

**GMCA ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE
21 SEPTEMBER 2018 AT 2.00PM AT THE GMCA OFFICES**

Present:	Councillor Michael Holly (Rochdale) (in the Chair)
Bolton:	Councillor Susan Haworth
Bolton	Councillor Kevin McKeon (substitute)
Bury	Councillor Robert Caserta
Oldham:	Councillor Chris Goodwin
Oldham:	Councillor Valerie Leach
Rochdale:	Councillor Daniel Meredith
Salford:	Councillor Tanya Burch (substitute)
Salford	Councillor Kate Lewis
Stockport:	Councillor Mark Hunter
Wigan:	Councillor Fred Walker (substitute)

In attendance

University of Salford	Will Swan
Growth Company	Donna Edwards, Managing Director of Business Support and Business Finance Richard Jeffrey,
GMCA	Jim Taylor, GMCA Portfolio Lead Chief Executive for Economy Helen Wilding, Head of Enterprise Policy Susan Ford, Statutory Scrutiny Officer Emma Stonier, Governance and Scrutiny Officer

E66/18 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mary Whitby (Bury), Luke Raikes (Manchester), Karen Garrido (Salford), Jude Wells (Stockport), Barry Brotherton (Trafford), Yvonne Cartey (Tameside), and Charles Rigby (Wigan)

E67/18 CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS

There were no Chair's announcements or urgent business.

E68/18 DECLARATIONS OF INTEREST

There were no declarations of interest received.

E69/18 MINUTES OF THE LAST MEETING HELD ON 17 AUGUST 2018

The minutes of the meeting held on 17 August 2018 were submitted for approval. A minor amendment to bullet point 2 on page 12 was suggested: 'However the aim of GM's work was to *make it* simpler for the private sector to invest across GM'.

RESOLVED:

That the minutes of the last meeting held 17 August 2018 be approved as a correct record subject to the amendment above.

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GREATER MANCHESTER LOCAL INDUSTRIAL STRATEGY

Jim Taylor, GMCA Portfolio Lead Chief Executive for Economy introduced the Greater Manchester Local Industrial Strategy report. The GM Local Industrial Strategy (LIS) is expected to be launched in March 2019 and GM is working with Government on a joint statement which will set out the process for developing the LIS and outline some early priorities. Members were informed that a priority area would be increasing productivity levels in GM, which were low compared to the national average. A panel of experts had been convened to assist with the Strategy's development and they are undertaking an evidence review to support the development of the LIS. The importance of the development of a LIS was stressed in relation to the spending review, and having a solid evidence base in place, to make it easier for resources to be allocated to the priorities of GM's industrial strategy.

Members were provided with a verbal update about the joint statement, which was with the Secretary of State for Business, Energy and Industrial Strategy for final approval and it was expected that it would be released in early October 2018.

Members had the following questions and comments:

- Whether the delay to the Greater Manchester Spatial Framework (GMSF) would have an impact on the timeline for developing the LIS and whether there were connections between the two, such as the allocation of land for employment? Members were informed that the GMSF and the LIS were distinct from each other and that the processes being taken to develop them were not linked to each other. However the GMSF will identify land for employment and housing and the Government has identified challenges (outlined in section 1.3 of the report) which the LIS is expected to address and respond to.
- How do the LIS and the Greater Manchester Strategy (GMS) support the other and what were the links between the two? Members were updated that it was the role of the LIS to identify areas of international competitiveness, what can be implemented to support these and what the key enablers to supporting economic growth were (two highlighted were skills and transport). It was stated that the GMS was a local document, supported by the 10 local authorities and owned by GM. The LIS was a joint document with Government which will have the same status as a White Paper and will assist in driving investment in GM.
- That there were some concerns that the approach outlined in the report was 'top-down' and that GM was developing Strategy which was aligned to central Government's priorities rather than local priorities identified by GM. GM was developing the LIS in partnership with Government and the benefits of having a strategic approach aligned

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with national investment priorities was highlighted. GM has been clear that the Strategy developed will address GM priorities, as well as being aligned with national priorities. Independent academics have been commissioned to review the evidence and consultation was taking place with districts. GMCA officers have begun visits to districts and feedback from this will be incorporated into the priorities outlined in the LIS.

