

## **Greater Manchester – An Innovation Ecosystem**

### **Greater Manchester**

Greater Manchester (GM) is the UK's largest conurbation in both population and economic terms after London. It incorporates ten metropolitan boroughs and generates around £47 billion per annum of total GVA, almost a fifth of the total economic output of the North of England. It is home to 93,000 businesses, and created an additional 90,000 jobs (1998–2008). GM also performs strongly in a European context, being within the top 20 % largest economies (by GVA) in the European Union. Manchester was the first global industrialised city and Greater Manchester is now the largest conurbation in the UK outside of London. The region has a long history of innovation and exploiting science and technology for commercial success, from the splitting of the atom (the foundation of atomic power), to the first modern computer. It is widely acknowledged as a great city in which to do business, thanks in particular to its clarity of governance and proven experience of delivery, with a consistently high performance in prominent business-led surveys including 'Most competitive business location in Europe' (KPMG, 2012), and 'Number one city to locate a Headquarters' (Cushman & Wakefield, 2012).

The largest GVA drivers are in Financial and Professional Services, Creative and Digital, Advanced Manufacturing, Health and Social Care and Education. GVA is forecast to rise by an average of 2.7% per year between 2012 and 2022, in line with the UK figure and above the North West year-on-year rise of 2.4% – increasing to more than £60 billion by the end of this period.<sup>1</sup> 1.14 million people work in GM, and predictions are that an additional 85,000 jobs will be created by 2022. GM has a strong track record of securing foreign direct investment, rising from 3.4% in 2005/06 to 5.9% in 2009/10<sup>2</sup>.

These facts show that GM is already a significant contribution to the exchequer; however, the Manchester Independent Economic Review (MIER) showed that, based on its size, the region should be achieving more. The GMS has outlined an ambitious vision for growth. Greater Manchester is currently a 'cost centre' for the UK, requiring £21 billion of public spending but only generating £17 billion in taxes. The aspiration is for GM to close and then eliminate that £4 billion deficit, and become a net contributor to the national economy.<sup>3</sup>

### **Greater Manchester's Strengths**

Greater Manchester has been cited as the most likely city outside London to be able to undergo sustainable growth.<sup>4</sup> Part of its success is attributed to its governance, which is stronger and more stable than any other UK city. Gm has had joint working across its 10 local authorities (Manchester, Salford, Stockport, Tameside, Trafford, Bolton, Bury, Oldham, Rochdale and Wigan) since 1986, and the same political leader and chief executive of Manchester City Council for 16 years. In, 2011 it launched the Greater Manchester Combined Authority (GMCA), which serves as a

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<sup>1</sup> Greater Manchester Key Facts May 2013, New Economy

<sup>2</sup> GMS

<sup>3</sup> Greater Manchester Strategy 2013

<sup>4</sup> Nesta (2009)

single accountable body for economic interventions across all ten authority areas - the first of its kind in the UK.

Greater Manchester has a strong track record of engagement with the private-sector, establishing a wholly private sector Business Leadership Council in 2008 to advise and challenge Greater Manchester's political leadership on key issues relating to economic growth; providing a solid platform for the development of the Greater Manchester Local Enterprise Partnership (GMLEP), in 2011.

These unique arrangements are underpinned by the robust and evidence-based Greater Manchester Strategy (GMS), which provides a coherent series of collectively owned priorities to drive sustainable economic growth across the conurbation. The SMS was published in 2009 in response to the MIER. MIER interrogated GM's social and economic performance. Seven in-depth thematic reports, containing observations and recommendations, provided the evidence base for the SMS. The SMS was refreshed in 2013, following consultation, and in response to the changing circumstances following the recession. Well-established and productive partnership between public, private and academic stakeholders, combined with the coherence and maturity of GM's governance and delivery structures, and aligned with a consistent vision and strategic objectives, places the city in a strong position to deliver against shared priorities for growth.

### The Greater Manchester Strategy

The SMS sets out concrete plans to create the conditions for growth that will allow Manchester to respond to changing global demands, and provide integrated and effective business support. It includes plans to proving the land and infrastructure that will be demanded by businesses and investors; work to attract and support businesses to grow into new markets and sectors; a new market facing investment strategy based on a clear understanding of our places and to drive investment in areas that are ripe for growth or regeneration. This will be supported by a review of the land supply, in both housing and employment, to ensure that Manchester is able to meet current and emerging demands and provide attractive investment destinations. Manchester has a track record of delivering key strategic investments that support business activity, for example the Metrolink light rail system and Media City UK. A firm understanding of the places and sites available that will attract market investment will help support a self-sustaining land offer, connected to other places through transport links and other infrastructure.

