



AGMA
ASSOCIATION OF
GREATER MANCHESTER
AUTHORITIES

**GREATER MANCHESTER
LOCAL ENTERPRISE PARTNERSHIP**

A PROPOSAL TO GOVERNMENT

SEPTEMBER 2010

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FOREWORD

The development of a Greater Manchester Local Enterprise Partnership represents an opportunity to build upon 20 years of voluntary collaboration between partners from across Greater Manchester to achieve a step-change in our ability to secure private sector-led economic growth whilst ensuring our residents are able to benefit from, and actively contribute to, this growth.

Our proposal is for a business-led Local Enterprise Partnership (LEP) that will sit at the heart of our existing partnerships between local government, businesses and other partners in further and higher education, and across the public, private and voluntary and community sectors. The LEP will provide strategic private sector leadership to ensure a sharp focus on developing integrated models to support the creation of high-value and sustainable jobs, addressing the skills needs of our economy, increasing international trade, tourism and inward investment and supporting supply chains, realising the potential of business opportunities in the growth of the low carbon economy, supported by a powerful research and intelligence function. We believe our LEP proposals will help us make a step-change in our ability to make real choices about local investment, whilst at the same time aligning our agenda with the Government's twin policy goals to rebalance the economy towards the North through business-led sustainable growth, as well as greater decentralisation and devolution.

Greater Manchester is a highly coherent and unitary functional economic area. Due to its political and business structures, size, talent pool and connectivity, Greater Manchester is one of a small number of engines of national growth and is well placed to complement London and the South East to rebalance the national economy. The future growth of Greater Manchester is critical to the north of England and therefore the UK's long-term economic growth.

Our understanding of the economic potential of Greater Manchester has been supported by the independent analysis of the Manchester Independent Economic Review (MIER). It demonstrated that the scale of the opportunity in Greater Manchester is of national significance, yet we face two significant challenges: to increase our productivity and the competitiveness and the efficiency of our labour markets; and, secondly, to ensure that all parts of Greater Manchester and its people benefit from and contribute to growth by tackling low skills levels, worklessness and public service dependency. MIER presented us with hard-hitting challenges over our priorities for spending and how we use the levers of Government, both national and local, to support growth. These levers need to operate at the optimum level: Greater Manchester for strategic direction; and at the most local – city and neighbourhood – for effective delivery.

We have translated these challenges into a Greater Manchester Strategy. These challenges demanded a well-directed and coherent response focused on creating wealth through private sector growth by building a bigger critical mass of skilled

activity and focusing on the particular needs and opportunities for the local economy. The Strategy sets out our vision for a new model of sustainable growth, supported by a series of added value priorities for action across Greater Manchester, which provides a focus for public service reform and presents a framework for making choices about our priorities for investment.

Proposals for the Greater Manchester Combined Authority provide a platform for the devolution of powers to ensure that key issues are dealt with at the most appropriate level – which we believe is increasingly at the Greater Manchester and local level. They have been developed voluntarily by the ten elected leaders – across all three political parties – and have been democratically ratified by each of the Councils. The proposals have received overwhelming support from the business community. The LEP is a natural addition to these governance arrangements and we believe builds on the unique public-private partnership already in place within Greater Manchester. Together the Combined Authority and the LEP will enable the private sector to play an even more active leadership role in securing sustainable economic growth and allow for the effective alignment of decision making and delivery in key areas such as economic development, regeneration, planning, transport, housing, inward investment, business support, marketing and tourism, environment and employment and skills.

The Greater Manchester story is far from complete. We are continually working to bring forward innovative policy and delivery models for economic growth. Our partnership has developed a programme of public service reform, including the opportunity to assume responsibility for a ‘single pot’ of funding, which is focused on enhancing competitiveness and efficiency of our labour market and using evidence and intelligence to provide smarter public services at lower cost. This is also an opportunity to mainstream innovation into all activity across Greater Manchester, which will bring significant benefits. Our capacity for delivery and track record of extensive partnership working will allow us to move rapidly to the establishment a shadow LEP. This will enable us to work in partnership with Government and with partners across Greater Manchester to take forward our ambitious agenda for growth without delay.

The proposals set out here have been subject to consultation with the private sector and their representative bodies, as well as a wide range of public sector partners. Our proposals also resonate strongly with the Government’s programme for devolution, localism and the leadership and engagement of the business community. Maintaining the momentum of change is dependent on a strong partnership locally and with government nationally. We believe our proposals for a Greater Manchester Local Enterprise Partnership offer a truly localist approach to driving private sector led economic growth across Greater Manchester and look forward to working with Government to help develop the role of LEPs.

Lord Peter Smith

Chair, Association of Greater Manchester Authorities

GREATER MANCHESTER: THE STRATEGIC ECONOMIC CONTEXT

Greater Manchester is the UK's second city in economic terms, playing a key role in the economic performance of the North of England, and providing the national economy with a strong source of growth, diversity and resilience. In 2008 the city as a whole generated over £50bn of GVA representing 4% of the national economy.

Greater Manchester benefits from a concentration of skilled, knowledge-based jobs within a diversified, private sector driven economy. Major companies such as the BBC, Bank of New York Mellon, Google, Nike and Credit Suisse have been attracted from the UK and overseas. The city has particular strengths in advanced manufacturing (particularly food processing), life sciences, creative and digital media and financial and business services.

The city enjoys considerable assets, which, if properly marshalled and utilised, have the potential to accelerate the city's economic performance. These include:

- The second largest concentration of people and businesses in the country with a highly skilled, lower cost workforce compared to London and the South East.
- The ability to attract inward investment using its key assets and competitive business proposition. Cushman and Wakefield's 'UK Cities Monitor' placed Manchester first out of 15 UK cities for locating a new headquarters and for locating a back office function, as well as placing the city fourth in terms of availability of office space.
- A number of large domestic businesses that are the main source of investment and productivity for the city.
- An expanding cultural and visitor offer that impacts significantly on the quality of life of Greater Manchester residents but also on the ability of the city to attract businesses, visitors and talent.
- An exceptional higher education offer: Greater Manchester has the largest student population in Europe with over 100,000 students across five universities. The University of Manchester is one of the UK's leading research institutions.
- A formidable innovation ecosystem, based on a deep and extensive knowledge base and an economy containing lean, high technology operations serving niche markets.
- A strong existing infrastructure offer, with further enhancements on the way. A major expansion of the integrated transport infrastructure is commencing, providing improved connectivity across the conurbation and the wider region, along with direct access to the rest of the UK and world via Manchester Airport.

