

GOOD TO GROW-

Group Business Plan 2017-18



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Introduction

The Manchester Growth Company is pleased to present its Business Plan for the 2017/18 financial year.

Our Purpose

The Manchester Growth Company's (MGC) purpose is to enable growth, create jobs and improve lives in Greater Manchester (GM) and the other locations in which it operates. It is driven by the economic development strategy of the GM city region and is commercially focussed. Any surpluses are re-invested to support achieving our aims. The Group was formed with core objectives to drive forward Greater Manchester's (GM) economic development and help deliver the Greater Manchester Strategy (GMS) to address GVA growth differential, (for GM to become a net contributor to the national economy) and to ensure the inclusive impact of growth.

2017/18 Plan

The business plan for 2017/18 builds on the success of the previous three year business plan and the positive results that the Group has achieved in line with our ambition and purpose. Over the last three years, there has also been significant progress made on organisational improvements, putting in place the foundations of a robust and agile business, which allow us to harness the true potential of the Group going forward.

As with the previous three years, MGC continues to operate in a changing environment and the 2017/18 financial year is one of change for all business units within the Group (and for the country as a whole). As such, the Business Plan is flexible to adapt to external commissioning and policy changes anticipated throughout the year.

Within GM, a refreshed evidence base is emerging, through GMCA's Deep Dives Productivity Report, which will point the Group towards new and adjusted priorities in respect of tackling GM's productivity gap and addressing economic and social exclusion across the conurbation. A new Greater Manchester Strategy will set the local strategic context for much of the Group's work. GM's own governance will evolve during the year with formal Combined Authority structures and GM's first elected mayor. The Business Plan directly aligns to the GMS priorities of people and place.

The future vision, agreed by the MGC Board, includes a focus on three core strands of; Growth & Inclusion, Commercial & Financial Success and being a Place based Exemplar and High Performing Organisation. At the core of the vision is the 'one client, one business' ethos which is underpinned by the need for cultural change, improved performance management and structural changes. For 2017/18 there will also be a particular focus on the need to drive commercial income including an investment in additional business development resource and the opportunity to launch a place based economic development consultancy. The ambition is, over a three year period, to increase the turnover of the Group to circa £150m with increased surplus/value for GM and transform the Group into a change agent within GM and a social enterprise alternative provider nationally.



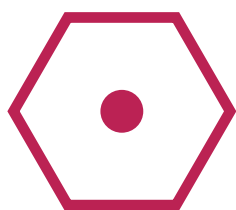


Ambition

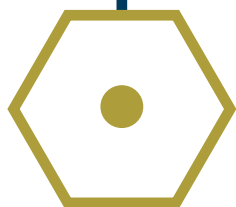
The Group's annual Business Plan is framed within a longer term strategy which clearly articulates the direction of travel for the Group and how we see ourselves by 2020.

Ambition

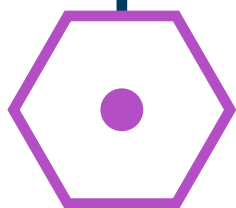
MGC's corporate ambition is to be a key enabler to growth and inclusion in GM and other geographies and be a high performing organisation that is the deliverer of choice in target markets. To achieve this ambition we will:



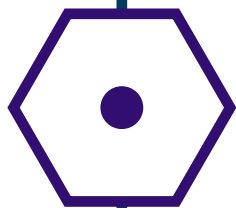
Deliver measurable and inclusive economic growth and account for our performance to our stakeholders, thus enhancing our reputation and profile.



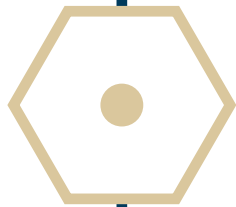
Provide fully integrated services to our customers to improve customer benefits, increase economic impact, maximise our USP as the only organisation able to offer such an integrated package and enhance our own commercial success.



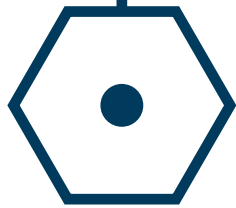
Increase the scale of our commercial activity in order to achieve a growth in turnover and profit to generate increased surpluses for re-investment in scale, breadth and quality of service provision.



Utilise our strategic and commercial knowledge and intelligence to shape and influence local and national economic development policy and delivery systems to spread best practice.



Be an employer of choice, attracting and retaining the very best people and attaining recognition as a high performing organisation.



Transform our internal systems and processes to become a robust and agile organisation thereby maintaining our reputation for delivering quality services with passion and commitment.

2020 Vision

By the year 2020, we will know that MGC has achieved its ambition because we will be described in the following way:

Support for Business

Our broad and extensive portfolio of services to businesses will be recognised as an enabler of productivity growth in GM, providing the leading Business Growth Hub in the country, facilitating a network of public and private sector providers and directly delivering in GM a range of devolved, cost effective and inclusive business growth and inward investment services with high GVA impact whilst developing niche, class-leading commercial services. We will be widely acknowledged as the place for a business to go to for support on growth plans, investment, innovation, exporting, workforce development, recruitment, organisational development and achieving international standards and certifications. We will have grown our geographical footprint for services which are delivered on a pan-LEP or pan-region basis, such as manufacturing support and international trade services, and we will also be a leading national provider of alternative business finance and manager of alternative funds, underpinned with class-leading finance systems and technologies.

Developing People

We will be an established apprenticeship provider of choice for the public sector and businesses, including large 'levied' businesses. In addition we will act as a strategic partner assembling a collaborative supply chain to deliver comprehensive solutions. We will also be delivering new training which underpins areas such as Health & Care reform and will be known within and outside GM for skills product innovation linked to the needs and opportunities of specific places. Strong leadership and collaborative delivery will be a key component of our success. Our pre-apprenticeship training will be engaging those further away from the labour market and will hook them into a learning journey that will see these individuals develop key skills for a working life, enter into and thrive in the workplace.

We will also have become a recognised national expert in the provision of health related employment interventions and a provider of choice for DWP prime contractors elsewhere in the country as well as a credible provider of broader recovery services for people with drug, alcohol and mental health problems. Our delivery success and high reputation will have led to significantly enhanced business delivering the new Work and Health Programme as well as DWP ESF programmes across the North of England, Midlands and other areas across the UK.

Promotion of Greater Manchester

Within the context of leading the delivery of GM's Internationalisation Strategy, whose aim is for Manchester to become a top 20 global city by 2035, we will have enhanced our inward investment sector marketing programmes, aligned with trade and industry activity in key markets, and energised the marketing of MGC and services, positioning them successfully in the market place and raising GM's profile. We will have strengthened our reputation as the leading Destination Management Organisation for the North of England, working with partners to deliver leading-edge international and national marketing campaigns and events. We will have facilitated the development of bookable product with distribution platforms providing a stronger offer for people to stay longer in GM as well as developing new 'visit within visits' and twin centre products for longer staying, high spending international visitor markets. Continuing to work in partnership with the convention sector, we will have established a growth model for business visits and events. Through our content creation, digital platform developments and strengthened relationships with high profile international individuals and sports, cultural and education organisations, we will have collectively raised Manchester's international reputation through inspired story telling and thought leadership.

A High Performing Organisation

Recognised by its clients, stakeholders, funders and staff as a high performing organisation with a strong and robust control environment which includes fully accredited quality, financial, data and people management systems and is adaptable to change. The Group's services will be fully integrated, from initial promotion through to delivery, and well tested mechanisms will be in place to enable accurate measurement of economic and social impact. We will be an employer of choice with our values and culture fully embedded and our staff able to grow and thrive in an environment which supports learning, development, knowledge sharing and a real say in the priorities and direction of the company. This will be supported by modern and resilient IT infrastructure and systems. MGC will be a key enabler to achieving Greater Manchester's growth and inclusion objectives, have a deep footprint across the wider North, and developed with key markets elsewhere. We will be recognised as a class leading deliverer of an expanded and integrated set of economic development services (ranging from consulting, design, delivery and evaluation) across people, business and place development issues.

