

Chapter 2: A thriving and sustainable city

Strategic overview

Manchester's overall success and resilience over the past decade has been underpinned by the stability of its economy. A thriving economy is essential for the creation of jobs, attracting further investment, and driving population and residential growth. The visitor economy is also increasingly important to the city and is boosted by Manchester Airport's position as the key international gateway to the North of England. Manchester's economy has continued to diversify and is now much more resilient to economic shocks than in the past. A key challenge for the future is to transition to a more sustainable and ultimately zero-carbon economy by 2038. This will create challenges and require investment, but will also create opportunities for a more liveable and low-carbon city, while placing new demands on the education and skills system.

The city centre, Oxford Road Corridor and the area around the Airport have continued to thrive during the past year in spite of the uncertainties surrounding the UK's exit from the European Union. Significant numbers of jobs have been created and major investments such as GCHQ, Amazon, Booking.com,

Moneysupermarket, and The Hut Group at Airport City are creating opportunities for the city's residents to access employment. The challenge is to ensure that more of Manchester's residents are able to access these jobs and sustain a good quality of life from their income.

Analysis of progress

A diverse and growing population

A rapidly expanding city

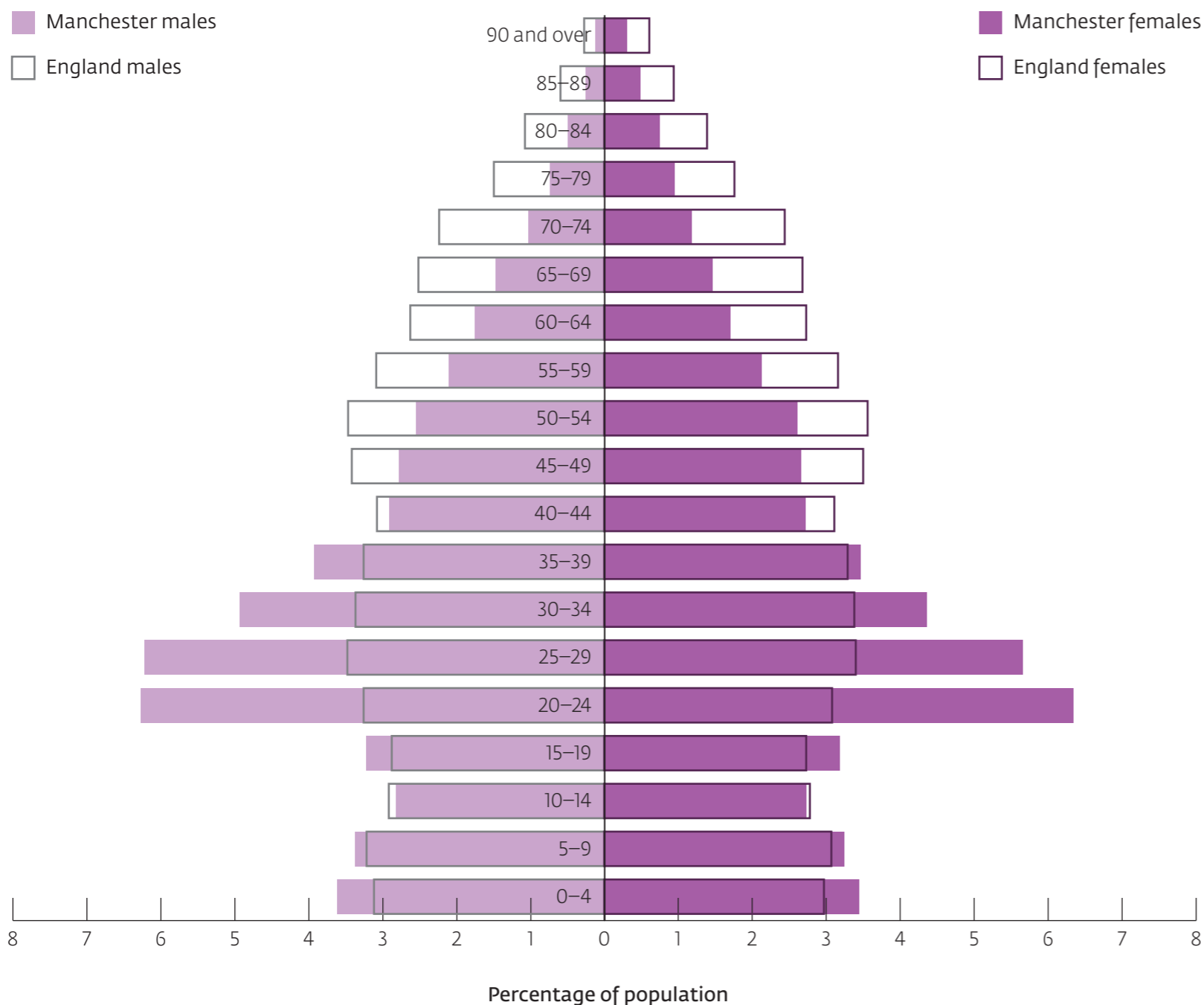
Manchester has experienced a sustained period of unprecedented population growth over the past two decades, with the Office for National Statistics (ONS) estimating the 2018 resident population as 547,627. Figure 2.1 shows the distribution of this population by age, comparing it to the national average, illustrating the young profile of the city. The 2018 estimate from ONS is much lower than expected based on local information. Manchester City Council's in-house forecasting model, MCCFM, estimates its 2018 resident population to be 566,650, with strong growth continuing into 2019, reaching 575,400 by the middle of the year. This is based on local intelligence, such as the high

level of housing construction, rising numbers of international students, and increasing demand for school places.

The number of pupils are continuing to increase throughout the primary school phase due to inward migration exceeding the number of pupils leaving the city. The number on roll has grown from 48,297 five years ago to 54,917 for the September 2018 intake.

Meanwhile, growing demand for secondary places is being driven by larger primary cohorts feeding through the system. In the five years up to 2018, the number of pupils in secondary schools rose from 21,997 to 26,849; however, it is the most recent years that have seen the greatest increases, with Year 7 demand growing from 5,429 in 2017 to 6,075 in 2018. Further rises are expected up to 2020 and 2021 when numbers will potentially require significant school expansions or new schools. In September 2018, Chorlton High School South (240 places) opened in temporary accommodation to alleviate some of the pressure. Despite the demand, 77% of pupils received an offer at their first-preference secondary school in 2018, compared to 75% in 2017.

Figure 2.1:
Mid-year population estimates by age for Manchester and England, 2018



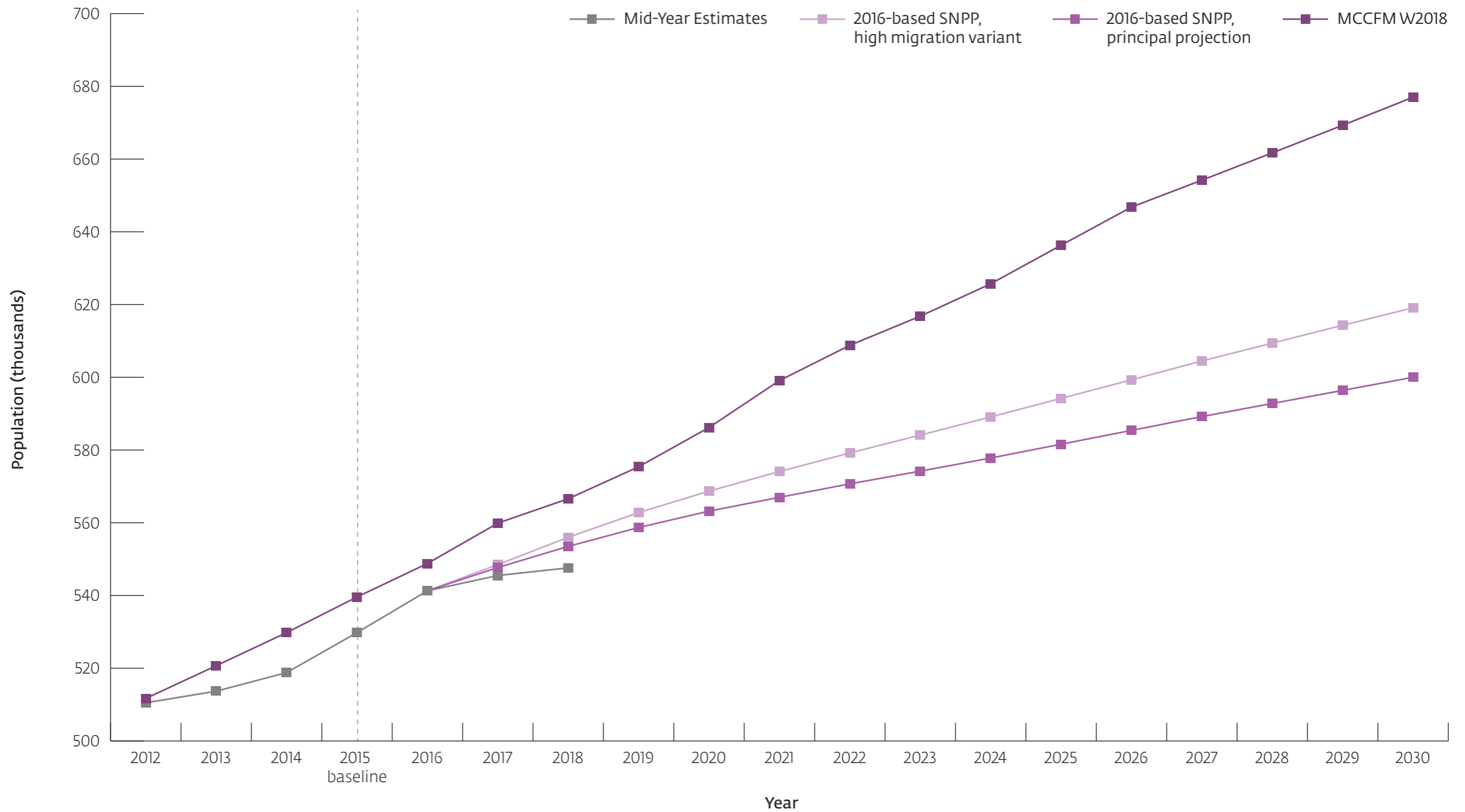
Source: 2018 mid-year population estimate, ONS © Crown Copyright

