

# Ideopolis: Knowledge City Region

Manchester Case Study



***“What differentiates Manchester is the airport, civic leadership, vision, dynamism and a skill base that wishes to engage and remain.”***

Ideopolis Interviewee, December 2005



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## Manchester Case Study

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### Executive Summary

Manchester has been one of the most forward-thinking cities in the UK when it comes to the knowledge economy and is on its way to becoming an Ideopolis.

#### Ideopolis driver analysis: strengths, challenges and opportunities

- **Physical knowledge city:** Manchester has dramatically redeveloped its city centre offering residential and office accommodation – although some interviewees have concerns this may be bypassing central deprived communities.
- **Diverse specialisation:** Manchester has diverse industries driven by private and public investment, and building on existing strengths including research, health and media. Independent businesses add distinctive value. However, innovation levels need to increase and the level of business failures remains too high.
- **High skill organisations:** Manchester has a number of job opportunities for highly skilled people but not as many as some other cities. More demand from businesses for knowledge occupations would increase its knowledge intensity and its productivity.
- **Vibrant education sector:** Manchester has used its higher education institutions to great advantage to provide research, help to generate local employment & secure public sector investment, and work with the business community. Nearly 90,000 students also create high demand for services. Associated challenges the city is dealing with include managing the impact of students on local communities and improving the quality of local schools.
- **Distinctive knowledge city offer:** A strong sense of identity and pride has supported the city in making a 'distinctive' offer to investors and residents, including strong leisure, cultural and creative sectors. The city needs to ensure it nurtures its independent businesses and continues to retain its distinctiveness.
- **Leveraging strong connectivity:** Manchester Airport has been used very successfully to leverage local growth as well as incentivise more tourism. However, there remain acknowledged challenges around creating a more integrated transport system and addressing congestion.
- **Leadership around a knowledge city vision:** Manchester's strong leadership goes across the public, private and voluntary sectors and has enabled the city to use catalysts to maximise opportunities for growth. There is an urgent need for Government to support Manchester being able to work at a city-region level.
- **Investing in communities:** The city is working hard to address the challenges facing inner city communities, although some interviewees expressed concern about too much focus on economic growth and not enough on deprived areas.

#### Policy recommendations

- **Make the concept of the city-region more meaningful** through funding and more powers around transport, skills and planning;
- **Explicitly link strategies for economic growth and social inclusion.**

#### Lessons for other cities

- **Leadership and partnerships** can help drive a vision of the knowledge city;
- **Events** can be used to raise the city's profile and to catalyse economic growth;
- **Vibrant education sector:** Knowledge intensive businesses and workers can be generated through universities.

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### 1. Introduction

Manchester has been one of the most forward-thinking cities in the UK when it comes to the knowledge economy. The city, at the heart of one of the biggest economic regions outside London<sup>1</sup>, has a Knowledge Capital programme, aiming to increase investment; innovation and technology transfer around seven elemental themes.<sup>2</sup> It is one of the designated 'Science Cities' and is using this opportunity to create public / private partnerships building on research strengths. And Manchester explicitly aims to work with neighbouring local authorities, the sub-region and other Northern Core Cities to "build upon distinctive strengths to deliver mutual benefit and a powerful transpennine economic hub"<sup>3</sup>.

Knowledge is at the heart of Manchester's current strategies and future vision and the diverse stakeholders interviewed all share this vision and are optimistic about its success. This puts Manchester in a strong position to deliver on many of its aspirations.

### Manchester, Greater Manchester and the City-Region

Greater Manchester refers to the City of Manchester as well as nine council districts that have high economic and social relationships with the core. These are: Manchester, Salford and the metropolitan boroughs of Stockport, Tameside and Trafford (Greater Manchester South), Bolton, Bury, Oldham, Rochdale and Wigan (Greater Manchester North). The economic geography of the city-region stretches beyond Greater Manchester based on business links, travel to work patterns etc, and could be argued to include High Peak (outside the North West region), Congleton, Macclesfield, Vale Royal and Warrington. There are, however, no agreed or fixed boundaries for the city-region.<sup>4</sup> Derbyshire, Yorkshire, Lancashire and Cheshire also have strong links with the City of Manchester.