Strategic Priorities for 2017/18

To support this ambition our strategic priorities for 2017/18, which are detailed in the next part of this Plan, will be to:



Performance Targets for 2017/18

The Group's performance targets for 2017/18 are set out under each of the Strategic Priorities within Section 4 of this Business Plan.

MGC's top 10 KPI targets, covering all geographies, for 2017/18 (with the 2016/17 latest forecast shown for comparison) are drawn from the three Strategic Priorities which focus on our external delivery - GVA/productivity, inclusive growth and internationalisation - and are as follows:

Key Performance Indicator (Strategic Priorities 1-3)	2017/18 Target	2016/17 Forecast
£m of additional GVA / economic impact	£488m	£368m
No. of new jobs created	11,900	8,500
No. of new and existing businesses assisted	18,200	11,175
No. of new businesses created	5,900	4,000
£m investment in existing businesses	£15m	£26.9m
No. of apprenticeship starts	3,265	3,288
No. of clients placed into work	23,400	22,884
No. of new exporters assisted	300	240
£m value of export sales generated	£250m	£250m
No. of new foreign direct investment projects	54	43

Strategic Priorities



GM is the main driver of the Northern economy and generates 19% of the Northern Powerhouse's GVA. With a total GVA output of £56bn, GM is the largest city-regional economy outside London, contributing 3.5% of total national economic output. GM also has the advantage of being an economically diverse city-region, making it better placed to withstand economic shocks, and within this diversity has concentrations of specialised activity which have the potential to drive economic growth. These include business, finance and professional services; manufacturing; health innovation; and digital and creative.

Despite its economic assets, opportunities and sector mix, GM's productivity remains below what would be expected for a city-region of its size. If GM's GVA per capita were the same as the UK average, the city-region would generate an additional £10bn per annum and its economy would be 20% larger. 80% of this productivity gap is due to "in work" productivity with the GVA generated on average in jobs across GM being lower than the national average. The growth sectors referenced above account for just one third of GM's jobs and so improving productivity performance in other sectors is equally important. Indeed other than manufacturing, all sectors are characterised by low productivity compared to the UK average.

The drivers of productivity in a business and an economy are well established and GM has developed a strategic response to the productivity gap through the GMS as well as investing significantly in MGC's business support services to help GM's businesses grow and to attract new business investment. The refresh of GMS, to be published early in 2017/18, will reinforce the need to drive economic growth and productivity and ensure that all parts of GM are able to find a strong and positive economic function to support future growth and maximise their ability to share in its benefits.

Existing data shows that GM needs to expand its business base, having 550 enterprises per 10,000 adults, compared to the national average of 660. This means attracting more businesses to the area, generating more start-ups and helping them survive and grow. The 2016 GM Business Survey evidence of the key factors which drive up business performance by existing businesses, demonstrating that the highest performing businesses, measured by 20% growth in turnover or employment in the last 12 months, are more likely to invest in training their workforce, trade internationally and be involved in innovation activity. Wider research evidence suggests that innovation alone accounts for 80% of productive growth in advanced countries and the recent GM Science and Innovation Audit points to the need for GM to strengthen its innovation support ecosystem through enhanced collaboration, nurturing talent and improving business support.

MGC has already significantly evolved its support for business over the last year to increasingly focus on driving productivity. The Business Growth Hub's targeted provision to businesses with growth potential has been developed further with new services to promote workforce development, provide targeted support for businesses in growth sectors and facilitate deeper innovation by connecting businesses with GM's knowledge base. Inward investment promotion and support is increasingly targeted at growth sectors, as is the Group's skills provision, and our Organisational Development Services have been broadened to help businesses raise their standards and performance. New products to facilitate

business investment have been introduced, promoting the benefits of international trade is a common thread through all business engagement activity and developing GM's visitor economy to attract additional visitor spend remains a key priority to increase overall GVA. Many of these services and activities are delivered across a wider Northern geography with the aim of boosting local economies wherever we operate.

The findings of the 2016 GM Business Survey validate the relevance and importance of these services with 41% of businesses surveyed accessing some form of business support over the previous 12 months with those businesses indicating greater levels of growth in turnover and employment than those who did not receive support. Awareness/use of the Business Growth Hub has increased significantly, at 45% of businesses surveyed compared to 31% in 2014. The challenge for MGC in the year ahead is to maintain this momentum and develop additional approaches to tackle the productivity gap. However, the operating environment is uncertain. The effects of Brexit and the weaker pound on the economy could result in a slowdown with impact on business confidence and willingness to invest or recruit although the weaker pound also presents short term export and visitor attraction opportunities. A Green Paper on the Government's Industrial Strategy was published in January 2017 and is now being consulted on with final details likely to have an influence on aspects of MGC's strategy and service offer. The Apprenticeship Levy will take effect in April 2017 and its maximisation by GM businesses is vital to workforce development and consequent productivity improvements, especially in view of a 10% decline in the take up of apprenticeships in GM since 2010.

Our priority objectives during 2017/18, under this Strategic Priority, are set out below:

Strategic Priority 1 - Objectives	Lead Business Unit
<p>1.1 Generate additional GVA of £233m in 2017/18 of which £206m is delivered by GM businesses, through the delivery of programmes including business growth, start-ups with medium/high growth potential, innovation, carbon reduction, export advice and inward investment.</p>	Business Support
<p>1.2 Create high value jobs which deliver GVA in excess of the current GM average of GVA/job through the development of a new LGF funded programme to tackle the GM productivity gap.</p>	Business Support
<p>1.3 BFS to generate a total of £255m additional GVA in 2017/18 of which £19m is delivered by GM businesses, by continuing to deploy existing and newly secured investment funds to support business growth and increased productivity.</p>	Business Support
<p>1.4 Develop a GM Business Leadership initiative to help GM organisations unlock their growth potential by inspiring dynamic leadership and High Performance Workplace practices.</p>	Business Support/ Skills Company/ Organisational Development
<p>1.5 Ensure GM realises maximum Apprenticeship levy investments by working with GM businesses and the health and public sector bodies to develop workforce development plans that deliver increased growth and productivity and support public sector reform. Also, lead on protecting SME Apprenticeship investment by continuing to drive demand for Apprenticeships, maximising Government investment in GM to drive inclusive growth and productivity.</p>	Skills Company
<p>1.6 Develop new provision in Apprenticeships driving career entry and career escalators which build higher level skills and enhance productivity and GVA.</p>	Skills Company

<p>1.7 Review the forthcoming Investors in Apprenticeships standard</p> <p>to understand where we can integrate and add value to the GM Apprenticeship Kitemark, IIP and CFA activity, giving GM a leading edge in this space.</p>	Business Support/ Skills Company/ Organisational Development
<p>1.8 Explore the embedding of digital skills</p> <p>as a core component for all skills development activity delivered by the Group in GM to close the skills deficit in this area.</p>	Skills Company/ Work Company
<p>1.9 Drive GM's GVA through increased economic activity and sustained progression</p> <p>amongst local residents into employment (including hours and earnings), enterprise or education/training, with a particular focus on driving the health/wellbeing agenda and public service reform through integration with wider public services.</p>	Work Company / Skills Company
<p>1.10 Enhance the reach of GM's promotional activity to increase GM's national positioning</p> <p>and promote the wider story of GM (including its assets, priority sector messages, devolution success and Northern Powerhouse role) to attract domestic investment and support growth.</p>	Marketing Manchester/ Business Support
<p>1.11 Increase domestic visitor spend in our capacity as the official Tourist Board for GM</p> <p>through the development of GM's assets, to co-ordinate and create appealing bookable products.</p>	Marketing Manchester

This Strategic Priority will also be supported by our activity under Strategy Priority 2, to help those out of work into employment, another key driver of productivity, and by our activity under Strategic Priority 3, to increase export performance and attract inward investment. Conversely, this Strategic Priority is inter-twined with Strategic Priority 2 as the benefits of GVA growth and increased productivity must reach all localities and all sections of society across GM.

