

**DRAFT GREATER MANCHESTER COMBINED AUTHORITY (GMCA)  
ECONOMY, BUSINESS GROWTH AND SKILLS OVERVIEW AND SCRUTINY COMMITTEE  
13 JULY 2018 AT 6.00 pm AT THE GMCA OFFICES**

Present: Councillor Michael Holly (Rochdale) (in the Chair)  
Bolton: Councillor Susan Haworth  
Bury: Councillor Robert Caserta  
Bury: Councillor Mary Whitby  
Oldham: Councillor Chris Goodwin  
Oldham: Councillor Valerie Leach  
Rochdale: Councillor Raymond Dutton (substitute)  
Salford: Councillor Karen Garrido  
Salford: Councillor Kate Lewis  
Stockport: Councillor Jude Wells  
Stockport: Councillor Mark Hunter  
Tameside: Councillor Yvonne Cartey  
Wigan: Councillor Charles Rigby

## **In attendance**

Other Mike Blackburn, Chair GM LEP  
Tim Newns, Chief Executive, MIDAS

GMCA Simon Nokes, Executive Director Policy and Strategy  
John Holden, Assistant Director Research and Strategy  
John Steward, Principal: Digital Growth and Internationalisation Policy  
Susan Ford, Statutory Scrutiny Officer  
Emma Stonier, Governance and Scrutiny Officer

## **E47/18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Luke Raikes (Manchester), Daniel Meredith (Rochdale) and Barry Brotherton (Trafford).

## **E48/18 CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS**

The Chair requested that Item 6 – Brexit Impacts was taken before Item 5 - Local Enterprise Partnership.

## **E49/18 DECLARATIONS OF INTEREST**

There were no declarations of interest received.

## **E50/18 MINUTES OF THE LAST MEETING HELD ON 8 JUNE 2018**

The minutes of the meeting held on 8 June 2018 were submitted for approval.

### RESOLVED:

That the minutes of the last meeting held 8 June 2018 be approved as a correct record.

### E51/18 BREXIT IMPACTS

John Holden, Assistant Director Research and Strategy, GMCA, presented a report which updated Members on the latest position on the impacts and potential implications of Brexit on Greater Manchester.

Key areas highlighted were;

- There was still significant uncertainty for businesses and workers in the UK about what to expect after the UK's exit from the EU.
- Forecasted economic growth in the UK had been the highest in the G7 and this was now the lowest.
- Purchasing Manager's Surveys (PMIs) indicated continued, but slower, economic growth.
- There had been strong trade performance in 2017 helped by the weak pound. It was noted that trade performance going forward may struggle.
- Businesses have indicated in the majority that expected levels of investment had not changed compared to pre-referendum.
- Businesses have expressed concern about potential customs delays and attracting and retaining talent.
- Retail performance remained strong with continued consumer confidence, however there was some evidence this was beginning to flatten.
- Trade, regulations and access to EU funding were bound up with EU negotiations meaning that it was not possible to understand impacts relating to these. GM had successfully secured significant EU funding in recent years and Universities had reported concerns about future access to research funding and employees with relevant skills. The Government would be consulting shortly on their proposed Shared Prosperity Fund.
- Performance in the property investment, housing and planning markets remained strong.
- Unemployment had increased in recent months and the number of people in GM claiming unemployment benefits was at a 46 month high. The weak pound and inflation had also caused the cost of living to rise and concerns about the impact of these on economic inclusion were highlighted.
- Government had undertaken regional analyses of the potential impact of different Brexit scenarios but have not formally released these. In March 2018 the House of Commons Exiting the European Union Committee released a summary and this suggested that there will be an adverse effect on the economy of the UK and all its regions, with the North West one of the four regions hit the hardest under both 'soft' and 'hard' Brexit scenarios.
- The GMCA had undertaken analysis to understand the potential cost which could be imposed on key sectors of the GM economy when the UK leaves the EU. Potential additional costs for GM of an increase in non-tariff barriers would be £170m per annum for deal similar to the EEA, £320m for a deal similar to the average Free Trade

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Agreement or £380m if there were no deal and the UK was to trade under World Trade Organisation (WTO) rules.

