



Manchester City Region

Dawn of a New Era

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Foreword



Chris Barry - Editor
TheBusinessDesk.com

Manchester City Region

Welcome to the first of TheBusinessDesk.com's City Region economic supplements.

It is appropriate that **Manchester**, the biggest commercial centre of the North West region, is the subject for our first spotlight, which has been produced in conjunction with **Santander**

Corporate Banking and law firm **Pannone**.

We feel now is the perfect time to be exploring the dynamic of our city regions - we'll be analysing the state of play in Liverpool later in the summer - as a year on from the General Election, the new systems and structures of local governance and funding are starting to take shape.

With this in mind, the supplement leads off with an interview with Mike Blackburn the chairman of the Greater Manchester Local Enterprise Partnership.

New funding structures such as the Regional Growth Fund are already up and running, while Manchester Airport has been named as one of the first new Enterprise Zones - which will drive economic growth and create new jobs quickly.

Issues of funding, transport and skill top the agenda in Greater Manchester, as in other regional cities.

Against a backdrop of continuing economic challenge, the Greater Manchester City region has plenty to cheer - it is widely acknowledged that its economy is more diverse and resilient than ever.

There are also a number of 'hot' sectors - smart manufacturing, science and innovation, not to mention the city's strong financial and professional services community.

The opening of the first phase of MediaCityUK - home from this autumn to thousands of BBC staff - is one of a number of key differentiators for Greater Manchester, which also include a major regeneration programme in East Manchester, and the Co-operative Group's major new HQ development.

While the City Region is at the dawn of a new era, the foundations for future success were laid in previous decades with the formation of strong, enduring links between the private sector and city leaders such as Sir Howard Bernstein.

As Mike Blackburn states, it's a 'can-do' attitude and it gives further reason for optimism!

Chris Barry - Editor

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Heavyweight LEP board will make dynamic things happen



Dr. Nicholas Dobson
Senior Consultant, Pannone

As the UK struggles to disengage from the financial mire, there is clearly a critical need to drive sustainable economic growth.

Local Enterprise Partnerships (LEPs) are amongst the key items on the Government's prescription list. LEPs were charted in the May 2011 Coalition Agreement as 'joint local authority-business bodies brought forward by local authorities themselves to promote local economic development'. They are replacing the current regional development agencies which are set to close at the end of March 2012.

'The core purpose of LEPs is to provide local business-led strategic leadership to drive local economic priorities'

The core purpose of LEPs is to provide local business-led strategic leadership to drive local economic priorities. A key aim of the Government is to rebalance the economy towards the private sector and LEPs are pivotal to this with the expectation being that they should normally be chaired by 'a prominent business leader'. However, as Ministers have pointed out, 'it is vital that business and civic leaders work together', so there will normally be equal public/private representation on LEP boards.

Following the Government's June 2010 invitation to partnerships of local authorities and businesses to

'All LEPs face the immediate problem that they will receive no automatic Government or other funding'

submit outline proposals reflecting the Government's agenda, some 30 LEP proposals have been approved. Amongst these was the bid from the Association of Greater Manchester Authorities (AGMA). The Greater Manchester LEP (with a board of eight private sector and four local authority members) is chaired by BT North West Regional Director, Mike Blackburn.

All LEPs face the immediate problem that they will receive no automatic Government or other funding. LEPs therefore have to make their own rain through applications to the Government's £1.4bn Regional Growth fund - RGF (Round 2 of which opened on 12 April and closes on 1 July 2011) and any other available sources, apart from any local authority contributions that might be forthcoming. The Greater Manchester LEP is clearly no exception. Nevertheless, GM LEP has managed to attract some heavyweight talent and Board members will no doubt be generating some serious drive and determination to make dynamic things happen in the region. A robust RGF Round 2 Application will no doubt be a key part of this strategy. For talent and talk is all very well. But as the song in Cabaret shrewdly pointed out, it's **'Money Makes the World Go Round'**.

Dr. Nicholas Dobson
Senior Consultant at law firm Pannone

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Chris Sharkey
Regional Director, Santander

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'We have a strong track record on lending and have made a firm commitment to provide new finance for SMEs.'

