



Final Report

Greater Manchester, North West of England, United Kingdom



Photo: Manchester Metropolitan University Business School

SMART Europe
Final, In-Depth Assessment Report

Greater Manchester, North West of England, United Kingdom

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Summary

The Manchester region has a long history of being an innovative region. The rise of industrial Manchester was indeed a result from this innovative approach. The ongoing transition from a traditional industrial economy into a knowledge based economy will require an ability to adapt in various ways. However with the use of the combined efforts from various Manchester stakeholders it is likely that Manchester will be able to emerge as a strong region if a proper strategic approach is pursued.

The review team have put forward a set of recommendations that might support the ongoing transition. These include the maintenance of a working triple helix cooperation including all municipalities in the Greater Manchester sub region. In addition it is important to develop a common strategy prioritising objectives, and the creation of cooperation arenas, lean on the strong Manchester brand name, further take advantage of the strong innovative Manchester environment, continue to develop the support mechanisms for entrepreneurs and start-ups, take advantage of EU support programs, continue to develop and support formal and informal partnerships, and address skills development as this is crucial in order to support the emerging knowledge based economy. In particular the availability of a strong competence pool within the universities and R&D community in Manchester seems to be the important factor, helping Manchester in the transition process as well as further development of innovation hubs like Media City and the Corridor.

The Peer review Team got the impression that the Manchester stakeholders are aware of the various steps to take and are willing to extend their cooperation, to ensure the success of their efforts in further developing and enabling Manchester to maintain its position as a leading innovation hub.

Introduction

(a) Short introduction to the SMART Europe Project

SMART Europe is based on the concept that smart and targeted regional policies and interventions can be designed to boost the employment directly in the regional innovation-based sectors.

With this aim, a consortium of 13 partners, representing 11 EU regions, will exchange policies and instruments for identifying and supporting the main regional economic actors that can generate job opportunities in the innovation based sectors of their economy.

SMART Europe will support decision makers to improve their strategies with the aim of incorporating the creation of employment as an additional key feature of their activities.

(b) Short introduction to the Peer Review methodology

The SMART Europe Peer Review Methodology helps regions to improve their policies in boosting employment in the sector of their “innovation anchor”. The Methodology is an adaptation of the peer review methodology of the Assembly of European Regions (AER), developed directly to use it during the SMART Europe project, when assessing different regions’ innovation anchors. The methodology standardises the relevant aspects that need to be measured, in order to enable experts with different background, to assess the regional situation in an objective way. In this way they will be able to give appropriate recommendations on the subject of innovation-based job creation in the host region. The other important advantage of peer reviews is the selection of experts, who are practitioners in the field of the assessment, which means that the recommendations given by them after the review will be practical and realistic.

Section 1: Overview

(a) Short description of the Host Region, general overview, economic profile.

Greater Manchester is a metropolitan county (sub regional level) situated in North West England (NUTS1 level). It encompasses one of the largest metropolitan areas in the United Kingdom and counts a population of 2.68 million, of which more than 1,76 million are working age (16-64),¹ thus being the third most populous conurbation in the UK. The population of Greater Manchester grew by 7% (+166,000) between 2001 and 2011. Quite importantly, it has the largest travel-to-work area of any conurbation in the UK outside of London, with 7 million people living within one hour’s drive of the city centre.

¹ New Economy, « Great Manchester Key Facts », May 2013.
http://neweconomymanchester.com/stories/1776-key_facts

Greater Manchester reaches 493 square miles (1,277 km²). It is landlocked and borders Cheshire (to the south-west and south), Derbyshire (to the south-east), West Yorkshire (to the north-east), Lancashire (to the north) and Merseyside (to the west). There is a mix of high-density urban areas, suburbs, semi-rural and rural locations in Greater Manchester, but land use is mostly urban.² It has a focused central business district, formed by Manchester city centre and the adjoining parts of Salford and Trafford, but Greater Manchester is also a polycentric county with ten metropolitan districts (Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Trafford, Wigan, and the cities of Manchester and Salford), each of which has at least one major town centre and outlying suburbs.

The ten local authorities in Greater Manchester developed a partnership within the Greater Manchester area: the Association of Greater Manchester Authorities (AGMA). They co-operate on a number of issues, both statutory and non-statutory, and more specifically on economic development, planning and housing, transport, environment, health and public protection. AGMA works in partnership with a wide range of organisations including private, public and voluntary within the city-region and beyond and is the voice of the ten municipalities. To increase efficiency a statutory Combined Authority (GMCA) was created in 2011, which coordinate key economic development, regeneration and transport functions. Since 2011 there is no regional structure anymore.

In economic terms, Greater Manchester annually accounts for £47 billion GVA (Gross Value Added), equal to 40% of GVA in the North West and almost 20% of the economic output of the North of England.³ 2011 regional GDP per capita equals €14,919, compared to €16,600 as a national figure.⁴ Regarding the volume of the economic activity of the area, the dominant one is by far the Service Sector, producing 79,3% of regional GDP (>76,9% national GDP) and employing 81,7% of regional population (>80,0% national). The original predominant industrial and manufacturing character of the regional economy, today largely reabsorbed by the third sector, may be still recognisable in such figure indicating regional employment per sector, where to the national figure of 10% corresponds a regional figure of 10,4%.⁵

Regarding the key sectors, the Financial & Professional Services sector (16,6% of employees) stands out: Manchester is the second main centre in such field after London, with key companies like Co-op Banking Group, RBS and BNY Mellon based on its territory. The Health sector (13% of employees) ranks second and is pivotal for the area, thanks to strong infrastructures and research poles such as the Science Park, the Christie Hospital (largest cancer centre in Europe) and the UK Biobank, coupled with well-established university structures devolved to Health Sciences. This strength of Greater Manchester is historically intertwined with a long-established scientific culture driven and animated by the internationally renowned 'research brand' of the University of Manchester. The Creating & Digital sector should also be mentioned as driving force of the economy with

² http://en.wikipedia.org/wiki/Greater_Manchester

³ New Economy, « Great Manchester Key Facts », May 2013 ;

⁴ The following figure have been provided by the Regional Authority collaborating with the peer-review on the basis of the data provided by the Office for national statistics.

