

Business



ACHIEVING THE VISION

To achieve the vision, the region needs to focus on seven key factors:

- 1 Developing new **Enterprise** and growing existing companies.
- 2 Developing higher added-value activity in **Regional Sectors**.
- 3 **Innovation** to improve productivity in all companies and exploit the Higher Education base of the region.
- 4 Exploiting the **Science/Research and Development** base of the region.
- 5 Improving **International Competitiveness**.
- 6 Using **ICT** more effectively and efficiently.
- 7 Focusing on **Sustainable Consumption and Production**.

These factors are expanded into specific objectives in the tables on pages 22 to 25. The tables list the key actions required to achieve these objectives, with the transformational actions highlighted. Some actions elsewhere in the RES closely relate to specific objectives in this chapter. These actions are shown as colour-coded numbered links.

NORTHWEST CONTEXT

Global factors determine much of the rate and direction of business growth in the Northwest. It is one of only three regions to contribute positively to the UK balance of trade, with exports dominated by organic chemicals and pharmaceuticals. Recent inward investment has created 23,000 jobs, with a broadly equal split between services and manufacturing.

The economy has performed well in recent years, with a net 150,000 jobs created. Manufacturing is highly productive, exceeding the England average. Advanced manufacturing is crucial to the region and its future success.

However, there is still a lot more to do. Much of the recent job growth has been in part-time lower paid jobs. 96% of Northwest firms are still not registered as trading overseas. The region has 38,000 fewer businesses than the England average.

£10 billion of the GVA gap is caused by lower productivity compared to the England average, with the highest productivity gap in the service sector. Despite major employment growth in this sector, much work is needed to ensure that service sector companies improve their productivity and exhibit similar productivity characteristics to the manufacturing sector.

The region tends to have less owner-managed businesses, partly due to the historic dominance of large manufacturing companies. It is therefore vulnerable to head office decisions made outside the region. Research & Development spend is concentrated in just a few large companies, with a significant number of companies investing little in this area. To improve productivity, there is a need to encourage all companies to understand and get involved in innovation in its widest sense, not just in R&D.

The nature of the rural economy continues to change, with a decreasing reliance on agriculture and some significant growth in other sectors.

The region has substantial variations and concentrations in economic performance, geographically, sectorally and within various communities. The RES identifies those sectors that are regionally significant.

Northwest facts

- The region has 18% fewer businesses (per 10,000 adults) than the England average.
- Employment in knowledge-based occupations stands at 36.4%, compared to an England average of 41.8%.
- The Northwest attracts 12.7% of total business R&D, but less than 4% of government (non Higher Education Institutions) R&D.
- Rural businesses account for 40% of the business stock, 23% of regional GVA and 25% of employment. Agriculture accounts for just 3% of rural GVA and the service sector 63%.
- Foreign Direct Investment accounts for 16% of the Northwest economy.
- 10% of small and medium sized enterprises are ethnic minority businesses.

ACTIONS	REASON	LEAD
Enterprise		
Improve the formation, survival and growth rates of enterprises:		
1. Transform Business Link to become a key enabler of high productivity and enterprise in the region, and integrate skills brokerage with this service	Reduces customer confusion arising from duplication of services, by ensuring easy access to coherent and integrated public and private sector business and skills support	NWDA LSC
2. Promote enterprise as a career choice and consider creating a Northwest Enterprise Forum	Encourages more people to start businesses and use the skills of existing entrepreneurs to support them	NWDA
3. Ensure that business start-up and survival provision is targeted at the following under-performing sectors of the region: <ul style="list-style-type: none"> ▶ High growth knowledge based start ups ▶ Women, BME Communities, Disabled Entrepreneurs and Social Enterprise ▶ Barrow, Blackpool, Knowsley, St. Helens and Wirral 	Improves start up rates: knowledge-based start-ups are more innovative and internationally competitive; groups with specialist needs currently have low enterprise rates but huge potential; areas identified by OPDM as significantly lacking in enterprise growth need additional support, including support via the Local Enterprise Growth initiative	Business Link Local Authorities
4. Review business support needs of, and focus support on: <ul style="list-style-type: none"> ▶ Priority sectors ▶ Potential high growth knowledge based companies ▶ Medium sized companies (M-businesses) ▶ Businesses in the rural economy 	Knowledge-based businesses are more innovative and internationally competitive and can exploit growth conditions in key sectors and locations. M-businesses account for a major proportion of the workforce and have high growth potential and distinct structures, motivations and characteristics. The rural economy is undergoing many changes and support is needed to manage this change	Business Link
Improve availability of business finance:		
5. Target the existing investment readiness, business angel activity and portfolio of seed and venture capital funds at growth potential companies, and ensure ongoing finance availability (up to £500,000)	The availability of business finance is a key growth issue for companies	NWDA
6. Address key business finance gaps (small loans to micro-businesses and £0.5-£2million loans and equity for other businesses)	There are key gaps in the finance market identified by UK government, EU and through consultation with the private sector	NWDA
Influence government policy on small business regulation:		
7. Highlight the impact of central government and local authority regulation on the growth potential of business, in line with the government's commitment to better regulation	Regulations can be a barrier to business start-up and growth. Appropriate regulation and compliance, however, is important for successful business. Work will therefore include helping regulators to provide better advice and raise awareness	Employers