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Chris Sharkey - Regional Director,
North West Corporate Banking Centre, Santander



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The Role of LEPs

...as creators of economic development and growth

- by Chris Barry

A passion to make a difference and help make Greater Manchester a better place to live and work is driving Mike Blackburn, the inaugural chairman of the new LEP.



Mike Blackburn
Chairman, LEP

The regional boss of telecoms group BT who served on the board of MIDAS - the city's inward investment agency -and then chaired

the think tank Commission for the New Economy before taking this role, feels Greater Manchester is "well placed" to continue growing, notwithstanding the tough economic backdrop and reduced regional funding.

He says: "We are well aware of the task in front of us. I think the first challenge is to carry on the work the NWDA was doing but with considerably less available resources.

'Across Greater Manchester I think there are a number of common challenges...'

"This means that one of our major tasks is to prioritise projects, programmes and budgets."

He feels too that the organisation must challenge itself to define its own role and position in the City Region.



"I think we have to be conscious that we can't just do more of the same - we need to find how we can have the greatest benefit to the city.

"Across Greater Manchester I think there are a number of common challenges - reducing unemployment, improving skills and raising aspirations."

While accepting there are of course different challenges in each of the 10 boroughs in Greater Manchester, he believes a "unified" approach is the best solution.

"I think it's one of the strengths that Manchester has - there is a lot less infighting than there was say 15 to 20 years ago.

"Maturity is a good word and I believe the spirit of partnership - the way the public, private and third sector works together, is one of Manchester's biggest strengths.

"Yes times are tough, times are hard, but I think that if we can harness this 'can-do' approach, and address the issues we need to, Manchester is well-placed."

Mr Blackburn, 51, says it is 'crucial' the 12-person LEP is relevant to and representative of the 10,000

'...if we can harness this 'can-do' approach, Manchester is well-placed...'

businesses in Greater Manchester.

"I think we have been pleased with the engagement with the business community so far, and it is hugely important that it continues. We had more than 90 applications for the LEP board, which is a fantastic figure, so it's another of our challenges - to galvanise the interest that there has been in the LEP and to build on this."

He feels there is a good mix of sector and size of business among the nine public sector representatives on the board.

"We have big business like The Co-operative but also SMEs and companies in science, innovation and technology as well as construction, property and telecoms. Then there is the third sector as well."

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Private sector line-up of the LEP board is:

- Keith Johnston - from law firm Addleshaw Goddard
- Professor Dame Nancy Rothwell - President and Vice Chancellor, University of Manchester
- Neil McArthur - Chairman and Head of Innovation at Talk Talk Technology
- Ken Knott of Ask Developments
- Peter Marks, Chief Executive of the Co-operative Group
- Alison Tumilty - Deputy Chief Executive and Finance Director of Rathbone Training
- Roger Milburn - Director of Ove Arup and Partners
- Scott Fletcher, Chairman of ANS Group

The three public sector representatives are the Chairman of AGMA - the Association of Greater Manchester Authorities - Lord Peter Smith, and Vice Chairs Sir Richard Leese, Cllr Howard Sykes and Cllr Bob Bibby.

Mr Blackburn, who went to school on the Wirral and was brought up in Cumbria, has worked in Manchester since 1990.

His involvement with MIDAS and the Commission for New Economy has whetted his appetite for his current role.

"I am not someone who gets involved on a board and then just sits there for the sake of it. I want to be active and to challenge, to make a difference," he states.

Looking broadly across Greater Manchester, he says it is important that each of the 10 local boroughs recognise their own assets, but also weaknesses, and that through the Combined Greater Manchester Authority - a new entity bringing the 10 local councils together - a strong dialogue with the LEP is established.

"There are common, binding factors across the region - centred around skills and transport and housing, which can be addressed together.

"I think it's important that there is understanding that there can only be one Kingsway Business Park, one MediaCity, but they are valuable assets for the entire City Region and can offer

employment to people across Greater Manchester and beyond and will therefore require good transport links."

Mr Blackburn feels too that while there are such binding factors, the "uniqueness" of the 10 local authority areas is no bad thing.

"Greater Manchester is greater than the sum of its parts," he declares.

Unlike the regional development agencies - which received money direct from Whitehall - LEPs will not receive any direct Government funding, and instead have to compete with others for funding from sources such as the Regional Growth Fund.