Over recent years Greater Manchester has shown that the city can attract private sector investment and create private sector growth, although the MIER highlights that further potential remains to be tapped:

“Outside London, the Manchester City Region is the city region which, given its scale and potential for improving productivity, is best placed to take advantage of the benefits of agglomeration and increase of growth.”

For all the strengths outlined above some key challenges remain. The MIER concluded that Greater Manchester punches below its weight, with lower economic output than should be expected for a dynamic modern city of its size. We need to improve and strengthen labour market efficiency and economic productivity, and at the same time tackle worklessness, low skills and deprivation, to reduce the demand for dependency related services.

A quarter of Greater Manchester’s output gap is due to low levels of economic activity amongst residents, with high rates of worklessness reducing the available workforce, constraining output levels and reinforcing concentrations of deprivation. The remaining three quarters is caused by low economic productivity, the result of a weak skills base, together with relatively low levels of enterprise and internationalisation in comparison with peer cities. We face the twin challenge of boosting business productivity and at the same time ensuring that all parts of our city and its people contribute to and benefit from economic growth.

Greater Manchester Strategy (GMS)

The GMS responds to the challenges posed in the MIER and sets out a series of priorities for action across Greater Manchester:

- improving the early years experience
- securing better life chances for all, including those living in the most deprived areas
- upskilling our residents
- attracting and retaining talented people
- improving transport connectivity into and within Greater Manchester to support economic growth
- expanding and diversifying the area’s economic base through provision of critical infrastructure
- enhancing the city’s residential offer

- enhancing the international connectivity of our businesses through increased inward investment and international trade
- securing a rapid transition to a low carbon economy
- creating quality places which support economic growth
- and securing effective governance arrangements

These GMS priorities will form the foundation of, and focus for, the LEP. However some challenges will require support and coordinated activity from a wider geographic area. Partners across the North West's LEP areas are committed to working together and developing new structures which meet these opportunities and challenges. Specific economic priorities which require consideration across the region's LEPs include:

- Capitalising on our world class research, science and innovation capability.
- Delivering Europe-leading super-fast broadband.
- Improving rail connectivity across the North West, especially the Northern Hub and securing High Speed Rail access.
- Improving international connectivity via Manchester Airport, Liverpool Airport and Liverpool Super Port, together with the Mersey Gateway multi modal link.
- Enhancing our natural environment and maximising the assets and functionality of our extensive green infrastructure.
- Support for advanced manufacturing.

A framework is in place to manage delivery of the GMS. Key economic performance indicators have been defined and base-lined, delivery responsibility has been allocated across the AGMA Commissions and AGMA Family organisations, and a performance management framework put in place. Work is now underway in partnership with Government departments to develop a robust cost benefit evaluation mechanism to ensure value for money is to the fore. Having an agreed approach to evaluation and cost benefit analysis will enable us to identify which programmes make the greatest contribution to our strategic aims and at what cost, informing our approach to the commissioning and decommissioning of interventions.

Greater Manchester has developed a number of key assets which have enabled us to make significant progress in the delivery of this ambitious programme.

- The Association of Greater Manchester Authorities (AGMA) is a changing organisation and is at a crucial stage in its development. Following 20 years of voluntary co-operation AGMA are now awaiting a Ministerial decision to establish the Greater Manchester Combined Authority which will become the focus for accountability across Greater Manchester for integrating economic

development, regeneration, planning, housing and transport policies. This is a powerful pre-requisite to ensuring that local authorities across Greater Manchester are able to play a full and effective role in the LEP.

- We have a number of Centres of Excellence in research and intelligence, inward investment and trade, marketing and tourism, and business support and the delivery of skills and worklessness programmes, and one on delivering the low carbon economy which is in development. Each of these is led by the private sector and benefits from the strongest possible skill base.
- We established in 2008 a Business Leadership Council (BLC), following an open recruitment process. The Council comprises a number of key business leaders from across Greater Manchester. The Business Leadership Council advises the AGMA Executive Board on a range of key policy issues and provides a critical, independent challenge to our strategic direction and decisions. Their private sector focus means we are able to consider our agenda for economic growth from both the supply and demand side. The work of the BLC has included an analysis of how partners across the North West can maximise the potential of the Daresbury Science and Innovation Campus, a strategic review of the Town Centres in Greater Manchester, and an analysis of business needs in a demand side review of large strategic employment sites, which (along with the Town Centres work) will be an integral part of the new spatial framework for Greater Manchester.
- The Chamber of Commerce in Greater Manchester is the largest in the UK and has a record of partnership activity with both AGMA and individual local authorities. It represents over 5,300 businesses across the area that between them employ over a third of the total Greater Manchester workforce and has very strong international links.
- Within Greater Manchester there is the strategic capacity to drive forward growth and tackle public sector dependency. We have an evidentially based strategy (the GMS) which sets out clear priorities for the whole of Greater Manchester which is helping us to develop areas of engagement with our neighbouring authorities and which have relevance for the economic functioning of Greater Manchester and the wider region. We have demonstrated our ability to work together to take difficult decisions such as the prioritisation of resource in the GM Transport Fund, where we have focused on the delivery of strategic transport investments that deliver the greatest benefit to the GM economy. The fund is genuinely transformational in the approach taken to prioritisation, what it can deliver, and its relationship with Government.

Our Local Enterprise Partnership proposals will secure even greater private sector leadership to push ahead with GMS delivery and bring forward innovative approaches across a range of key areas. This will include inward investment, business support and access to capital, building a low carbon economy, tourism, research and intelligence, employment and skills interventions, and leveraging investment funding by utilising Greater Manchester's assets.

Having the freedom and flexibility to manage this delivery through a common, integrated budget is a key consideration. Access to a single pot of funding for economic development, transport, housing and planning will enable the LEP to overcome historical structural and funding barriers and support additional private sector growth for less public spend. We believe that where an economic community such as Greater Manchester has the appropriate scale, capacity, ambition and consensus to determine its own priorities in these respects, it should be encouraged to do so.

SUMMARY OF PROPOSALS

Our proposals are designed to build on the existing strong partnership of the private and public sectors. The strategy we have put in place is widely supported across Greater Manchester, and at regional and national levels. While GMS priorities will become the essential core basis for the Greater Manchester LEP we believe there is a strong case to explore the opportunities for new partnership arrangements with Government across a number of key areas. These are summarised below and set out in more detail in Annex 1.