ONS 2016-based Subnational Population Projection (SNPP) suggests that the city will continue to grow, with numbers reaching around 582,000 by 2025. MCCFM predicts a stronger rate of growth, with 637,000 residents expected by 2025; this is a higher figure mainly because, unlike SNPP, migration assumptions include house-building projections.

ONS has produced a new alternative projection assuming higher growth from migration than the main SNPP; however, while it paints a more realistic picture of expected growth, it starts from a lower base figure in 2016. As with the main projection, it does not take into account the intense building programme under way in the city, so it still projects lower figures than MCCFM. Figure 2.2 shows how the number of people living in the city is expected to grow over the next decade, according to the two ONS projections and MCCFM.

Population growth has occurred across the whole of Manchester, but has been concentrated in the city centre and surrounding wards over the past few years. Increasingly attractive accommodation, combined with the high-quality leisure and cultural offer, is drawing students, graduates and professionals into the centre, while families are settling in larger numbers in the inner suburbs.

Figure 2.2:
Manchester population estimates and predictions, 2012–2030



Sources: Mid-Year Estimates (MYE) of population and Subnational Population Projections (SNPP), ONS © Crown Copyright; MCCFM W2018, Manchester City Council (PRI)

According to MCCFM, Manchester’s wider city centre neighbourhood is expected to house 65,200 residents by mid-2019, 5,000 more than a year earlier. The rate of wider city centre population growth is set to increase over the next five years as expected new apartment-led residential development adds further capacity, with 100,000 residents potentially living there by 2025.

Cross-cultural, vibrant neighbourhoods

Manchester continues to welcome people into the city from across the world, and those from outside the UK are an important driver behind the growth in resident population.

The population of Cheetham ward, adjacent to the city centre, has increased by a third over the past decade (2008 to 2018) from 15,400 to 20,500, based on MCCFM figures, but the number of homes built in this area has remained low (100 units per year on average during that period). A combination of large families and international migrants, attracted by the proximity to jobs and established language, nationality and faith networks, has created exceptionally high demand for new and existing homes. These neighbourhoods have traditionally had a high turnover of residents and, while pockets of transience remain, an increasing number of families are now staying and laying down roots.

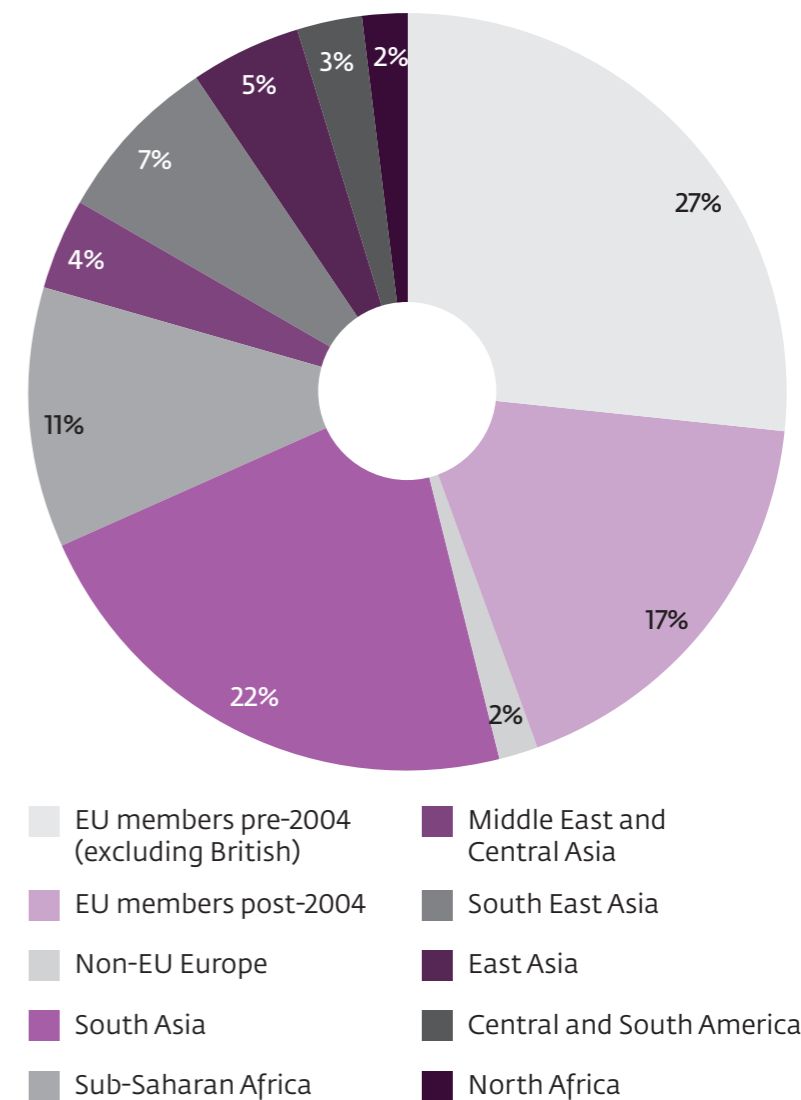
Estimates for 2018 indicate that European nationalities make up nearly half of Manchester’s non-British residents (46%) and around a quarter are South Asian as shown in Figure 2.3. Within these groups, Pakistani is the most common nationality.

The large volume of international students living in the city affects proportions within the young adult population, with more than three quarters of resident international students attending local universities originating from outside Europe.

The number of undergraduate students from the European Union (excluding UK) has continued to rise steadily,¹ from 2,577 in 2016/17 to 2,717 in 2017/18, despite the uncertainty around Brexit. Over the same period, the number of undergraduates from the rest of the world has also risen, from 6,532 to 6,843. However, postgraduate numbers for both EU and non-EU students are slightly lower than those seen in 2016/17, falling from 1,144 to 1,083 for EU, and from 5,976 to 5,938 for those from the rest of the world.