In this case study, 'Manchester' is used to refer to the city centre – but will often include local authority areas outside the very tightly defined administrative area of Manchester City Council.

#### Defining Ideopolis

The Ideopolis is the vision of a sustainable knowledge intensive city that drives growth in the wider city-region. It gives cities a framework for developing knowledge-intensive industries that will be economically successful and improve quality of life.

#### About the Ideopolis project

The Work Foundation conducted a year-long research project looking at the concept of the Ideopolis – a sustainable knowledge city that drives growth in the wider city-region. Based on literature reviews, data analysis and UK and international case studies, the research highlights nine drivers of an Ideopolis. This case study forms part of the evidence base for the project. It uses the Ideopolis framework and nine drivers to assess to what extent the city is an Ideopolis and what challenges the city faces in the future if it is to be economically successful and sustainable in a knowledge economy..

<sup>1</sup> The Economic Development Agency for Greater Manchester

<sup>2</sup> Manchester: Knowledge Capital – A place for inspiration, a world of opportunities (2003) Manchester City Council and the Knowledge Capital Partnership

<sup>3</sup> Manchester knowledge Capital *ibid* p.12

<sup>4</sup> The Economic Development Agency for Greater Manchester

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### **About this case study**

Presenting findings from interviews with a range of stakeholders as well as literature review work, this case study analyses Manchester using the Ideopolis framework to assess where the city is on the 'Ideopolis trajectory'. It is organised into the following sections:

- Brief history of Manchester
- Manchester now
- Manchester: knowledge city?
- Ideopolis driver analysis: strengths, challenges & opportunities
- Conclusions
- Policy recommendations
- Lessons learned from Manchester

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### 2. Brief History of Manchester

*"[Victorian Manchester was once] the last and greatest of the Hanseatic towns – a civilization created by traders without assistance from monarchs or territorial aristocracy."*

A.J.P.Taylor (1957)

#### A City Built on Cotton

Manchester's transformation from a market town to one of the commercial capitals of Europe began with access to cheap coal in 1761. Forty years later Manchester had more than fifty spinning mills and had become a so-called 'Cottonopolis'. As in all industrial cities, with prosperity came severe problems: poverty, low life expectancy and disease cheek by jowl with richer suburbs. Manchester's merchant patrons were determined to alleviate poverty, however, and to celebrate urban life through culture, architecture (e.g. Manchester Town Hall) and societies.<sup>5</sup> Interviewees argue that this sense of civic pride is being revived in contemporary Manchester's pride in its history and current success.

Manchester's reliance on the textile industry left it vulnerable to foreign competition and the city fell into a significant decline during the twentieth century that only began to turn around in the 1990s.

#### 'Madchester' and the 80s

Manchester's cultural heritage is regarded as playing a critical role in its recent turnaround. During the 1980s the 'Madchester' pop culture and Tony Wilson's role at the Hacienda was cited

as being influential in repositioning "a grim northern city... as a young person's residence on a major scale... It located the city and local government alongside radical pop and chic". The emerging creative and cultural class is regarded as having shaped the city centre, particularly the nighttime economy and the social networks and capital so important to the city.

#### Leadership, Catalysts & Policy Interventions

All interviewees highlighted the importance of civic leadership over time to the current resurgence of the city, with Sir Howard Bernstein identified as a central and consistent figure. The 1990s is characterised by While et al (2004) as being dominated by a "high octane economic development strategy designed to build a new national and international image for the city"<sup>6</sup> through the Olympic Games bid, the Commonwealth games and capital projects for the city centre.

Manchester's strong leadership is seen to enable the city to use events as catalysts for change, particularly:

- Failed Olympic bid – "it helped Manchester understand how partners need to work together"<sup>7</sup>;
- IRA bomb – "it created a dig for victory spirit"<sup>8</sup> Manchester's ability to use this terrible incident as a catalyst for considerable redesign and change and growth in physical infrastructure has been applauded by interviewees;

<sup>5</sup> Hunt, T. (2005) Building Jerusalem: The Rise and Fall of the Victorian City: Weidenfeld & Nicholson

<sup>6</sup> While, A., Jonas, A. & Gibbs, D. 'The Environment and the Entrepreneurial City: Searching for the Urban 'Sustainability Fix' in Manchester and Leeds' in International Journal of Urban and Regional Research, Volume 28.3, September 2004

<sup>7</sup> Ideopolis interviewee

<sup>8</sup> Ideopolis Interviewee

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- Commonwealth Games in Manchester – following the 2002 games, Manchester moved from 19<sup>th</sup> to 13<sup>th</sup> on the European Cities monitor, and raised its national and international profile.