We will measure the impact of our activities under this Strategic Priority through a set of Key Performance Indicators for our total geographic coverage and that specifically within GM. The indicators and targets for 2017/18 are as follows:

Key Performance Indicator	Total	GM
Business Growth		
No. of businesses engaged*	19,800	15,300
No. of businesses supported*	9,600	4,400
Value of additional sales generated*	£260m	£100m
No. of jobs created*	7,900	1,500
Value of GVA growth from jobs created	£324m	£61m
Innovation		
No. of new products introduced	120	100
No. of research collaborations with GM knowledge base	33	33
Investment		
No. of business offered loan or grant funding*	680	315
Value of loan or grant funding secured by businesses*	£15m	£10.5m
No. of inward investment projects secured*	90	90
No. of projected new jobs from inward investment successes*	4,000	4,000
Value of GVA growth from projected inward investment jobs	£164m	£164m

Enterprise		
No. of engagements with individuals interested in starting a business	9,400	2,500
No. of clients advised on starting a business	140	140
No. of start up loans issued	6,100	380
No. of new business start ups	5,900	440
Organisational Development		
No. of first time IIP assessments	85	25
No. of total IIP recognitions	2,500	530
Skills		
No. of intermediate (L2) apprenticeship starts*	1,830	850
No. of advanced (L3) apprenticeship starts*	1,330	775
No. of higher (L4) apprenticeship starts*	105	75
No. of intermediate (L2) apprenticeship successes*	1,030	545
No. of advanced (L3) apprenticeship successes*	690	460
No. of higher (L4) apprenticeship successes*	40	28
No. of classroom based starts	1,900	1,500
No. of classroom based successes	1,950	1,550
No. of study programme starts	1,400	1,300
No. of study programme successes	900	700
Employment and Careers		
No. of clients engaged	108,700	30,180
No. of referrals to training / learning	12,600	6,800
No. of clients placed into work	23,400	13,300
No. of jobs sustained to 13 weeks	2,400	1,300
No. of career management progressions	88,000	42,000
Visitor Economy		
No. of conference bids	85	85
No. of conferences won	38	38
Value of economic impact of conferences won	25	25
Value of economic impact of promotional campaigns	£12.25m	£12.25m

* Against these KPIs we will also track actual performance in GM against GM's high growth priority sectors in order to understand the extent of our impact, identify where greater focus and targeting may be required and to establish baselines against which future trends can be measured.

2

Contribute to inclusive growth across GM – Ensure that our business support, skills and employment programmes deliver economic benefits to all parts of GM and provide opportunity for all GM residents, through the tailoring and targeting of service delivery and by working with businesses to promote and encourage inclusive growth and social value from their business activities.

The RSA Inclusive Growth Commission's Emerging Findings report (September 2016) defines inclusive growth as about living standards and earnings, as well as in-work progression and tackling long-term unemployment, noting that it has the potential to address some of the key drivers of productivity. However, it is not just about achieving aggregate growth but also about tackling inequality and achieving a greater spread of economic prosperity.

Research undertaken by the Inclusive Growth Analysis Unit (IGAU), a partnership between The Joseph Rowntree Foundation and University of Manchester (October 2016), examines these issues specifically in Greater Manchester. In highlighting GM's economic success over recent years, becoming England's third largest city region economy in 2014, the report focuses on the inclusion challenges for the conurbation. Four key statistics bring these challenges into stark relief - 620,000 people living in relative poverty, 21% of neighbourhoods in the top 10% most deprived in England, 23.2% of jobs by GM residents paying less than the UK Living Wage and 180,000 working age people with no qualifications.

At a spatial level, there is further evidence from the Deep Dives analysis of economic and social disparities within and between different parts of the conurbation. A demographic analysis of factors which fall within MGC's remit - employment rates, post 16 qualifications, ESA and IB claimants, household income levels, enterprise rates - together with the spatial distribution of GM's priority growth sectors and productivity levels in different areas, provides further indication of disparity within GM. This is exacerbated by "leakage" of the benefits of GM's growth to areas outside GM.

Employment rates and earnings are a serious concern at the overall GM level, as well as for specific localities, which is an important factor for the GM productivity gap as well as for the question of inclusion. The Deep Dives report reveals that 90 out of GM's 215 wards have an employment rate below the national average and there is a strong correlation between low rates of employment and no skills / L1 qualifications, as well as ill-health. It is in the "no qualifications" group that the disparity in employment rates across GM's ten districts is at its greatest. For those in work, the proportion of GM workers earning less than the living wage grew from 21.7% to 24% between 2013 and 2015. There is a strong correlation between productivity and wages as evidence indicates that the five sectors with productivity (GVA) of less than £30k per job - retail; accommodation and food services; administrative and support services; health and social work; and arts, entertainment and recreation - generally correspond with the lowest paying GM sectors. Moreover the low productivity sectors account for a growing proportion of GM jobs, increasing by 5.1% between 2000 and 2014 in GM compared to a 3.6% increase in the UK.

There are three facets to MGC's approach to inclusive growth:

- Ensuring that our activities and programmes aimed at increasing GVA and productivity, as set out under Strategic Priority 1, are designed to bring growth and prosperity to all parts of GM, under a place based approach, and to bring benefits to all sections of the community.

- Delivering enterprise, skills, employment and careers programmes which are specifically aimed at providing opportunities for all GM residents, ensuring that no one is held back and no one is left behind.
- Working with our extensive business client base to promote and encourage inclusive growth and social value, in terms of their employment, procurement and environmental practices, by demonstrating the business benefits and engendering a strong sense of corporate and social responsibility.

The refresh of GMS will respond to these issues around the themes of people and place. This will provide clear direction for MGC’s response, building on our existing approach. MGC has an existing, strong track record of successfully delivering skills and employment programmes (in GM and across the North of England) to provide opportunity for local residents and has now developed a full partnership with all GM’s Local Authorities to embed them into the Business Growth Hub’s business support delivery in order that services meet the specific needs of local areas. Business Finance Solutions are also currently working with eight Local Authorities to develop “white labelled” business loan products for each of their areas. A significant Inclusive Growth and Social Value project also started in 2016 to develop new approaches to encourage our client businesses to improve their recruitment, employment, training, environmental and supply chain practices in order to increase opportunity for local people and local businesses. This develops the proposed solutions to inclusion challenges set out in the IGAU report. This project also includes consideration of MGC’s own social value as a major employer and buyer of services.

Our priority objectives during 2017/18, under this Strategic Priority, are set out below.

Strategic Priority 2 - Objectives	Lead Business Unit
<p>2.1 Work with Local Authorities and utilise our capabilities to assist all places in GM to have a strong and positive economic function though identification and development of their growth potential.</p>	Cross Group
<p>2.2 Deliver MGC’s own social value measurable by the extent to which, over time, the Group strengthens further its employment and recruitment practices, makes greater use of GM suppliers, displays greater diversity in its workforce, becomes more environmentally sustainable and increases its community engagement.</p>	Cross Group
<p>2.3 Re-shape MGC’s business support, skills and employment offer to businesses and individuals to promote social value and deliver inclusive growth within GM (including new systems to track effectiveness).</p>	Business Support/ Skills Company/ Work Company
<p>2.4 Deliver a new GM wide business start-up programme which focuses on target localities and groups and helps individuals to progress their business proposals.</p>	Business Support
<p>2.5 BFS to review and implement, as appropriate, locally based mechanisms to make alternative finance available to GM’s businesses.</p>	Business Support
<p>2.6 Ensure GM residents can reach their full potential by offering development and support to enter employment, training or enterprise start up and succeed through MGC’s unique ability to provide wrap around support.</p>	Work Company/ Skills Company/ Business Support
<p>2.7 Play a lead role in developing and providing a comprehensive GM work experience offer and identify mechanisms for measuring effectiveness and success.</p>	Skills Company/ Work Company