ACTIONS	REASON	LEAD
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Regional Sectors (Other sectors are also important to particular sub-regions but not included in the RES)

Develop key internationally competitive sectors:

27

8. Undertake cluster programmes in priority sectors to develop higher value activity, improve productivity and identify future growth opportunities from converging markets/technologies: <ul style="list-style-type: none"> ► Biomedical: <i>biotechnology, pharmaceuticals and medical devices</i> ► Energy and Environmental Technologies ► Advanced Engineering and Materials: <i>Chemicals, Aerospace, Automotive, Advanced Flexible Materials</i> ► Food and Drink ► Digital and Creative Industries ► Business and Professional Services 	These sectors account for 55% of the Northwest GVA. They are knowledge based, widely traded and have international growth potential. Business Services accounts for 40% of the Northwest GVA gap	Regional Cluster Organisations/ NWDA
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9. Develop plans to exploit the opportunities for the region from the creation of a Media Enterprise Zone linked to the BBC relocation	Offers opportunities for the development of Greater Manchester as the regional media hub and for the whole region to benefit from the supply chain and the growth of the digital sector, including developing the range/value of film and TV programming in the region	NWDA
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10. Develop growth and innovation in the tourism sector through the continued implementation of the Regional Tourism Strategy	The tourism sector is a growing part of the economy and one that impacts disproportionately on the experiences of visitors, residents and businesses	Regional Tourism Forum Tourist Boards
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Develop sectors with large and widespread employment:

31 45 52

11. Develop skills and procurement initiatives, connect jobs with people and influence government policy to support: <ul style="list-style-type: none"> ► Maritime, Distribution, Aviation: <i>logistics</i> ► Construction: <i>design, building construction, civil engineering and maintenance</i> ► Visitor Economy ► Retail ► Public sector ► Care/Healthcare 	These sectors account for 52% of Northwest employment, have a widespread local presence and a large impact on growth across the region. There are key opportunities via the public sector from the Gershon/Lyons reviews and from its procurement and investment decisions. Care opportunities arise from reform of the NHS, childcare and an ageing population	SRPs SSPAs
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Innovation

Develop higher added value activity through innovation:

33

12. Enable businesses to understand and implement business process and product/service innovation, both internally and through their supply chains	Innovation is regarded as scientific/technical. However, productivity can be raised by companies working 'smarter'/more efficiently. Key issues include widely-traded business services, where much of the productivity gap lies, and recognising the value of progressive HR practices to promoting an innovative culture	NWDA
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Support knowledge transfer:

