

CAMPAIGN FOR BUSINESS

2024



A PLAN FOR GROWTH

Following May's Local Elections when Andy Burnham was re-elected for a 3rd term as the GM Mayor, the electorate will return to the polls on 4th July when the General Election takes place.

This update expands May's Campaign for Business 2024 when the focus was solely on local issues. In addition to these there are now national level 'asks' representing what GM businesses expect from the next government.

Whoever forms the next government the focus has to be on growth. So far neither of the main parties have produced any plans that give confidence that the average 1.1% growth since 2008 can be reversed and the UK can once again achieve the average growth of 2.8% seen in the preceding 50 years.

Whilst for the next 4 years the GM Mayor will have a new range of funding and powers at his disposal via the Trailblazer Devolution Deal it is equally important that, at a national level, the next government recognises the importance and impact that the GM economy has in the UK's performance and how a strong and growing GM economy can impact on the national economy.

We have kept to our original 5 Campaign for Business 2024 themes. We have detailed a series of 'asks' that have been developed from our work with our members and other businesses and expertise on issues such as skills and trade alongside a range of other themes that impact on businesses in the city region.

There is also a growing recognition and ambition that across the North West better connectivity and collaboration between Greater Manchester, Liverpool City Region and other areas will act as a catalyst for growth, harnessing opportunities and finally delivering vital transport links. These include, for example, calls to progress new options for inter-city connectivity such as new high-speed rail connections between Liverpool, Manchester and ultimately, Leeds. This has local impact but needs national recognition, buy-in and support.

The Chamber plays a critical role at GM level representing the views of its members and other businesses taking an active part in helping shape the future strategy for the region. Local businesses can best be represented by a local voice. At a national level by focussing on the Chamber's strengths coupled with the other 'asks' contained in our Campaign for Business 2024 we can play a critical role in ensuring that businesses will get the best out of the coming years in GM set in a national economic strategy focussed on growth.

Trailblazer devolution coupled with a revitalised and refocused national policy landscape offers huge opportunities for economic growth in GM but businesses must be actively involved in this. We intend to facilitate, encourage and maximise this engagement at local and national level taking a prominent role with other business organisations, supported by our data and intelligence and guided by the contents of this document.

SKILLS

The UK government has set an ambition for a "high skill, high wage" economy following years of low wage growth and low productivity – a consequence of previous government policy. This ambition needs clear and concrete action by developing a pipeline of skilled workers – both resident and migrant labour – that provides opportunities for all people if given the support and training they need. GMCC is the designated ERB for developing and managing the Local Skills Improvement Plan (LSIP) for Greater Manchester. The findings from engagement with nearly 3,500 employers undertaken for developing the LSIP showed that employers across all sectors face recruitment difficulties and labour shortages. At the same time, the findings also showed that employers are not investing enough on upskilling and reskilling for their staff with a decline in training spend over the last 20 years.

Improving workers' skills is essential to improve productivity both nationally and locally and GMCC is working with education and training organisations across GM to ensure that the recommendations of the LSIP are implemented. We urge the next government to focus on technical and vocational skills, keep new initiatives to a minimum and allow adequate time to embed necessary changes in the skills system.

We recognise that funding is imperative to make progress and we believe that a re-modelled and re-purposed Apprenticeship Levy could supply initial funding and investment to act as a catalyst for change.

However funding alone is not enough there must also be systemic change and providers must be more flexible to adapt to changing market conditions and different demands requiring different solutions in different areas.

GMCC ASKS FOR

THE NEXT UK GOVERNMENT TO:

Undertake a fundamental review of the Apprenticeship Levy to re-model and re-purpose this so that it can act as a genuine source of wider skills funding to support businesses especially SME's with targeted interventions to help them recruit, train and upskill staff.