2.8 Deliver strong pre-employment / entry level skills and a skills escalator to equip people with the skills to succeed and progress.	Skills Company/ Work Company
2.9 In the context of a tight labour market, prioritise adults and young people with complex needs and furthest from employment through delivery of GM's flagship Working Well/Work & Health, Skills for Employment and CEIAG contracts to meet GM's strategic ambitions. High quality provision of careers advice, placement into jobs and in-work support will underpin our approach to working with these high priority groups.	Work Company
2.10 Play a leading role in innovating, within contract boundaries to ensure that public funds are creatively used to support GM residents who have a health/disability or other barriers to employment.	Work Company/ Skills Company
2.11 Explore how MGC could use its unique architecture to support ways of delivering effective new models of care across GM through, for example, business model and workforce development.	Work Company/ Skills Company
2.12 Develop mechanisms to support recruitment of residents with appropriate skills from target areas/groups into jobs in the tourism sector.	Marketing Manchester/ Skills Company/ Work Company

The Key Performance Indicators listed under Strategic Priority 1 are equally applicable to this priority. However, the important dimension for inclusive growth is to understand how our measurable activities and outcomes for productivity and GVA are impacting on different areas and different groups across GM. We will therefore move to a system of measuring and reporting the impact of our services on all areas and groups, starting initially with our business support services and then extending this approach across the rest of the Group. This will involve the consistent capture of the following beneficiary data from 1 April 2017 across Business Support:

Business supported beneficiary:	New job beneficiary	Business start up beneficiary:	Impact of MGC intervention (in addition to MGC KPIs)
<ul style="list-style-type: none"> • Post code • Gender of owner • Ethnicity of owner 	<ul style="list-style-type: none"> • Home address post code • Salary level • Qualification • If an apprentice • Hours worked per week • Sustainability of job (lasted for one year) • Gender • Ethnicity • Age • If disabled 	<ul style="list-style-type: none"> • Home address post code of business owner • Post code of business location • Previous employment status of business owner • Gender • Ethnicity • Age • If disabled 	<ul style="list-style-type: none"> • Increase in employees on/above living wage • Reduction in zero hours contracts • Increase in use of GM suppliers • Additional business rates from inward investments

This data will be used to identify where greater focus and targeting is required to achieve inclusive growth objectives and to establish baselines against which future trends can be measured.



3

Lead the delivery of GM's Internationalisation Strategy - MGC will play a lead role in supporting GM to achieve its international ambitions by increasing the volume and value of International Trade, Inward Investment and Leisure and Business Tourism, in addition to promoting GM on a global platform and compete on the international stage for talent, investment, trade and ideas.

There is overwhelming evidence that internationalisation has a transformational impact on productivity performance. Internationally active SMEs are three times more likely to introduce products or services that are new to their sector than those which are entirely domestic in orientation. Foreign owned companies invest more readily in skills, are more productive, and are far more likely to export. Internationalisation is also a route through which we can translate more of our employment growth into increased productivity.

Internationalisation is also a multi-billion pound inbound trade generator. In 2014 businesses exported £5.36bn in goods. International visitors made a significant contribution towards the £882m generated from business conferences and contributed towards the £7.5bn total economic impact generated from domestic and international tourism in GM in 2014. Additional GVA from the attraction of inward investment projects totalled £57.2m.

The activity of MGC is central to the delivery of the Greater Manchester Internationalisation Strategy which was formally approved in September 2016 and has the overarching aim of Manchester becoming a top 20 global city by 2035. The strategy sets out ambitious targets to achieve by 2020, in particular to:

- Increase GM's proportion of UK FDI from 3.5% currently to 5%. This would be worth up to an additional £300m investment up to 2020.
- Create an additional £64m of visitor spend to 2020.
- Build our international brand and reputation through a range of mechanisms including the monitoring of recognised global city indexes.
- Improve export performance by 2020 by £900m, increasing the value of GM trade to £6.25bn and narrowing the gap between actual and 'expected' export performance by 17%.

Whilst MGC has a strong track record of delivering against GM's internationalisation ambitions, there are a number of challenges to mitigate and opportunities to capitalise on if we are to achieve the current vision. The EU referendum result has created uncertainty across many aspects of internationalisation. It has precipitated political change and led to some market instability that is likely to pose risks for the foreseeable future. We will aim to mitigate against these as far as we can and also be fleet of foot to take advantage of new challenges and opportunities as they arise. One key emerging opportunity will be increased emphasis upon building deeper city to city international trading relationships, which Greater Manchester is well placed to develop.

There is a need to improve our trade export performance; increasing the number of international stays as well as retaining and attracting more young and world leading researchers and expert talent. We also need to build our gateway role across the North and position Greater Manchester centrally within the Northern Powerhouse agenda. We want to build upon and integrate the approach to investment and trade across the North aligning with DIT's asset based strategy. In addition, we want to ensure that the benefits of internationalisation are delivered inclusively across the whole of Greater Manchester, and build on our reputation as a gateway to the world.

Technology is accelerating businesses' international growth and disrupting traditional internationalisation pathways. It is important that we take account of the way that technology is providing businesses with opportunities to scale faster. "Going global early" has become an accessible option for businesses across our sectors.

We are also operating in a global market with increased competition from cities across the world. Many cities are less constrained by delivery resources and the availability of grants and financial incentives for investment than we are. This means that we need to be smarter; have a more nuanced and differentiated offer; become more effective in leveraging our partnerships and growing international networks and elevating our profile and influence to maintain our competitive edge.

We also need to work with Central Government to identify strategic interventions that retain the UK's competitiveness in highly mobile investment. We will also want to work with Government to ensure we are able to continue to attract and retain the best international talent – whilst also growing the necessary skills and talent within our own communities.

Our priority objectives during 2017/18, under this Strategic Priority, are set out below.

Strategic Priority 3 - Objectives	Lead Business Unit
<p>3.1 Co-ordinate the delivery of the GM Internationalisation Strategy and undertake periodic reviews of the Strategy and associated Implementation Plan in light of Brexit and other international developments.</p>	Marketing Manchester
<p>3.2 Play a leading role in the creation of a Northern Powerhouse approach to trade, investment and tourism in order to maximise its impact</p>	Business Support/ Marketing Manchester
<p>3.3 Deliver a significantly enhanced approach to VIMS (visit, invest, meet, study) marketing and promotion which reflects, and is inclusive of, all assets across GM.</p>	Marketing Manchester
<p>3.4 Deliver the VISIT objectives of the Internationalisation Strategy by positioning Manchester as a Global Gateway for the UK and the North working in partnership with MAG, VisitBritain and DIT.</p>	Marketing Manchester
<p>3.5 Deliver the INVEST objectives of the Internationalisation Strategy by delivering new higher value foreign investment projects and enhance our focus on foreign capital investment.</p>	Business Support/ Marketing Manchester
<p>3.6 Provide a globally competitive landing offer of business, skills and employment support from MGC and its partners to inward investors.</p>	Business Support/ Skills Company/ Work Company
<p>3.7 Successfully deliver current international trade activities and seek to influence the development of any newly procured services to fit with GM and Northern Powerhouse agendas.</p>	Business Support
<p>3.8 Develop a new locally led, partnership based, international trade initiative that galvanises local businesses to exploit export opportunities.</p>	Business Support

3.9 Deliver the MEET objectives of the Internationalisation Strategy by positioning and promoting GM to attract more high value international visits and events into the region.	Marketing Manchester
3.10 Deliver the STUDY objectives of the Internationalisation Strategy by enabling GM to become the best UK Destination for international students through a partnership based marketing approach.	Marketing Manchester
3.11 Provide strategic leadership for the international and national promotion of Manchester's priority sectors to increase economic growth across these sectors, further strengthening GM's position as a global city.	Marketing Manchester/ Business Support
3.12 Build the Manchester brand and reputation by telling our story brilliantly to a global audience in target geographies and focused on priority sectors.	Marketing Manchester

We will measure the impact of our activities under this Strategic Priority through a set of Key Performance Indicators for our total geographic coverage and that specifically within GM. The indicators and targets for 2017/18 are as follows:

Key Performance Indicator	Total	GM
International Trade		
No. of company engagements for trade advice	4,300	1,600
Business assisted with export advice	1,600	600
(of which) Number of new exporters supported	357	143
Value of export sales	£250m	£90m
Foreign Direct Investment		
No. of new FDI projects	54	54
No. of projected new jobs from FDI projects	2,500	2,500
Promoting GM		
International conference bids	40	40
International conferences won	20	20
Economic impact of international conferences won	£17m	£17m
Consumer engagements	2.2m	2.2m
Social media engagements	20m	20m
Unique visitors to destination web-sites	2.8m	2.8m
Media visits hosted	175	175
Media coverage (Opportunities to See)	300m	300m
Economic impact of international campaigns	£7.75m	£7.75m

In discussion with GMCA we will also review the feasibility of introducing value indicators for foreign direct investment.