The fact that the regions are living in an era where there is less available resource is evidenced by the fact that last year alone the North West Development agency had a budget of nearly £300m but the new fund will only have £1.4bn for the whole of the England over three years.

Despite submitting more than 20 bids to the first round of RGF, Greater Manchester achieved only limited success, drawing criticism that its submissions lacked obvious private sector leadership - and were overly complex.

So bearing this in mind, what can the LEP do to ensure that Manchester fares better in the second round of bidding for nearly £1bn of RGF cash?

Mr Blackburn says: "We have still not had formal feedback on the Round One bids, but what I would say is that the timescales were hugely tight, and getting private sector involvement was always going to be tough. We put a number of proposals forward focused on job creation.

"Lord Heseltine chair of the independent panel assessing the RGF bids was very clear they wanted to see this. We took a particular approach to our bids, where the funds would be reused, reinvested maybe three times over a 10 year period. Maybe that kind of thinking was not right for Round 1."

Looking forward he says he is optimistic of a better outcome: "For Round 2 we have already started engaging with the Regional Growth Panel about how they are going to assess the

'...getting private sector involvement was always going to be tough'

next bids. What is clear is that this next round is going to include what they are calling 'programme bids' rather than just specific projects and I think that is good for us, in terms of our plans for growth and job creation. Unsurprisingly the matter is at the top of the agenda for the next meeting of the LEP next week.

"I think we are in better shape than we were before in terms of our model, which I think better suits this second round."

He said the private sector board members would bring "a rigorous dimension" to the bidding process. While acknowledging there is "a very big job to do" Mr Blackburn says he is excited about what the LEP will do.

"I am not a person to stand back and I have a lot of passion for Manchester and the North West. It's all about making a difference - I have a lot of history here."

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The Future of the Regional Economy

- by James Graham

For the past decade the mantra of regeneration chiefs has been the development of the 'knowledge economy' - prosperity built on ideas and innovation rather than metal bashing and mass production.

This will attract high value jobs, they say, generate revenue from intellectual property rights and hopefully create whole new industries to replace the ones that have been lost over the past 40 years.



Jane Davies
Chief Executive,
Manchester Science Park

It's easier said than done, with the high start-up costs associated with many pioneering ideas creating funding problems and requiring

perseverance and tenacity on the part of investors. But there are signs that Manchester is starting to benefit in this area, reaping rewards from ideas that have grown out of the

'...there are signs that Manchester is starting to benefit in this area...'

close association between the universities and the city's hospitals. These ideas have led to the creation of new companies and attracted direct foreign investment.

These advances have also



Gene technology success at the University of Manchester's Core Technology Facility.

prompted Manchester City Council to work on the 'corridor' initiative which will seek to consolidate and build upon the healthcare and educational assets which line Oxford Road, south of the city centre.

The flagship project on this two-mile stretch will be the former Royal Eye Hospital site - adjacent to the Central Manchester University Hospitals campus - which should be open for business as a centre for biotech and medical technology companies towards the end of next year.

The council expects the site to create 450 high value jobs and add £61m to the city's economy. Clinical trials group ICON, which already has a base at nearby Manchester Science Park (MSP), has been pencilled in as the anchor tenant. Manchester property group Bruntwood is developing the site and MSP will manage it.

Jane Davies, MSP's chief executive, believes the project will offer biotech companies something unique and spearhead the future growth of the sector in Manchester.

"The key thing is its location on the NHS campus," she said. "For some

companies that's a tremendous advantage. It will be the first time companies will be able to sit cheek by jowl with the clinicians delivering the healthcare. So if you're in that sector it's the only place to be."

'...a good example of how pioneering technology can create skilled jobs...'

A similar plan has been devised in Wythenshawe where the enterprise zone that is intended to attract business to a new Airport City development will be extended to incorporate Wythenshawe Hospital which has expertise in the treatment of heart and lung-related illnesses.

Former AstraZeneca scientist Dr. Steve Little, one of Davies' tenants at Manchester Science Park, is a good example of how pioneering technology can create skilled jobs, attract investment and develop a new manufacturing base.

He started DxS with Dr David Whitcombe at the University of

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Manchester's Core Technology Facility just off Oxford Road on Grafton Street in 2001. Spurred by advances made through the Human Genome Project, which enabled the biotech industry to

'...bills itself as the largest standalone molecular diagnostics company in the world'

measure genes and gene variations to indicate the best treatments for certain conditions, they started developing kits that make it easier for doctors to prescribe the most effective treatments for various forms of cancer.