⁵ Ibid.

GVA of £4,7 billion/year, key actor in the field being MediaCityUK, BBC and ITV. Education (274 schools and over 20 universities), Advanced Manufacturing (NXP, Siemens and Holroyd) and Sport (Adidas and Umbro) cover the rest of the business activity of the region.

With respect to the business structure and features, SME dominate the scene employing 79% of population, while the figure is 20,5% for Administration & Public Sector and just 0,5% for big companies. This data confirm the driving role of the private sector (even though the public one proves still quite solid) highlighted by recent economic analyses.⁶ This specific feature, together with an great deal of skilled, knowledge-based jobs and an efficient transport infrastructure⁷ have made the area a highly favourable business environment which attracts a relevant amount of FDIs. Greater Manchester thus ranks as the second strongest performer for FDI after London.

It is important to highlight here that while resident and workplace wages are lower than elsewhere (thus adding to a concrete cost advantage for the region), this data should also be understood in the light of the sectoral bias of parts of the area towards lower value activity, hinting to a restrained growth perspective.⁸ This point is of pivotal importance as the abundance of unqualified/unskilled labour force (1-2% higher than national average for most indicators) is one of the key aspects for the Peer Review to tackle.

Two further characteristics of Greater Manchester, which appear to some extent as stemming from a common root, are worth mentioning. The capacity of responding to the fluctuations of the economy and of exploiting them as opportunity and stimulus to restructuring and redirecting the local business appears to be an original character of the city-region. In the same line, this dynamic character appears to be enhanced and nurtured by a relatively high immigration rate, adding to the need for adaptability and diversification of the economic activity, as well as to the richness of resources in terms of creativity and diversification of skills.

These two aspects probably played a role in the comparatively lower contraction of Greater Manchester's economy with respect to the national average (-4%). Nonetheless, it has to be kept in mind that the British economy has been more sharply affected than the average of the OECD countries by the financial crisis, which first started in the US and then erupted in 2009 in the form of a sharp contraction in global growth. There have been different intensities of contraction in different districts of Greater Manchester, but the overall impact of the recession in the region accounts for a loss of over 50.000 jobs by 2010.⁹

⁶ New Economy Report, p. 13.

⁷ New Economy Report, p. 5.

⁸ New Economy Report, p. 6.

⁹ New Economy Report, p. 8.

(b) Description of Peer Review focus (why it was chosen, specific questions and expected outputs of the Host Region)

In SMART Europe, the Peer Review process starts with the establishment by the host region of its main innovation drivers. For the Greater Manchester peer review Manchester Metropolitan University (MMU) chose to ask peers to focus on the effectiveness of existing networks and partnerships in creating and sustaining innovation-based jobs.

This choice stems from an involvement in regional experiences in the field such as the Manchester Corridor, which is a testimony of the opportunity of experiencing new forms of partnership among the most relevant actors of the area, such as the Manchester City Council, the University of Manchester, Manchester Metropolitan University and the Central Manchester University Hospitals NHS Foundation Trust to build on the partners' investments in order to generate further economic growth and investment in the knowledge economy for the benefit of the city region.

In this perspective, the specific questions peers were asked to answer were:

1. How to improve the effectiveness of all existing partnerships and how to link them to the large number of satellite town centres outside of the core city centre of Manchester, in what has been defined "a natural economic geography" made up of the 10 Greater Manchester districts?¹⁰
2. How to intervene in the job market, particularly tackling high unemployment and low qualified/skilled labour force?
3. How to integrate the objective of hindering the decline of town centres in innovation-related strategies?

¹⁰ New Economy Report, p. 7.

Section 2: Regional Strategy

(a) Key Findings

➤ *Competitive advantage based on HE sector*

Corridor Manchester¹¹ is a visual representation of the MCR academic related infrastructures including two Universities (University of Manchester and Manchester Metropolitan University), along with public and privately owned Hubs, Incubators and Science Parks. In other words, there is an abundance of infrastructures to support the creation of new ventures. The production of knowledge is strongly related with its potential exploitation. Specifically, great importance is attributed to *graphene related research* focusing on potential commercial exploitation. Additional and equally important areas for research that are directly linked with the exploitation of business opportunities are the health, energy, biotechnology, microelectronics, robotics, industrial engineering and chemicals sectors. At the GM level the University of Bolton and University of Salford along with other peripheral Colleges contribute their share in the strong HE industry of the area.

➤ *Focus on Creative Industries*

Media City¹² aspires to become the centre of the media sector in the Centre and North of England. BBC North has been renting the facilities. Spaces and offices for rent along with studios installed with the state of the art technology with respect to game, audio and video testing and processing are some of the attractive characteristics of the premises.

➤ *Brand name MCR: Strategic position in UK/Europe*

GM and especially the city of Manchester are considered the next best thing after London taking account a number of parameters. Specifically, GM has been known for its

- International and national connectivity
- Large, vibrant, dynamic city
- Access to world-leading assets across the North
- Meritocratic academic environment
- Optimum size for incubating and testing new ideas
- Stronger, more stable governance than most other UK cities
- Diverse, growing but still stable & accessible population
- Low cost base for business/housing
- Entrepreneurial opportunities

➤ *Transition period: Uncertainty for the future?*

¹¹ For more information go to <http://www.corridormanchester.com/welcome>

¹² For more information go to <http://www.mediacityuk.co.uk/>

Greater Manchester has been experiencing a transition period both with respect to regional governance structures and also to the traditional business model. More specifically, the region of GM is composed of ten individual Municipalities with shared, but sometimes, conflicting interests which can create coordination issues. However, policies resulting in the reduction of the absolute size of public administration do not necessarily mean improving efficiency and effectiveness of the public sector. On the contrary, it might create a confusion resembling a “who is responsible for what” situation.