- That there were challenges associated with understanding how the different GM strategies linked to each other.
- Members noted that there were a number of different priorities identified and asked how success of the LIS would be measured. Priorities will be linked to other GM priorities, such as aging well and digital/technology infrastructure, and it was proposed that outcomes in the GMS would be used to measure initiatives against.
- A request was made for more information about the consultation, particularly in relation to businesses, the community and voluntary sector and the public. As part of the pre-consultation GM had spoken to a range of partners which included businesses, Greater Manchester Centre for Voluntary Organisations (GMCVO), local authorities and trade unions. Currently input from local authorities was taking place through relevant officers and GM had also offered to meet with local authority business groups and other stakeholder groups. On 15th October an event was taking place with 100 businesses/stakeholders and the online public consultation would be launched. The consultation will run for 6 weeks and will be publicised as widely as possible and consultations responses will help to inform the final document.
- That it was crucial that the LIS had clear outputs/outcomes which were measurable to ensure that delivery of the strategy could be assessed and that it added value across GM. The importance of securing additional investment to GM, as a result of having a LIS, was also highlighted as a tool to enable its success to be measured. Media City was noted as a previous successful of this. The importance of young people, with skills that would assist economic growth, remaining in GM was also highlighted.
- It was noted that the expert panel did not have representation from those with direct experience of running a business and stressed that it was important to have a broad range of voices. Members were informed that a deliberate decision had been taken to have an academic panel and that this has been agreed with Government. It was felt that an academic panel was best placed to undertake the required evidence review and that businesses would be best engaged about the Strategy rather than the quality of the evidence base underpinning it. It was also highlighted that consultation events would be taking place with businesses. The panel and business representatives would be brought together to discuss particular issues, such as low pay, when developing the Strategy. Furthermore Jürgen Meyer, CEO Siemens UK, was leading on the development of the strategy for GM's Local Enterprise Partnership (LEP) and it would also be taken to the Mayor's Business Advisory Panel. Members were keen that GM made full use of Local Authority business and stakeholder groups when consulting on the Strategy
- How would the LIS impact the democratisation of the economy and the inclusive growth agenda? GM Local Authority Leaders have been sighted on the proposed approach and will have opportunity to contribute to the process at all stages to ensure that these issues are addressed.
- Concerns about funding and resourcing the production of the LIS were raised. GM was of the opinion that the associated costs would have a beneficial return. Research costs would be covered by the LEP, the Local Government Association (LGS) Improvement Network and GMCA underspends. Additionally in the LEP Review Government committed to providing £200k to each LEP to support the development of a LIS.

RESOLVED:

1. That the approach being taken to develop the GM LIS be noted.
2. That the suggestion of holding engagement roundtables/workshops with districts around the LIS be considered.
3. That the Committee be provided with information about the Panel's research findings during the course of the Prosperity Review.

E71/18**GREATER MANCHESTER BUSINESS PRODUCTIVITY PROGRAMME**

Jim Taylor presented a report which provided an update to Members on current activity and planned activity that the Growth Company, funded by the CA, was undertaking to improve Business Productivity in GM. Greater Manchester has a well-documented productivity gap with the UK average, which was itself lower than many of the G7 economies. It was noted that the LIS will also have a strong focus on tackling the productivity gap. It was highlighted that the GM Business Productivity and Inclusive Growth programme was a key part of the GMCA's response to the productivity gap.

Members had the following questions and comments:

- Clarity about the £2.5m figure quoted in Annex B was requested. It was confirmed that the figure was for module A of the programme.
- Why were GM productivity figures so poor? This was highlighted as being a longstanding challenge facing the GM economy. The higher unemployment rate in GM was also stated as a factor, as was the fact there were not enough businesses innovating in GM. The aim of this programme was to bring together resources in GM to address low productivity.
- Which businesses were being targeted for support? Members were updated that those businesses targeted were those with the greatest possibility of extending and growing. It was also highlighted that businesses who employed 10 or more people were the most likely to have the ability to grow and have an economic impact. Members asked whether this approach was inclusive. Resources are targeted towards GM priorities the programme focuses resources where the greatest impact can be made.
- The report outlined that the £45m investment would be in £150m in increased productivity to GM. Members asked whether this was judged as a good return on investment. During appraisal the programme returns had been benchmarked against other programmes and had been judged to fall in the top quartile of returns that would be expected.
- That GM manufactured a significant number of parts/components meaning that the economic benefit/outputs was registered elsewhere. This was acknowledged to be a problem with the way that GDP is calculated for all places. GDP/GVA is a way to measure items made in a location. GM's economy is 80% services, with a significant digital/tech sector, meaning it was more challenging to measure economic outputs and translate this into a dashboard indicator. GM focuses on gaining a broader understanding of the economy rather than focusing on one number.

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- How did the Growth Company decide where they were going to run workshops and activities? Members were informed that a partnership approach with local authorities and local officers was being taken, working together to identify appropriate business to support. Decisions also took into account GM priorities, businesses' leadership and businesses' ambitions.
- Whether it was intended to offer more support to areas in GM with higher levels of deprivation, to further support inclusive growth in GM. Real time data will be made available to GM local authorities to support this and work will be taking place with local authorities to drive up business engagement in their areas.
- How will programme performance be communicated to GMCA and Local Authority Scrutiny Committees? It was confirmed that reporting structures to the GMCA had been agreed for the business productivity programme and more detail could be circulated to Members.
- Was there any work underway to direct businesses/buyers towards using GM companies to assist with increasing productivity in GM? Work was taking place with buyers to encourage the use of local suppliers. Additionally the possibility of a partnership network was being assessed to assist with the development of an improved network of suppliers.
- That being able to assess performance at locality and GM level was crucial, to ensure that the added value of the programme was understood.