Employment and Skills

Enhancing the skill levels of our residents and reducing high levels of worklessness are critical issues for the Greater Manchester LEP if we are to tackle Greater Manchester's productivity gap. The LEP will ensure that the evidence generated by the range of pilot interventions is fed into decision making regarding the deployment of resources. We will work with Government to secure a role for the LEP in ensuring that the range of funding streams and services in these key areas deliver the most targeted, efficient and effective services to our most disadvantaged residents and meet the needs of our employers.

In relation to worklessness we are keen to explore with Government the most effective way to develop a high performing and appropriately comprehensive welfare to work offer. In line with the localisation principles set out in the recent DWP Framework Invitation to Tender, we are keen to work with DWP and their provider base to develop shared responsibility for the performance and delivery of worklessness contracts to ensure local knowledge and the strengths of our existing infrastructure are fully taken into account. We envisage the LEP leading on the alignment of funding streams around worklessness, skills and health to improve the performance and quality of support to individuals as well as creating significant efficiencies in public sector spend. Our approach to devolution and potential new flexibilities will be connected to new multi-agency commissioning models which will operate at the most local levels as this is where change needs to be most focussed through positive engagement with local communities, and to tackle reduced dependency and deprivation. The scale of opportunity for such an approach to reduce the cost of dependency based services is of national significance and could support the delivery of a sustainable rebalancing of public sector budgets.

Skills have a vital role to play in transforming our labour market. In *Skills for Sustainable Growth*, the Government sets out its vision for a skills and FE system driven by the informed choices of learners and employers which AGMA fully supports. We therefore propose to work with businesses, colleges and training providers to ensure that skills provision really does fulfil the Government's ambition to embed learning in everyday life and thereby maximises the human capital of our city and our sustainable rate of growth.

Working together with colleges, universities and other training providers we will ensure that investment in skills is effectively linked to the economy across Greater Manchester, maximising economic development, support for key employers and sectors and thus ensuring better life chances for learners. We will bring employers, providers and learners together to improve the functionality of the market and maximising the level and impact of public and private sector investment in skills.

Business Support for New Businesses and Growth

The LEP will provide a framework and the private sector leadership to govern the provision and ensure the delivery of business support services across Greater Manchester, ensuring that services deliver the GMS strategic priorities, improve outcomes, integrate public and private income and respond to local needs. Support will be tailored to meet the needs of both large firms as well as SMEs. A highly cost effective delivery structure will be designed to ensure best value for money. We will focus on:

- Developing Greater Manchester as a powerhouse for entrepreneurs, business start ups and innovation;
- Supporting growth especially in key sectors such as digital/media, information technology, bio-medical, advanced manufacturing and financial services;
- Increasing international trade and supporting inward investment;
- Increasing productivity by process improvement and workforce skill;
- Reducing costs via purchasing and supply chain development; and
- Developing the low carbon economy.

We will deliver an integrated mix of publicly funded and fee charged programmes which will create much more growth in GVA for a fraction of the expenditure on business support in recent years.

Science and Innovation

The UK faces a major challenge to secure sustainable private sector-led economic growth. The LEP affords Greater Manchester a real opportunity to grow the capacity of the existing and independently validated world-class science and research base at Daresbury and our leading edge Universities. We are looking for a new partnership with Government to ensure we can realise the full potential of this sector, developing a clear and focused science and innovation agenda, providing the conditions and mechanisms to enable innovative entrepreneurs to flourish, commercialising the city's world-class research, and creating jobs and prosperity. Using innovation to turn the

frontiers of knowledge into commercial propositions is the key to Greater Manchester's future. We will support our businesses to change their business models to take advantage of intelligence and progress and the LEP will be charged with creating the right conditions for innovation.

Inward Investment and International Trade

Increasing Greater Manchester's international connectivity is critical to delivering a step change in productivity. The LEP provides the opportunity to build even stronger capacity to support the expansion over time of existing businesses, especially by connecting to international markets. Our Chamber of Commerce has a track record of consistent achievement in international trade activities. Greater Manchester currently undertakes both pro-active lead generation and project handling activity to attract new inward investment from key markets such as the US, Europe and India and a highly successful investor development programme which is in place to sustain and grow the current foreign direct investment that now resides therein. There are currently a set of protocols in place between Greater Manchester, the NWDA and other sub-regional partnerships across the North West which provides for successful management of inward investment opportunities based on proven strengths and agreed spheres of influence. We will continue to build on these strengths whilst at the same time securing greater efficiencies through an integrated and focused approach to trade and investment. We would like to explore with national partners the opportunities for replicating a similar protocol.

Marketing and Tourism

Greater Manchester is one of the few centres in England where as an 'attack' brand we have the capacity to drive private sector growth in business tourism, increase understanding of our offer as a business location and drive greater appetite for inward investment, support the expansion of the biggest international airport outside of London, and support growth in tourism throughout the region. The economic importance of marketing Greater Manchester to the outside world has been recognised and significant momentum has already been gained in improving the national and international perceptions of the area. Greater Manchester's cultural offer has a critical role to play in influencing external perceptions of the city and inward investment decision and the LEP will focus on supporting the continued development of our offer. It is crucial that the LEP continues to focus on the economic importance of marketing the city to the outside world; raising its national and international profile, attracting businesses, residents and visitors, underpinning activity to attract talent and develop international links, and also instilling a sense of pride and place in local residents. It is crucial that the momentum we have created over the past decade is maintained. Our approach is based on developing strengthened partnership arrangements with national agencies to maintain our

momentum, building on the Government's recognition of the importance of marketing and promotion, and the development of the visitor economy to economic growth.

European Funding

A North West Consortium led by Manchester City Council and AGMA, with CBRE and the GM Pension Fund, has recently been selected by the European Investment Bank to establish a major new regeneration fund which will help key projects critical to the region's economy to progress. The JESSICA funded Evergreen proposition is supported by authorities across Cheshire, Cumbria and Lancashire and clearly demonstrates our capacity to develop the widest possible partnerships and create innovative models for unlocking public and private sector investment. The Evergreen fund provides the LEP with a new platform for investment and we will seek to align this with Regional Growth funding and wider private sector investment.

Across Greater Manchester we have demonstrable capacity and a strong track record in the appraisal, project management and delivery of European funded projects and programmes. We would like to explore with Government and other partners about how we ensure maximum synergies between available European funding and GMS and other regional priorities.