In addition, the decline in the Manufacturing sector (which is a common trait across the entire EU but which has been felt particularly strongly in the North West of England) has shifted the paradigm to the services sector. Quoting Prof. Martin from the Centre for Enterprise, Manchester Metropolitan University Business School, “*We want (Manchester) to be known for providing high-tech knowledge intensive services*” is an accurate depiction of the intended strategic shift of GM.

- *Growth goes through reform and both through education and training*

GM intends to grow through reforming its existing structures. The aspect of reform is crucial to such an endeavour and public sector reform is closely related to implementing “cutting cost policies”. On the other hand great importance seems to be attributed to programmes for (lifelong) training and education. Both these policies are supposed to lead to growth via enhancing private initiatives for the creation of new business entities.

Fig. 1. GM strategy overview



Source: from A. Gordon presentation from New Economy

However, no clear and concise comprehensive strategy for lifelong learning has been presented but most importantly it is unclear as to who is the “owner” of this strategy and who are the responsible institutions for the implementation and monitoring of the strategic planning. In addition, there appears to be lack of measurement indices for monitoring the implementation of the strategic planning, or at the very least, the people we met are unaware of them.

- *Too many initiatives: ineffectiveness and inefficiency*

In the Greater Manchester area many initiatives (mostly in the form of consulting and training) for boosting innovation and entrepreneurship have been undertaken. However, these initiatives are isolated and no coordination and/or cooperation whatsoever seem to be in place. At the moment, this over abundance of consulting services with respect to innovation and entrepreneurship seems to contribute in the confusion situation described above.

- *Funding is the driving force*

Initiatives both from public and private sector seem to be taken in order to secure funding. Whilst there are attempts to coordinate the allocation of resources in line with the GM strategy, again the attitude “every man for himself” as organisations compete for limited resources, is present amongst many stakeholders with a seeming lack in coordination and cooperation.

(b) Recommendations

In order to integrate cooperation and coordination in strategy implementation based on the situation identified during the peer review week a series of steps are recommended:

- *Prioritise objectives*

GM has great potential and a lot of material to work with in order to achieve its strategic goals. However, there is a need to prioritise. There needs to be clear emphasis on specific directions and direct the funding opportunities accordingly.

- *Set up a clear and feasible timeframe with concrete milestones*

Try to recover from the transition by setting feasible targets and reasonable timeframe for their execution. Monitoring strategy and devising appropriate indices are essential in this direction, but must be aware of, at all levels of strategy and delivery.

- *Create cooperation arenas and platforms where players could meet and identify opportunities*

Involve all the interested actors and provide them with motivation for cooperating. Create coordination mechanisms (organisations) for mediating cooperation efforts. At the same time preserve GM's entrepreneurial spirit and market orientation. Intervene modestly in the direction of creating the conditions for cooperation and let them cooperate.

- *Improve ownership of the strategy at local level by creating better connections with the operational level*

Integrate to the fullest extent the sub regional strategy for innovation and entrepreneurship to all individual Municipalities. Use the priorities to assign specialization areas to each one of them. Align with the requirements of the next Funding Programme for the period 2014-2020 Smart Specialization to involve everyone in specific segments of the overall Regional Strategy.

- *Fully utilise the Manchester brand: Internationalisation schemes*

Exploit the MCR brand not only to attract resources such as funds and human capital so as to boost domestic growth but also to export knowledge intensive services and expand to foreign markets. Strengthen your ties with your global peers and design how to export knowledge intensive services derived mainly from HE sector. This should also be available to small SMES not only large ones interested in trade missions. It is not clear who is helping very small and even start ups to think about European markets as a matter of routine when setting up, instead of only the local UK market.

Section 3: Education and Human Resources

(a) Key Findings

Manchester became a well known brand due to its strong history of scientific culture, which is especially underlined by the University of Manchester and also the other strong universities in the Greater Manchester area like Manchester Metropolitan University and University of Salford. Without doubt the three universities and the existing colleges are fundamental parts of the innovative based job creation and representing a huge potential.

Manchester Metropolitan University is one of the largest and most popular universities in the UK and register around 38,000 students - including 3,500 international students from 121 different countries - living and learning in Manchester Metropolitan University. Manchester is one of Europe's most student-focused cities.

The Manchester Metropolitan University world-class learning and teaching facilities - underpinned by a £350million investment programme, and combined with first-class support during the studies and career guidance to make their students highly employable.

With more than 1,000 courses in 70 subject areas, the University has earned a reputation for developing work-ready graduates empowered with a unique and valuable combination of problem-solving and practical skills that add value to their education and boost their career prospects.

Inside the Business School of MMU there is careers information centre, offering details of opportunities to meet employers and in the plan of study there are courses for developing teamwork, leadership, project management and communication skills.

The fact, that the universities in Greater Manchester are focusing on different areas and are not direct competitors may offer a good opportunity for them to search for the synergies of their cooperation. On the one hand, the cooperation between the universities and the business sector is quite impressive, but on the other hand, during the peer visit we have not seen clear evidence of significant cooperation amongst education actors – especially universities, which in fact, leads to the threat of lost synergy.

To enhance the level of employment, one of the main comparative edges of Greater Manchester in the future will be the clear focus on innovation and on the market needs of the future employment. The successful and wide creative sector and the emerging digital sector - completed by such initiatives like the Media City and the Manchester Corridor – are key elements in the future to a prosperous economic growth. The peer team find it a good perspective of Greater Manchester that the global trends coincide

with local strengths (high-tech digital, creative industries). This potential is outstandingly supported by the available modern facilities and labs. For the best exploitation of this opportunity, the region needs to be prepared to fulfil the jobs - which will be offered by these initiatives - with local and regional work force. To enable the local work force for fulfilling these jobs, the educational institutions shall prepare for jobs that do not exist yet, but will exist in the future. For such goals, the cooperation between the business sector and the educational actors is crucial. Such partnerships are the essential driving force in boosting innovation based job creation in Greater Manchester. As a large advantage, the link is already quite strong between these actors.