RESOLVED:

1. That the current and planned activity in relation to GM Business Productivity and Inclusive Growth be noted.
2. That future updates included, where available, information about performance at locality and GM level.
3. That the Regeneris green book appraisal of the Productivity Programme would be circulated to Members at their request.

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UPDATE ON THE GREATER MANCHESTER AND EAST CHESHIRE SCIENCE AND INNOVATION AUDIT

Jim Taylor introduced a report which provided an update to the Committee on the progress on the priorities identified in the 2016 Greater Manchester and East Cheshire Science and Innovation Audit.

The Committee received a presentation from Will Swan, University of Salford on Energy House, as an illustration of how GM's assets and discoveries could translate into economic benefit. Key items highlighted were:

- The trends in energy which included the electrification of heating and transport, renewables and storage, 'Smart' technology and resilience.
- Introduction of Energy House has meant products can be tested over a few weeks and can therefore reach the market much faster.
- Energy House have worked with a variety of companies, including Small, Medium, Enterprises (SMEs) and large companies, such as Siemens and Honda.

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- Smart Meters lab was a UK first and the Department for Business, Energy and Industrial Strategy (BEIS) had visited the facility.
- Development of Energy House 2 was the next phase and would enable products for different types of housing/accommodation to be tested expanding the potential markets products could reach.
- Work with the Citizens Advice Bureau (CAB) around fuel poverty.

Members had the following questions and comments:

- Whether there were any competitors undertaking similar work to that of the University of Salford? The University had received visitors from South Korea, Europe and Australia who were interested in this project. It was felt that they had built a research facility with unique capabilities.
- How was balance maintained between businesses and other stakeholders, particularly in relation to the work being undertaken around fuel poverty? It was stated that commercial research underpinned the work of the centre and highlighted that if a product worked well then the benefits from this can be extended to the consumer. The University was also working with social housing providers and had met with the CAB to attempt to ensure that consumers received benefits from new products.
- A Member raised Graphene in relation to this and the challenge around ensuring GM received economic benefit from discoveries made here. The time and challenges involved between research/discovery and taking products to market was highlighted. It was also noted that the committee had previously received a presentation on Graphene and that GM had taken a forward looking view in relation this discovery with the development of the Graphene Institute and Graphene Innovation Centre.
- Members welcomed the ambitions for the development of the University of Manchester's North Campus and queried the timescales for this development. The importance of ensuring that GM residents had the relevant skills for jobs created through this was emphasised. Officers updated that the project was in its initial stages and that they would come back to the Committee with expected timescales for this. Members also asked where the North Campus was located. It was confirmed that this was the former UMIST campus in central Manchester.
- Whether it was felt that GM was doing enough work in relation to the creation and growth of the green jobs sector and how GM compared to other areas of the UK. The Mayor's support for the green agenda was highlighted as seen in the Mayoral Green Summit held earlier this year and the development of the GM Low Emission Strategy and Air Quality Action Plan. Additionally there was a GM investment fund to support the development of green energy infrastructure. There was challenges associated with people accessing this and the development of a pipeline of projects and discussions were taking place with districts about how GM can assist with businesses accessing this fund. The GM figure for employment in the green sector was 5% compared to 4% nationally. GM was also in discussions with Government around how they could work together on the green growth agenda.
- It was requested that the next update on this topic included: what success looks like, demonstration of the value for money received from investments, update on the development of the North Campus and the actions proposed to be taken to support residents to access the future jobs created by the development of the North Campus.

RESOLVED:

1. That the key findings of the Greater Manchester and East Cheshire Science and Innovation Audit be noted.
2. That the investment activity underway to support GM's science and innovation assets and ambitions be noted.
3. That the next report to the Committee on this topic included information on what success looked like and demonstrated the value for money received from investments.
4. That an update on the development of the North Campus and actions proposed to be taken to support residents to access the future jobs created by the development of the North Campus be circulated to the Committee.

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WORK PROGRAMME

Susan Ford, Statutory Scrutiny Officer, introduced the work programme. The Committee agreed the following amendments to the work programme:

- The addition of Skills Underspend to the October meeting.
- To defer the Employment Charter item, and the Good Employment Task and Finish Group update, scheduled for the October meeting as it is no longer being submitted to the October meeting of the GMCA (it is expected that this will go to the CA in December or January).
- The bringing forward of the Local Industrial Strategy item scheduled for April 2019 to March 2019, as the LIS is due to be published at the end of March 2019.

The Scrutiny Officer had received feedback from Members about the Women's Employability item which had supported the proposed approach.

RESOLVED:

1. That Skills Underspend would be added to the October meeting.
2. That the Employment Charter item, and the Good Employment Task and Finish Group update, scheduled for the October meeting would be deferred.
3. That the Local Industrial Strategy item scheduled for April 2019 would be brought forward to March 2019.

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DATE AND TIME OF NEXT MEETING

Friday 12th October, 2.00pm, Council Chamber, Level 2 Town Hall Extension, Manchester Town Hall