Low Carbon Economy

The LEP will work closely with our existing Environment Commission to oversee the transition of Greater Manchester to a low carbon economy, realising the vision of a world leading green city by 2020. A key step will be ensuring that the growth potential of the low carbon industrial sector in Greater Manchester is captured and delivered through a low carbon investment framework to stimulate new markets, building upon GM's designation as the UK's first Low Carbon Economic Area for the Built Environment. The LEP's focus will include the support of a new Centre of Excellence in order to create the capacity to strengthen and integrate key areas of strategy within this framework, including: developing the skills base; increasing local and inward investment in energy infrastructure and retrofitting in all sectors; applied innovation and skills exchange; building low carbon supply chains and developing opportunities for manufacturing throughout the business sector. As part of this work our LEP will work with national partners to pilot technologies like smart grids and test innovations in incentivising business and community investment in a transformation of energy generation, use and distribution.

Planning, Housing and Transport

We are already producing a private sector led analysis on land use, ensuring emerging proposals will accurately reflect the requirements of employers, investors and occupiers. The resulting Greater Manchester Spatial Framework will be based on research commissioned by the Business Leadership Council and will provide the framework for assessing spatial investment and development proposals across Greater Manchester for the next 15 years. This will include, for example, housing proposals through Greater Manchester's second Local Investment Plan, and transport proposals through the Local Transport Plan 3 and actions to build on the growth support functions of Greater Manchester's green infrastructure. The LEP will oversee the integration of this Framework into our wider strategy for directing investment.

Research and Strategy Development

The LEP will provide private sector input and clear governance for centres of excellence for research, analysis, strategy, performance management and evaluation in Greater Manchester, coordinating expertise across disciplines, keeping our strategy under review, and ensuring continued focus on economic growth priorities and driving efficiencies.

Prioritisation

We are exploring with Government the case for piloting a 'single pot' of funding for economic development, transport, and housing. Discussions include the development of a new methodology for prioritising investment to ensure economic outcomes are maximised, deprivation is tackled and dependency reduced. Whilst primary responsibility for prioritising funding decisions will rest with the Combined Authority, as the primary democratic accountable body, we see the LEP playing an important part in this work, bringing a strong private sector input to decisions.

We are committed to demonstrating how localism can drive economic growth and reduce public spending in a way that specifically protects the most vulnerable in society. We are exploring with Government the new ways of working and the associated freedom to make evidence based decisions, arising from a robust and pioneering cost benefit analysis, over the deployment of public sector resources. We are developing robust multi-agency commissioning models which reflect the needs and priorities of local neighbourhoods.

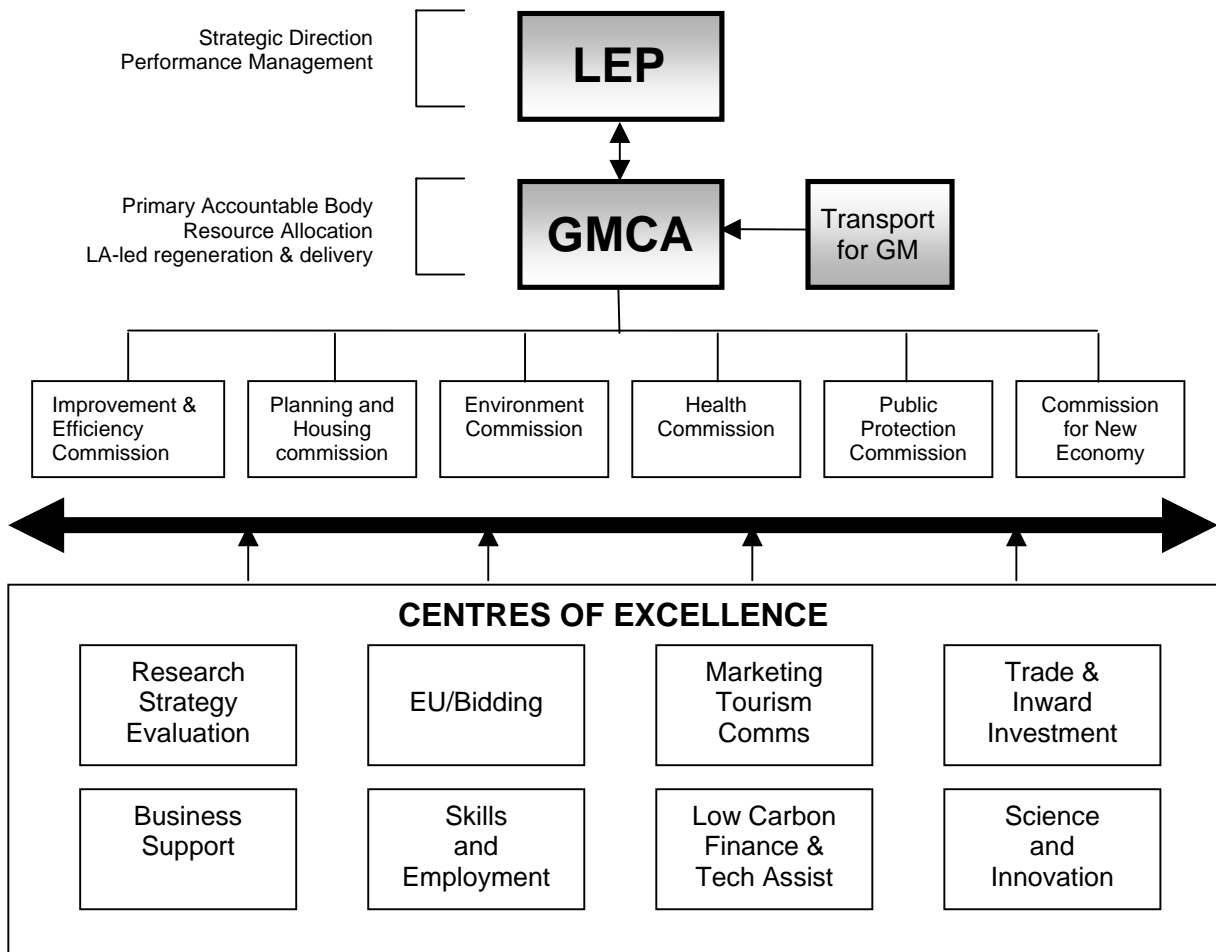
Resourcing the LEP

Partners across Greater Manchester are developing a sustainable business model for the delivery of the LEP. We are currently reviewing the Manchester family of organisations to ensure we put in place the most cost effective and efficient support arrangements for both the LEP and the Combined Authority. This will sit alongside a performance management framework which is focused on maximising the impact of this investment on growth and reducing dependency. The Regional Growth Fund proposed by Government is likely to play a critical role in supporting the programme of activity developed by the LEP and AGMA have submitted a response to the Government's consultation on RGF setting out our views on the deployment of this fund.