The collaboration between companies and universities (entrepreneurs in advisory board, apprenticeship system) is welcome and well established in the area, and provides for two really important aspects. On the one hand, students have the access to real marketable knowledge and skills, the most innovative technologies and approaches. On the other hand, beyond the professional skills, they can enhance their entrepreneurial skills as well. There is a positive perception of entrepreneurship in the Greater Manchester area with many initiatives, and several organisations to support entrepreneurship (e.g. Innospace, Manchester Science Parks, Tameside Enterprise Centre).

Entrepreneurial skills are considered as basic knowledge, which need to be taught in all levels of education. However, the findings show that the entrepreneurship support mainly focuses on higher educated people. There is a big pool of unskilled labour force. The under skilled people could make difference, if they are encouraged to move towards self-employment. Even if they may not always boost the knowledge based innovative sector, the "old knowledge" they may be representing (like manufacturing), can be utilised in form of self employment. Turning attention on the under educated labour force by support them with entrepreneurial skills and knowledge could be a good tool to fight against unemployment in this community. Some evidence of this was apparent in the recent past, including the work of Tameside Metropolitan Borough Council's supported Tameside Business Family which used local businesses as mentors to support new start ups particularly from deprived neighbourhoods.

However, recent public sector cuts have seen the core team enabling this provision cut. It is interesting also to note that MMU's Business school was also involved in identifying need prior to its establishment as part of the development of Tameside's Local Enterprise Growth Initiative application, need which was later used to develop ERDF funded support.

In order to narrow the skills gap and avoid extreme differences, it is advisable to secure the education for all levels after the compulsory level. The phenomenon of this skill gap also raise the awareness for collecting data about the skills that are on the labour market, and the skills which are missing. Such a skill portfolio study would help Greater Manchester to better prepare for the above mentioned "future jobs".

Beyond that, the current elementary education system, especially the so called “free school system” may risk the integration for undereducated pupils. The peer team has the feeling that probably due to the governance’s complexity and the low number of indicators to measure success, there is a lack of strategy for lower education. However, a good initiative could be the education of entrepreneurial skills in the primary schools. Such an initiative at early age of the children ensures the basic awareness of the entrepreneurial opportunities.

Another excellent initiative for reducing the skill gap, is the empowerment of citizens for the regeneration of Greater Manchester (e.g. [Digital champions initiative](#)). Such a voluntary engagement in knowledge exchange is always highly useful.

As a summary, we believe that a well-organised and co-operating network of the education, business, and intermediary actors focusing on each level of the labour force (skilled and under skilled) are key elements to boost the innovation based job creation in Greater Manchester.

The above mentioned strengths with the multiculturalism and open attitude of the people living in Greater Manchester are the guarantee that the well known Manchester brand is a brand that is worthy of further and sustained development.

(b) Recommendations

- *More attention could be directed to lower skilled people (general and entrepreneurial skills)*

As we have seen during the peer review visit, there is a focus on high added-value industries for high-skilled workers, which is great to boost knowledge intensive innovative sectors. There are available funds through the Regional Growth Fund for the project presentation that support the expansion of business with the aim to create jobs for greater Manchester.

The projects that typically support the development of strategic sites and expand the business thereby creating jobs for Greater Manchester.

However, the existing skills gap amongst the non-equally educated labour force urges more attention on the lower skilled communities. Certainly, there is awareness on the need to provide sustainable strategies for the development and inclusion of lower skilled people. Our feeling is that there are no targeted solutions for the employment of the lower skilled groups of people. The suggestion would be to gather the relevant

stakeholders and involve them in the development of a common framework and solution for lower skilled communities as well. The hot topic of such a framework shall be the re- and up-skilling opportunities for unemployed people with lower education, considering especially the non-central areas of Greater Manchester.

- *Ensure equal attention is paid to primary and secondary education outside Manchester*

The existing “free school system” in the UK offers great flexibility in providing the necessary skills to students in early stage of their education. By our observation this could be a threat, while without a common framework and defined standards it is not easy to ensure that young students in areas with fewer opportunities – mainly outside the centre of Manchester – will be given the same level of education, and the same opportunities for their future career. In order to avoid the differences – which could lead to an even greater skills gap – the suggestion is to integrate primary education systems, where the students will have the same level of competence after graduation, and have equal opportunities during their future career, not only in education, but also the extracurricular activities which should focus on the peripheral districts and inner city areas.

Education in entrepreneurial skills in the primary schools, businesses, supporting institutions and intermediaries should reach out to the periphery. Business boundaries, extracurricular activities should concentrate not only on the schools in Manchester centre. Providing equally excellent education for students across the conurbation will allow Greater Manchester to keep the talent in place.

Good practice suggestion: In Hungary there is a new organisation which coordinates the elementary education on national level. It has the role to maintain the primary schools, handles the main budget and also create a basic standard in terms of standards and equal opportunities. It acts as a governmental body to integrate the education and harmonise the standards.

- *Create multidisciplinary cooperation opportunities for students from different universities*

There are a number of initiatives to support students in order to develop their entrepreneurial skills and set up their own business. These initiatives are really useful, however worth the further exploitation. One of Greater Manchester’s key economic sectors is the creative and digital sector, for which sectors it is highly true, that any cross-sectoral cooperation brings up new ideas, innovative solutions and future potentials. Such a cross-sectoral, or multidisciplinary approach could be created along these entrepreneurial initiatives.

The Greater Manchester Higher Education system is producing high quality graduates who can enter the workforce with the right skills. This is crucial for enabling the country's companies and services to continue to innovate.

The Higher Education Institutions are important because they drives innovation and economic transformation: HE helps to produce economic growth, which in turn contributes to national prosperity. Employing graduates creates innovation, enabling firms to identify and make more effective use of knowledge, ideas and technologies.

The need for innovation also goes beyond national boundaries. Globally, the GM economy is facing complex challenges in the form of climate change, an ageing population and the need to find new and more sustainable forms of energy and methods of food production and distribution. Solving these challenges in an economically sustainable way (so that, for example, UK companies can take advantage of low carbon technologies) will demand new approaches to innovation, new combinations of skills, and teams of people who can combine their disciplines and expertise in new ways.