13. Enhance Business/Higher Education Institution (HEI) collaboration and knowledge transfer	Increases innovation and enables businesses to benefit from the knowledge, research and expertise in the region's HEIs	NWUA
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14. Investigate providing Higher Education Innovation Funding (HEIF) type incentives to businesses to work with HEIs	Offering incentives to businesses, not HEIs, would increase the number of businesses working with the knowledge base	NWDA
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ACTIONS	REASON	LEAD
Science/Research and Development (R&D)		
Exploit the science base and R&D:		
15. Implement the Northwest Science Strategy with a focus on: <ul style="list-style-type: none"> ▶ Developing the capability in the region to attract a larger share of non HEI government funding ▶ Promotion of science ▶ Support for science based clusters/sectors 	Enhances the knowledge base and increases HEI/business interaction, including supporting the three Northern Science and Industry Councils to establish priorities and joint research centres (as part of the Northern Way)	Northwest Science Council
16. Support the development of major research concentrations and knowledge nuclei, including the 4th Generation Light Source project at Daresbury	Provides opportunities to develop knowledge businesses in the region and attract inward investment. Major research concentrations include: Manchester Knowledge Capital/ Science City, Daresbury, Alderley Park, Liverpool Science Park, Lancaster Infolab21 and Environment Centre and NHS research programmes	NWDA SRPs
International Competitiveness		
Maximise opportunities from globalisation and emerging markets: 33		
17. Raise companies' awareness about global opportunities/risks to assist them in competing internationally and develop a new Internationalisation Strategy	Globalisation, particularly developments in India and China, bring new business opportunities and threats. The Northwest has a strong international tradition with extensive linkages to exploit	International Business Forum
Realise opportunities from international trade: 33		
18. Provide specialist business support to improve the region's exporting performance with an emphasis on helping more companies export	Companies trading internationally are typically more competitive, innovative and have higher levels of profit and employment	UKTI
Realise opportunities from inward investment: 95		
19. Focus the region's inward investment, domestic relocation and aftercare activity to support the region's knowledge base and complement, support and strengthen priority sectors	There is a need to attract new companies to fill supply chain gaps in priority sectors, leading edge companies/technologies and corporate decision making activities, as well as future investment opportunities from existing overseas companies in the region	NWDA Sub regional inward investment agencies
ICT		
Support ICT usage and digital content development: 8 27 33 110		
20. Support companies to use and harness the benefits of ICT and digital technologies, and the development of digital content	Businesses are not maximising the potential of ICT. There is a need to raise awareness of the potential economic impact of ICT and digital technologies in line with the regional ICT strategy – a particular challenge and opportunity for rural areas	Digital Development Agencies
21. Encourage homeworking and mobile working via ICT usage	Enables people anywhere to access work, without travel barriers. Helps to reduce congestion and CO2 emissions	Employers
Develop ICT infrastructure:		
22. Continue to grow and develop the ICT infrastructure, especially in rural areas	Need to invest in suitable bandwidth for future business needs, especially for Creative/Digital and Tourism industries	Telecoms Providers Digital Development Agencies

ACTIONS	REASON	LEAD
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Sustainable Consumption and Production		
Develop resource efficiency, sustainable procurement and corporate social responsibility:		35 91
23. Improve Business Resource Efficiency and Waste minimisation (BREW) support to business, including: <ul style="list-style-type: none"> ➤ Sustainable procurement ➤ Overcoming barriers to new energy and waste technologies ➤ Reuse and recycling of materials 	Increases productivity through improved efficiency and environmental benefit of reduced resource use, in support of the Regional Waste Strategy and waste reduction targets	NWDA
24. Develop and implement a Regional Climate Change Action Plan	Maximises the positive impact on and from environmental change. Highlights potential risks/opportunities to business	NWDA
25. Embed corporate social responsibility within businesses through delivery of the Responsibility Northwest programme	Encourages sustainable business development, building on and co-ordinating existing good practice	Sustainability Northwest

KEY SOCIAL AND ENVIRONMENTAL OUTCOMES

According to independent assessment, implementation of the actions above is likely to lead to the following outcomes when measured against the UK Priorities for Sustainable Development.

a) Sustainable Consumption and Production

Actions to support Sustainable Consumption and Production, including Resource Efficiency, Corporate Social Responsibility and Sustainable Procurement, will improve resource efficiency. Support for greater ICT usage will improve accessibility to services and reduce the need for business travel. Economic growth is likely to increase the total amount of waste generated, although actions on waste minimisation, treatment and recycling technologies will mitigate this. Economic growth will also increase the use of natural resources, although the move towards a higher added-value economy should reduce business resource usage in the region.

b) Climate Change and Energy

Support for the development of energy and environmental technologies should include support for business opportunities to reduce energy use, particularly that generated by fossil fuels. Increased internationalisation and support for logistics, particularly aviation and maritime, is likely to increase emissions of carbon dioxide, a major contributor to climate change. The commitment to develop the Regional Climate Change Action Plan will provide opportunities to reduce that impact.

c) Natural Resource Protection and Environmental Enhancement

The move towards a higher added-value economy and continued reduction in the amount of heavy industry in the region should lead to fewer pollution incidents. The regeneration of former industrial sites may include opportunities for environmental enhancement.

d) Sustainable Communities

A growing economy, underpinned by actions to provide support for business start-ups and for groups with diverse and specialist needs, will provide opportunities for communities to play an active role in the economy. Support for the public sector, including NHS research programmes, will improve the quality of service that it provides to communities and improve health. The focus on the development of the food and drink sector, together with support for logistics, should aim to enhance access to affordable, fresh and nutritious foods, especially for deprived communities, rather than support operations that generate high food miles. The commitment to Corporate Social Responsibility and sustainable procurement should encourage sustainable business development and improve the delivery of energy efficient buildings, thereby reducing fuel costs.