Dr. Steve Little
Chief Executive,
DxS

The business attracted venture capital investment from NVM Private Equity and was sold in September 2009 to German group Qiagen

in a deal which valued it at £80m. Since then staff numbers have doubled to 150.

The growth of DxS, and several other firms, has led to a thriving molecular diagnostics sector in the city. The other large player is Wythenshawe-based Gen-Probe, a US-owned company which acquired Tepnel Life Sciences in 2009 for £93m and turned it into its European headquarters. The company now bills itself as the largest standalone molecular diagnostics company in the world.

There is also Myconostica - a University of Manchester spin-out based at the Core Technology Facility - and AIM-listed Epistem, which emerged from the university's Paterson Institute for Cancer Research. It carries out research for the large pharmaceutical firms to see how effective drugs in

development are in treating particular diseases.

"Particularly because of Tepnel and DxS the region has emerged with real strength and depth in molecular diagnostics which is just about the hottest area in biotech," said Dr Little.

"If I was going to set up another molecular diagnostics firm in the UK I'd be coming to Manchester. There's an awful lot of talent in Manchester but five years ago there was little experience. But now with us and Gen-Probe, there's a lot of experience and if you want to find experienced staff this is where you would come. We'd struggle to compete with Boston or San Francisco but in Europe this is the place."

But it's not just the medical firms that are leading the way. Another tenant at the Core Technology Facility is Nanoco which has cornered the market for quantum dots - an obscure material that has huge potential in a range of consumer appliances.

The dots are tiny fluorescent particles of semiconductor material which have the ability to emit light. They are in demand by the makers of liquid crystal displays for computers, TVs and phones because they consume less power than existing systems.

The company has just opened its first commercial manufacturing facility at The Heath Business and Technical Park, on the site of an ICI research centre in Runcorn, which has enabled the company to scale-up production of quantum dots from milligrams to its first kilograms. The business has rivals in the US such as Nanosys and QD Vision but it is the only firm producing quantum dots on such a scale and free of heavy metals such as cadmium.

The Aim-listed firm is now looking at sites for a factory that would enable it to push production from several kilograms a month to around 150kg a year with a market value of some \$100m, or £60m. "The North West is very good for us because it was the birth place of the chemical industry in the UK," said chief executive Michael Edelman. "ICI was part of that and



Science and innovation are key to economic growth.

Runcorn was the epicentre for ICI development."

Daniel Varney, a partner at Pannone, said: "With the drive to increase manufacturing in the UK, companies which have good products should see opportunities. IT is tipped to be a growth sector and green technology is also well favoured, especially with more focus on the reduction of carbon footprints and the savings available to those who take it seriously. Although a lot of competition in a quickly developing industry means selecting the right investment is difficult.

'The North West is very good for us because it was the birth place of the chemical industry'

"We've also seen significant interest in outsourcing companies, especially those which provide services to the public sector, even those with a community benefit to them, for example training the unemployed to provide the services. Given the budget cuts public authorities face, any service that they can outsource to make it more cost effective clearly provides an opportunity for the private sector."

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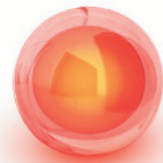


Rob Thompson, Jo Phipson, Andrew Ross and Nancy Butler from the North West team.

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Reasons to be Cheerful

What Sets Greater Manchester Apart From Other Regions - by Mike Fahy

In the months after Britain was plunged into a full-blown recession following the banking crisis, much was made by Greater Manchester's civic leaders of the area's resilience, its sound economic fundamentals and its innate advantages over competitor city regions.

There may have been an element of hubris to their assessment - city leaders generally talk up their territory both at home and abroad, and it is something at which Manchester has excelled - but generally their assessment appears to have stood the test of time.

'...city leaders generally talk up their territory both at home and abroad...'

Of course, the city region was not isolated from the devastation caused to the economy by the banking crisis.

In property, for instance, consultancy firm CBRE estimates that the value of commercial property dipped by 44% in Manchester from the market's peak in August 2007 to its trough in September 2009. London experienced a similar dip, but prices in the capital have surged back by more than 20% whereas in Manchester prices have only edged up by around 3%.