Our observation shows that the current opportunities are dedicated to separate groups of students. What we would like to suggest is to set up a framework, where students with different educational background (design, business, life sciences) would be able to work on common projects, bring in their own approaches and thinking. As a result, they not only learn each other's thinking, but will be able to adapt to a multidisciplinary working environment and even might set up their common first business together.

Good practice suggestion: open innovation between companies and students represented by [Demola/New Factory](#) in Tampere, Finland.

• *Promote collaboration between universities and colleges*

Manchester is well known for its excellent knowledge base. The strong universities and the colleges in the Greater Manchester area provide excellent research and teaching opportunities. As it was showcased, there are really impressive strategies and initiatives in the different universities and colleges. Each institution has its own comparative edge and field of expertise; they are willing to co-operate with the different actors and businesses.

There are a wide range of courses, centres, research programmes and knowledge transfer initiatives that have been established. The GM universities invest in new ways of teaching and researching and collaborate with other disciplines.

These activities and initiatives are being driven and championed by the universities themselves and come in a wide range of forms, sizes and costs. However, for better utilisation of the opportunities, we suggest that relevant decision makers of these institutions get together, discuss their strengths, weaknesses and search for possible cooperation options as well as synergies between their strategies and initiatives.

- *Encourage public private partnerships supporting more targeted education*

The labour market is formed by all actors; each of them has its role – education, business, authorities, students, labours, entrepreneurs, etc. As a bit more general recommendation we would like to suggest all stakeholders to encourage the development of public private partnerships in order to ensure that students gain knowledge needed by the market.

Public-private partnerships could be an opportunity to improve the quality and relevance of an education system or increase funding possibilities in order to allow the government to offer a better educational system.

It's important to support companies in feeding their entrepreneurial culture, collaborating with Higher and Further Education institutions, towards the recruitment and employment of graduated people. This approach is important, as the labour market, as well as the economy, is strongly dependant on the activity of its actors.

When an arena for dialogue between the actors is provided, and they can discuss their problems, ideas and initiatives, the strategies and actions can be better coordinated which ensures the best implementation. This will allow Greater Manchester to have the knowledge-supply that meets the knowledge based economy's requirements. A next step could be to further improve the public private partnerships with the involvement of the private capital into the investment related projects, like investing into research facilities and infrastructures.

The partnership working between public and private sector organisations as well as the city's educational institutions encourages the creation of new links and opportunities between creative companies and other business sectors.

Good practice suggestion: In Észak-Alföld region the University of Debrecen has an active cooperation with companies. [One good example is the cooperation with the IT Services Hungary Kft.](#)

Section 4: Innovative Environment

(a) Key Findings

The key findings related to innovation environment may be summarised to the following observations:

- *Strong innovation anchors and knowledge base for the development*

The Greater Manchester region has strong innovation anchors i.e. Manchester Science Park, Media City and the universities. The universities offer a wide base of knowledge and skilful workforce for the region's current needs as well as for the future.

- *Good cooperation between companies and universities*

There is a good culture of cooperation between companies and the universities. e.g. some entrepreneurs are sitting on the advisory boards for the universities.

- *Real innovative and creative environment*

In the Greater Manchester region there seems to be a real innovative and creative environment. This is not only due to having several universities and large media sector, but also due to multiculturalism and open attitude of the city. The city is big enough for the creativeness and innovations to feed themselves and to further develop.

- *Wide range of services and service providers*

A wide range of different services and service providers to help create and boost companies exist in the region, including e.g. incubators, science parks and business angels.

- *The possibility clearly to be "The Second City" in the UK*

Although technically the third city, Manchester has proven its potential to be "the second city" in the UK after the capital. With real creative, innovative, multicultural and vibrant environment it has and can still further increase to attract domestic and international investments and business. With reasonable prices of housing and available commercial space the city itself and the surrounding areas are an attractive option for business, employees and families compared to the capital.

Manchester has a strong emphasis on media and biotech which both still have a lot of uncovered potential and which may be the next major business areas to create big business. This will help the city to keep its position in the country.

- *Few indicators to measure success*

Measuring success and innovation is a challenge everywhere. The same seems to apply to Manchester as the indicators used to measure success for initiatives like Innospace are not very well developed.

(b) Recommendations

- *Improve synergies between different actors of the innovative environment.*

There are many actors in the innovative environment and it seems there is a lot going on. Improving the synergies between different actors and cutting out overlapping activities would release some of the precious financial resources to help create and do more with the same amount of funding.

- *Further exploit existing multicultural and multidisciplinary approach.*

Manchester is a very multicultural city having also three universities with variety of different disciplines. Both aspects can be further utilised e.g. in using the Manchester brand or further developing the Corridor.

- *Further promote a start-up atmosphere through multidisciplinary cooperation between universities in an open innovation environment.*

All universities in the region have their own business incubators. It would be beneficial to create an open innovation platform where all students from all different universities' incubators could easily mutually cooperate together with local businesses and public organisations solving real life issues.

- *Further exploit the opportunities developed through the creation of the Corridor and the Media City.*

Corridor Manchester and Media City are good concepts, and it is impressive that Manchester has been able to attract such a large portion of the country's media industry. There is still more potential in the Media City to further develop and employ more people directly in the media sector, particularly from the more deprived areas, but also indirectly via different services and activities around it. Also, further developing the Corridor will have indirect positive effects in the city.

Section 5: Partnership

(a) Key Findings

- *Wide range of services and service providers including incubators, science parks, business angels.*

In Greater Manchester there are a wide range of services offered by different stakeholders related with innovation, so as a result, there is a positive atmosphere in which innovation is considered as a key factor for gaining competitiveness. There are different facilities and physical spaces where the actors can meet each other, identify themselves as being innovative and part of a group etc. Existing incubators and Science Parks are a good example of this.