Recognising the interconnected nature of different types of infrastructure, and planning strategically will allow GM to invest in our infrastructure in a co-ordinated and prioritised manner, as well as future proofing our investments according to likely future demands and energy use. A high quality residential offer and continued investment in our local, national and international transport infrastructure will help attract and retain talent and strengthen and widen the GM labour market, especially if we are able to enhance the perceptions of the city region and promote the distinctiveness of Manchester and its places.

A second set of priorities pertain directly to the business base. The 'Manchester family' of public service agencies includes a collective strategic and economic development function - New Economy, and three delivery bodies – MIDAS, focussed

on inward investment, Marketing Manchester - leading national and international promotion, and the newly established Business Growth Hub, which acts as the primary interface for businesses to access growth services. An integrated business support environment is targeted at those with the most potential to grow and aims to support deepening investment and connectivity of businesses. As is ever the case in Manchester, we must prioritise the strengthening of our skills base: through connecting education and businesses, creating pathways between the two, and helping to provide the workforce that GM employers demand. There is also much potential to increase the international connectivity of Manchester's business base, opening up opportunities in foreign markets, increasing potential for foreign direct investment.

The Greater Manchester Internationalisation Strategy sits below the GMS and has identified six priority international markets in Europe, USA, China, India, Brazil and The United Arab Emirates. The Science Review considered the economic challenges and needs of these markets and analysed where Manchester might be able to meet those needs, given its science and technology strengths and established connectivity levels with these international markets. GM intends to invest in a co-ordinated approach to the development of these markets, building new partnerships and tailoring support to meet separate needs. The final section of the GMS focus on business growth relates to the development of a low carbon economy, which will increasingly depend upon the development and commercialisation of new technologies as well as resource efficiency.

### Innovation Eco-System

#### Human Capital

Within the wider innovation eco-system, Manchester is well endowed with assets that will allow its businesses base to thrive and grow. Manchester has a critical mass of talent and human capital (100,000 graduates, including 26,000 international students). A third of Greater Manchester's population are educated to degree level and the city continues to attract more highly skilled workers, with 41% of residents now working in the three highest occupational categories compared to 1991.<sup>5</sup> The conurbation boasts the most extensive heavy rail network outside London and the UK's largest light rail system. These links put 5.2 million people within an hour's commute of the city - the largest travel-to-work area (TTWA) of any conurbation in the UK outside London, drawing in commuters, particularly at higher skills levels.<sup>6</sup> Relative to other cities with comparably attractive research strengths, business base and human capital, GM also has a low-cost base for businesses and affordable housing.<sup>7</sup>

#### Connectivity

Manchester is in the top ten for transport in Europe.<sup>8</sup> In terms of international and national connectivity, Manchester Airport offers more direct connections than any other in the UK and handles 19.5 million passengers per year.. The Manchester

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<sup>5</sup>Census 2011.

<sup>6</sup> Manchester Independent Economic Review, April 2009.

<sup>7</sup> UK average house prices GM: £155,000, Oxfordshire £332,000, Cambridgeshire £251,000, Greater London £461,000.

<sup>8</sup> Cushman and Wakefield's City Monitor, 2011.

Airports Group is the country's largest UK-owned airports operator and its portfolio includes Stansted, Bournemouth and East Midlands airports. Nationally, GM is well connected; situated on the main north-south and east-west UK rail and motorway links. Manchester has the most extensive rail network outside of London. Its transport infrastructure is supported through a joint (GM, national public and private) £2bn fund, with planned initiatives including further expansion of the Metrolink, new cycle routes and implementation of a £2.1m smart ticketing system. Digitally, GM benefits from 78% superfast broadband availability compared to 61% nationally. GM is also one of the first UK cities to benefit from a roll out of 4G mobile phone network.

### Knowledge Assets

Greater Manchester has four Universities, which together generate 30,000 graduates per year. The University of Manchester is the oldest civic University in England, the largest single-site University in the UK and one of the most popular Universities in the UK.<sup>9</sup> It is one of the top research Universities in the UK<sup>10</sup> and has a target to be one of the top research universities in the world by 2020. Manchester Metropolitan University (MMU) is one of the largest campus-based undergraduate Universities in the UK. It is also one of the country's most popular Universities, receiving more than 56,000 applications in 2011-12. Salford University produces world-class research across a number of disciplines. The 2008 Research Assessment Exercise reported that 43% of work was rated as either 'world-leading' (4\*) or 'internationally excellent' (3\*). The University of Bolton is made up of three faculties in Advanced Engineering and Sciences; Arts and Media Technology and Wellbeing and Social Sciences. Teaching quality has consistently won the highest ratings from the Government's quality control agency.