Similarly, financial and professional



MediaCityUK is set up to be a focal point for inward investment in the coming years.

services firms - the growth engine of the city region's economy for most of the preceding decade - suddenly found themselves embarking upon wave after wave of redundancies in order to cut



John Ashcroft
Chief Executive,
Pro.Manchester

their cloth more accordingly as the lucrative market for corporate finance work dried up.

Private equity-backed buyouts fell from a peak of £2.3bn in 2007 to just £270m in 2009, according to the Centre for Management Buy-Out Research. Although the figure rebounded to £1.5bn last year, £955m of that related to a single deal - the sale of Handforth-based Pets at Home to KKR.

In the case of law firm Halliwells, partners found that there wasn't enough cloth left to cover its liabilities, leading to a spectacular bust last year. Yet the fact that it was the only high-profile casualty shows the resilience of

the city's professional services offer, while the keenness with which firms from outside Manchester swooped on various parts of the business shows the regard in which the Manchester market is held.

John Ashcroft, chief executive of the city's financial and professional services body

'...the only high-profile casualty shows the resilience of the city's professional services'

Pro.Manchester, said that the business and professional services sector is responsible for producing around 25-30% of its total Gross Value Added (GVA).

He argues that city leaders such as Sir Richard Leese and Sir Howard Bernstein recognise that the sector offers the prospect of high-value jobs growth needed if Manchester is to benefit from a private sector-led recovery.

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‘Manchester is tailored to be an attractive alternative to the capital’

For instance, RBS chief executive Stephen Hester last month pledged to create around 100 investment banking jobs in Manchester, describing the city where it already employs 6,000 staff as a “good location for the bank”.

Ashcroft said that RBS’s expansion, and Bank of New York Mellon’s ongoing development in the city were a sign that Manchester has an offer that is tailored to be an attractive alternative to the capital.

“OK, some of it is due to cost - office space is much less expensive here and there is an element of cheaper labour costs.”

Yet it is the city’s ability to offer the type of lifestyle, talent and skills that such institutions require which is more important than just costs.

For instance, Ashcroft pointed to the links between Manchester’s professional communities and its higher education institutions, which has led to Manchester Business School producing an MBA product that offers the type of skills which relocating investment banks would require of its graduates.

Angie Robinson, chief executive of inward investment agency MIDAS, said that it was also continuing to hold talks with major investment banks and other inward investors who are a potential source of high-value employment to the area.

Following the demise of the North West Regional Development Agency and the coalition government’s decision to set inward investment policy at a national level, MIDAS has had to contend with



Angie Robinson
Chief Executive,
MIDAS

some major challenges. Its overheads have been cut by around 59% and it has been forced to lose staff, but Robinson said that this has been

done efficiently with marketing and other services being outsourced to third-party providers.

“The result is that there are as many people working out in the field as there ever have been,” she said. “We’ve put all of our resources into customer-facing activities.”

Robinson said that Greater Manchester has got “a fantastic product and we can compete with anywhere”.

“We’re not a capital city but we have a strong complimentary offer and it’s done very well.”



Exterior - TheHeart MediaCityUK.

Indeed, even during the height of the recession Greater Manchester has secured more than its fair share of inward investment. In 2009, MIDAS

‘...Greater Manchester has secured more than its fair share of inward investment’

secured some 80- inward investment projects that were estimated to have created or safeguarded some 4,735 jobs, while in 2010 it secured 94 projects creating or safeguarding 4,959 jobs.

As a result, the agency will continue to play a central role in the ‘Manchester family’ of economic organisations, and will share responsibility for business growth, trade and inward investment with Manchester Solutions.

Robinson, who also holds the informal title of chief operating officer of the ‘Manchester family’, argued that MIDAS retained “some real currency out there in the marketplace” as a brand.



BBC Radio 4 broadcast live from the MediaCityUK audio studio.



East Manchester will be transformed by a huge sports-led regeneration project driven by Manchester City FC.

She also argued that the city region has a number of unique assets that her staff can offer to tempt firms looking to move into the UK, whether this is the technology and

‘...the city region has a number of unique assets to tempt firms to move into the UK’

biosciences cluster being developed around Oxford Road in the area now branded Corridor Manchester, the burgeoning media empire springing up at MediaCityUK at Salford Quays or the low-regulation, low-tax zone being set up specifically to prise in inward investment at the new Airport City Enterprise Zone.