Nevertheless from the perspective of an entrepreneur, company, or institution willing to innovate, despite all those possibilities, it seems it is not easy to determine to whom to turn to when external assistance for innovation is required. Somehow the different stakeholders are working without clear connection between each other. Although there is a positive perception of entrepreneurship, excessive focus on individuals as a kind of “isolated flowers instead of being part of a garden”, may lead to losing the potential profitable synergies from adding efforts when working jointly within a network. The specialisation at the different stages could help to clarify the current cloud of different actors, so that in the end those who need a certain assessment will know clearly where to find it depending on the different development stages they are.

- *Willingness to cooperate at Greater Manchester Level*

During the peer-review week, we noticed a really good atmosphere of cooperation between different companies at the Great Manchester level. This relationship is good between companies and universities and even though it seems that some partnerships are rather informal or soft partnerships, they do exist. However this cooperation seems to be not strong enough between the different universities, who seem to play their own role in a competitive scenario for attracting students according with the information obtained during the peer review.

The Association of Greater Manchester Authorities (AGMA) acts as a kind of regional authority (even though it is a local entity), keeping in touch different actors in a structured way in theory. However, even though there is this cooperative environment at the highest level, in practice there is not a strong cooperation framework at operational level, mostly between public and private sectors. The role and awareness of the GM Local Enterprise Partnership (LEP) which is tasked with delivering the economic development agenda is also unclear amongst stakeholders. It appears that the unclear ownership of the strategy makes things flow without a clear leader to build up the roadmap to be followed, possibly as a result of the complexity of the governance

arrangements in this transition period facing challenges that must be turned into opportunities.

- *Good example of innovative approach at The Corridor & the Media City*

There is clear evidence of innovative partnership approaches in the region, as for instance the associations established in Corridor Manchester, in which different actors are involved for providing services in this case, attending to a geographical area. In this way they have identified a common floor for complementary services, transport infrastructure, facilities to be shared etc.

Another good example of an innovative approach is Media City, as an example of how joining resources and efforts produce bigger results, building up and refurbishing a geographical area in Salford, attracting new companies related with the media sector, creating the conditions to incubate new SME's around a clear hub of innovation, providing facilities, networking opportunities, complementary services, social service, creating jobs in the end around an anchor as the media sector is, thanks in this case to the BBC facilities.

- *Low awareness of European partnerships*

Generally speaking the engagement of European citizens is weaker in the UK and in Manchester than some other European regions and member states, surely as a reflection of the role and uncertain position of the United Kingdom within the European Union. Involvement by most stakeholders with transnational EU funds may also be due to a good track record of securing Structural Funds and a lack of knowledge about how transnational partnerships and cooperation can add value to regional activities. Consequently the idea of European partnerships or association in some (but not all) fields is too weak. According to the presentations and information provided, the companies are more focused on those countries related with the former colonialism age, instead of addressing their efforts to closer links with other European countries for exporting their products and services, maybe the lack of other languages skills is an important barrier to overcome, or it may only be a perceived barrier.

During the peer review meetings the references to the European issue, apart from the references to the Structural Funds received and used for, among others, building new facilities and business support and some training, there is a weak perception of the potential advantages to be gained from further European cooperation. The networking groups that do exist in this area are minimal in relation with the size and figures of the Great Manchester area. In some cases such involvement is perceived and carried out by society and organisations as a small group of European aware people which is not mainstreamed across all activity, providing little added value for the region, prohibiting this kind of knowledge and thinking to enter into the mainstream of all activity.

(b) Recommendations

Map and categorise the existing partnerships

During the peer review we noticed that in practice there are many more partnerships than are officially mentioned or recognised, but in some cases there may be no awareness about this situation. This is probably due to the fact that some of them are quite informal and respond periodically to specific issues. Visibility of existing partnerships may be lacking.

A first recommendation would be to map and categorise the existing partnerships. It may be useful to carry out a formal study led by an umbrella organization (at Greater Manchester level) helped by some university resources, among private and public organisations to know what kind of relationships they have among them, formal or informal, based on daily basis experience, scope of the activities, shared needs, different levels, different kinds, geographical coverage, sectors etc.

A second step would be to monitor, categorise and structure the identified partnerships and actors, according to their nature, their interests and their expectations as identified in the first stage.

Finally, a proposal about the potential for future partnership creation, could be submitted to the different actors as a result of the study in a first round draft with detailed feedback. This final stage will also act as a kind of filter for those willing to become partners from others with a more independent nature.

Formalize partnership for better coordination

As the regional level disappeared in 2011 and with it the coordination of projects and initiatives at regional level, the city region should strengthen its role as a coordinator and be a facilitator for further synergies and cooperation between the 10 municipalities.

However, due to its current structure and way of functioning, it appears that the city region is confronted by the issue of municipalities fearing to lose their competences or being reluctant to carry out policies seen as detrimental to them individually but which may be beneficial for the city region as a whole. A first step has already been made with the creation of the GMCA and the LEP.

The existing informal or future partnerships should be formalised. This might involve , an agreement that might be signed by the different parts involved but always having a clear leader in charge of organising meetings, managing discussions, gathering partners, even though the decisions are made within the boards of directors. At the same time, the agreement should be flexible enough to adapt the structure accordingly, allowing new involvements, establishing periodically meetings but changing them if necessary, split the executive actions into different working groups as quality, training, innovation, skills needed, internationalisation, sectors, geographical coverage, level in the supply chain,...

etc. For instance, as the example of the geographical partnership in the corridor has shown, something similar could be achieved in the town centres.

Once a partnership is settled down, a special attention should be paid to the interrelation with other partnerships at regional, national or international level as well as the relationship with the public bodies to be considered as common voice for tackling the different issues showing up.

The coordination will be profitable itself, in terms of avoiding duplication of provisions among quite similar organisations or actors, therefore, devoting those resources to another needs, as well as to get economical synergies in terms of facilities, marketing campaigns, training, insurance, complementary services and infrastructure provision. Generally, a win-win scenario has to be designed for the key players through the creation of common projects and the offer of added value.

For the municipalities and private stakeholders to be willing to cooperate and invest time and money in the cooperation, it has to be clear to them what they are getting from this cooperation (and what opportunities they may be missing otherwise).