- Employment sectors most at risk from a reduction in access to EU workers and skills shortages had been identified as; distribution, hotels and restaurants, banking and finance, manufacturing and public admin, health and education.
- The Government had published the White Paper on the future relationship between the UK and the EU on 12 July 2018. The GMCA was going to undertake analysis of this to assess what this might mean for the GM economy.

Questions and comments from Members included;

- What was the GM's role in relation to building resilience and contingency planning? Officers confirmed that the role of GM was; to understand the risks and ensure partners are aware of these to enable them to be factored into business decisions; to ensure that specific GM issues are articulated and understood by Government and that the North of England and GM has voice in the Brexit negotiations. GM was part of a Department for Exiting the European Union working group providing information to Government and were pushing for the regional impact analyses undertaken by Government to be shared. Additionally ensuring GM had the necessary leverage to enable residents to be provided with the requisite skills for the local labour market was a crucial role.
- The Brexit Impacts analysis indicated negative outcomes. It was asked whether GM had identified opportunities arising from Brexit. The review of the analysis from independent research organisations across the UK suggests an overall negative impact on the UK economy. Potential opportunities were outlined as; the possibility of negotiating trading arrangements with countries which were more flexible and transparent, and the lobbying of government regarding the economic framework of the UK.
- Whether, in relation to exports from GM to the EU, it was possible to identify areas within the conurbation which may be more significantly affected by Brexit and provide more focused assistance? The Growth Company works with specific businesses and advises them on the potential impact of Brexit and risks and is in a position to support businesses through the transition period.
- How the GM unemployment figures compared to national figures? It was confirmed that overall more people in GM were unemployed than the national average. Members also asked whether this was as a result of Brexit. It was noted that it was difficult to ascertain exactly what was driving a rise in unemployment due to the range of factors which can contribute to this.
- Members questioned whether officers could provide comment on the positive findings from the GM Chamber of Commerce's economic survey. Officers noted that currently the majority of business were focusing on the 'day job' and that Brexit was not affecting day-to-day decision making.
- How GM can ensure residents and businesses are prepared for Brexit? The GMS ambitions were to ensure that GM residents were equipped for future jobs. There was also a broader work programme in place around skills and employment and devolution of the Adult Education Budget (AEB) which would provide GM with more flexibility around providing residents with relevant skills. It was also highlighted that furnishing GM residents with the relevant education/skills for the labour market was a journey which began from school readiness onwards.

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- A Member noted that section 3.6 outlined four necessary steps to manage the risks and take advantages of the opportunities from Brexit and asked for a progress update relating to these. The following updates were provided;
  - The Local Industrial Strategy was under development and supply of skills was expected to be a key component of this.
  - There had been no progress in securing Government commitment to undertake a deeper regional analyses of the potential impacts of Brexit. Government have not published the analysis undertaken due to concerns around the weakening of their negotiating position.
  - Meetings have taken place between the Mayor of Greater Manchester and other metro Mayors and the Department for Exiting the European Union but no commitment has been made to GM or the North having a formal voice in negotiations.
  - The return of powers is bound up in negotiations and therefore can only be settled once a final agreement has been reached with the EU. GM has been having discussions with the Scottish and Welsh Governments also.
- Whether it was felt that the analysis undertaken was overly pessimistic or optimistic? It was stressed that economic forecasting was not an exact science, however from the analysis undertaken it was clear that reducing access to markets and restricting trade had a long term impact on growth.
- Had the 'proper assessment' of potential Brexit deals on GM (referenced in 3.5 of the Brexit Monitor) been carried out? Analysis undertaken so far was a first assessment of potential impacts. Officers also noted the need for Government to carry out deeper regional analyses of Brexit Impacts. It was also noted that GM analysis would be updated once there was a better understanding of the Government's White Paper.

### RESOLVED:

1. That the Brexit Impacts update report be noted.

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### LOCAL ENTERPRISE PARTNERSHIP

Mike Blackburn, Chair GM Local Enterprise Partnership (LEP), presented a report which gave an update on the work of the GM LEP in overseeing the delivery of the Greater Manchester Strategy (GMS).