“There are plenty of options for us to show to clients - our job is to make sure we put the right ones in front of the right customers.”

Bill Lister, who heads law firm Pannone’s contentious media and intellectual property team, said that Peel Group’s huge MediaCityUK site remains a work in progress, but he argued that activity was likely to

ramp up once the relocating BBC departments begin operating from the site later this year.



Bill Lister - Head of Pannone’s Media and Intellectual Property Team

“At the moment, a lot of people are still positioning themselves and waiting to see what develops, but

there have been some arrivals already and they’re becoming increasingly high-profile.”

‘opportunities will feed through to the city’s professional community’

ITV’s long-awaited decision to build a new production facility for Coronation Street on the opposite bank of the Ship Canal means that the area will soon enjoy the critical mass that makes it easier to attract media giants from overseas, and Lister believes that opportunities will eventually feed through to the city’s professional community.

Other positive drivers for the city region’s economy over the next few years include the £1bn or so worth of investment planned by Manchester City’s affluent new owners to build a series of world-class sporting facilities in the area around the City of Manchester Stadium, and the £800m which the Co-operative Group is spending on redeveloping the area around its new headquarters and its existing estate, which has been branded as NOMA.

There are even signs of life returning to the commercial property market, with accountancy firm KPMG’s search for a new Manchester base

‘There are even signs of life returning to the commercial property market...’

likely to provide the pre-let that the winning developer will need to kick-start the next wave of construction projects in the city centre.

Indeed, despite the recent fall in capital values, Manchester was recently identified as the only investment hotspot for retail, industrial and commercial office property outside of London by DTZ.

Its investment director Bruce Poizer said that the city’s retail and industrial markets are the only two markets in the UK to be currently rated as ‘Hot’ by the firm, and are estimated to be undervalued by 8% and 6% respectively. The commercial office sector in the city is also rated as “Warm”.

Poizer said: “With forecast returns supported by attractive yields and solid rental growth prospects, Manchester offers a very attractive alternative market to London.”

Can-do Attitude Will Prevail

City well-placed to thrive, say business leaders

- by James Graham

Attendees:

Chris Barry - Editor
TheBusinessDesk.com

Baron Frankal - Director of Economic Strategy at the Greater Manchester Commission for the New Economy

Fred Ellis - Managing Director at Openshaw-based Thos Storey Fabrications

Dan Wright - Chairman of textiles and office furniture group Vision Support Services

Nicholas Dobson - Senior Public Sector Consultant at Pannone

Chris Sharkey - Regional Director for Santander Corporate Banking

Rob Thompson, Relationship Director at Santander Corporate Banking

Brian Sloan - Head of Business and Economic Policy at Greater Manchester Chamber of Commerce

Tim News - Deputy Chief Executive at inward investment body MIDAS

John Ashcroft - Chief Executive of professional services lobbying group Pro.Manchester

Gareth Parry - European Managing Director of business finance firm ThinkSmart



Round Table: Wednesday 11th May 2011

THE Greater Manchester Local Enterprise Partnership (LEP) should not be seen as a cure-all for the issues the city region is facing but as “one cog in a much bigger wheel”.

That’s according to Baron Frankal, one of Manchester’s leading economists, who was speaking at a roundtable discussion held by **TheBusinessDesk.com** in association with **Santander Corporate Banking** and the law firm **Pannone**.

Mr Frankal conceded that the **LEPs**, introduced by the coalition Government to replace regional development agencies, will have no money but stressed its relationship with other bodies will yield results.

“In isolation it’s worth nothing,” said Mr Frankal, director of economic strategy at the Greater Manchester Commission for the New Economy.

“But here in Greater Manchester, a city of three million people, we have the combined authority, the chamber of commerce, and there’s great leadership. The **LEP** has something to add to that.”

‘...we have the combined authority, the chamber of commerce, and there’s great leadership’

Mr Frankal was addressing scepticism about the body, which will seek to lever in investment from a variety of sources, from several panelists who run their own businesses. Fred Ellis, managing director at Openshaw-based Thos Storey Fabrications, which makes steel components such as vehicle chassis for dumper truck, digger and bus manufacturers, said the

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Chris Sharkey from Santander Corporate Banking (right) looks on as Dan Wright from VSS makes a point

Government had chopped away layers of funding by introducing the LEPs. "The old regime worked. This Government has broken that up."