¹ Higher Education Statistical Agency (HESA) 2018

Figure 2.3: Manchester’s foreign national residents – estimate of nationality, mid-2018



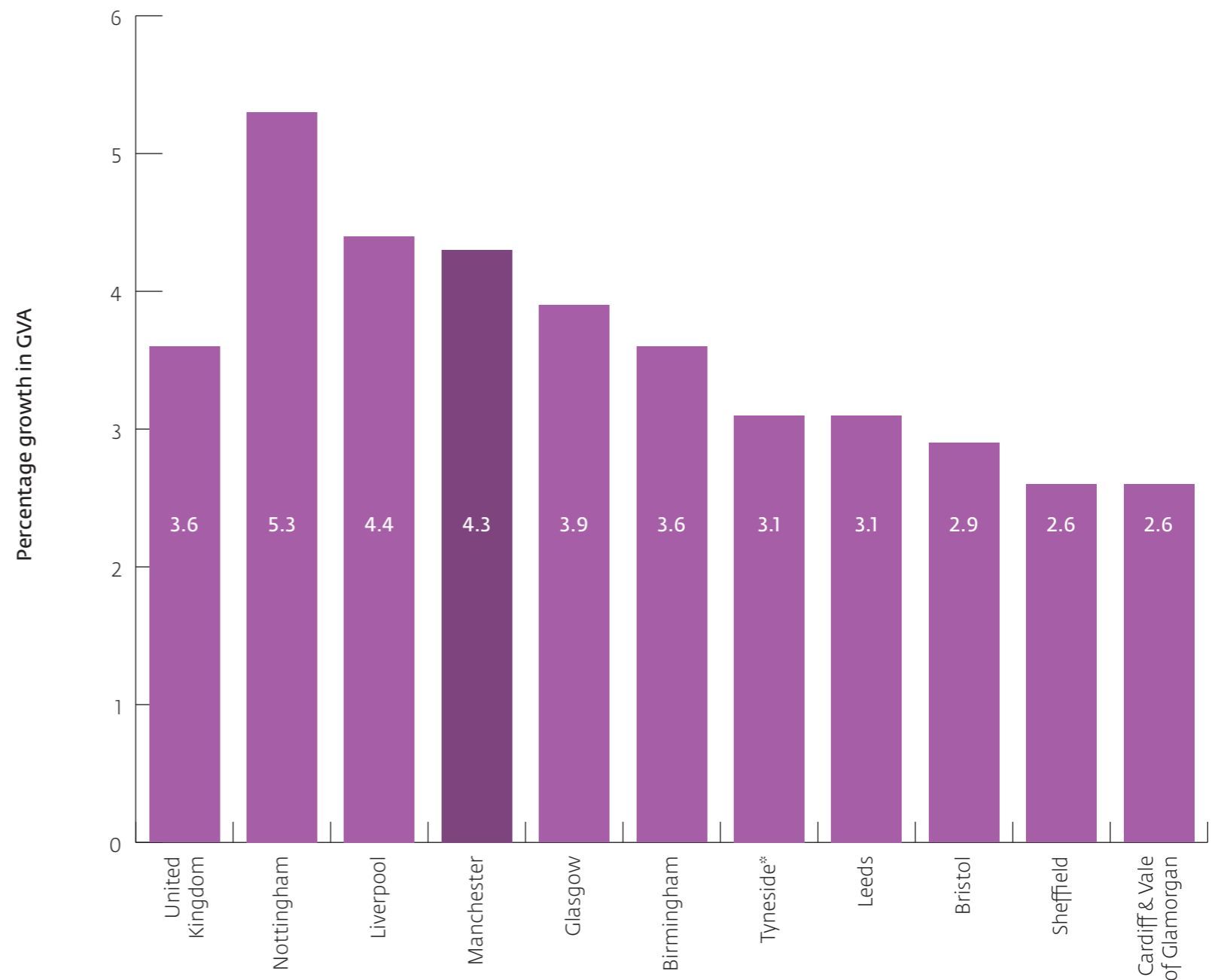
Source: Annual Population Survey, 2018, ONS © Crown Copyright

Increasing productivity for the benefit of the city and the UK as a whole

Gross value added (GVA) is a measure of the value of the goods and services produced by an area and is commonly used as an indicator of economic performance. Historically, ONS have produced estimates of regional GVA using the income approach and the production approach. In 2017, the strengths from both approaches were taken to produce a new balanced measure of regional GVA, known as GVA (B); this is a single measure of economic activity within a region.

Manchester's economy has continued to grow; in 2017 Manchester's GVA (B) was £19.7million. Figure 2.4 shows that between 2016 and 2017, Manchester's overall GVA (B) grew by 4.3%, compared to 3.6% for the UK, and is the third-highest growth of all the UK Core Cities.

Figure 2.4: Percentage growth in GVA (balanced approach) between 2016 and 2017



*Tyneside includes Newcastle, Gateshead, North Tyneside and South Tyneside

Source: Regional economic activity by gross value-added (balanced), ONS © Crown Copyright

In 2017, Manchester's GVA (B) per head of resident population was £36,136, compared to £27,555 for the UK as a whole. GVA per head can be a useful way of comparing regions of different sizes. However, when assessing regional economic performance, it is now recommended to use the experimental labour productivity statistics, GVA per hour worked or GVA per job filled, as these measures provide a direct comparison between the level of economic output and the direct labour input of those who produced that output.

This is not the case for GVA per head, as this measure includes people not in the workforce (including children, pensioners and others not economically active) in the calculation, and can also be very heavily biased by commuting flows. This is because if an area has a large number of in-commuters, the output these commuters produce is captured in the estimate of GVA, but the commuters are not captured in the estimate of residential population. In this situation, a GVA per head measure would be artificially high if used as a proxy for economic performance of an area.

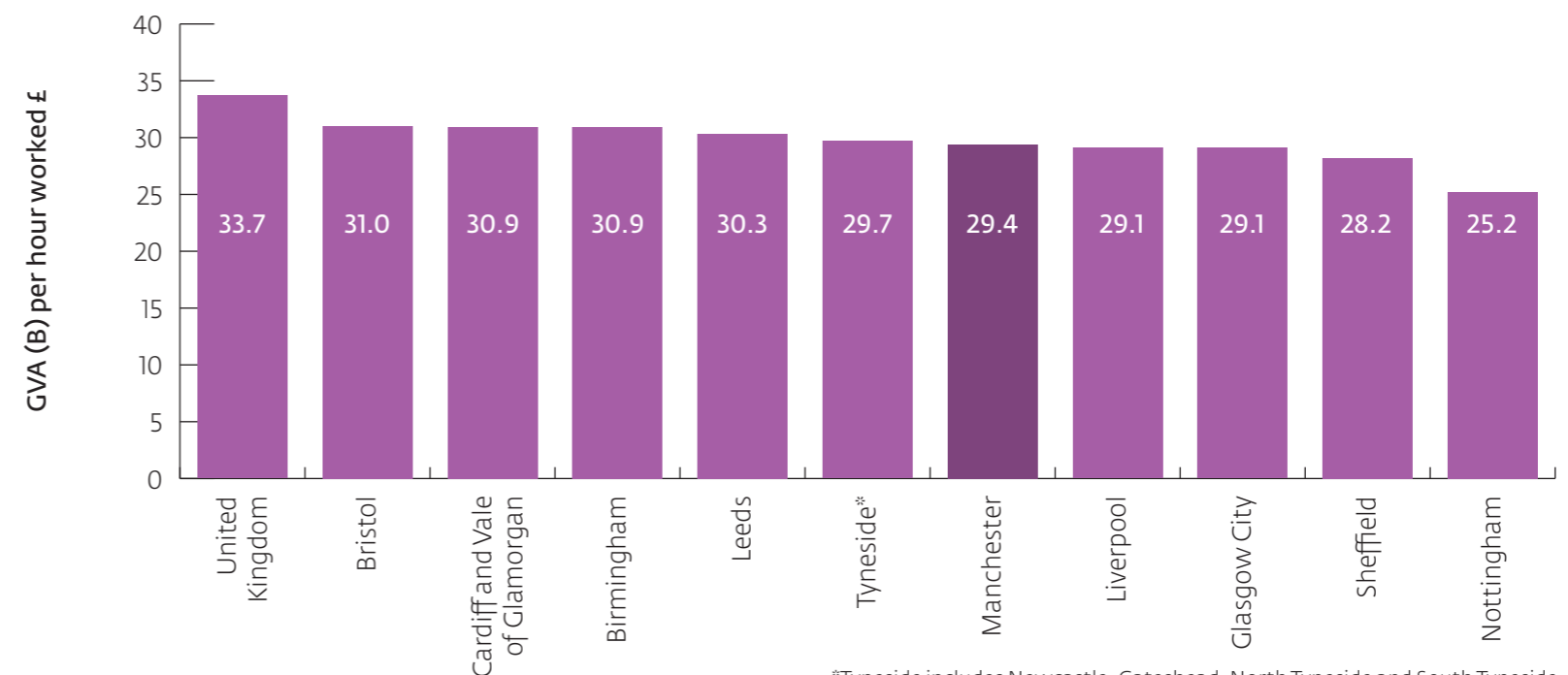
The ONS are continuing to develop these experimental statistics and will publish more information in the coming months. According to one statistic, Manchester's Nominal GVA (B)

per hour worked (data smoothed using a weighted five-year moving average) has increased consistently each year from £21.40 per hour in 2004 to £29.40 per hour in 2017. Figure 2.5 shows that in 2017 productivity levels were very similar across the UK Core Cities, with eight of the cities ranging between £29.10 and £31.00 GVA (B) per hour worked.