Key areas highlighted were;

- The LEP is a private-sector led body working in partnership with the public sector and the GMCA.
- LEPs are provided with £500k funding from Government to strengthen capacity and deliver strategic priorities. In GM the Board has committed this funding to focus on key thematic areas including refreshing the GMS and supporting the development of the GM research and evidence base.
- A Government review of LEPS and their membership and governance was currently underway. This was expected to report soon and initial feedback for GM had been positive.

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- The work which the LEP had contributed to in GM, which included; a key role in the development of a Local Industrial Strategy (this has included the convening of Foresight Group to think about strategy for between the next 10-30 years), the Internationalisation Strategy, development of the Transport 2040 strategy, development of a Manufacturing Strategy and the Manufacturing Institute supporting the extension of leadership capabilities in smaller companies and the securing of around £500m of Growth Deal funding for GM.
- The LEP has played a fundamental role in bringing together LEP Chairs across the North of England and has led on bringing Growth Hubs together also.
- Through NP11 LEPs had been asked to assist with the development of an economic strategy for the North of England. The GM LEP had been made the lead for investment.
- Transport for the North had invited LEP Chairs to be on their Board to ensure there was business representation when developing transport strategy.
- That the LEP was committed to operating in a transparent and accountable manner and had put in place a number of key standards and practices to ensure governance and decision making was fit for purpose. Meetings were held in public and in a recent governance audit undertaken by Government the GM LEP had been rated outstanding or good in all areas.

Members welcomed the report and looked forward to having sight of the outcome of the Governments review into LEPs.

Questions and comments from Members included;

- Were inclusive growth and social value on the agenda for the GM LEP? Members were updated that the LEP had been involved in the development of the Working Well programme and the skills and employment agenda which would assist with driving inclusive growth across GM. The LEP was also supportive of the Mayor's work to develop a good employment charter and was encouraging employers to sign up this charter once finalised. Work was also underway with the Greater Manchester Centre for Voluntary Organisations (GMCVO) with regards to how social value can be incorporated into the private sector. This work was looking at how local authorities used social value.
- How can the LEP evidence their best value and successes and what was the LEPs biggest success? There was a challenge in isolating the LEP's role as it worked so closely with the GMCA. GM has had a longstanding arrangement to involve the private sectors in its governance, prior to the formation of LEPs GM had had a body which helped to drive economic strategy. Some of the key successes outlined were; the securing of the Growth Deal from Government in which the GM LEP Chair had played a key role alongside elected Council Leaders; the fact that the Growth Hub was considered as leading the way nationally; the development of the Manchester - China Forum and the assistance provided in the development of the GMS Implementation Plan and business planning. One of the biggest successes relating to the Growth Hub had been the receipt of an award for their impact on people and businesses in GM.
- Were there any perceived downsides to the close partnership working of the public and private sector in GM? A potential downside was noted as perceptions that the sectors were too closely aligned, however overall it was felt that the positives of the way the LEP worked in GM outweighed any negatives. The positive views of international visitors to GM on the way local government and business worked together was also highlighted to Members.

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- What was the vision for the future of apprenticeships? Members were informed that the Bridge GM programme was working with schools and businesses to increase the number of young people taking apprenticeships. Additionally the introduction of degree apprenticeships at Manchester Metropolitan University was highlighted. Different models of engagement with young people also needed to be considered as did the levels of future funding received in GM for apprenticeships.
- What were felt to be the most significant problems and challenges facing GM? The challenges outlined included; uncertainty around Brexit and the outcome of negotiations around trade, ensuring there was the right skills for the labour market and an aging population. The importance of stability and certainty for business, to enable business decisions about investment/stabilisation, was also emphasised.
- Members asked for further information about the work of the four task and finish groups referenced in the report and noted the importance of having a mixture of high profile global firms and locally grown companies who scale up and/or expand. The LEP worked with the Manufacturing Institute, the Chamber of Commerce and Federation of Small Businesses to support the scale up. A LEP update report on the task and finish group into start-up/scale up of businesses would be circulated to the Committee. Members also requested they receive, where appropriate, further information regarding the other task and finish groups and questioned whether the groups included outside expertise. It was confirmed that this had taken place, for example the start-up-scale up group had had discussions with other growth hubs.
- Members requested more detail about the work with Cheshire East to develop the Alderley Park. GM and Cheshire East had worked together to developing a future plan for this site. Alderley Park was owned by Manchester Science Park (MSP) and more employees were now employed on site than previously by Astra Zeneca. The site was also embedded with the Manchester Corridor and connected into the Health and Social Care Devolution agenda.

