work was underway with local authorities to identify their local priorities and how best practice could be rolled out was also being considered.
- Whether there was a correlation between statistics relating to higher start-up rates and lower survival rates? Officers confirmed that there was a general correlation between these figures; although there were variations to this in different areas. It was also noted that this was not unique to GM.
- Did start-up advisors make it clear that this route was not for everyone? It was confirmed that if it was felt there was not a realistic chance of a business earning sufficient income then clients would be advised that this may not be an

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appropriate route.

- It was highlighted that the experiences of young people in business should be included in future programmes and it was suggested that a young person's business panel could be one way that young people's views could be sought. Officers informed Members that this would be discussed with relevant colleagues and an update would be provided to the Committee.
- Members asked what action was being taken to reduce the variations in support to start-ups and queried whether proactive outreach work into communities was taking place. The new Start Smart programme had a focus on outreach and a programme of events was currently in development. A deep dive was also underway with local authorities to develop localised plans. GM wanted to ensure that all local opportunities were fully explored and groups reached that might not otherwise engage. This work included start-ups.
- Whether information was available on the number of employees employed by business start-ups? It was confirmed that the data included here was focused on individuals starting their own business, not companies moving into an area. Data was available which showed business which have grown over time but this had not been captured in this report. It was noted that the LEP task and finish group may also consider this question as part of their work.
- The data shows two thirds of start-ups do not survive their first 3 years and it was asked whether it was felt that this could be improved or whether this was related to the nature of entrepreneurship. The importance of ensuring that the right planning was in place to increase the chance of a business succeeding was highlighted as being critical; as was support for recognising when a business was not succeeding. The business support programmes in GM have been developed to offer a range of support to businesses and one of GM's ambitions was to increase business start-up survival rates.
- Whether a google search of advice for start-ups would direct people to the Growth Company? It was confirmed that the Growth Company had a team which looked at this to ensure that the advice available could be easily found via an internet search. The Growth Company's success in the use of social media was also noted, as was the activity of their partners in this space. Additionally the Growth Company has been undertaking work with Google Garage to increase the number of people using this and to provide clients with a better understanding of social media.
- Whether the LEP task and finish group referred to in section 4.3 would be looking at differences between minority groups as part of their work? As part of their work the Start-up Scale up task and finish group would be looking into understanding the spatial dimensions of start-ups. The group would make their final recommendations later in spring 2018.
- It was requested that in future reports, if possible, the data distinguished between survival rates of those businesses who had taken support and those who had not.
- Whether the new Start-Up Business support call referenced in section 4.1 had been released as expected in the first week of March 2018? Officers confirmed this had taken place.

### RESOLVED:

1. To note the current and GMS target position re; business start-up rates;
2. To note the approach outlined to developing a coordinated start up offer within GM aligned to the GM Business Growth Hub;

3. To investigate whether data is available relating to break down by business sectors/sector split and update the Committee accordingly;
4. To consider the suggestion and provide an update on the feasibility of a young person's business panel to the Committee; and
5. To receive the report of the LEP task and finish group once available.

## FUNDING FOR STRATEGIC PROJECTS POST 2020

Alison Gordon, Assistant Director Business, Innovation and Business Policy presented a report which provided an update and sought the views of the Committee on the proposed GMCA position on the new Shared Prosperity Fund. The Shared Prosperity Fund will replace the European Regional Development Funds (ERDF) and the European Social Fund (ESF) when the UK leaves the EU. How this funding was replaced was highlighted as being crucial to supporting GM's ambitions.

The following key items were highlighted;

- For the European Structural Investment Fund (ESIF) programme period 2014-2020 Greater Manchester has an allocation of £322.75m split across ERDF (£176.78m) and ESF (£145.97m). The funds focus on job creation and skills and employability;
- GM organisations have access to a range of transnational EU funding, including Horizon 2020 which GM Higher Education Institutes, particularly the University of Manchester have been particularly successful at bidding into;
- That clarity around future funding would not be certain until the nature of the final Brexit deal was known;
- The Ministry of Housing, Communities and Local Government (MHCLG) has been tasked to look into successor funding for ESIF and at this stage see replacement funding being designed to reduce inequalities and deliver sustainable and inclusive growth. GM believe that a formal consultation will begin on this in Autumn 2018;
- Principles GM wanted to be included within the Shared Prosperity Fund were outlined and included the following;
  - multi-year funding;
  - access to a place based single pot; ensuring that match funding was also available (the majority of ESIF funding has been matched against other 'domestic funding, such as Department of Work and Pensions (DWP) and Department of Business, Energy and Industrial Strategy (BEIS) monies);
  - Funding flexibility to enable funding is able to be used holistically for both capital and revenue purposes and to support innovations pioneered by GM in terms of the creation of local revolving investment funds and grants to meet the needs of the locality;
  - Devolved governance and a retaining of the current 'Intermediate Body' status, which enables GM to make strategic level decisions and advise on both value for money and deliverability of projects; and
  - Outcome driven funding as a principle of the Shared Prosperity Funding, enabling more space for innovation.
- State aid restrictions in any successor funding were noted as being critical and it was assumed that this would not be confirmed until the nature of the UK's future relationship with the EU was known.

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Members supported the GM approach and noted the importance of outlining and articulating GM's requirements at this stage. The Committee was particularly supportive of an outcome driven approach to funding and funding flexibility.

Further comments included;

- That it should be made clearer that there was a restorative approach to the delivery of programmes within GM; working with businesses, communities and individuals to drive delivery and achieve ambitions together. Officers supported this;
- That the disparity between investment in the North versus the South should be recognised by the Ministry of Housing, Communities and Local Government (MHCLG) and that consideration was given by the GMCA to raising issues with Government, for example land development and employment practices, that may have a negative effect on delivering the Shared Prosperity Fund. The focus of the fund on a reduction of inequalities within and between areas in addressing this was highlighted as was the importance of funding flexibility to deliver programmes tailored to local areas;
- The importance of transport investment alongside the Shared Prosperity Fund. Officers supported the importance of transport and infrastructure and explained that the way transport funding was received was different to the funding discussed here; and
- Support for social enterprises, co-operatives and small businesses should be articulated within the Shared Prosperity Fund. Officers confirmed this would be included in future iterations.

### **RESOLVED:**

1. To note and support the GM Shared Prosperity Fund proposal;
2. That the GM Shared Prosperity Fund made clearer there was a restorative approach to the delivery of programmes within GM; and
3. That support for social enterprises, co-operatives and small business was included within the GM Shared Prosperity Fund proposal.

### **WORK PROGRAMME FOR THE ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE**

Susan Ford, Statutory Scrutiny Officer, introduced the work programme. The Committee were informed that a meeting of the Fair Economy and Fair Wages Task and Finish Group was arranged for Monday 12<sup>th</sup> March. At this meeting the consultation on the Employer's Charter will be discussed.

The Committee agreed to the addition of 'Working Well – Early Help Pilot' to their April Work Programme. A report is expected to be submitted to the Greater Manchester Combined Authority for decision at the end of April.

### **RESOLVED:**

That officers add 'Working Well – Early Help Pilot' to the work programme for the April meeting.

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