The Government published its Industrial Strategy in autumn 2017 and both Greater Manchester and Manchester have produced

local versions, which were completed in 2019. The Our Manchester Industrial Strategy sets out how a more inclusive economy can be developed for the city's residents and workers; this focuses on three pillars: people, place, and prosperity. Broader measures of wellbeing will be developed to measure the impact of the Strategy, rather than a reliance on traditional measures of economic growth and productivity such as the GVA measures summarised above.

Figure 2.5: Nominal GVA (B) per hour worked (£) in 2017 (provisional)



*Tyneside includes Newcastle, Gateshead, North Tyneside and South Tyneside

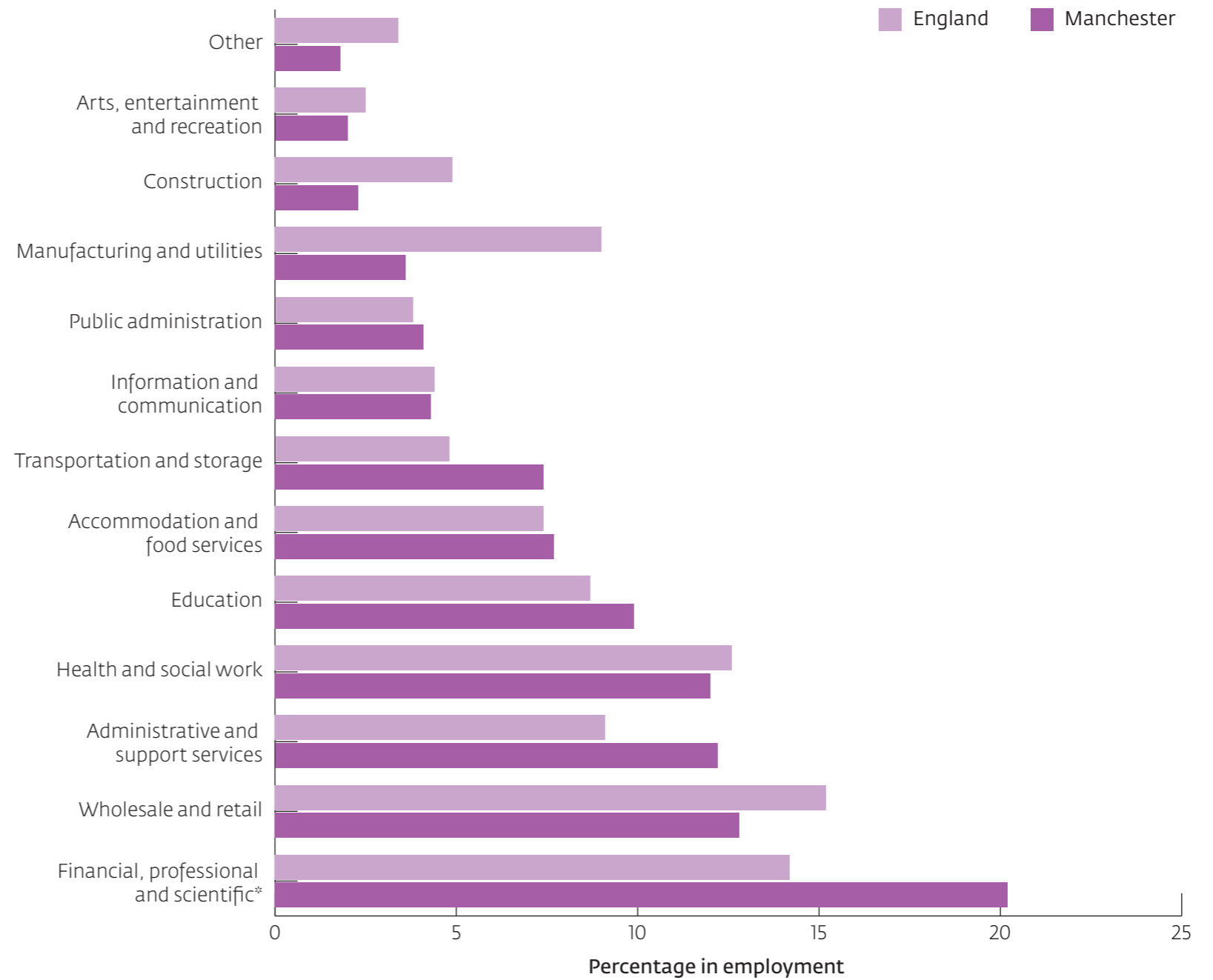
Source: Regional economic activity by gross value-added (balanced), ONS © Crown Copyright

Supporting the growth of established and emerging business sectors

Total employment in Manchester has continued to rise. The latest ONS Business Register and Employment Survey shows that employment rose from 357,000 in 2015 to 392,000 in 2017.²

Figure 2.6 shows the distribution of employment across sectors in Manchester and England as a whole. The data shows that the largest number of employees in Manchester (20.2%) are employed in the financial, professional and scientific sectors, compared to just 14.2% in England as a whole. The city continues to successfully diversify its economy towards knowledge-intensive sectors. However, there remains a significant gap between resident and workplace wages, which presents a challenge to achieving more inclusive growth. Further information is provided in the 'A highly skilled city' chapter.

Figure 2.6: Structure of employment (percentage by sector), 2017 (provisional)



*Includes three sectors: Financial and Insurance, Real Estate and Professional, Scientific and Technical

2 Provisional 2017 figures

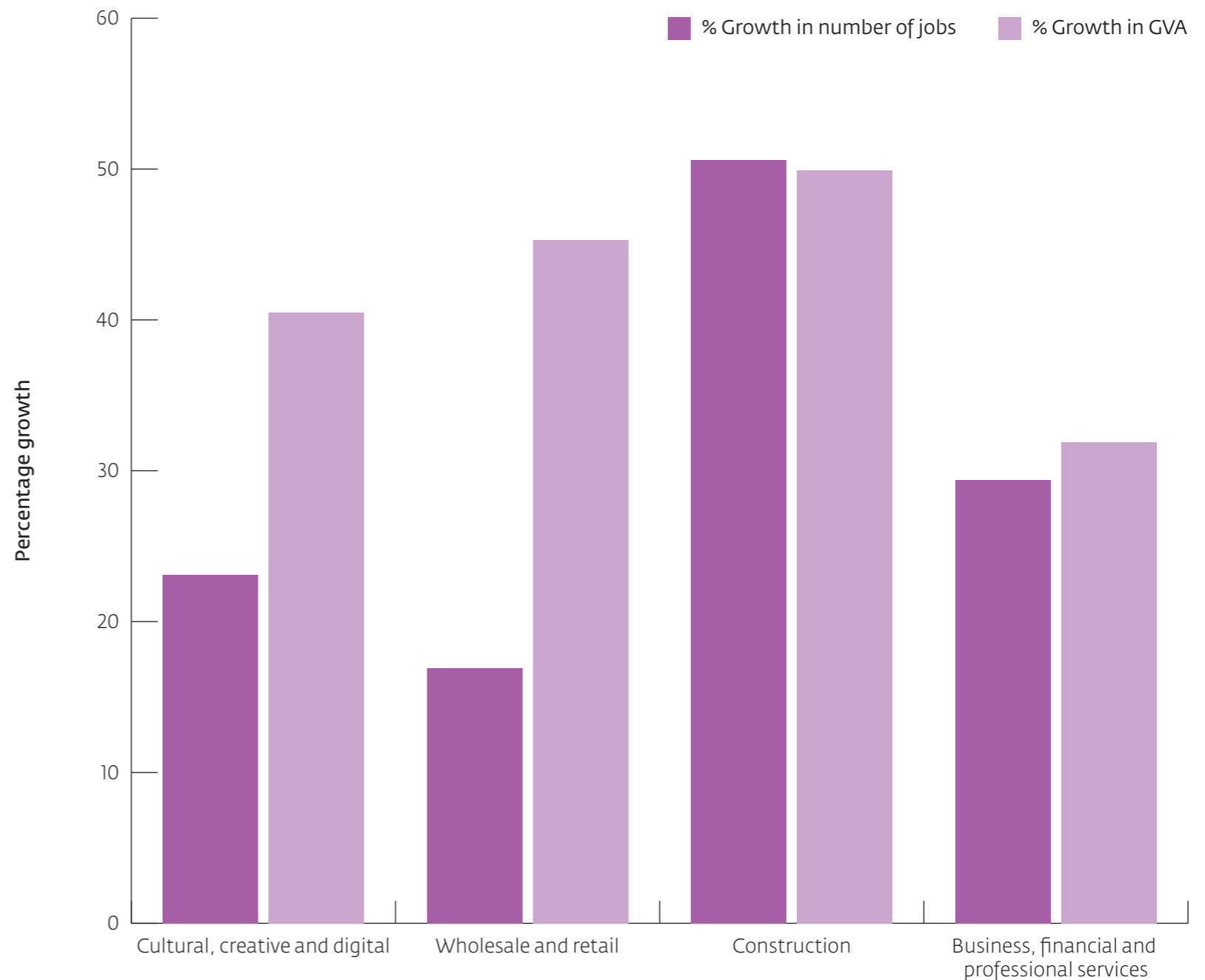
Source: ONS Business Register & Employment Survey, ONS (provisional 2017) © Crown Copyright