### RESOLVED:

1. That the update on the work of the Greater Manchester Local Enterprise Partnership in overseeing delivery of the Greater Manchester Strategy was noted.
2. That the LEP Start UP Scale UP Update report was circulated to Members.
3. That further detail regarding the four LEP task and finish groups was sent to Members.
4. That the Government LEP review findings were shared with Members.

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### **GM INTERNATIONALISATION STRATEGY IMPLEMENTATION PLAN UPDATE**

John Steward, Principal: Digital Growth and Internationalisation Policy, GMCA and Tim Newns, Chief Executive, MIDAS, Manchester's Inward Investment Agency presented a report which provided an update on the review of the GM Internationalisation Strategy, on the progress with implementation of the strategy, the key actions proposed for the next 18 months and the key issues impacting on its delivery.

Key items highlighted were;

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- A number of key successes over the past 2 years with particular attention drawn to the growth of Manchester Airport's international business and tourist numbers with new routes being secured to India and China, an increase in tourism numbers to the region, a 6.1% increase in inward investment as opposed to a target of 5% and trade exports remaining consistent. The importance of a single strategy, which all partners are working towards, was emphasised as being a key factor in the successful securing of new airline routes.
- Concerns associated with Brexit which included; potential perceptions of the UK, in relation to being 'open for business', access to EU research funding for GM Universities, the future of immigration policy and the ability of recruiting international talent in areas where GM has a skills gap.
- 8 key priorities for 2018/19 have been identified from the detailed implementation plan and progress against these has been RAG rated. These included; UK magnet for Foreign Direct Investment (FDI), being the best UK destination for international students and building the GM brand and reputation.
- The rise in property demand and pressure on property prices, particularly in the centre, and how GM could potentially leverage businesses to look at the wider area. There were also some early indicators of wage inflation, particularly in the technology/digital skills sector.
- Challenges associated with the ambition outlined in the GMS for an increase in higher value jobs and how this is tackled.
- Guidance the strategy provided to companies when operating in international markets, such as the universities and football clubs and the importance of the public and private sector working together to achieve the ambitions outlined was stressed.
- That a report on this review scheduled to be submitted to the GMCA at the end of July.

Questions and comments from Members included;

- Reasons for the inclusion of the UAE as one of six key markets for GM. Members were informed that the UAE had been included as GM connections to this market had already been in existence. Initial investment into GM through Abu Dhabi and Manchester City Football Club – including housing in East Manchester and University of Manchester student accommodation – was also highlighted. Etihad Airways and connections through transport hubs to international markets in Asia and Australasia was also noted. Members were also updated about a tourism programme which Marketing Manchester were running regarding attracting visitors from the region into GM.
- The report stated that 6/10 local authorities had been present at MIPIN in 2017 and it was noted that this should be 7/10 as Stockport were also present. It was also confirmed that each area in GM had representation at MIPIN in some capacity. Members also noted that there 247 delegates from GM at MIPIN and stated that there should be transparency over who attends and how this is funded. Members were informed that over 90% of the delegates were from the private sector and that the majority of local authority attendees were sponsored by the private sector. Evidencing the impact of MIPIN was challenging but it was emphasised that outside London GM was the most invested in place. Each year a report was produced following MIPIN and every three years a review of MIPIN was undertaken.
- A Member asked what was felt to be the biggest barrier to achieving the vision outlined in the strategy. It was stated that changing cultural perceptions of investment, particularly

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around leadership and management, was one of the significant challenges for GM achieving its ambitions.