4

Integrate our Services - Design, promote and deliver packaged services to MGC customers and increase cross selling and cross referrals throughout the Group, utilising enhanced targeting of clients and resulting in increased market penetration.

A key rationale for MGC's existence is to bring together its various services to businesses and individuals and offer integrated solutions to maximise outcomes. Much has been achieved to put in place important tools, infrastructure and working practices to support this process but more needs to be done to fully align our service offer and present this to market as a coherent package, with potential progression routes where applicable. Included in the scope of this work is more joint operational working across customer facing teams within the Group, more integrated account management and clear guidelines on how one part of MGC can refer a client to another part of MGC, ensuring that referrals within the Group are maximised in a way which would be accepted and stand up to scrutiny by our customers and stakeholders.

A frame for our services to customers continues to evolve and supporting collateral developed which uniquely positions MGC within the marketplace. A core component of the success of integrating services is to enable a cultural change within the organisation and forms a key part of the internal transformation priority for the coming year.

In addition to service integration within MGC there is the opportunity to provide an enhanced interface for businesses with other business organisations within GM in order to both improve market penetration and the quality of support available to businesses. This will also demonstrate to national Government that GM has an integrated platform through which to leverage access to businesses and will further support our ambitions to devolve business support to GM.

As with previous business plans, a key enabler for this priority - and indeed the previous three priorities – is through MGC working in strategic partnerships to enhance the collective focus on achieving GM priorities. This remains a key focus for MGC in GM during 2017/18 but with added importance outside of GM as we seek to realise our commercial growth and strategic positioning ambitions across a wider geography.

Our priority objectives during 2017/18, under this Strategic Priority, are set out below.

Strategic Priority 4 - Objectives	Lead Business Unit
4.1 Align our range of services to businesses to provide clarity to customers, generate increased “sales” and provide joined up account management and internal operational management and oversight.	Cross Group
4.2 Align our services for priority sectors - Manufacturing, DCT, Life Sciences, LCEGS and BFP	Cross Group
4.3 Align our services for individuals around employment/ careers, skills/training and starting a new enterprise in order to provide clarity to customers promote in one place the range of MGC services available, provide the most appropriate solutions for clients and expand our client base.	Cross Group

<p>4.4 As we design new delivery models (e.g. for work and health bids), ensure that they effectively integrate Group services as appropriate</p> <p>to increase the value delivered to both commissioner and target customer.</p>	Cross Group
<p>4.5 Implement enhanced core CRM capability, including links to other relevant MGC systems</p> <p>to fully support and enable service alignment, joined up account management and referral activity</p>	Corporate Services
<p>4.6 Undertake a review of existing operational arrangements for delivering services to clients and identify / implement improvements to embed a culture of service alignment, cross selling, joint working and referrals</p> <p>including greater use of the staff performance objective setting process.</p>	Cross Group
<p>4.7 Working in collaboration with external organisations, develop new and existing partnerships across GM</p> <p>to simplify access to and provision of business support, skills and employment services, including, for example, working with other business organisations and the GM Futures Partnership.</p>	Business Support/ Skills Company/ Work Company

We will measure and report the impact of our activities under this Strategic Priority through a set of tracking indicators, such as level of engagement with key accounts and referrals across MGC Business Units, which will also be used to establish trends and baselines as a basis for future improvement plans.

5

Improve our financial resilience - Increase turnover and, where possible, surplus for re-investment, by securing funding contracts to continue and expand our service portfolio nationally, pursue a strategy for commercial growth with improved margins, ensure cost recovery from cost-only programmes and continue with a programme of cost reduction and efficiency savings.

The Group's core purpose of delivering economic growth in GM and elsewhere is enabled by a business model which requires the securing of public sector funding contracts and the generation of income from commercial activities which support the core purpose and also deliver surpluses for re-investment. Since MGC's creation in 2013, turnover has increased year on year (from £66m in 2012/13 to £107m projected for 2016/17) as we have used the combined strength of the Group's component parts to increase the scale and scope of our operations. This growth has allowed the Group to deliver significant economic benefits to the places in which we operate which has also resulted in enhanced positioning, profile and reputation for MGC as an increasingly important player within GM, across the North of England and at a national level.

However, much of this growth has come from public sector grant programmes which operate exclusively or largely on a cost-only basis with little or no ability to generate surpluses. Competitively procured public sector commissions offer more scope for surplus but this is becoming increasingly limited as margins become tighter within price based public sector contracts. At the same time, some of our commercial activities have been affected by external changes in the policy and economic landscape. We have also faced a series of costs to modernise our accommodation and system infrastructure and invest in our workforce to ensure that we are fit for purpose, able to deliver quality services and able to compete in the marketplace.

Our desired future state is to continue to grow our competitively procured public sector commissions and commercial sales margins whilst, at the same time, maximising cost recovery on our grant funded programmes.

2017/18 will provide some challenges but also some significant opportunities in the year ahead. Whilst some of these developments were expected, the EU referendum and formation of a new Government have resulted in some acceleration of commissioning plans and notable changes to the scale and breadth of the programmes to be commissioned. If we are to achieve our ambitions to tackle GM's productivity gap, deliver inclusive growth and make a full contribution to GM's Internationalisation Strategy, as well as significantly deliver economic growth to other parts of the Northern Powerhouse, it is essential that we are successful in bidding for these commissions.

Known opportunities in the year ahead include:

- Procurement of the Work and Health Programme, together with a range of other DWP procurements as Government moves away from monolithic programmes towards a more diverse contract portfolio
- Potential re-tendering of the International Trade contract, on a larger geographical footprint than the existing North West where MGC is the current incumbent, and the national Inward Investment contract
- ERDF project calls and ESF tenders for the 2018-22 period of the ESIF programme, covering business support, skills and employment services
- Introduction of the Apprenticeship Levy with opportunities to expand sales to levy paying organisations in the public and

- private sectors, albeit in an increasingly competitive market
- Transfer of the Adult Education Budget and Apprenticeship starts (combined total £8m) from “allocation” to procurement and which represents a threat to existing income but also an opportunity to increase income if bidding is successful

Whilst pursuing these opportunities, a proactive approach is required to secure a higher proportion of procured commercial, surplus generating contracts and, within these, achieve improved margins. Private sector Apprenticeship Levy opportunities fall within this scope. In addition, our existing, commercial Organisational Development Services will continue to diversify with less reliance on IIP and more business generated from the current Ambitions Programme, covering High Performance Workplace and Leadership, and the Centre for Assessment which covers ISO and other accreditations. Business Finance Solutions’ expansion in the business and start up loans market, together with the development of new loan products, provides further potential to increase surpluses.

The Group will, however, look beyond its traditional areas of commercial activity and explore new opportunities which fit with our core purpose whilst offering a return to MGC and value to our customers. This will include consideration of joint ventures and acquisitions where these are strategically and financially beneficial.