Release capacity and resources to allow training providers to recruit and retain skilled staff necessary to deliver identified priority training areas. Establish a funding model that will encourage employers to release staff to support training especially in priority subjects such as construction, net zero and engineering and manufacturing. This must not just be a 'cash handout' to employers but must form part of an overall longer term strategy to reverse the long term decline in training and skills development.

Simplify and streamline funding mechanisms to give clarity to employers and learners. With the advent of Lifelong Learning Entitlements in Sept 2025 there will be another significant source of funding available to learners the concern is that this is another scheme that will be added to an already crowded market.

Acknowledge and recognise of the need for overseas labour to ensure vital and essential jobs are filled. In many occupations there is a lack of an available workforce and employers need access to skilled migrant workers to fill these jobs. The ambition will be to fill these gaps with skilled UK workers in the long term but without access to overseas workers now the economy will continue to struggle.

IN GM:

Continued full backing for the roll out of the Integrated Technical Education System in GM ensuring that employers have a fundamental role within this to inform, influence and help skills provision to meet their needs as well as play an active role in reversing the decline in Apprenticeships and support the development of T Levels and other technical and vocational qualifications including the Mayor's plans for the MBacc that will help address disparities around technical and vocational education. The structure of the new system should be able to react and respond quickly to employer needs as evidenced through the LSIP.

Certainty and clarity around existing initiatives such as the LSIP and other opportunities to encourage more businesses to actively support the local skills system and play more of a role in helping develop and deliver vital training, and encourage more uptake of existing training. This should include greater employer engagement supporting Careers Advice which will offer young people greater clarity over their employment options and career paths.

The continuation of projects and funding that address skills needs identified as being critical to embed innovation across the workforce in all sectors. Activities such as the Further Education Innovation Fund will be increasingly important in helping with the 'new' technical skills alongside a focus on Leadership and Management to deliver the necessary personal skills to take full advantage of upcoming opportunities to maximise projects such as the GM Investment Zone.

Funding and other support necessary to ensure that there are sufficient tutors, teachers and trainers, paid at a level that reflects their skills and importance to the GM economy, to meet current and future demand especially in technical subjects and which also allows providers to keep pace with changing technology and methods. This may involve the input and assistance from employers and industry.

Digital skills - from basic 'office' functions to advanced coding and software development- need to be treated with the same importance as Maths and English. Future job roles will rely on employees having basic digital skill sets as a given and evidence is clear there are significant gaps at present. This mirrors the ambitions of the MBacc in creating options for young people to give them the right career paths and training.

A focus on ensuring that all members of the community have access to the training and skills development needed for them to be employed and take advantage of new initiatives across GM.

TRADE

The Chamber's QES data shows that many GM businesses are struggling to enter export markets and/or expand the exports they currently do and that demand from their international customers declined further in 2023. This trend is due to the impact of Brexit and its effects on manufacturing and small businesses is alarming and must be addressed as a priority.

Increased paperwork and non-tariff barriers post-Brexit are a serious concern for businesses and it is important to make sure that SMEs are not put off by the heavy compliance, administrative burden and, more recently, the increased costs associated with international trade.

It is vital that more is done to facilitate trade with EU countries and to reduce the barriers and costs of doing so. Despite the succession of new rules resulting in extra costs the EU is still the UK's major export market. But trade conditions need easing and costs reducing to ensure every benefit is maximised from this. The silence from all parties on issues associated with Brexit is unacceptable and from a business perspective deeply worrying. The expertise within the business community and organisations such as the Chamber must be co-ordinated and used for the benefit of all current and potential exporters. The next government must be clear about its approach and response to the impact of Brexit.

International trade links are vital to both exporting but also ensuring smooth flow of imported goods, including raw materials and components used by UK manufacturers. These links are also critical to attracting FDI into GM. Therefore, businesses need support with international trade but focussed in a different way than before.

GMCC ASKS FOR

THE NEXT UK GOVERNMENT TO:

Ensure government trade support is directed to areas of most need to sustain existing trade connections and allow easier access and expansion in value of trade especially with EU countries where the impact of Brexit has been most keenly felt.