- That it was vital that the benefits of the internationalisation strategy and inward investment were felt across all districts in GM.
- The income generated by Manchester Airport and its expansion was welcomed. Members also raised concerns about the introduction of drop off charges, complaints received about poor service and disability access. Manchester Airport was in a state of transition with a £1bn programme of investment underway and it was also stated that the airport was a successful and valuable asset to GM. Individual complaints were required to be raised directly with the Airport.
- More information was requested about the delivery of the High Potential Opportunity (HPO) pilot with the Department for International Trade (DIT), which was focussing on promoting Rochdale/Bury/Oldham through the building of a manufacturing/advanced materials proposition aimed at the aerospace and auto sectors. Members were informed that this pilot was investigating how the supply chain for these industries could be sourced locally. One of the additional benefits was also the potential to minimise disruption to the supply chain. MIDAS would circulate a recent presentation on HPO to the committee. Members were informed that DIT was also looking at developing a proposition related to advanced materials and a pilot about the future of packaging, with a particular focus on the chemical, food and drink and textile industries. In relation to this Members were provided with further information about current work taking place in GM. This included;
  - Encouraging SMEs to invest in exporting and establishing deeper relationships with key markets to assist with driving inclusive growth.
  - Inward investment was currently biased towards the 'core' with 70% of this focused in Manchester City Centre and Salford. MIDAS have been exploring what can be done to widen the geographical areas inward investment has an impact on and has begun focused work with companies in each GM local authority.
  - Looking at town centre development to increase the number of office based projects. Work was taking place with local authorities around how this was developed further.
  - Promoting the future employment sites once these have been identified in the Greater Manchester Spatial Framework (GMSF).

### RESOLVED:

1. That the review of the GM Internationalisation Plan was noted.
2. That the status of the annual report and three yearly review into MIPIN was clarified and that, if available, further information was provided to the Committee regarding the costs/benefits of MIPIN.
3. That the presentation on High Potential Opportunity (HPO) – Lightweight Structures was circulated to members.



Susan Ford, Statutory Scrutiny Officer, presented the work programme for 2018/19.

Following discussion;

- Members requested that the item on Women's Employability be provisionally scheduled for November 2018, subject to the availability of representatives from the Fawcett Society. Potential alternative dates were noted as February or June 2019.
- Members agreed that the Task and Finish Group would report to the Committee in either October or November 2018. It was noted that this should happen prior to the report on the Employer Charter being taken to the GMCA.
- Members requested that Welfare Reform was added to the work programme for January 2019 and a representative from the DWP invited.
- Members requested that an item was added to the work programme for 2019 regarding the Growth Hub and inward investment.

### **RESOLVED:**

That the work programme be updated as outlined above.

### **E55/18                      DIGITAL FULL FIBRE INVESTMENT PROGRAMME**

Members received a report for noting which provided an update on the work being undertaken to accelerate full fibre investment across GM further to the update given at the February Scrutiny meeting.

### **RESOLVED:**

That the progress made towards the implementation of the GM Full Fibre Investment Programme, the programme governance that had been put in place and the wider benefits arising from the implementation of the programme be noted.

### **E56/18                      WELFARE REFORM**

Members received a report for noting which provided an update on welfare reform and the roll out of Universal Credit in Greater Manchester, the latest monitoring of the impacts of these changes, and proposed activity to be undertaken to ensure the successful delivery of the Greater Manchester Strategy.

It was agreed that a further briefing session would be arranged for Members of this Scrutiny Committee and the Housing, Planning and Environment Scrutiny Committee regarding Welfare Reform.

### **RESOLVED:**

That the following all be noted;

- The scale of welfare reform undertaken since appendix 2012 (appendix 1);
- The new GM Welfare Reform dashboard (appendix 2) and the case studies of individual residents affected by reforms and the UC roll out (appendix 3);

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- The proposed areas of focus and suggested actions to be undertaken by GMCA and partners (appendix 4).

That a briefing session be arranged for members regarding welfare reform.

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### **DATE AND TIME OF NEXT MEETING**

Friday 17<sup>th</sup> August, 2.00pm, Boardroom, Churchgate House, Manchester, M1 6EU