GOVERNANCE

The LEP will be an even stronger articulation of our existing partnership of local authorities, private sector, and others across the public and voluntary and community sectors, illustrated at figure 1. We see it sitting naturally within our proposals for a Combined Authority (GMCA), proposals which are currently with Government and which we hope to see enacted by the end of the year. The LEP will provide strategic direction and fulfil a performance management role, driving progress on our key ambitions. The GMCA will act, where the ten local authorities want it to, as a repository for a range of statutory functions, including those of the Integrated Transport Authority. As such the GMCA will act as the primary accountable body, with responsibility for resource allocations and delivery of local authority led regeneration activity. Delivery responsibilities will be vested in our Commissions and with individual local authorities.

The GMCA facilitates the urgent drive for efficiency across the ten local authorities by removing duplication, sharing services and upping the pace of public sector reform. Public accountability for the LEP will rest in its relationship with the Combined Authority. Both will be supported by our evolving functional Centres of Excellence.



We are proposing a private sector led LEP. Our proposals have been developed in consultation with the wider business community and their representative organisations, the Business Leadership Council, and with the private sector led Manchester family of organisations, including Marketing Manchester, MIDAS, the Greater Manchester Chamber of Commerce, Manchester Solutions, Manchester Knowledge Capital and the Commission for the New Economy.

The GMCA will be the primary accountable body for resource allocation and for integrating local authority functions, whilst the LEP will oversee the development and delivery of the strategy and the performance management framework. Through the Centres of Excellence, the LEP will develop an integrated model of delivery and commissioning for key functions.

We are taking a two phase approach to establishing the GM LEP. We will move to the rapid establishment of a shadow LEP, utilising the existing infrastructure and partnership arrangements across Greater Manchester. The shadow LEP will be chaired by the private sector chair of the Business Leadership Council and include members of the Business Leadership Council, the private sector chairs of the Manchester family of organisations including the Greater Manchester Chamber of Commerce, along with the Chair and Vice Chairs of AGMA, ensuring cross party political representation. In parallel, we will develop an open and transparent recruitment process for representation on the full LEP, which will be developed and overseen by AGMA, the Business Leadership Council and the Greater Manchester Chamber of Commerce, with appointment being made on the basis of the experience and track record of the individuals. A shadow LEP will enable rapid progress to be made in the engagement process with Government and the NWDA, both to facilitate timely and effective transition arrangements and to maintain our focus on growth and recovery in the coming months.

TRANSITION ARRANGEMENTS

The structure and capacity to enable this further devolution of responsibilities to partners locally already exists. AGMA, its family of Commissions and partnerships is already in place and we hope the statutory instrument laying the foundation for our Combined Authority will soon be introduced. Strong private sector support for our LEP is already in place and we are able to move rapidly to establish a shadow LEP.

We are working with other areas in the North West and have agreed to work together to develop joint proposals for working across our LEPs. A series of principles have been agreed by North West leaders, the NWDA and partners to ensure the orderly and structured transition to new arrangements arising from the abolition of the Regional Development Agency and Government Office North West and to support the definition and implementation of detailed LEP proposals.

A Transition Team has been established, jointly Chaired by the Chief Executive of Manchester City Council and the Chief Executive of the NWDA, and including representatives from authorities across the North West, the HCA, GONW and business leaders reporting to the Regional Leaders Board, the Board of the NWDA and ultimately to Ministers. The Transition Team has been charged with exploring the options for delivery of a number of key priority areas of NWDA and GONW activity and to support the implementation of new arrangements as soon as circumstances permit.

ANNEX 1: DETAILED PROPOSALS

Our proposal seeks to develop our relationship with Government across a number of key areas which support the Government's dual objective of promoting private sector led economic growth whilst tackling high levels of dependency on public services. Our proposals for a single funding pot are designed to give the LEP and their partners local control and accountability for directing spending at a local level resulting in reduced public sector expenditure and better outcomes for individuals. We look forward to continuing our dialogue on these issues. The details of our proposals are set out here as the basis for further discussion.

1. EMPLOYMENT AND SKILLS

The GMS provides a strategic framework for our approach to public service innovation. We understand the need to improve the hard and soft skills of our young people in order that they can make an effective transition to the labour market, as well as ensure that our employment and skills system can respond to meet the needs both of the most disadvantaged and the most promising. Building on our existing designation as an Employment and Skills Board, we would look to play a full part in developing a system that supports the following across Greater Manchester:

- The effective preparation of young people for work – particularly building on the role the Department of Education have set out for councils to 'influence and shape provision, identify gaps, enable new provision and develop the market' with regard to 16-19 provision. We were pleased to have secured a commitment to a single allocation for 16-19 places in Schools and FE from 2011-12 and we are keen to work with the YPLA to strengthen the sub-regional arrangements already in place around 16-19 budgets, as well as work with the National Apprenticeship Service, the YPLA and our local employer base to drive up demand for apprenticeships.
- Reducing welfare dependency by developing a comprehensive Work Programme offer, as well as building on the work of our existing place pilots which are already changing the way services are delivered in our most deprived areas. We are really keen to work with DWP and the prospective Work Programme Prime contractors in order to integrate local services with the national spine of provision – particularly looking at where Work Programme services are delivered; opportunities for aligning or co-commissioning local health, housing, financial inclusion and other services with the Work Programme; and providing local support for the DWP 'market stewardship' role. We envisage our existing neighbourhood pilots working alongside the Work Programme to deliver more intensive and integrated support to those families and individuals facing the greatest barriers to work, as well as providing early interventions and preventative services to reduce

the number of people flowing on to benefit, that will help to secure both improved results for individuals and efficiencies in public service delivery.

- Working closely with the local colleges and training providers to connect their services to local businesses and our most deprived communities. Key to this will be to build on our existing employer-led structures to improve the labour market relevance of our Independent Advice and Guidance and adult skills provision, as well as directly connect local businesses with our employment and training providers. We are very interested in exploring opportunities for joint working between us, BIS, and the Skills Funding Agency, including to ensure that the Employment and Skills Strategy we develop for Greater Manchester will influence the SFA's commissioning and performance regime. We would also like to discuss expanding our remit to include Higher Education Institutions so that we can better understand and drive connectivity for individuals between education in schools, further and higher education.