Manchester’s growth sectors in terms of GVA and number of jobs have remained fairly consistent over recent years, but there have been some changes in the latest publication of the Greater Manchester Forecasting Model. Business, financial and professional services; and cultural, creative and digital are still two of the major growth sectors, but both construction, and wholesale and retail are now the other growth sectors replacing science, research and development.

As shown in Figure 2.7, there continues to be potential for accelerating Manchester’s growth across all four of the city’s fastest-growing sectors. Construction in particular is now projected to grow at a significant rate, driven by some of the major developments in the city, which are summarised below.

Cultural, creative and digital industries continue to make a significant contribution to Manchester’s economy, making the city a more attractive place to live, visit and study. As Figure 2.7 shows, the sector’s GVA is forecast to increase by 40.5% between 2015 and 2025, making it the third-fastest-growing sector in the city. Cultural assets continue to be central to many regeneration projects, as outlined below.

Figure 2.7:
Fastest-growing sectors (2015–2025)

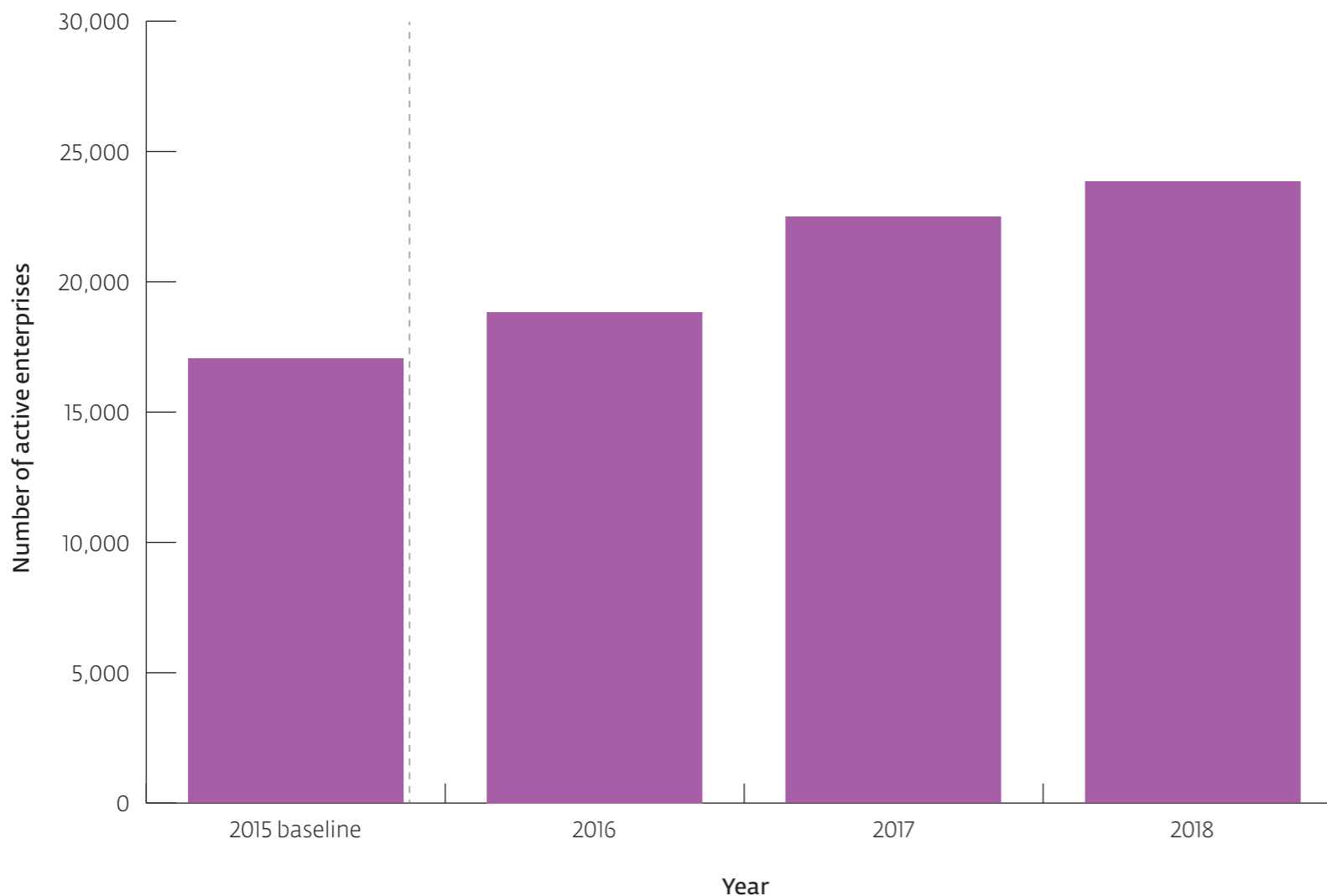


Source: Greater Manchester Forecasting Model (2018), Oxford Economics

Manchester remains a city with a leading reputation for enterprise despite the uncertain national and global economic outlook. The ONS UK business activity, size and location figures are based on a snapshot of the Inter-

Departmental Business Register taken in March each year. Figure 2.8 shows how the number of active enterprises has continued to increase since the publication of the Our Manchester Strategy, rising to 23,845 in 2018.

Figure 2.8:
Number of active enterprises in Manchester



Source: UK Business activity, size and location, ONS © Crown copyright

Maximising the potential of the Business Growth Hub to support Manchester's businesses and entrepreneurs

The Business Growth Hub provides a fully funded offer to encourage businesses to start up and grow across Greater Manchester. The Hub is funded by a range of local, national and European funders, including the European Regional Development Fund (supported by The Ministry of Housing, Communities and Local Government; the Greater Manchester Combined Authority; The Department for Business, Energy and Industrial Strategy; and the Greater Manchester Local Enterprise Partnership). During 2018/19, 343 12-hour support slots were delivered to Manchester-based enterprises or start-ups.

The Growth Hub supported Ancoats-based Loaf Creative to develop a new approach to their marketing strategy, build robust managerial structures and processes, and redefine their core business values. The business signed up to Greater Connected, an intensive growth programme for the city region's digital, creative and technology SMEs, followed by the Executive Development Programme, an 18-hour programme of support specifically centred around leadership and management. This support enabled Loaf Creative to win new clients, increase turnover and take on two new employees, increasing their workforce from 11 to 13.

Development in the city centre

The city centre is the economic growth engine for both the city and the region. With a £6billion economy, the city centre employs more than 140,000 people, a figure predicted to rise to more than 150,000 over the next decade. This figure accounts for 40% of employment within the city and 10% of Greater Manchester's total employment.³

It plays a leading role for the city in development across a number of regional and national key growth sectors. A high concentration of city-centre employment is within key growth sectors, including financial and professional services; and creative, digital and tech.

The city centre has continued to experience significant development over the past year, building on the city's reputation as a leading international city to live, visit and for business. The city centre's strong cultural and leisure offer also significantly contributes to the attractiveness and reputation of both the city and the region.