The most significant policy interventions over the last twenty years were identified as the airport, the city centre and “speciality” projects promoting the city-region economy, such as the Trafford Park industrial estate (which doubled the jobs available there between 1988 and 1998<sup>9</sup>) and the Metro.<sup>10</sup>

Yet interviewees argued that what has made Manchester distinctive is its ability to plan for the long-term in order to maximise opportunities for growth and community, whether from events or investments.

### 3. Manchester Now

Manchester in 2006 offers those who wish to invest, live or work there a range of facilities and services, from a large higher education sector, to a diverse transport network including an international airport, to a diverse cultural base. Yet it also faces significant challenges, as the Knowledge Capital strategy recognises, around “spatial concentrations of multiple deprivation and unemployment, inadequate quality and choice in parts of the housing market; poor levels of basic skills and qualifications; low economic activity rates; low business survival rates and levels of self-employment...[and] major infrastructure requirements”<sup>11</sup>

Table 1 (on the next page) highlights some key statistics about Manchester’s labour market. Whilst Manchester has a higher than average proportion of working age people qualified to degree level and above, this is not true of the wider city region. Furthermore, almost one quarter of the working age population in Manchester has no qualifications (almost 10% higher than the national average).

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<sup>9</sup> The Economist ‘In London’s Shadow’ 1998

<sup>10</sup> While et al., *ibid*, Ideopolis interviewees

<sup>11</sup> Knowledge Capital p.2

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**Table 1 – Manchester’s labour market (all statistics from NOMIS)**

	<b>Manchester</b>	<b>Greater Manchester</b>	<b>GB</b>
General (Source: Midyear Population Estimates, 2004 and Annual population survey, April 2004 - March 2005)			
Population	437,000	2,539,000	58,124,600
Working age population	292,000	1,587,600	36,037,300
Economically active	65.0%	76.3%	78.3%
Economically inactive (all)	35.0%	23.7%	21.7%
Economically inactive (wanting a job)	6.3%	5.3%	5.2%
Skills (Source: Local Area Labour Force Survey (March 2003 - February 2004)			
NVQ4 and above	27.7%	22.8%	25.2%
NVQ3 and above	43.0%	41.2%	43.1%
NVQ2 and above	58.2%	60.5%	61.5%
NVQ1 and above	68.6%	74.6%	76.0%
Other qualifications	7.2%	6.8%	8.8%
No qualifications	24.2%	18.6%	15.1%
Occupations (Annual population survey, April 2004 - March 2005)			
Manager and senior officials	14.7%	12.6%	14.9%
Professional	19.0%	12.1%	12.6%
Associate professional and technical	14.5%	13.8%	14.0%
Admin and secretarial	17.6%	13.0%	12.6%
Skilled trades	6.9%	11.1%	11.2%
Personal services	7.8%	8.4%	7.7%
Sales and customer service	7.8%	8.8%	7.8%
Process plant and machine	2.9%	7.9%	7.5%
Elementary	8.3%	12.2%	11.5%
Businesses (Source: VAT registrations / de-registrations by industry, 2004)			
VAT registrations	1,440 (13.1%)	6,995 (11.1%)	181,410 (10.1%)
VAT de-registrations	1,465 (13.2%)	6,900 (10.9%)	179,375 (9.9%)
Stock (at end of year)	11,105	63,025	1,819,855

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### 4. Manchester: Knowledge City?

#### Measures of Knowledge Intensity

One of the key outputs of the Ideopolis project is the contribution to discussions around how to measure knowledge intensity. Knowledge intensity is too often restricted to the OECD definition of knowledge intensive businesses. The Ideopolis project argues that knowledge intensity should be assessed based on knowledge-intensive occupations and knowledge intensive industries (which should include education and health, as well as all creative and cultural industries). We have developed four measures of assessing knowledge intensity for cities; see Ideopolis report for detailed discussion (this can be downloaded from [www.theworkfoundation.com](http://www.theworkfoundation.com))

As Table 2 (below) demonstrates, Manchester's investment and knowledge strategy is paying dividends. 38% of the workforce are employed in knowledge occupations, and 37% of businesses

are knowledge based. Within these businesses, more than half are 'knowledge occupations' (a similar proportion to Edinburgh - the most knowledge intensive of this group of cities).