2. BUSINESS SUPPORT

With a population of over 100,000 businesses Greater Manchester can deliver services at scale. Securing business support at this level also best ensures alignment with GMS priorities; aligning support services with inward investment and trade activity to increase international connectivity, encourage innovation, attracting and supporting entrepreneurial talent; and supporting employers in developing highly skilled workforces; and ensure the benefits of growth reach into the city's deprived neighbourhoods. It will also ensure that business support services help local businesses to seize the opportunities created through pioneering work on low carbon.

Under a single governance framework provided by the LEP, existing organisations (such as GM Chamber, Manchester Solutions and MIDAS) can work effectively with local authorities to deliver an integrated approach to business support, providing cost effective services, removing duplication, and delivering services at a fraction of previous costs. This would ensure existing expenditure by local organisations (about £15m pa) is better linked to Government funded activities. Businesses would be expected to co-invest in the service delivered.

We wish to discuss with Government the delivery of business support services across Greater Manchester by a single locally based organisation. This organisation would bring together six strands of activity (not including Inward Investment) but integrated with business funded services, including:

- Advice delivery: we support the Government's intention to do away with the artificial separation of information, diagnosis and brokerage from advice itself and ask Government to match our own investment here. Above all, sufficient resources are required to access and engage with large numbers of

businesses, supporting them in identifying and exploiting opportunities and in networking with other businesses. Experience suggests that SMEs will often only respond to face to face contact from business-friendly organisations.

- Advice services: specific, tailored, advice-based services can be delivered supporting key sectors focussing on Accessing Finance, Innovation (including the connection to Universities), Procurement and Supply Chains, Workforce Development and Skills Utilisation, Productivity/High Performing Workplaces, Recruitment and Low Carbon Operations. These will be full fee consultancy programmes.
- Driving the knowledge economy: sector strategies and action plans can deliver specific services to grow the businesses crucial to Manchester's success as a globally competitive city focusing on more specialised knowledge-based and high value-adding sectors; life sciences, energy and environmental technologies, advanced engineering, digital and creative, and finance and professional.
- Driving international connectivity: programmes in International Trade and Assisting Inward Investing Businesses, working closely with UKTI, are a high priority for the city and the LEP will enable coordination across a number of functions.
- Driving entrepreneurship: a modest investment would support development of a virtual hub for business start up and innovation, providing innovative, new services to support entrepreneurs with a high profile approach to bringing confidence, networking and support to entrepreneurs and other innovative individuals.
- Providing access to funding: we would want to discuss with Government ongoing support for the Small Loans for Business programme.

3. SCIENCE AND INNOVATION

Our science and innovation priorities are to: encourage a dynamic, innovative and entrepreneurial business environment in Greater Manchester; to raise the level, profile and esteem of science and technology – speeding up the pace of agglomeration, attracting investment and facilities to build on our recognised international strengths in research and development, through our universities, hospital corridor and at Daresbury Science and Innovation Campus; and, to use public sector procurement – both within Greater Manchester and nationally – to drive innovation, efficiencies and wider public sector reform, leveraging capital investment programmes to spark innovation, through mechanisms such as SBRI.

The LEP would seek to build links with national agencies such as the Technology Strategy Board (TSB), the Design Council and others to translate science, research

and knowledge into economic growth. Attracting public science to GM is also key, building on Greater Manchester's comparative advantages in, for instance, health and life sciences and digital technology sectors. The LEP would seek to work with Government to identify major opportunities for national innovation platform development in key sectors in Greater Manchester such as digital media.

Our proposition is consistent with the Dyson Review's recommendation to refocus existing business support on innovation. The LEP will ensure integrated commissioning and delivery against these priorities.

- Deliver intensive high-quality responsive and specialised support linked to our proposals for integrated business support delivered locally. Innovative entrepreneurs require a specialised approach to business development – providing access to mentoring, finance and facilities as and when the business demands. A single access point for all aspects of the service will reduce transaction times and should accelerate business growth. The innovation capacity of companies will also be supported by providing improved access to skilled people through local graduate placements, connecting firms across sectors to grow peer to peer influence and knowledge, the use of innovation incentives such as vouchers and grants for R&D and market opportunity assessment. We would seek a discussion with Government, and agencies such as the Technology Strategy Board, about having the ability locally to prioritise and deliver products such as grants for R&D, Knowledge Transfer Partnerships (KTPs) and innovation vouchers.
- We will work hard with inward investment colleagues and national partners to attract R&D facilities ensuring that science and technology is a key part of our marketing offer. The LEP will work collaboratively with HE, FE and encourage STEM in schools across Greater Manchester through mechanisms such as our growing Science Festival and Regional Science Centres at Oldham and Manchester Metropolitan University.
- The LEP will seek to ensure that opportunities for innovation are stimulated through such opportunities as SBRI, building on programmes for transport investment, low carbon, and energy developments. We would like to discuss with Government the potential of 'innovation procurement zones' where open innovation approaches can be tested and co-developed across the city.
- If firms are to grow then access to growth capital is vital. National and international venture capital funds and other sources of equity finance are crucial. We will look to gain maximum impact from our success in securing the North West Loan Fund and to attract inward investment, including risk capital to support seed and early stage finance for SMEs which might replace or complement the existing banking offer. A business led equity finance review is underway to identify areas where support can be given for start-up businesses.

4. INTERNATIONAL TRADE AND INWARD INVESTMENT

Inward investment and trade has a critical role to play in driving business investment and economic growth in the coming years. Greater Manchester has been the most successful area in the UK, outside London and the south east, in attracting inward investment through its inward investment agency, MIDAS. The MIER identified increasing the internationalisation of GM firms as one of the key priorities for Manchester to increase productivity and establish itself as a truly global city. Businesses who trade internationally are 34% more productive in their first year of doing so. Increasing our international connectivity is integral to the GMS and a number of projects are underway to achieve this, in particular increasing links with the BRIC economies.

The LEP can provide the leadership and focused governance to ensure that the different functions are aligned to drive cost efficiencies and improved outcomes. Whilst the delivery of the GMS already demonstrates some coordination and collaboration, the LEP provides an opportunity to further improve and cement such arrangements.