### Business Support

Business support offers and clusters of business types also provide a rich environment for businesses and entrepreneurs. The Business Growth Hub provides a coordinated offer of numerous different business support programmes alongside the Chamber of Commerce. Manchester's inward investment agency (MIDAS) offers support to those businesses wishing to locate in Manchester and attracts investment into the region. The Universities offer their own support to businesses. Since 2000, MMU's Centre for Enterprise has supported over 500 SMEs and social enterprises. The University of Manchester Business School is world-leading and offers a breadth of commercial support. Both Salford and Bolton University have strong connections with local businesses through education and research.

### Clusters

GM is home to some significant clusters of innovative businesses, including:

- The Corridor - a dense population of businesses in science and technology, covering 243ha, and generating £2.8 billion GVA. It is the largest concentration of knowledge assets in Europe and includes Manchester Science Park which is set to quadruple in size following private sector investment;

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<sup>9</sup> More students try to gain entry to the University of Manchester than to any other university in the country, with more than 60,000 applications for undergraduate courses.

<sup>10</sup> In 2008 UoM was ranked third in the UK in terms of research power and eighth for grade point average quality when including specialist institutions. RAE 2008.

- The Enterprise Zone near Manchester Airport, which includes MediPark – whose mission it is to capitalise upon the opportunity of the massive growth in the international demand for medical and science technology; and
- MediaCityUK is a £700m development at Salford Quays and is the largest purpose-built media location in Europe.

### Flexible Geography

GM's established position as the key economic driver within the North West region means that in practice, its 'travel to work' area not only stretches across its ten local authorities, but in fact reaches into Cheshire, Lancashire, Merseyside and across the Pennines into West Yorkshire. This 'flexible geography' and openness to collaboration means that GM is able to operate across multiple areas, working in partnership with neighbouring LEPs on issues of shared priority, and responding with characteristic flexibility to opportunities as they arise. Practical examples of this approach include working with Merseyside and Cheshire authorities in shared-governance of the Daresbury Science Park Enterprise Zone, and ongoing collaborative research work with LEPs within the Leeds City-region.

### Greater Manchester's Challenges

However, there are challenges to meet. The MIER estimated that a quarter of GM's underperformance compared to other conurbations of its size is caused by low levels of economic activity in the conurbation. Three quarters is caused by low productivity, the result of a weak skills base, together with relatively low levels of enterprise and internationalisation in comparison with peer cities. Across GM 15.3% of people have no qualifications (compared to 12.7% across the UK)<sup>11</sup> and eight GM local authorities have death rates over the national level and GM as a whole has highest death rate from cancer, heart disease and stroke in the country<sup>12</sup>. Data shows that business density, start up and survival rates and productivity are lower than the GB average and research shows that there is a significant economic prize to be gained by better linking our knowledge assets to our business base through better commercialisation and knowledge transfer.

### Examples of Best Practice

1. MIMIT (Manchester: Integrating Medicine and Innovative Technology) aims to improve patient care by bringing scientists, engineers, clinicians and industry together to catalyze development of innovative healthcare technologies through scoping, validation and investment in unmet clinical need. Over a 4-year period MIMIT has developed 22 projects which have leveraged new investment and generated numerous patents, with developments now reaching the market place.<sup>13</sup>
2. UMI3, the University of Manchester's Innovation Group, is the university's wholly-owned agent for intellectual property management and commercialisation. Since 2004, it has initiated and managed over 120 PoP projects, set up 28 spin-out companies and brokered 301 licences and assignments. It has facilitated £205m

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<sup>11</sup> GMS

<sup>12</sup> ONS (2013)

<sup>13</sup> <http://www.mimit.org.uk/>

of investment by venture funders and generated approximately £50m to the University through the sale of shares, licensing income and through IP grants and contracts activity.

3. Manchester Academic Health Science Centre (MAHSC) is a federation of seven partners including the University of Manchester, Christie Hospital and Central Manchester University Hospitals NHS Foundation Trust. MAHSC is the catalyst for aligning discovery, care and exploitation of research and clinical knowledge and testing for improved health and wealth in Greater Manchester and beyond. It has a collective turnover of £2.6billion.
4. The Manchester Cancer Treatment Centre is a partnership of Cancer Research UK, The University of Manchester and The Christie NHS Foundation Trust. The Christie Hospital is the second most significant cancer treatment centre, treating 40,000 patients per year. The Centre ran the world's first clinical trial of tamoxifen as a breast cancer drug in Manchester in 1969. In 2010 they opened the world's largest single site early-phase clinical trials unit, spanning the whole spectrum of cancer research from basic/ translational/ clinical – from bench to bedside.