**Table 2 – Knowledge intensity in larger cities<sup>12</sup>**

City	A	B	C	D
	Employed in Knowledge Occupations (Residence Based, 2001) %	Employed in Knowledge Occupations in Knowledge Industries (Residence Based, 2001) %	Businesses that are Knowledge Based (Workplace Based, 2001) %	Employment in Businesses that are Knowledge Based (Workplace Based, 2001) %
Edinburgh	49	36	38	53
Bristol	41	28	40	47
Leeds	38	24	31	41
Glasgow	38	25	31	48
<b>Manchester</b>	<b>38</b>	<b>26</b>	<b>37</b>	<b>52</b>
Sheffield	37	24	28	40
Birmingham	36	23	30	42
Newcastle*	35 (39)	23 (27)	31 (33)	45 (50)
Bradford	35	21	25	37
Liverpool	35	24	32	48

\*Figure given is Newcastle-Gateshead, Newcastle alone in brackets

Source: Annual Business Inquiry

Method: The Work Foundation Definition Knowledge Intensity, District/Unitary Local Authority units

<sup>12</sup> Local authorities with populations greater than 350,000.

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It is also clear from Table 3 (below) that, in common with the other core cities, it is the central city of Manchester that is driving knowledge in the city-region. The comparisons between the city and city region based

on where people live demonstrate fewer differences, demonstrating that many people work in knowledge businesses in the city centre, but live outside the city.

**Table 3 – Knowledge intensity in central cities and city regions**

Central City of City region	A		B		C		D	
	Employed in Knowledge Occupations (Residence Based, 2001)		Employed in Knowledge Occupations in Knowledge Industries (Residence Based, 2001)		Businesses that are Knowledge Based (Workplace Based, 2001)		Employment in Businesses that are Knowledge Based (Workplace Based, 2001)	
	%		%		%		%	
	City Region	City	City Region	City	City Region	City	City Region	City
Bristol	41	41	26	28	35	40	41	47
Edinburgh	39	49	26	36	30	38	42	53
<b>Manchester</b>	<b>38</b>	<b>38</b>	<b>22</b>	<b>26</b>	<b>30</b>	<b>37</b>	<b>37</b>	<b>52</b>
Leeds	37	38	22	24	28	31	37	41
Glasgow	37	38	24	25	28	31	40	48
Liverpool	36	35	22	24	33	32	39	48
Birmingham	35	38	20	23	27	30	34	42
Newcastle*	35	35 (39)	22	23 (27)	27	31 (33)	39	42 (50)
Sheffield	32	37	19	24	25	28	35	40

\*Figure given is Newcastle-Gateshead, Newcastle alone in brackets

Source: Annual Business Inquiry, 2001 Census

Method: The Work Foundation Definition Knowledge Intensity, District/Unitary Local Authority units

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Table 4 (below) indicates that Manchester's knowledge economy is growing at above the national average rate.

**Table 4 – Growth in percentage of businesses that are knowledge based for the case study cities**

	1998 Businesses that are Knowledge Based (Workplace Based) %	2004 Businesses that are Knowledge Based (Workplace Based) %	Growth 1998 - 2004 %
UK Average	30	33	9
Birmingham	28	32	13
Brighton and Hove	36	42	15
Bristol	35	39	12
Cambridge	42	46	10
Edinburgh, City of	37	40	8
Glasgow City	31	34	10
<b>Manchester</b>	<b>33</b>	<b>38</b>	<b>13</b>
Newcastle-upon-Tyne	32	35	11
Sheffield	26	31	20
Watford	34	34	0

Source: Annual Business Inquiry

Method: The Work Foundation Definition Knowledge Intensity, District/Unitary Local Authority units

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### 5. Ideopolis driver analysis: strengths, challenges and opportunities

#### Ideopolis drivers

This next section of this case study will analyse Manchester according to the nine drivers of the Ideopolis<sup>13</sup> that have been identified through our literature review, data modelling and case study research. It will consider the following questions: what are the factors that have supported Manchester's success? And what are the remaining challenges that the city faces, as well as the opportunities that will support Manchester in realising and sustaining the Ideopolis vision?