Engage with Chambers and trade associations to understand the challenges faced by traders so their feedback plays an important role in the negotiation of future FTAs or improving existing ones, also to understand what kind of practical support is needed by traders. There is a lot of funding going to trade missions, exhibiting overseas and basic export and import training, but very little to help traders adapt to new customs rules where tailored and bespoke support is needed. Where businesses have 'given up' or taken a 'step back' from certain markets we need to ensure they are provided with the right tools and support to get them back into those markets.

IN GM:

A new and expanded GM Trade Strategy to be established that will:

- **bring together the existing strengths and expertise across the city region in a cohesive and better integrated and targeted way to simplify access, remove duplication and take advantage of existing connection with overseas markets,**
- **give more support to help with the export of services (c. 60% of GM exports) as most of the support is currently geared for exporters of goods, however manufacturing has also seen a decline and help must be available to address this too, HMRC/ONS data show how whilst GM, in most cases, has the largest proportion of exporters in the Northwest, export performance tends to underperform when compared to other regions in the Northwest,**

- **reestablish and grow trade links and develop new opportunities with the EU with a corresponding expansion in resources to deliver this, including preparing for upcoming new legislation and border control rules and changes to VAT packaging, labelling, and Carbon Border Adjustment Mechanism (CBAM) that will impact UK businesses. EU barriers must be addressed by specialist advice and support already available within GM but which needs better coordination,**
- **focus on inward investment opportunities that match priority sectors within GM such as Net Zero, Digital and Technology, as well as Advanced Manufacturing/Materials to mention but a few, and which offer the widest possible benefits and deliverables to the GM economy,**
- **be backed by ongoing and robust research and analysis to identify key GM sectors where trade is lagging behind other comparative regions and identify and deliver effective solutions,**
- **use effective data and analysis to forecast potential future issues as well as pick up on new and emerging high business opportunities in fast growing developing markets (forecasted to make up 60% of global GDP by 2030) the analysis of which will be translated into effective strategies and delivery plans,**
- **ambitiously expand on limited help and support to ensure that GM businesses are best placed to cope with new and planned legislation and regulatory changes in all global markets.**

CONNECTIVITY

It is vital that the movement of goods, people and data is made easier, more sustainable and recognises the long term economic benefits rather than purely through the lens of costs. Infrastructure investment should be seen not just as a cost but a long term investment for the country's economic future. Too often in recent years the wrong decision has been taken for the wrong reasons and we have, in effect, gone backwards compared with other countries. Much needed investment needs doing on the basis of evidence and impact not purely cost.

Greater clarity and firmer decision making is also required. HS2 was not abandoned because of engineering costs alone. Costs had risen dramatically because government could not decide what it wanted from the initial £38bn investment and constant indecision and changes to the scheme repeatedly drove costs up. Political considerations must not impede critical infrastructure delivery. All major projects run across successive governments due to their scale and it is vital that the UK does not fall further behind because of politically motivated decisions.

Connectivity is also vital to encourage the support that businesses can give each other. The establishment of vital connections, sharing ideas and the ability to engage with other businesses and organisations can help unlock new opportunities and innovative ways of working.

Supporting this is the need for the expansion and distribution of the benefits from major investment schemes and key sector-based initiatives such as Atom Valley, ID Manchester and the GM Investment Zone across as wide a range and number of businesses as possible to embed innovative ideas and practice that will drive further economic growth and employment opportunities.

GMCC ASKS FOR

THE NEXT UK GOVERNMENT TO:

Start work on developing and delivering a new high speed rail link from Liverpool to Manchester that must ultimately also include Leeds. Work must also be allowed to proceed on plans around a new rail line connecting Manchester and Birmingham to alleviate capacity issues on existing lines that will increase over the coming years. Land must be safeguarded and all options explored including private sector partnerships and appropriate powers devolved out of London to enable this to happen.