Good practices may be found at city-region level at

http://urbact.eu/fileadmin/Projects/CityRegion_Net/events_media/Final_Conference/City_Regions_in_progress.pdf

➤ *Provide networking opportunities to support new and alternative partnerships*

In some cases, due to the different backgrounds, focus and size it is not easy to set up partnerships at all levels, so a previous step as a recommendation is to create the conditions to gather different actors more often to at least meet each other from time to time, so, use whatever opportunity to meet and know what the others are doing, what they think, what they need, what they are looking for, share expectations in the end. Therefore, events like conference, fairs, seminars,...etc. are very welcome as a floor for meeting the others. The goal is to gain awareness about being an equal part (pieces) from a group (puzzle) rather than isolated ones. Identifying with a larger entity (Greater Manchester, Europe) is a first step towards building sustainable partnerships. With time this could evolve into concrete partnerships. But if they don't have relationship at all, it will be so difficult to visualize common features, interests and goals.

Regarding European partnerships we suggest to get a proactive position instead of a reactive one, which is the scenario Europe is walking towards. In terms of value consequently the advantages of looking to Europe, exchange knowledge with the European neighbours. In these terms, is highly important to highlight the need to be involved in European projects in order to exchange knowledge, gain co-financing and get further levels of competitiveness in order to create jobs. European projects should truly be seen as an opportunity to create links and partnerships across borders: seeing them as a mere financing opportunity may lead to little added value.

➤ *Build more bridges between private and public sectors*

Public sector organisations could possibly be much more engaged with the business sector, in order to provide a skilled workforce to the market, in order to know the needs and expectations, trying to collaborate closer than the currently do. So a recommendation is to establish a permanent link between the public organisations and main private stakeholders, as a conduit to allow the flow of information in both directions.

Furthermore, the transition process from public to private is a matter of fact in many cases, but maybe is an opportunity to clarify the framework of public organisations to enable them to be visualised by the private sector. The role of the LEPs should be further clarified, especially as they are in charge of innovation policy. LEP ownership should be promoted and developed at local and individual level in order to avoid overlapping of initiatives due to competing organisations & municipalities. Transparency and dissemination actions should be used as a means to increase ownership at local level. Effective communication between all stakeholders seems to be a key issue here.

➤ *Strengthen clustering where appropriate as a part of the strategy*

Even though currently there are some clusters working well, they could be boosted and improved in terms of fluent communications, be represented more actively, and turn the mutual learning process into a significant increase of competitiveness for specific topics, structuring the different actors in the added value chain within different sectors, when designing a strategy, a transversal and common goal should be to set up clusters in whatever scenario. In this way clusters might be represented in the existing partnerships already established, as well as the main representatives.

The objectives set by the European Union as an EU growth strategy for the coming decade to be reached by 2020, are:

- Employment
- Innovation
- Education
- Social inclusion
- Climate Energy

Special attention should be paid to Innovation, in these terms a new programme for the period 2014-2020 has been launched under the denomination Horizon 2020: Research & Innovation, so this will be a good opportunity to set up cluster on innovation in Greater Manchester to submit proposal to this European call. University partners will be key to this as they have the experience of working with such funds and all stakeholders are encouraged to work with them. Strong multi agency partnerships will be key to the success of maximising the potential from this programme.

Link European programme "Horizon 2020: Research & Innovation"

http://ec.europa.eu/research/horizon2020/index_en.cfm

Related to clusters, as an example of good practice could be what in Castilla y León region, Spain, was set up for boosting electric cars, since automotive factories are the most important ones in terms of employability in the region. So, in order to be well positioned in the coming future a “Regional Strategy for Boosting the Electric Vehicles” was launched, tackling 3 main axes: Industry, Infrastructure and Market, and having a fourth transversal axis called Cluster. This is an example of contribution at regional level to the European objective of Climate Energy by 2020, in this particular case as a part of the Green Economy.

<http://www.vehiculoelectrico.jcyl.es/>

The goal is to boost this sector with a clear strategy and roadmap to be followed by the stakeholders involved in order to lead the market and create jobs based on innovation.

Section 6: Sustainability of the jobs created by the innovative sectors

(a) Key Findings

Although it appears that the UK has managed to avoid the most extreme extent of unemployment caused by the ongoing financial crisis, the UK unemployment rate is worryingly high and even higher in the Greater Manchester area. Even more worrying, there exist severe pockets of extremely high deprivation and unemployment in specific geographical areas across GM. In addition the unemployment situation is also high amongst young people and the unskilled population.

The ongoing transfer from an industrial to a knowledge and service oriented economy seems to have hit the former industrial city of Manchester and among others caused increased unemployment amongst the young and in particular those with less skills.

The Manchester area has always been recognized as an area of innovation. The early industrial development was indeed based on innovation, where the natural advantages of the area, led Manchester into becoming a leading economic region in Britain. Since then, Manchester has managed to maintain its position as a second to the London metropolitan area.

Manchester has a number of strong financial institutions as well as world class universities. The development of the "Corridor Manchester" and "Media City" as innovation hubs is a pro-active approach to support the emerging creative and knowledge economy. Also more focus on sustainable development and usage of renewables will act as an innovation engine. Consequently a skills development program is a natural step in order to ensure a successful transition as well as catering for new jobs.

However this transition process will require strong cooperation within the "triple helix" framework as the complexity and risk is high. Previously there was a relatively strong cooperation between the municipalities forming the Greater Manchester region. However, recently changed UK administration systems have caused setbacks in this cooperation on a more formal basis, and the current status is that the municipalities has formed a "Greater Manchester", GM, partnership. However, as this partnership is a voluntary based cooperation outside of the local authorities sector, the structure may be vulnerable in order to ensure a consistent coordinated effort.

From the visit to Tameside, it was observed that there are interesting initiatives ongoing in order both to ensure the development of new entrepreneurial initiatives as well as supporting ongoing businesses, focusing on SMEs. The experience from this initiative indicates that the methods and experience should be communicated wider and eventually could become a more general approach as for how to support business development.