With continuing population and economic growth, further significant private and public sector investment in the city centre's major development projects (set out in the City Centre Strategic Plan) will be critical to Manchester's success over the next decade. Collectively, the delivery of these schemes will:

- Ensure the availability of adequate infrastructure, including transport and digital connectivity
- Provide different types and tenure of residential accommodation to meet the needs of a growing population
- Continue to enhance a vibrant city centre with a distinct sense of place and a world-class public-realm offer
- Stimulate continued commercial growth through the facilitation of existing business expansion, the attraction of new organisations to the city, and delivery of high-quality commercial space
- Contribute towards realising the city's vision of becoming a highly skilled, thriving and sustainable city.

The delivery of major regeneration schemes will continue to deliver the growth and regeneration objectives of the city. These schemes include:

- **Mayfield** – This area at the eastern gateway of the city centre is set to undergo transformational change. The 20-acre site provides the opportunity to create a distinctive and unique city centre district. In 2018, a refreshed Strategic Regeneration Framework was approved for the Mayfield neighbourhood. This framework will guide development to create a neighbourhood that contains unique commercial, retail and leisure development, a significant residential community, and a new 6.5-acre city park centred along the River Medlock. A range of temporary uses have been successfully introduced, including the GRUB Food Fair and a range of Manchester International Festival events and community allotments, which have introduced visitors to the neighbourhood. The planning applications for the first phases of development are expected later this year following public consultation.

³ Greater Manchester Forecasting Model 2018

→ **St John's** – The neighbourhood is in the initial phases of transformative development, which will see the delivery of a new and unique city centre neighbourhood – a community of creativity, culture and innovation where people can live, work and experience the best of the city.

Construction has now started on the Factory Manchester, a £110million world-class and nationally unique culture-and-art venue, alongside the creation of a major new commercial development on Quay Street; the transformation of the former Granada Studios into a 200-bed hotel; and the refurbishment of The Bonded Warehouse to become an enterprise hub for small to medium-sized businesses and the second location of the Manchester Tech Hub.

→ **Great Jackson Street** – Work has rapidly progressed on the delivery of significant new residential development at Great Jackson Street. Construction is nearing completion on two of the four residential developments that comprise Deansgate Square, a scheme that will provide 1,508 new city centre homes. In 2018, work also commenced on the construction of the adjacent Crown Street development, which will provide a further 668 new homes when complete.

→ **Piccadilly** – Manchester Piccadilly represents one of the biggest development opportunities in the UK, and has the potential to make a significant impact on both the growth of the city centre and the city, as well as the national economy. The introduction of High Speed 2 (HS2) and Northern Powerhouse Rail (NPR) services, combined with the right kind of investment, could make Manchester Piccadilly one of the best-connected and most productive locations in the North of England.

The vision for Manchester Piccadilly is to deliver a major new district for Manchester with a world class transport hub at its heart. The arrival of HS2 and NPR into Manchester will be the catalyst for a once-in-a-century opportunity to transform and regenerate the eastern side of the city centre. Following redevelopment, it is anticipated that the proposed new investment in the area could bring up to 40,000 new jobs, 13,000 new homes and 820,000 square metres of new commercial development.

→ **First Street** – First Street has emerged as one of Manchester's most vibrant new neighbourhoods. Continued development has provided the area with an innovative blend of culture, leisure, retail and office space. 2018 saw the completion of No.8 First Street, delivering 170,000 square feet of Grade A commercial space, which is now occupied by Gazprom, WSP and Odeon. Following the success of First Street, the development framework for the area was updated in 2018; this set out proposals for further commercial and hotel development, and planning applications have been submitted for this.

→ **Circle Square** – Development of a commercially led mixed-use neighbourhood is currently under way at the four hectare-Circle Square site. Positioned on the Oxford Road Corridor – home to Manchester's major higher-education institutions and leading research and teaching hospitals that support 60,000 jobs, half of which are in knowledge-intensive sectors – the area has a development programme that will increase the workforce to 74,000 by 2025. It is anticipated that development at Circle Square will house some 2,000 new city centre jobs.

The Circle Square masterplan includes 2.25million square feet of floor space, comprising 1.34million square feet of commercial space. The scheme also incorporates 650 new apartments alongside retail, leisure and hotel amenities in addition to significant public-realm investment.

Work is being undertaken in three phases. Building of the serviced apartments began in 2017, and construction of the multi-storey car park and hotel commenced in March 2019. The public realm will be completed within this phase too. Phases 2 and 3 will focus on delivering commercial floor space. The whole site is due to be completed by 2023.

The pop-up 'Hatch', an award-winning retail and leisure destination under the Mancunian Way on Oxford Road, has proved popular and is assisting in establishing Circle Square as a destination.

Key successes:

→ **Commercial Sector growth** – Manchester remains the largest office market of any city outside London, with headline prime rents of £35 per square foot.⁴ 2018/19 has seen construction completion at No.8 First Street and Windmill Green, providing 170,000 square feet and 78,000 square feet of Grade A office space respectively. The city centre has a strong delivery pipeline for significant further office floor space over the next five years, including Landmark (180,000 square feet), OneTwoFive Deansgate (1,117 square feet) and 4 Angel Square (200,000 square feet). It is predicted that take up in the city centre will top one million square feet for the sixth year running.

→ **The Oxford Road Corridor** – This is an established district with an exceptional concentration of educational, research, technological and cultural assets. It also has a key role within the growth of the science, health science, research and development sectors. Over the past 12 months, the Corridor Enterprise Zone has continued to attract new occupants to the

cohesive cluster of science and technology businesses, academics, clinicians and world-leading health institutions. A Strategic Spatial framework has been developed and approved, which sets out a masterplan and guidance document for future development of sites within the Oxford Road Corridor area. This will help to regenerate this key area, maximising its contribution to Manchester's strategic objectives. Over £1.3billion square feet of commercial floorspace is planned. By 2025, an additional £2billion GVA is estimated to be generated, along with 37,000 new full time equivalent jobs, taking the total number of jobs to over 104,000.⁵

→ **Liveability** – Manchester continues to be recognised as a leading city to live. The Economist Intelligence Unit (EIU) Global Liveability 2018 Survey positions Manchester highest of UK cities in its world-cities ranking. With a rank of 35th, this puts Manchester ahead of London by 13 places – the widest gap between the two cities since the survey began two decades ago.

⁴ Colliers Cities of Influence 2018

⁵ Oxford Road Corridor Economic Impact Assessment, 2019

Capturing the commercial potential of research and innovation

Significant levels of investment have been attracted to the city to commercialise the strengths in research and innovation. The Corridor continues to attract investment in health innovation, building on the strategic location of the universities, hospitals and Manchester Science Park. The Greater Manchester Life Sciences Enterprise Zone provides incentives to businesses operating in life sciences and related sectors in The Corridor with business rate relief and dedicated business support. The continued expansion of the business base means that receipts from business rate growth are reinvested in developing the life sciences sector, for the benefit of Manchester and its residents.

The £60million Masdar building, which houses the Graphene Engineering Innovation Centre (GEIC), was officially opened in December 2018 by HRH The Duke of York. The Graphene Engineering Innovation Centre (GEIC) specialises in the rapid development and scale up of graphene and other 2D materials applications.

The GEIC focuses on six application areas to rapidly accelerate the development and commercialisation of new graphene technologies.

- Composites
- Energy
- Membranes
- Inks, formulations and coatings
- Graphene production
- Measurements and characterisation.

The GEIC complements the existing National Graphene Institute and the Henry Royce Institute, which is due to be completed during 2020.

Case Study: Technology Hubs

Manchester City Council received a £4million capital investment from the Department for Culture, Media and Sport to invest in tech incubators as part of an £11million investment in the North of England. The aim is to accelerate the growth of digital and tech businesses, nurture start-ups, foster collaboration, and provide mentoring, learning and business support.

With the project expected to create 4,000 jobs over 15 years, the investment strengthens Manchester's position as a leading European centre for digital technologies.

The grant has been used to secure and refurbish properties in the city centre to establish new facilities. These will provide workspace, business incubation and other services for innovative entrepreneurs and small and medium-sized businesses (SMEs) that rely on digital technologies and their applications. The investment has led to the creation of two technology hubs in the city: the hub at Manchester Technology Centre on Oxford Road provides dedicated support for science and innovation start-ups, and the hub at the Bonded Warehouse at Enterprise City is aimed at media and creative industries.