As part of our Internal Transformation Plan, a great deal of work has already been done to strengthen our capacity and capability to compete for and deliver major contracts, some of which involve extensive supply chain management, and make a step change in commercial activity whilst continuing to deliver high quality services. This includes putting into place business continuity arrangements, securing various accreditations and upgrading our IT capability. Some tasks remaining outstanding and these will be delivered as priorities under the Internal Transformation Plan for 2017/18 (and covered under Strategic Priority 7).

In addition, we need to significantly invest in our sales, communications and positioning activity through the creation of a new integrated business development team across MGC with enhanced bidding capacity and additional business development and sales resource.

Throughout 2017/18 there will also be a continued focus on ensuring that we maximise cost recovery from the cost-only programmes that we deliver and on cost reduction and achieving efficiencies across the Group. Over £1m of cost reductions have been achieved through a proactive approach to cost control over the last three years. However, given that a central Group procurement structure is now in place and a number of the more significant input costs are being centrally procured, the focus in the future will be reducing costs through behavioural change.

Our priority objectives during 2017/18, under this Strategic Priority, are set out below.

Strategic Priority 5 - Objectives	Lead Business Unit
5.1 Successfully bid for International Trade and Inward Investment (if tendered) and ERDF 2018-20 funding round to secure resources required to deliver against Strategic Priorities 1, 2 and 3.	Business Support
5.2 Increase £200k in loan capital and delivery of £400k surplus, excluding future contracts e.g. Princes Trust.	Business Support
5.3 Maintain operational margin and profit (£650k) for IDG and CFA through commercial growth whilst maintaining client retention rates.	Organisational Development

5.4 Increase Aspire sales by 20% whilst maintaining current 7% margin.	Work Company
5.5 Secure Work and Health programme contracts	Work Company
5.7 Secure commercial income to match additional GMCA income of £550k whilst ensuring full cost recovery of all services within agreed budget.	Marketing Manchester/ Business Support (MIDAS)
5.8 Develop our consultancy/advisory service offering to 'places' focused on economic and business development leveraging the integrated multi-service capacity of the group and the distinctive capabilities of our policy, research and evaluation activity to secure additional commercial income.	Cross Group
5.9 Secure cost reductions across MGC through: <ul style="list-style-type: none"> • Continuing our procurement framework approach, establishing robust baselines leading to behavioural change • Centralisation of further procurement frameworks • Functional efficiencies across Business Units 	Corporate Services
5.10 Ensure full cost recovery on all cost-only grant projects.	All Business Units

The Key Performance Indicators for this Strategic Priority are, essentially Group KPIs such as financial performance, including turnover, surplus and cost reduction objectives, and will be managed and reported as part of the Group's budget management process. However, as stated above, our aim is to alter the balance of our overall income with a lower proportion of grant income, which allows no scope for surplus generation, and higher proportions of income from competitively procured commissions and commercial activity where surpluses can be realised. Our financial monitoring and reporting will reflect this aim and track how the income balance is being adjusted.



6

Enhance our profile and positioning - Develop and implement mechanisms which utilise MGC's unique knowledge and intelligence of economic policy and delivery solutions in order to become a recognised key agent of change in GM and elsewhere, as well as to positively influence commissioners of services and to assist the evolution of the Group's financial model.

The scale and breadth of MGC's economic development services, together with many years of experience of designing and implementing new delivery solutions in ever changing and evolving policy contexts, places the Group in a unique position to influence the shape of future policy and delivery. Our Business Growth Hub is widely acknowledged as the most advanced and mature in the country and now leads the Northern Powerhouse network of Growth Hubs as well as playing a leading role in an evolving national network. Business Finance Solutions is one of the country's largest CDFI providers with a nationally based start-up loan portfolio and with a prominent fund management role under the Northern Powerhouse Investment Fund. MIDAS has secured GM's role as the top location for inward investment outside of London whilst Marketing Manchester is well advanced in positioning GM as the northern gateway for visitors to the North of England. The Skills Company is one of the largest providers of apprenticeships and work-related training in GM and The Work Company enjoys a "best in class" reputation as a deliverer of employment and career solutions across the country. IDG holds the licence for delivering Investors in People in the North of England.

These successes have not just been achieved by a reputation for quality and reliable delivery but also by harnessing and utilising the accumulated knowledge of what works and what doesn't work. These insights allow the Group to advise on policy and programme development, at local and national levels, and to bring forward innovative delivery solutions. Our knowledge and experience makes us a credible voice in policy conversations and in delivery design.

The challenge, in the period ahead, is to build on this reputation. The importance of place is now increasingly recognised locally and nationally. An understanding of place, and the need to operate as part of local networks, is part of our USP. We need to extol this insight and capitalise on it to improve the positioning of our place-based services and compete effectively for new commissions as well as continue to support GM's ongoing development of economic policy and delivery solutions, its devolution agenda and its leading role within the Northern Powerhouse. This includes being much clearer in our communication of what MGC is and developing our brands to provide consistent and coherent identification of MGC, its operating companies and its services.

Our priority objectives during 2017/18, under this strategic priority, are set out below.

Strategic Priority 6 - Objectives	Lead Business Unit
<p>6.1 Develop and simplify our branding to improve awareness and perceptions of the Group and our services with key audiences</p> <p>and develop our marketing and promotional collateral to tell our story and exploit our USP.</p>	Marketing Manchester
<p>6.2 Enhance and take the lead role in partner engagement across the Northern Powerhouse</p> <p>positioning the Group, and GM, as a key driver for Northern Powerhouse collaboration</p>	Business Support/ Marketing Manchester
<p>6.3 Demonstrate and articulate the benefits of business support to businesses</p> <p>to increase market penetration, and the economic benefits of public sector investment in business support to national and local stakeholders and commissioners.</p>	Group/ Business Support
<p>6.4 Develop the Skills Company into a known thought leader in the skills & education field</p> <p>through strengthened collaboration on policy development at different levels including Department for Education, Northern Powerhouse and GMCA / Mayor.</p>	Skills Company
<p>6.5 Build a wider profile in the market of our Employment offer through increased PR, social media activity, events, sponsorship and relationship building</p> <p>with commissioners and through partnerships and networks.</p>	Work Company
<p>6.6 Further establish our profile and expertise in the organisational development marketplace through increased social media activity and presence at key events.</p>	Organisational Development
<p>6.7 Utilise our knowledge and experience of the inclusive growth agenda to stimulate debate and ideas on how policy and delivery could and should be developed.</p>	Cross Group
<p>6.8 Utilise our experience of developing a high profile in low carbon expertise to develop a comprehensive cross-Group plan</p> <p>to support enhanced profile and positioning across all relevant Group activities.</p>	Cross Group

We will measure our success in delivering this priority by the extent to which we achieve these objectives and by commissioning independent insight evaluation of awareness and understanding of MGC's role and value amongst our stakeholders, key commissioners and customer groups.

We will also continue with processes introduced in 2016/17 to consistently capture and report on customer feedback on the following five questions across all of our services:

- First impressions of service/event
- Extent to which customer has benefitted from the service/event
- Quality of advisor/staff member involved in delivery
- Overall satisfaction
- Would recommend to others

7

Deliver Internal Transformation - With the MGC values at the core of all activity and building on progress to date, MGC will drive forward its internal transformation programme which delivers the change required to achieve MGC's ambition, its aspiration to become a high performing organisation, embed a robust infrastructure to underpin the work of the Group and to maximise the impact the organisation has on the communities with which it works through our approach to social value.

At the formation of the Group, MGC embarked on a programme of internal transformation which not only sought to integrate the 17 operating companies, but also to create an organisation which is able to fulfil its strategic objectives and adapt to change.

Central to the success of the programme is the shaping of the organisation culture, which is underpinned by the MGC company values: make a positive difference, stronger together, empower people, build on success and do the right thing.

Significant progress and integration has been made since the creation of MGC. Our transformation programme continues to evolve in response to the needs of the organisation and to move the organisation to a 'one MGC' operating model. Much of what has been achieved so far has focussed on putting in place the foundations of a robust and adaptable organisation. Going forward the focus of the programme evolves towards harnessing the true potential of operating as an integrated business to ensure additional growth, greater client engagement, enhanced outcomes and improved financial resilience.