We propose that the LEP will:

- Ensure that the overseas links fostered by the private sector, the Chamber of Commerce, local authorities, marketing and tourism agencies, and trade and inward investment organisations promote Manchester as a business location and promote trading opportunities for local businesses.
- Coordinate strengthened research and market intelligence, positioning local businesses in relation to potential international market opportunities.
- Utilise business assets overseas to support trade missions.
- Provide support to businesses focused on selling knowledge based services overseas, particularly to emerging markets.
- Promote Manchester as a place for business location, through enhanced marketing and business development, and identify the improvements required to the Manchester 'offer' to further support this.
- Facilitate intensive support to businesses considering Manchester as a location, including the facilitation of financial assistance in order to secure internationally mobile investment where it may be lost to the UK.
- Provide the interface between the international and national market and local development sites and opportunities, and provide the supporting evidence to leverage private sector investment.

The LEP provides an opportunity to bring a number of local delivery organisations together in a single governance structure. Greater Manchester would like to explore

with Government opportunities for a new partnership arrangement between national organisations such as UKTI and our local partnership.

5. MARKETING AND TOURISM

Local, national and international perceptions are recognised as a crucial element in supporting our ability to achieve the GMS priorities. The attractiveness of the city region plays a major part, but strategic promotion of the key assets and aspirations is also vital. In recent years Marketing Manchester and Visit Manchester have significantly increased the brand perceptions of the city as a place to visit and in which to live, work and invest.

Greater Manchester attracts a greater number of overseas visitors than all UK cities apart from London and Edinburgh and there are an estimated 7.8 million business trips to the city each year. Over 77,000 people are employed in the tourism sector across the city, and the number of beds in commercial accommodation in Manchester stands at just over 40,000.

The city hosts a significant number of national association conferences, notably the political party conferences, and currently ranks 79th in the International Congress and Convention Association rankings, aspiring to a permanent top-50 position.

The importance of assessing, measuring and influencing the brand of Manchester is vital to the economic development of the city region, as it impacts upon all key audiences, both internal and external. Understanding the perceptions that people have of Manchester helps us assess which elements are reliant on improvements to the city's offer and which are gaps between perception and reality that can be shifted with a co-ordinated promotional strategy.

Marketing Manchester will remain our Centre of Excellence for marketing, taking the strategic lead in promoting the city, and developing and delivering marketing and communications plans to identified target audiences. These aim to improve national and international perceptions, attract tourists, businesses and talented workers to the city, and to influence government policy as appropriate. Particular strands of activity will include: attracting talent; developing the economic base, by promoting Manchester as a leading centre of knowledge and innovation; improving international connectivity; working towards a low carbon economy; and, creating a sense of place. We would like to discuss with Government how this focus can best be supported.

It is proposed that Visit Manchester, the tourist board for Greater Manchester since 2004, remain the Centre of Excellence for tourism for Greater Manchester and would undertake three key roles for Greater Manchester's visitor economy: providing leadership and setting the strategic direction for the sector; attracting domestic and international business and leisure visitors; and, maximising the visitor experience.

As the GMS states, '*perception is everything*' but the experience is just as important and Visit Manchester will seek to ensure that both the perceptions and visitor experience are of the highest standards that befit an international city such as Manchester.

Delivering this for the visitor economy actually impacts on all who live and work in the city. A strong sustainable visitor economy for Greater Manchester means a vibrant cultural and business offer, within attractive public realm, supported by excellent and easily accessible hotel and conference facilities. Getting this right means that the visitor economy can support the objectives set out in the GMS to attract talent, improve transport connectivity, increase the international connectivity, create quality places to meet the needs of a competitive city region and build the city region's sense of place. The visitor economy will help to deliver the strategic objective of a stronger city experience and a better quality of life.

With the abolition of the RDAs a new strategy is needed that recognises the importance of the visitor economy and the cultural offer and enables Greater Manchester to continue to work with Government and national stakeholders such as Visit England to ensure focus remains on this area. We want to discuss with Government how this partnership can be fostered.

6. EUROPEAN FUNDING

Based on established and effective governance arrangements the LEP will ensure continuity of funding, contract management and the sharing of best practise among practitioners in our sub-region.

A North West Consortium led by Manchester City Council and AGMA, with CBRE and the GM Pension Fund, has recently been selected by the European Investment Bank to establish a major new regeneration fund which will help key projects critical to the region's economy to progress. The JESSICA funded Evergreen proposition is supported by authorities across Cheshire, Cumbria and Lancashire and clearly demonstrates our capacity to develop and deliver innovative models for unlocking public and private sector investment. The fund will start with a £20m investment from ERDF plus £10m match funding from the NWDA, which will unlock £30m of public sector match funding. The vision for Evergreen is to underpin long term growth in the North West through prudent use of public and private sector resources through investment in projects which will provide a return to the fund. The Evergreen fund provides the LEP with a platform for investment which we will seek to align with Regional Growth funding and wider private sector investment.

Until 2011 the European Programme Executive at the North West Regional Development Agency (NWDA) will act as Managing Authority for the North West's 2007-2013 Operational Programme with sub-regional partners playing a key role in shaping and monitoring the programme. Post-2011 the delivery structures are

unclear, but responsibility for ERDF will remain with the Department for Communities and Local Government (DCLG) in the UK. Our LEP proposition provides a real opportunity to reconsider Greater Manchester's role in relation to the remainder of the ERDF programme and to refocus the emphasis based on the funding thus far. Greater Manchester is working with LEPs from across the North West and the NWDA to explore options for retaining the management of the NWOP programme in the region.

The LEP will also identify the opportunities to generate local efficiencies in the field of engagement, key relationship management, lobbying and bid-writing for investment. Greater Manchester is seeking to create an exemplar model which utilises its local assets, connects in an effective way with local, national and international partners, and avoids duplication of activity and displacement of income. This will be based on a commercial return on investment model learning from best practise in the private sector.

In optimising investment, Greater Manchester will make use of its presence in Brussels, Manchester City Council's membership of Eurocities and increase its links with MEPs. Manchester will build on AGMA's Strategy for Europe (currently in development) to include opportunities outside the EU Structural Funds.

Building on our public-private relationships, the LEP must secure confidence among the business community to ensure continued and greater investment by the private sector to enable accelerated economic recovery. It will be essential that the LEP has a range of financial tools available that can be tailored to lever in private sector investment; in some cases this will require the sharing of risk to achieve our objectives. Tax Incremental Financing and Accelerated Development Zones (ADZs) will be considered as part of the forthcoming White Paper on sub national growth. We will be interested in exploring new innovative funding tools with Government to enable delivery of our priorities.