Mi-IDEA/Tech Incubator

Now fully operational and run by Manchester Science Partnerships, the investment has enabled the operation of two hubs: Mi-IDEA (Manchester Inspired-Innovation Digital Enterprise Alliance) at the Bright Building, Manchester Science Park, and the Tech Incubator at the Manchester Technology Centre.

Mi-IDEA, a joint venture between Manchester Science Partnerships and Cisco, works with early-stage companies to develop innovative technology solutions by providing targeted and specialist support.

The Tech Incubator, located in Manchester Technology Centre, focuses on support for data science and technology innovation businesses. Individuals have access to Manchester Science Partnership's specialist business-growth services to help new or early-stage businesses succeed, plus expertise from Manchester Digital – the sector's industry body and specialised recruitment advice. The centre provides dedicated co-working space and a tailored, comprehensive business-growth programme, along with a wide range of social events.

Tech Hub at the Bonded Warehouse

The second hub will be based at the Grade II listed Bonded Warehouse, at the heart of the St John's redevelopment. *All Work and Social Bonded Limited* will manage the Tech Hub, enabling members to work, collaborate, socialise and grow.

Tech Nation, the UK's network for ambitious entrepreneurs, will be All Work and Social Bonded Limited's joint delivery partner, and will have its north west base located within the Hub. Tech Nation will assist in marketing and establishing the Bonded Warehouse as the UK's foremost digital, technology and creative cluster.

Over a 15-year period, the Tech Hub will provide 15,000 square feet of flexible workspace, leased rent-free, together with 200 free drop-in hot-desk memberships for qualifying businesses or individuals. Members will also benefit from access to community and member ecosystem growth events. This project is expected to be operational by the end of 2019.

Cultural and Creative Manchester International Festival and The Factory

The construction programme for The Factory, a nationally and internationally important new centre for arts and culture, continues apace. The planning application for this landmark development, which will be located in the city's emerging St John's neighbourhood and be the new permanent home of Manchester International Festival (MIF), was approved in June 2018, with preparatory work starting shortly after. Following the approval of The Factory construction programme and associated budget, the main building work started in January 2019. The same month, Arts Council England confirmed a major £7million contribution to funding for The Factory development through the National Lottery programme.

When The Factory opens, MIF will commission and present a world-class, year-round cultural programme. It is expected to add £1.1billion to the city's economy over a decade and create 1,500 jobs, but the construction phase is already bringing benefits to people from across Manchester.

The main contractor for the project, Laing O'Rourke, is working alongside the client Manchester City Council and eventual operator

MIF to deliver an ambitious programme of training, skills, employment and other opportunities for local people. This includes 50 apprenticeships, direct workforce recruitment targeted at Manchester residents, work-experience opportunities, training programmes for the long-term unemployed and Manchester-based graduates, and volunteering programmes. There are also homelessness and age-friendly projects, and creative engagement community programmes.

Greater Manchester Cultural Skills Consortium MIF, working with cultural organisations across the region this year, recently launched the Greater Manchester Cultural Skill Consortium, which will offer new opportunities for people to develop skills in the arts and culture sector, and will contribute to diversifying the workforce of the sector.

The Consortium is currently a group of 20 organisations that will collaboratively develop skills and training programmes. It was officially launched at HOME in March 2019, with more than sixty representatives of the sector in attendance. The development of the Consortium is being led by Manchester International Festival as part of its commitment to training Manchester residents, which is a key part of The Factory's vision.

The Consortium will meet four times a year with the objective of generating demand for a new and employer-led training model, the Factory Academy. Consortium members will create new training roles in their respective organisations, work collectively to create and advertise career pathways, as well as broaden the accessibility of roles within the sector.

Organisations that have joined the Consortium have pledged to:

- Explore new ways of creating apprenticeships in their respective organisations, from entry level through to leadership
- Explore opportunities to develop inclusive HR practices designed to create accessible pathways into employment
- Provide internal training for line managers and mentors
- Collectively develop and train apprentices through employer-led training
- Work together to identify sources of funding linked to workforce diversification

- Support work to develop talent from priority groups
- Share best practice and resources
- Pay apprentices the Manchester Living Wage upon completion of their framework.

Factory Academy (FA) is the operational training model that will deliver the aspirations of the Consortium. FA will run a pilot phase leading up to the opening of The Factory to build up the talent pipeline and to start employer groups to develop curricula and deliver training, initially to a cohort of eight creative venue technicians due to start in January 2020. Several organisations, including MIF, Contact, Royal Exchange Theatre, The Lowry, Hull Truck Theatre, Royal Shakespeare Company, Ambassador Theatre Group and Manchester Metropolitan University, have already started developing the curriculum and combining resources. Factory Academy will form a partnership with existing training providers over its pilot phase to test the model, and run apprenticeship and pre-employment programmes.

6 Manchester Digital Skills Audit, 2019

7 Manchester Digital Skills Audit, 2019

Digital skills to support the Digital Economy

Manchester's digital sector is thriving and plays a significant role in the economy. There is great potential for the city to become a world leader in the field of technology, yet due to an acute shortage of digital skills there is currently limited means for this level of growth to be realised.

Manchester Digital's 2019 Skills Audit revealed that 54% of Greater Manchester's technology and digital businesses saw turnover growth last year, compared to 77% growth in 2017.⁶ As well as uncertainty over Brexit, the skills shortage within the industry is central to this decline; 31% of digital businesses have turned work away because they were unable to recruit the breadth of skill sets required for delivery.⁷

Manchester continues to work collaboratively with industry, education and the Government to address these issues. Key to this approach are the creation of pathways into digital and tech careers, promoting a wider breadth of opportunities in the industry, and ensuring these better match the demographics of our communities. Addressing digital skills challenges in the city is discussed in more detail in the 'A highly skilled city' chapter.

Capital projects and creative workspaces

Cultural activity is key to the growth agenda for Manchester, and remains at the heart of the city's identity. Manchester City Council continues to support the growth of its cultural institutions and recent months have marked the start of large-scale programmes of development at a number of venues. These organisations have secured significant funding to improve spaces, preserve cultural heritage, and develop exciting and innovative programmes of activity, supporting our residents, and inspiring new audiences and participants.

The £11.5million capital expansion of Manchester Museum includes a new South Asian Gallery. The project, a first for north west England, will provide space for an extended programme of activities, celebrating South Asian culture and history, which holds great significance to many of Manchester's communities.

The current refurbishment and extension of Contact Theatre will increase the number and range of creative opportunities for young people. The venue will reopen with features such as performance spaces, a new recording studio, an arts and health development space, and creative office spaces for artists and cultural organisations.

Inner City Music have commenced their developments to Band on the Wall, which will include the revitalisation of the Coccozza building to the rear of the venue. The expansion programme will significantly increase venue capacity and improve facilities for education and community-engagement programmes, as well as preserving the legacy of the site.

Manchester Jewish Museum is due to begin work to restore and extend its Grade II-listed building, introducing new interactive displays, soundscapes and live performances. These will bring the museum to life for visitors, who will get to see rare and powerful objects, hear personal stories, cook and eat Jewish food, and travel back in time to explore Manchester's oldest surviving synagogue.

These capital projects demonstrate the success of culture in driving forward city growth; however, the pace of development in the city centre continues to pose challenges for the creative community, with some artists not being able to afford work space or studio space being at risk of redevelopment. Working with the sector to find solutions remains a key priority for Manchester City Council. Work is being undertaken to identify a range of alternative partnerships and long-term solutions to ensure that the artist community,

including our recent graduates, can remain and thrive in the city. This includes commissioning research into the requirement of the sector for a shared cultural storage space, providing insights that will assist in addressing considerations such as sustainability and zero-carbon.

Visitor economy and international profile

A leading conference destination

Manchester's emergence as a leading national and international conference destination has proved to be an enduring part of the city's economic success.

The biennial Conference Value and Volume study (2018)⁸ estimated that in 2017, Manchester hosted some 2.6million delegates at conference and business events, with a value of £536million. This activity provided significant employment opportunities, having supported 22,100 FTEs either directly within destination businesses or indirectly through the wider supply chain. The study reported that in 2017 a delegate paying a day rate spent an average of £65 per day, and a staying delegate spent an average of £194 per day and £334 per trip.