#### 5.1 Physical Knowledge City

Manchester's proximity to the countryside and its compactness relative to London is highlighted by all interviewees as a key strength in making the city an attractive place to live and work, as is the recent substantial investment in the city centre: "By the early 1980s Manchester was left an ugly central business and shopping district, surrounded by industrial dereliction, giving way to a series of inner-city public housing projects... Prosperous people still worked in the city but lived outside it in rich suburbs or the countryside"<sup>14</sup>.

A recognition of the need to increase the city centre population from the low of less than a thousand in the late 1980s, combined with the IRA bomb on 15 June 1996, catalysed the dramatic redevelopment of the city to have "... iconic buildings, a mix of historical and contemporary... people are recognising the importance of locating here"<sup>15</sup>. The success of the redevelopment is attributed to effective planning, initially by the independent City Centre Management company, and latterly by Manchester City Council: "The new buildings have had a predetermined legacy, they were for something beyond a specific event... unlike the

*Dome*"<sup>16</sup>. A high volume of available office space is also frequently cited as a strength.

Manchester was also praised by interviewees for its housing policies, seen as vital if local people are to benefit more from Manchester's economic gains: "You can't just let apartment price determine the structure of a community and Manchester led on that – restructuring communities and replacing houses without breaking up people"<sup>17</sup>. Schemes to move communities from areas with development potential in East Manchester, whilst protecting people's equity, were particularly praised.

However, whilst all interviewees recognised how important the capital investment has been in Manchester, there were some challenges raised about to what extent this has included the inner city poor. One interviewee argued that, as in other cities, "The centre becomes the playground... for the affluent and those living outside the city's boundaries." Another argued that now the city centre has been transformed and planning has helped to move the city centre further north, regeneration appears to be moving outside the city centre: "radial routes are sprouting cranes around a community that remains unaffected". Many argued that there

<sup>13</sup> For a full account of the Ideopolis drivers, please read the full report which can be downloaded from [www.theworkfoundation.com](http://www.theworkfoundation.com)

<sup>14</sup> The Economist 'In London's Shadow', 1998

<sup>15</sup> Ideopolis Interviewee<sup>7</sup> See [www.insider.co.uk](http://www.insider.co.uk), 2003

<sup>16</sup> Ideopolis Interviewee<sup>7</sup> See [www.insider.co.uk](http://www.insider.co.uk), 2003

<sup>17</sup> Ideopolis Interviewee<sup>7</sup> See [www.insider.co.uk](http://www.insider.co.uk), 2003

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was a need to do more planning to capitalise on the opportunities that the southern corridor offers.

### 5.2 Building on what's there

Manchester has a diverse range of knowledge industries, most of which have been built on existing strengths, for example over one in ten people in Manchester sub-region work in the health sector, creating a solid base for growth and investment in medical research, biotechnology and life sciences. The media cluster has grown around the long-standing presence of Granada and will be further boosted by the re-location of a large component of the BBC. Health, education, media and culture are regarded as the main growth areas of the future, building on Manchester's university strengths, its 'health cluster' and its history of entrepreneurship and cultural innovation.

### 5.3 Diverse specialisation

One of Manchester's main strengths is the diversity of its industry base and the fact that much of its recent growth has been driven by rapid expansion of private sector services, as well as public sector investment.<sup>18</sup> Between 2000 and 2003, Manchester saw over £2 billion of private investment and the creation of 25,000 new jobs.<sup>19</sup>

The city's main knowledge industries cut across the private, public and voluntary sectors and include education, financial and professional services, life sciences, medical equipment and technologies; media, ICT related industries, and cultural and creative industries.

Manchester's creative and cultural industries are regarded by interviewees as vital

components of the mix, not just as an economic contributor (they are worth £1 billion) but also as representing a vibrant Manchester: *"although they [cultural industries] are only about 8% of the mix, they have a symbolic value beyond this"*<sup>20</sup>. The last decade of investment in projects including Bridgewater Hall, the Imperial War Museum North, the Lowry, the Art Gallery extension and the Cultural Industries Development Service should support the creative and cultural industries in increasing the contribution they make to the Manchester economy – and one interviewee even argued that more money should be invested in this sector, to ensure it remains sustainable.