Take effective control of the rail network and any ongoing franchise decisions to ensure that there is transparency and decisions made are in the passenger's best interest. This will prevent the situation seen in 2023 when the Avanti franchise on the West Coast Mainline was granted to be followed by a reduction in planned services. With the cancellation of HS2 and the delays in viable alternatives it is vital that those services already running are reliable, efficient and address passenger demands.

Commit to long term funding and certainty around ongoing improvements to local transport networks including re-regulation of the bus network that will allow genuine transformation to be established across the UK.

Reaffirm the commitment to 1gb broadband across the country and support local areas effectively to achieve this.

Give the National Infrastructure Commission the full authority that was envisioned when it was established to ensure that it has the necessary powers and capabilities to identify and make decisions, not just recommendations, on strategic national infrastructure projects and controls the long term vision and strategic decision making that will transcend government terms in office.

IN GM:

The continued expansion of local transport networks and infrastructure to complete the rollout of the Bee Network, including expansion of Metrolink, integration of rail, and implement 'tap in tap out' ticketing across all transport modes as a priority.

The recognition and acknowledgment that the movement of freight is given the same attention and status as other modes of transport. Logistics is a critical sector for GM and is a key factor in any successful economy. This should be aimed at developing, funding and encouraging more innovative and sustainable ways of moving and delivering freight that retains convenience but is done more efficiently. This will help deliver a vital element of GM's low carbon agenda.

Continued activity campaigning for the delivery of critical infrastructure investment such as the Ordsall Chord - the single, most critical barrier to rail improvement in the North that seems to have fallen out of sight with no-one taking responsibility for it. It is vital that GM's strategic transport connections to the rest of the UK can meet the demands required to achieve economic growth and labour market requirements.

The continued investment and roll out of digital infrastructure with 1gb broadband as a minimum to allow all businesses and residents the access required in a modern 21st century economy. Accessible and affordable broadband connectivity must be treated as necessary utility.

Workable options for an effective orbital public transport option for GM to offer more effective cross-borough options as opposed to the current radial route network which results in unnecessary journeys into the regional centre to then continue outwards again.

A greater focus on connecting businesses, especially SMEs and smaller businesses, to major investment and growth plans such as Atom Valley and GM Investment Zone, through effective networks to share and promote ideas to help unlock innovative developments and solve problems to boost economic growth across GM.

BUSINESS CONDITIONS

The UK has experienced persistent underinvestment with decreases in investment from both public and private sectors. As a proportion of GDP, investment went down from 23% in the 1990s to around 18% now. In the same period, R&D spending has also decreased. Both overall investment levels and R&D spending in the UK are now below what countries such as France, Germany and US spend. Lowering levels of private and public investment have led to the UK economy being increasingly reliant on consumer spend.

Investment in the United Kingdom has been hampered by a number of factors, including short-term thinking, economic uncertainty, higher project costs and the impact of Brexit. Stable policies and public investment, particularly on long-term infrastructure projects can drive business investment. These are essential to the UK achieving its goal of increasing investment levels, addressing the productivity gap and creating a cycle of growth and prosperity.

Although schemes such as full expensing have encouraged some businesses to invest more, this has not been successful in a period of prolonged economic uncertainty - unlocking business investment requires providing certainty over economic conditions. Private business investment follows public investment and there isn't enough of either at the moment in the UK.

The Chamber's role on behalf of business is to use its intelligence gathering and data analysis to monitor economic conditions in GM and to forecast future requirements. Working with other organisations in GM we can ensure that the city region fulfils its role within the UK economy.

GMCC ASKS FOR

THE NEXT UK GOVERNMENT TO:

Streamline and ensure that the impact of different taxation and other financial requirements on businesses are understood and changes are better co-ordinated. The cumulative impact of changes to various taxes and schemes is affecting a large number of business in critical ways.