The core purpose of our internal transformation programme is to ensure that MGC is enabled to fulfil the vision and strategic priorities outlined in the rest of the business plan, through:

- Strong governance and management, supported by a robust internal procedural framework and control environment, positioning MGC as an exemplar organisation to clients, stakeholders and business partners.
- Enabling efficient, effective and integrated MGC service provision, both internally and externally, to maximise engagement and performance with client groups.
- Achieving its aim to become a high performing organisation and an employer of choice.
- The right approach, processes and infrastructure to improve efficiency, drive down costs and to meet the accreditation requirements for contract bidding.

Whilst these objectives form the core of internal transformation activity across MGC, this priority cross cuts and enables all other strategic priorities and oversight of progress and outcomes, including all other initiatives focussed on MGC as an organisation. This includes, but is not limited to: inclusive growth (SP2), integrate services (SP4), increase MGC's financial strength (SP5) and MGC thought leadership role (SP6).

Our priority objectives during 2017/18, under this strategic priority, are set out below.

Strategic Priority 7 - Objectives

7.1 Implement and embed the Group wide IT strategy and systems, building on improved IT infrastructure and enabling agility and efficiency of the business, including:

- Implementation of the digital transformation project
- Implementation of FinTech
- Implementation of approved IT strategy and move to hybrid cloud solution
- Roll out the Unit 4 HR, Payroll and Finance integrated system

7.2 Achieve a suite of accreditations across the Group to ensure that we meet and maintains the criteria for contract bidding, including:

- ISO9001 and 27001 across all business units
- Disability Confident Level 3
- MERLIN (excellence in supply chain) accreditation
- Developing a quality improvement plan working towards achievement of OFSTED 2 for our skills provision
- Identifying and reviewing the appropriateness of working towards a standard for environmental and social value

7.3 Enable the organisation to work towards becoming a High Performing Organisation through the achievement of IIP

including a focus on people centred initiatives designed to develop, motivate, retain and attract productive, engaged employees and to position us as an employer of choice.

7.4 Implement a programme of behavioural and cultural change initiatives

which enable our workforce to operate in a more cohesive and integrated way, underpinned by the company values.

7.5 Review and refine corporate structures ensuring maximum efficiencies and enablement of our ambition

including review of legal entities and alignment to branding/positioning strategy and review of Group structure.

7.6 Further embed a robust internal procedural framework and control environment, with ongoing review of management information and lessons learnt to ensure continuous improvement across all business practices, including:

- Development of an annual internal audit plan and assurance map and identification of best practice which reflects control processes and assurance activity undertaken in business units.
- Development of an annual procurement plan, ensuring compliance across business units.

7.7 Make measurable and meaningful progress against our Equality Diversity and Inclusion action plan

underpinning our “no barriers to progression” commitment within an inclusive environment that respects people’s differences and maximises their potential.

7.8 Implement an internal communications and staff engagement strategy which improves awareness of internal transformation initiatives

ensures smooth implementation and early adoption of new systems and processes by all staff and supports cultural change across the organisation.

7.9 Deliver our own social value, measurable by the extent to which, over time, the Group strengthens further its employment and recruitment practices

makes greater use of GM suppliers, displays greater diversity in its workforce, becomes more environmentally sustainable and increases its community engagement.

7.10 Ongoing review of our estate, ensuring best value and reduced cost and enabling a place based approach to deliver our services to customers.

We will measure the impact of our activities under this Strategic Priority through a set of Key Performance Indicators. The indicators and targets for 2017/18 are as follows:

Key Performance Indicator	Total
Voluntary staff turnover	17%
Proportion of staff upskilled through the Learning & Development programme	45%
Proportion of staff who feel proud to work for MGC	70%
IT system uptime	99%
Proportion of internal audits with an assurance rating of satisfactory or better	90%



Financial Plan

As stated in Strategic Priority 5, the 2017/18 budget is reflective of a three year horizon in which we seek to grow our competitively procured public sector commissions and commercial sales margins whilst also maximising cost recovery on our grant funded programmes. As we strive to position our status as a prime contractor/strategic partner within key partnerships and supply chains across the country, we need to ensure that we have the capacity and capability required to deliver this aspiration.

Our income model is changing and the budget reflects our preparedness to develop our business development and bidding resource to take advantage of opportunities across any of the three income streams. Investment in these areas this year will reap future benefits and, whilst, essentially a break-even budget, the focus is on ensuring that we will develop increased surpluses from 2018/19 onwards.

2017/18 Budget

The net budgeted surplus for 2017/18 has been set at £301k, the same level as the forecasted net surplus of £300k for 2016/17. Turnover for the MGC legal entity is £108.6m (forecasted turnover 2016/17 is £102.2m) representing an increase of 6.3%.

There are general assumptions made within the budget and these are:

- The inclusion of grant and procured income only included where contracted.
- The exception to this, as in previous years, is within Skills where SFA funding will not be known until Q1 2017/18 and an early forecast in the new financial year will be undertaken to firm up this income stream.
- Sales budgets are based on 2016/17 performance and growth ambitions.
- No general inflationary increases.
- No DIT incentive payment included, given the potential re-tendering of the DIT contract.

Key income sensitivities will include SFA income not being known until May 2017 as indicated above. The apprenticeship levy income is based upon known apprenticeships and IDG income is based upon a stabilisation scenario with no net increase in surplus.

With regards to expenditure, the implementation of Office365, which will considerably increase agile and flexible working whilst building on the increased resilience of our IT infrastructure through Project IT Foundation, has been included within the budget. Business development costs, through the enhancement of the current bid team and additional resource throughout the Group, have also been included within the budget and allocated across the Group. Enhanced capacity has also been created within the business units to provide resource into, for example, GMCA initiatives around apprenticeships and health.