Dan Wright, chairman of textiles and office furniture group Vision Support Services, said he had had no contact with any public sector regeneration bodies. "We employ 200 people with turnover shy of £50m and we've grown from £5m in six or seven years and we've never had any interaction with any of them."

'The old regime worked. This Government has broken that up.'

In a lively debate panelists tackled subjects ranging from the future of the regional economy, the potential for international trade and the challenge posed by poorly educated and motivated workers.

Pannone's Nicholas Dobson, senior public sector consultant, stressed the public sector was still worth working with, even though he was submitting "very keen bids" in the current funding environment. "It's tough at the moment, but it's a good sector to be in in the longer term."

Growth from a low base is like waking from a coma after falling from a cliff

Also present were: Chris Sharkey, regional director for Santander Corporate Banking; Rob Thompson, relationship director at Santander Corporate Banking; Brian Sloan, head of business and economic policy at Greater Manchester Chamber of Commerce; Tim Newns, deputy chief executive at inward investment body MIDAS; John Ashcroft, chief executive of professional services lobbying group Pro.Manchester and Gareth



Baron Frankal from New Economy, Tim Newns, deputy chief executive from MIDAS and Brian Sloan from Greater Manchester Chamber

Parry, European managing director of business finance firm ThinkSmart.

Mr Sloan said the city's economy was facing pressure from higher

'But there has been an increase in export orders, particularly to high growth economies...'

commodity prices and public sector cuts which are affecting demand. But there has been an increase in export orders, particularly to high growth economies outside the European union such as Brazil and India.

Mr Parry, who runs the European arm of ThinkSmart, which supplies finance for SMEs and individuals through PC World and Curry's stores, said there was caution in his market place.

Much has been made of a revival in manufacturing but Mr Ellis stressed it was still tough. Turnover at Thos Storey fell from a pre-recession high of £28m in 2007 to £8.9m in 2009 after demand for construction equipment collapsed. The business was forced

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to lay off 170, or 60%, of its 290 staff that year, but has since partially recovered. Last year's sales topped £15m and the firm took on 55 people, taking its workforce up to 170.

'The fact is the UK is relatively cheap in terms of exports and physical investment in property and infrastructure.'

John Ashcroft put the manufacturing recovery into perspective by saying growth from a low base was like waking from a coma after falling from a cliff. "You're a long way down but it's a recovery of sorts," he said. But Tim Newns stressed that current conditions were still favourable for British exports and inward investment. "The fact is the UK is relatively cheap in terms of exports and physical investment in property and infrastructure."

Referring to high growth economies Rob Thompson at Santander added: "If we get North West manufacturers targeted towards overseas markets those businesses will do well." There was consensus about the economy facing a 'low



Pannone's Nicholas Dobson

growth/no growth' future but still room for optimism. "Manchester has fared better than other Northern cities," said Mr Frankal, while Chris Sharkey at Santander said: "The picture is not quite as bad as you're

'...consensus about the economy facing a 'low growth/no growth' future but still room for optimism.'

led to believe. Confidence levels compared to 12 months ago are probably marginally higher."

The panelists expressed concern about the city's skills base and the

poor attitude of some young people. Fred Ellis said workers at his factory from Eastern Europe were often more industrious than their British counterparts. Dan Wright admitted the apprenticeship schemes his company had set up were "all disasters" because of the attitude and ability of the recruits.

"Why is that?" asked Chris Sharkey. "It's harder now so people should be hungrier."

Gareth Parry said Manchester's credentials as an international city were underlined by the good rail links to London, Manchester Airport,

'...workers at his factory from Eastern Europe often more industrious than their British counterparts.'

and most importantly the city's talent pool, which meant his business was able to recruit native Spanish and Italian speakers.

Tim Newns said the city's language capability was one of its 'key differentiators' and had led to major recent inward investment from Abu Dhabi-based airline Etihad, which is opening an international call centre near Manchester Airport.



Tim Newns (left) and Brian Sloan (right) listen to Fred Ellis from Thos Storey