Develop more local, devolved funding and spending mechanisms including a more efficient and equitable way of tackling the persistent problems created by the Business Rate system.

Guarantee that future funding schemes will not be run on resource intensive and wasteful bidding mechanisms and have longer timeframes. Recent funds have been restricted to short term scales and therefore at risk from sudden changes.

Restructure funding schemes to include a viable mix of capital and revenue funding.

IN GM:

Funding designated for business support and workforce development to be used so that available resources can be fully utilised and give businesses the best chance to access the support and help they need. Business support must be rationalised to a smaller number of high impact services and more collaborative models set up to reduce any duplication.

Clarity and greater awareness around the GM Innovation Strategy, a critical component for future economic growth, with an emphasis on SMEs and encouraging their interest, engagement and involvement.

Opportunities within GM to make more use of funding mechanisms such as retained business rates to maximise financial support for businesses and help develop key future growth sectors. The Mayor should also explore the use of other funds such as pension funds to help grow and sustain business development and innovation.

Continued promotion of the Good Employment Charter and the notion of 'good employment' to maximise the impact of the focus on creating more jobs in key sectors and, potentially, more young people entering employment.

Greater interaction with a wider range of businesses, especially SMEs, to ensure decisions taken as part of the Devolution Deal match needs and gaps in provision, investment and services to develop new and innovative solutions to the challenges they face.

NET ZERO

The transition to net zero is not only a societal requirement but could also be an opportunity for UK businesses to develop, adopt and share world leading net zero technologies. Meeting these objectives requires providing clarity to businesses about net zero targets and measures that they can adopt to reduce their carbon emissions.

The impact of getting this right will also ensure UK's future energy security and could offset future price hikes that have impacted massively on business and customers alike creating inflationary shocks and other negative impacts.

Many challenges remain though. Here in GM there is an ambitious target of being net zero by 2038 - 12 years in advance of the UK target - however many businesses and residents are still unaware of this target and what steps will be required to make this happen. Energy costs are a critical issue for many businesses and this is an optimal time for them to explore and adopt measures to reduce their costs and, potentially, their carbon footprints. However without proper advice and guidance now there are increasing concerns that the net zero target will be missed.

Through the LSIP, GMCC has also identified specific net zero skills requirements across sectors. The transition to net zero required addressing emerging skills requirements and ensuring training provision will help GM address the transition and attract further investment into the sector in GM.

GMCC ASKS FOR

THE NEXT UK GOVERNMENT TO:

Commit and stick to net zero priorities and timescales to create certainty and clarity for business to help with investment and planning.

Develop a UK Green Industrial Strategy that will promote the UK as a place for investment for green technologies.

Standardise recycling across all councils and provide better transparency where recycled materials end up.

IN GM

A sustained campaign to make sure local businesses are aware of the 2038 net zero target for Greater Manchester and are informed of support and help available to make the transition. There is a lack of clarity over how this is to be delivered and businesses and residents must have a better understanding of what is required to achieve this ambition.

Support mechanisms that help businesses access innovative net zero technology, processes and techniques and help roll out locally based and developed net zero solutions.

Adequate funding to deliver the uplift in training and upskilling required to ensure GM has the skilled workforce necessary to deliver the net zero transition. This must include the training and skilling up of the tutors and trainers required to deliver this at the necessary scale and must ensure they are paid at a rate that will attract highly skilled professionals.

An inward investment strategy centred on innovative green technology to help make GM a leader associated with this technology this will be linked with the new model proposed for an expanded trade support service strategy.

Help with the delivery of collecting data for businesses that shows their current carbon footprint and which will assist in monitoring reductions.

Support for retrofitting insulation and make it easier for listed buildings to get permission to retrofit double glazing and insulation. There should also be a pragmatic and practical approach taken as to what can and cant be viably retrofitted. A one size fits all approach must be avoided.