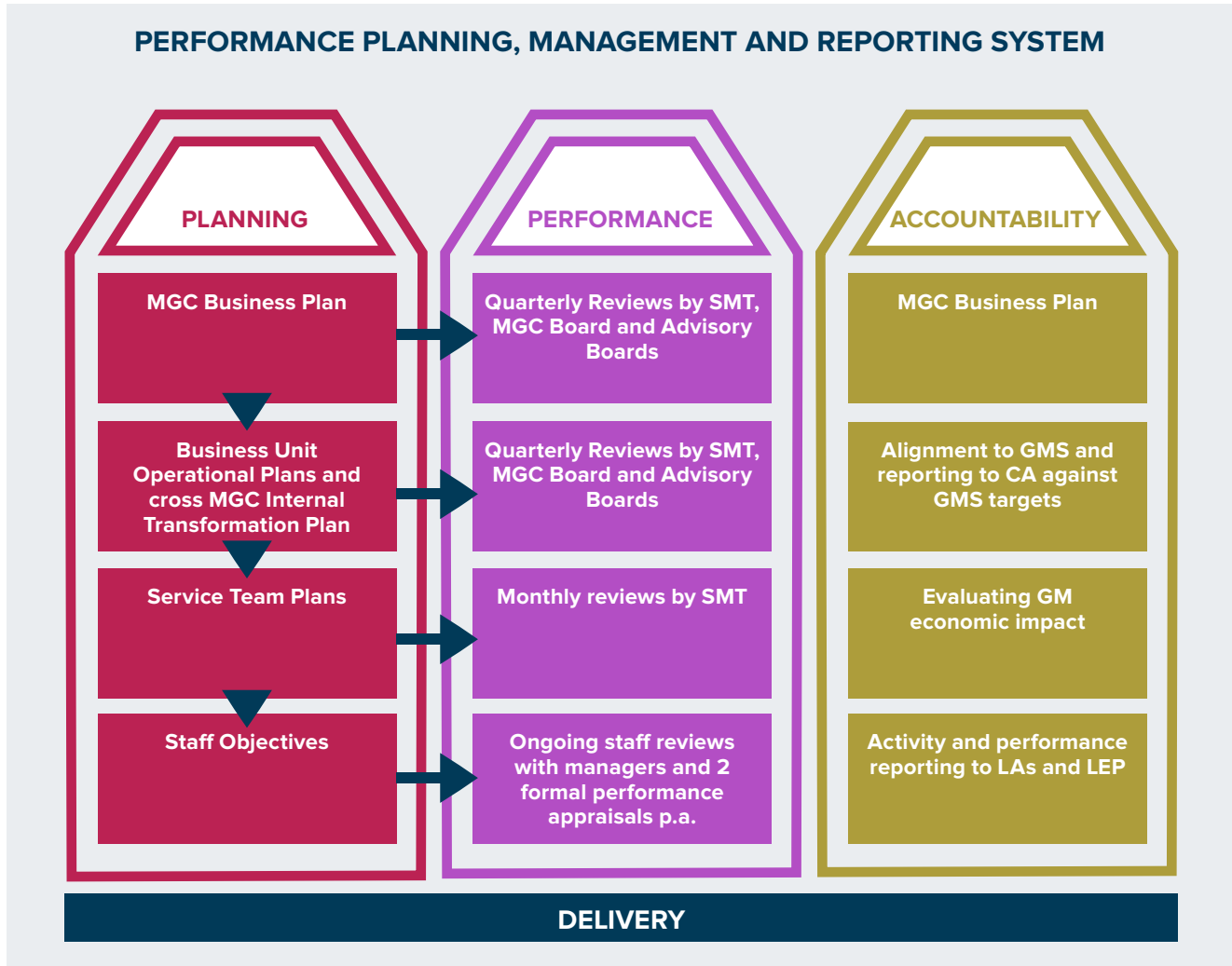
Summary budget 2017/18

Business Unit	Income	Expenditure	Surplus/(Deficit)
	£k	£k	£k
MGC Holding Company	10,316	10,884	(568)
Business development		375	(375)
Skills	21,404	21,524	(120)
Work	32,172	31,901	271
Business Growth Hub (GMBS)	20,971	21,021	(50)
International Trade (BSS)	5,308	5,265	43
BFS	3,856	3,447	409
MIDAS	2,416	2,448	(32)
Total Business Support	32,551	32,181	370
Organisation Development	7,640	6,961	679
Marketing Manchester	6,546	6,546	0
Challenge for Change	357	346	11
TOTAL MGC GROUP	110,986	110,718	269
TOTAL MGC (LEGAL ENTITY)	108,570	108,270	301

Performance & Risk Management

Performance planning, management and reporting system

The Group operates a performance planning, management and reporting system which is summarised in the diagram below.



The system contains the following elements:

- Development of the annual Business Plan, which is informed by an assessment of past performance and progress to date and is subject to extensive engagement with MGC staff, the Board and external stakeholders.
- A cascade of the Business Plan's priorities, objectives and KPI targets to:
 - o Business Unit Operational Plans and a cross-MGC Internal Transformation Plan
 - o Service Team Plans
 - o Staff objectives
- Delivery and performance which is assessed and reviewed at the following levels:
 - o Ongoing reviews of staff performance against objectives through normal management over-sight with formal interim and end of year performance appraisals
 - o Evaluation and customer feedback to support ongoing reviews and continuous improvement of services
 - o Monthly reviews of performance against Service Team Plans at Business Unit level

- o Quarterly reviews of performance against Business Unit Operational Plans and against the Internal Transformation Plan by Group SMT
- o Quarterly Performance Reports, assessing progress against Business Plan priorities, objectives and KPI targets, to Advisory Boards and Group Board
- Accountability to key GM stakeholders by:
 - o Consultation with and input from the LEP, Combined Authority and Local Authorities as the Business Plan is developed and finalised
 - o Evaluation of the economic impact of service delivery to understand the contribution of programmes to GMS
 - o Reporting of performance and progress: quarterly reporting of KPIs by each Local Authority to TMEDL; six monthly narrative reports on business support activity and performance to each Local Authority; and six monthly performance reporting against Business Plan priorities, objectives and KPI targets to the LEP.

Performance Reporting

Reporting will be in the form of narrative progress assessment against Business Plan Strategic Priorities and KPI data against targets. The following reporting cycle will apply.

Internal	Cycle	External	Cycle
MGC Board	Quarterly	GM Local Authorities*	Quarterly
MGC Advisory Boards	Quarterly	GM LEP Board	Six Monthly

*Note: Local Authorities receive reports showing, by district, those KPIs that can be measured at a LA level. Every six months, each Authority also receives a full narrative report of business support activity in its area.

Evaluation

The Group is committed to the independent evaluation of its services to assess their impact on the economy, their contribution to GMS objectives and their effectiveness from a customer perspective in order to inform service reviews and improvement. To date, full evaluations have been completed for the Business Growth Hub, Access to Finance, Business Loans, Inward Investment and the Textiles Growth Programme. An evaluation of the Green Growth service is underway. Findings from these evaluations have been used, together with the findings of the Annual Business Survey and other evidence, to inform the development of new services and the enhancement of existing services. They have also been used to support new funding applications. The Group's approach to evaluation is extended to those employment and skills activities where independent evaluation would provide additional high value impact data over and above that already obtained from existing data capture.

Risk Management

MGC has in place an integrated risk management strategy and a risk register, detailing key strategic and operational risks, is regularly reviewed by senior management and the MGC Audit Committee. The high level risk register considers cross cutting risks which could impact on all areas of the Group as well as significant risks relating to the individual operating companies and their services. This is supported by more detailed individual risk registers for each business unit within the Group.

The potential threats and risks to the priorities and objectives of this Business Plan have been assessed and the Risk Register is being updated to set out the mitigating actions to be undertaken as part of the risk management process. The full, updated Risk Register will be reviewed by the MGC Audit Committee. The key, headline risks applicable to the delivery of this Business Plan are set out below. It should be noted that the achievement of our objectives under Strategic Priorities 1-3 will be underpinned by our successful management of risks under Strategic Priorities 4-7.

Strategic Priority 1 - GVA and Productivity
Delivery impacted by economic uncertainty / downturn & policy changes
Failure to win new contracts or contracting delays result in reduced delivery and outcomes in 2017/18
Apprenticeship take up affected by changes to funding system
Strategic Priority 2 - Inclusive Growth
Unable to deliver inclusive growth objectives due to failure to secure co-operation of client businesses
Failure to secure ERDF start up programme, leaving GM without enterprise support provision
Inability to persuade commissioners/other organisations to re-engineer services (e.g. Careers) & work in partnership
Strategic Priority 3 - Internationalisation
Delivery of key aspects of Internationalisation Strategy impacted by Brexit / terms of EU negotiations
GM export performance impacted by Department of International Trade policy / contractual requirements
Failure to secure appropriate partnerships required to deliver this strategic priority
Strategic Priority 4 - Integrate Services
Work to align services delayed by competing pressures on staff time and/or cultural or organisational barriers
CRM capability impacted by supplier delays and/or IT resources and/or lack of staff engagement with system
Improvement of service alignment across GM impacted by unwillingness of external organisations to collaborate
Strategic Priority 5 - Improve MGC's Financial Resilience
Commercial income projections do not materialise
ERDF not maximised due to lack of match funding and / or bids for ERDF are unsuccessful
Financial impact of failure to win new contracts such as Work & Health Programme, International Trade & AEB
Insufficient internal resources / support infrastructure to develop strong MGC bids for new contracts
Strategic Priority 6 - Enhance MGC's profile and positioning
Branding improvements fail to result in increased awareness / understanding of MGC and/or its services
Strategic Priority 7 - Internal Transformation
Loss of key members of staff and failure to attract new staff with the necessary skills / experience
Incidents of fraud, non-compliance and poor business practice due to inadequate controls
Delay to achieving, or failure to achieve, new accreditations including ISO9001/27001, IIP and Ofsted
Cyber threats have potential to disrupt business operations and damage brand
Breakdown of H&S processes lead to serious breach