7. LOW CARBON ECONOMY

In December 2009 Greater Manchester was designated the UK's first Low Carbon Economic Area for the Built Environment – recognition that outside London it is the place best positioned to accelerate economic growth in this sphere, as well as cutting carbon emissions. In June this year AGMA signed off a five year business plan to deliver our LCEA proposals. Our Vision is that “by 2015 Greater Manchester has established itself as a world leader transforming to a low carbon economy” and in doing so will deliver up to an additional £650 million to the Gross Value Added of the economy; support 34,800 jobs, including 18,000 in the supply chain; benefit the UK through developing and sharing best practice, as well as economic spill-over benefits; and save six million tonnes of carbon from existing buildings.

The development of the LEP provides Greater Manchester with further opportunity to accelerate our proposals for enhanced and integrated business support and for greater local influence on investment in priority skills. Both are both critical in maximising the growth opportunities of the low carbon economy in Greater Manchester.

The LCEA organisational structure has at its core a 'Centre of Excellence', the main purpose being to secure the levels of private sector finance required to undertake the retrofit activity and in so doing help rebalance the economy of Greater Manchester towards the private sector. Ernst & Young estimate the levels of local investment in Greater Manchester over the five year period of the LCEA could be in the region of £10 billion, the majority of this would be through retrofit of the residential sector, public and private sector estate, as well as some flagship new developments and critical infrastructure.

A retrofit programme of the scale and volume, which we are proposing, creates significant economic opportunities both for business growth and employment. Capturing these economic benefits will rely on a number of highly focussed and targeted interventions at the local level, which form part of our LEP proposal. We believe these proposals support the emerging policy framework set out in the Energy Bill and the new Green Deal. Specifically:

- **Skills:** our initial assessments suggest an undersupply of low carbon related skills activity. Our proposals for greater local influence over a skills strategy and provision are set out earlier in this section.
- **Business support:** linked to our suggestions for integrated and targeted business support, we propose establishing a greater emphasis on nurturing businesses within the supply chain, bringing them closer to the retrofit market. Our assessments show there are up to 520 businesses across Greater Manchester who could have immediate benefit from the LCEA through their focus on the building technologies and energy management sectors. In Greater Manchester, these businesses already employ over 1,100 people with a market value worth £620 million. We will need to work collaboratively with Government to ensure support is targeted in growth areas.
- **Innovation:** Greater Manchester's five universities have considerable strengths with regard low carbon research and innovation, including the UK's only five star research department in the built environment at Salford University. We are seeking to develop new ways of collaborative working, making it easier for new start-ups to seek finance (including access to venture capital), sponsorship of design awards as well as strengthening the uptake of STEM related subjects within our institutions. At the same time we must seek to attract, nurture and retain talent, which means generating the right image of Greater Manchester.

- Finance: it is critical that LEPs, or at least their constituent partners, are given a greater degree of flexibility relating to finance that would enable Greater Manchester to help fund the retrofit investment of the public and private sector estate. We would welcome close collaboration with Government over developing proposals and closer working with the Green Investment Bank, as we are already doing through JESSICA.
- Planning – we are interested in exploring ways in which the planning system can act as a lever to promote low carbon development, including improved powers for doing this within Greater Manchester. Only at the local level can opportunities for businesses be balanced against the development of what remains a fragile market.

An enhanced ability to manage these issues locally would help position Greater Manchester as a location of choice for those businesses wishing to maximise the opportunities of the retrofit market. We believe this will be of benefit not just in Greater Manchester, but the UK and potentially globally.

8. PLANNING, HOUSING AND TRANSPORT

To support the delivery of the GMS we are producing a Greater Manchester Spatial Framework which will set out our priorities for the next 15 years. This will provide the framework for assessing spatial investment and development proposals, for example housing proposals through Greater Manchester's second Local Investment Plan, and transport, through the Local Transport Plan 3. The Spatial Framework will provide a context for spatial decision making and will focus on how we can secure growth and manage Greater Manchester's growing economy and population sustainably, move to a low carbon economy and future proof our communities against climate change, within the context of reducing public sector resources.

Progress is being made to develop a second Local Investment Plan (LIP2) between the Homes and Communities Agency and AGMA which will ensure that the housing and regeneration strategies set out in the GMS are delivered.

The third Greater Manchester Local Transport Plan (LTP3) will provide a clear set of investment priorities and supporting activities to support the maximum growth potential of Greater Manchester and connecting residents to economic opportunity. Together with the Combined Authority, the LEP will provide a strong basis for the integration of economic development, housing, planning and transport.

9. RESEARCH AND STRATEGY DEVELOPMENT

Greater Manchester has demonstrated an ability and willingness to deliver innovative research (MIER) and translate that into ambitious and focused strategy (GMS), at the city level, gaining agreement and buy in across businesses, local authorities and public sector organisations.

A GM wide framework for managing performance against GMS objectives is in place and a robust process for evaluating projects against clear cost benefit criteria is being established.

These functions are currently housed within Manchester Family organisations, working at a city wide level, with private sector leadership very much to the fore. We propose to build on these strengths, consolidate and streamline functions where possible, and develop a high-quality and cost effective service focussed on delivering the GMS under the governance of the LEP.

- **Research:** within the LEP we can coordinate and consolidate research expertise and assets across economic development, employment and skills, transport and housing and national and international perceptions and the visitor economy to deliver an integrated research programme.
- **Strategy and Action Planning:** considerable progress has been made in developing and gaining agreement for the GMS and producing the Delivery Plan. GMS implementation is underway but the LEP can provide the appropriate weight to ensure that the GMS is fully embedded in the strategy, plans and, importantly, the culture of authorities and organisations throughout Greater Manchester, with action planning helping to translate research and analysis into what is delivered on the ground. This also implies a role in terms of strategic commissioning, either in terms of direct commissioning based on available evidence and also influencing the commissioning of central government and external organisations.
- **Performance Management and Evaluation:** strong performance management across organisations is essential to embed the GMS and ensure the delivery of its objectives. Greater Manchester has existing structures in place which can be further enhanced through the LEP to ensure that consistent processes to measure and manage performance are applied across organisations. The development of a Greater Manchester evaluation hub will ensure that robust cost benefit analysis methodologies are applied to all key strategic initiatives, measuring what works and what doesn't and directing resources accordingly.

The LEP has a critical role to play in terms of driving forward the GMS agenda and ensuring our research, strategy, performance management and evaluation functions are aligned to the economic priorities of Greater Manchester.