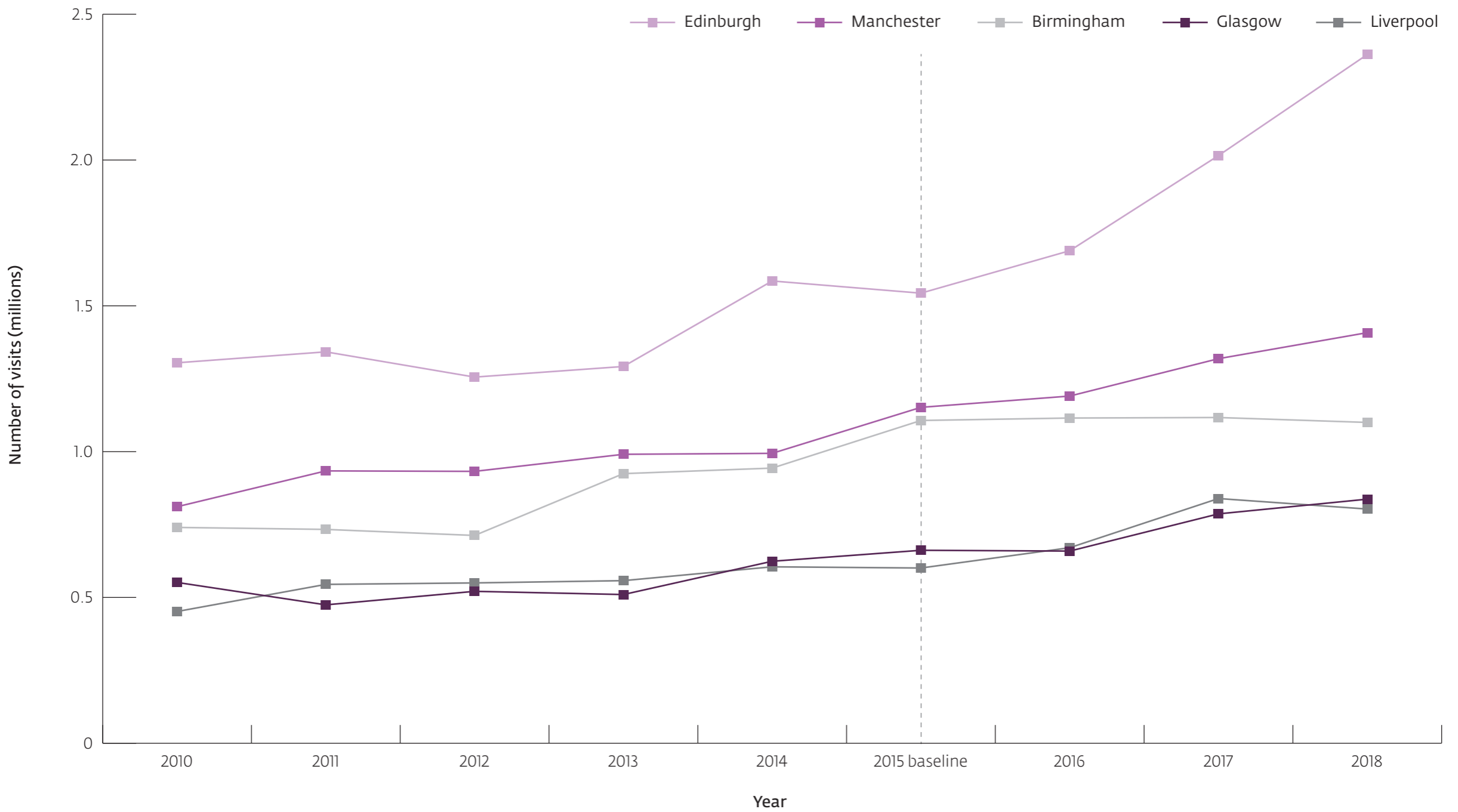
Visitor numbers

Manchester's visitor economy continues to thrive. Figure 2.9 shows that the city is the third-most-visited UK destination by international visitors after London and Edinburgh, with 1.4million visitors in 2018. The USA, Irish Republic, and Germany continue to generate the highest volume of international leisure visits, and in 2018 these were followed by China, Norway and Italy.

Data from the 2018 International Passenger Survey shows that the total number of international visits to Manchester increased by 42% over the past five-year period 2013–2018, compared to the UK growth rate of 16%.

⁸ Undertaken by RJS Associates

Figure 2.9:
Estimated number of visits by overseas residents to top five UK cities outside London



Source: International Passenger Survey, Visit Britain/ONS

Manchester's tourism sector is also supported by visitors – staying visitors and day trippers – from within the UK. Over the three-year period 2015–2017, the VisitEngland Great Britain Tourism Survey showed Manchester to be England's most-visited local authority area in terms of domestic staying visitors, with an average of 2.6million visits a year – ahead of Birmingham and London local authorities. Over the same three-year period, the VisitEngland Great Britain Day Visits Survey showed Manchester as the second-most-visited local authority in terms of day visits from UK residents, with an average of 30.6million tourist day visits per year, behind London.

This level of activity has made a huge contribution to Manchester's tourism sector and the economy more generally, with £4.51billion generated in 2017 – a 3% increase on the £4.37billion generated in 2016. Key to this growth has been increased activity in the staying-visitor market, where the number of staying visitors has increased by 4%, compared to a growth rate of 1% for day visitors. This has resulted in a 1% growth rate in the total number of visits,

from 63.3million in 2016 to 63.8million in 2017. The number of jobs supported by Manchester's tourism industry increased by 850 FTEs, from 49,590 in 2016 to 50,440 in 2017.⁹

Hotels

Manchester's hotel sector continues to attract major investment, with a number of significant new developments opening in 2018, including the dual-branded Crowne Plaza and Staybridge Suites Manchester – Oxford Road (a combined 328 rooms), Hotel Indigo Manchester – Victoria Station (187 rooms), AC Hotel – Manchester city centre (172 rooms), Whitworth Locke (159 rooms), Roomzzz Manchester Corn Exchange (114 rooms), and The Cow Hollow Hotel (16 rooms). These additional rooms increased room capacity over the 12-month period by 10%. In September 2019, Manchester city centre had a stock count of 10,445 hotel rooms, extending to 14,081 for the wider Manchester local authority.

The increase in hotel accommodation stock has been achieved while maintaining strong occupancy rates. The annual occupancy rate for Manchester city centre in 2018 was 81%,

up from 80% in 2017.¹⁰ Based on Marketing Manchester's historical data, this annual occupancy level marked a record for the city and was supported by five months of the year achieving record occupancy rates: June, July, August, October and December.

In light of this performance, Manchester's hotel sector is due to grow considerably. 2019 will see a number of additional properties opening, including the 5-star Dakota Manchester (137 rooms), followed by London Warehouse (166 rooms), The Stock Exchange Hotel (41 rooms), and Staying Cool (41 rooms), before the record level of new rooms due to come to the market during 2020 and 2021.

⁹ STEAM (Scarborough Tourism Economic Activity Monitor), Global Tourism Solutions (UK) Ltd.

¹⁰ STR

Conclusion

Manchester's economy has continued to grow at an impressive rate during the past year and it remains much more resilient to economic shocks than in the past. This resilience will be important as the UK faces economic uncertainty in relation to our future relationship with the European Union. Manchester's thriving economy also sustains population growth and stimulates demand for new residential developments, as students, young professionals and migrants increasingly decide to stay in the city long term.

Growth is being driven by many smaller businesses from across the city in a range of locations, but the city centre and – increasingly – the area around Manchester Airport are the two major growth locations within the city. There are also emerging opportunities for commercial development within the Eastlands SRF area around the Etihad Stadium, which will build on the existing sporting and transport infrastructure.

The city's growth sectors continue to feature business, financial and professional services, and cultural, creative and digital, but there is also substantial growth predicted within construction, and wholesale and retail. The Oxford Road Corridor continues to benefit from significant investment in new buildings, including the new Innovation District area. Transitioning to a zero-carbon city by 2038 will be a major challenge for many businesses, and they will need to be supported via the Business Growth Hub and through retrofit schemes.

Manchester continues to be a major international city, with Manchester Airport acting as the major international gateway into the North of England. The city remains the third-most visited in the UK, with the highest number of visitors coming from the Republic of Ireland, Germany and the USA.

The next step of Manchester's economic journey is to ensure that the economy is as inclusive as possible for the city's residents, ensuring that they feel connected to high-quality opportunities. The Our Manchester Industrial Strategy will be published in autumn 2019 and will set out how this objective will be achieved.

The 'A highly skilled city' chapter of this report covers some important challenges facing the city, including skills, residents over the age of 50, and the resident and workplace wage gap.

Appendix – Manchester’s wider city centre neighbourhood