It was noted that there is only limited knowledge about relevant EU programs which may help financing triple helix cooperation, ensuring continued development of the innovative process, hopefully again supporting establishment of jobs. Also other EU programs focusing on education and skills development as well as softer skills are not

well known and consequently underutilised in Manchester and better use of these programs could help Manchester in the transition process.

(b) Recommendations

Recognising the fact that we are in the midst of a transition period, which among others is characterised by decline of the traditional industry and rise of the competence economy, we are required to take steps meeting the accompanied challenges.

Manchester, traditionally a strong industrial region, is especially concerned about the challenges arising from the transition process. However Manchester has a very strong competence led by its three universities and strong R&D capacity. Furthermore Manchester has a long history of being an innovative region with high entrepreneurial spirit. This fact is exemplified by the establishment of Media City focusing on the high growth of the media related business. Also the establishment of the Corridor, to a large extent a science based entrepreneurial facilitator, shows the entrepreneurial spirit of Manchester.

Hence it is important to strengthen the support facilities helping the transformation process. Among others this will require a strong triple helix environment, which again both will require sufficient financial mechanisms as well as strong commitment in the network forming the basis for cooperation. Some concrete aspects are:

- Improve the financial sustainability of the innovative environment in the Manchester region and continue the ongoing activities by utilising available EU funds. The review team observed that the innovative environment in Manchester was well developed. Also it was noted that changes in the administrative system in the UK had removed some regional coordination capacities, which to some extent have been replaced by a voluntarily cooperation body. This may turn out to be a crucial situation and in order to secure this good work, the team want to point out that, in principal, there are available EU funds available for good projects supporting innovation.
- Prepare for jobs that do not yet exist by focusing on transferrable skills and processes. As pointed out, the ongoing transfer from the traditional industrial economy into a knowledge based economy will require new skills as the new jobs are quite different from the past. The transition is still ongoing and the end results are not at all evident, but what is certain is the fact that more changes will follow and they will continue to emerge as waves. This means that adaption to an ever changing environment is a highly appreciated skill and one which will be valued. Also it is a fact that international cooperation will increase requiring among others with language skills and knowledge about cultures in other countries. Hence this will favourite those who acquire skills that are transferrable rather than skills which are related to the current situation and more "old fashioned" manufacturing. This could also mean a need to continue to welcome workers from other EU countries to fill these gaps.
- Ensure that the supply of knowledge is sufficient to fuel the knowledge based economy (Corridor Manchester for instance). The ongoing effort in developing

certain innovation hubs aiming at supporting companies participating in the knowledge economy will require access to highly skilled people. This fact addresses the need to focus on how to ensure that there is capacity to educate the young as well as how to re-educate the older generations. This includes widening all peoples horizons through their involvement in all European programmes, not only Structural Funds. Consequently one has to address the education system, ensuring that the capacity is sufficient and also promote the importance for people to join education programs which aim at supporting this development. Curriculum development will hence also form an important part of this development.

- Define a strategy to retain the skilled workforce in the Manchester area. Traditionally the three universities in Manchester have been a part of the national education system providing for the UK need for an educated workforce. However the transfer into knowledge based economy will increase the need for a highly educated work force, hence increasing the competition for the students. Now, Manchester having the advantage from already hosting this group must develop a strategy to ensure that the student will prefer to remain in Manchester after completing their studies, allowing them to help develop the innovative knowledge based economy presently emerging. One of the important factors seen to support the choice of where to live is to support a well functional inclusive cultural environment catering for a wide range of preferences.

Also the review team will point out the importance of supporting a well functional triple helix partnership with a regional responsibility supporting the emergence new knowledge based companies. To a large extent the knowledge companies will be started by entrepreneurs often having limited business knowledge. In order to ensure sufficient survival rate it is important to maintain the best support regime possible, requiring a triple helix approach. Continued cooperation between the various municipalities forming the Greater Manchester is hence also an important part of this approach.

Section 7: Conclusions

The Manchester sub region has a long history of being an innovative region. The rise of the industrial Manchester was indeed a result from this innovative approach, taking advantage from the natural environment in the region (being the right humidity for cotton thread spinning).

The industrial revolution in the past helped Manchester developing into one of the key regions in UK, only being surpassed by the London Metropolitan region. This allowed Manchester to develop both its financial capacity as well as its university capacity helping the further development of Manchester. However the current constraint on the traditional industries has caused increasing unemployment in Manchester. Presently it is observed that it is difficult to enter the workforce, especially if the skills do not match those asked for by business.

The ongoing transition from a traditional industrial economy into a knowledge based economy will require an ability to adapt in various ways. However with the use of the combined efforts from various Manchester stakeholders it is likely that Manchester will be able to emerge as a strong region if a proper strategic approach is developed.

The review team would like to put forward a set of recommendations that might support the ongoing transition. These include:

- the maintenance of a working triple helix cooperation including all municipalities forming the Greater Manchester region;
- recognising the importance of developing a common strategy prioritising objectives that are understood by all;
- the creation of cooperation arenas;
- lean on the strong Manchester brand name;
- further take advantage of the strong innovative Manchester environment;
- continue to develop the support mechanisms for entrepreneurs and start-ups;
- take advantage of all EU support programs;
- continue to develop and support formal and informal partnerships; and
- address skills development issues as this is crucial in order to support the emerging knowledge based economy.

In particular the availability of a strong competence pool within the universities and R&D community in Manchester seems to be the important factor, helping Manchester in the transition process as well as further development of innovation hubs like Media City and the Corridor.

The Peer Review Team got the impression that the Manchester stakeholders are aware of the various steps to take and are willing to extend their cooperation, ensuring a

success of their efforts in further developing Manchester into maintaining its position as a leading innovation hub.

Finally, whilst we accept that in one week we cannot fully understand all of the issues facing the sub region and accept that there may be some information that is either missing or had been misinterpreted, we hope that this report by the peer review team, will help local stakeholders in Manchester. We hope that we have given a useful external view on what we see are some of the potential issues facing stakeholders and we hope that some of it if not all will be a helpful tool in the future.