Interviewees were keen also to emphasise the importance of independent businesses, arguing that they *"represent Manchester's entrepreneurial history"*<sup>21</sup> – and help to attract people to live and work there. Independent businesses help to add value because of their distinctiveness, as illustrated by the story of Canal Street. This area grew as a gay village based on independent bars but when chain bars moved in to capitalise on its success, it declined. Its subsequent revival when independent businesses moved back in is cited as an example of the benefits of diverse businesses to the city and a few interviewees argued that more needs to be done, building on the Manchester Independents campaign, to enable independent Manchester businesses to thrive.

It may be the mix of these factors that has contributed to Manchester being the only Core City to be ranked in the top 30 best European cities in which to locate a business (Manchester was 15th in 2005).<sup>22</sup>

<sup>18</sup> The Economic Development Agency for Greater Manchester

<sup>19</sup> Knowledge Capital

<sup>20</sup> Ideopolis interviewee

<sup>21</sup> Ideopolis interviewee

<sup>22</sup> European Cities Monitor (2005) Cushman & Wakfield, Healey & Baker

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Yet although Manchester is building its knowledge economy rapidly, there are still gaps in its infrastructure and industry base, with lower levels of employment in high technology sectors than other parts of the UK and low levels of innovation generally within the business sector.<sup>23</sup> Whilst high levels of business failure are not necessarily a bad thing if accompanied by high levels of business success – it suggests a risk-taking, entrepreneurial culture – there was a concern amongst some interviewees that business survival in Manchester is not as good as it should be. Furthermore, despite the institutions in place to support spin out activity, there was also a concern that Manchester’s spin out was punching below its weight. Manchester has many of the building blocks in place, weaknesses are recognized, but progress continues to be slow on key issues.

One interviewee also suggested a challenge to Manchester’s Knowledge Capital strategy was the lack of investment in cultural industries in comparison to other cities, in terms of infrastructure and people. It was argued these industries have the potential to generate more economic success.

Globalisation was regarded as a real challenge for all core cities. The regional base of many industries has become global and some boards think they should be in London rather than Manchester. To retain businesses, particularly knowledge businesses, Manchester needs to continue to be innovative in the way it not only encourages businesses to locate in Manchester, but to become embedded there.

### 5.4 High skill organisations

Manchester increasingly offers opportunities for graduates to remain in the city and work

in a range of professions. However, as the data in section one suggests, Manchester lags behind some of the larger cities in terms of the proportion of knowledge occupations it has in all industries and within knowledge industries in particular. This is an area that the city could prioritise in order to increase its knowledge intensity and productivity. This is likely to mean both working with employers to drive up demand for skills and continuing to invest in the supply side by improving the education system at all levels.

### 5.5 Vibrant Education Sector

Manchester has access to – and makes use of – an enormous array of higher education institutions and students. These include the 2003 merged University of Manchester and UMIST, the largest single-site university in the UK, as well as Manchester Metropolitan University, the University of Salford, the Royal Northern College of Music, three major teaching hospitals, the University of Bolton and the Regional Centre of the Open University. These institutions generate local employment and secure public sector investment, for example the three major teaching hospitals employ over 15,000 people and spend £688 million per annum.<sup>24</sup> Partnerships between universities and teaching hospitals have secured investment in facilities such as the Wellcome Clinical Research Facility, the North West Genetic Knowledge Park and the UK Biobank Hub.<sup>25</sup>

The University of Manchester is working with the city to help drive the expansion of the business district south, making the University “feel more like part of the city rather than a campus to the south”<sup>26</sup>. One interviewee argued that if the joint proposed project between

<sup>23</sup> The Economic Development Agency for Greater Manchester

<sup>24</sup> Manchester Knowledge Capital

<sup>25</sup> Manchester Knowledge Capital

<sup>26</sup> Ideopolis interviewee

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the City Council and the University to extend the Oxford Road corridor to the south is implemented, this investment will drive the bulk of jobs in the next 25 years.

The engagement of the education sector with the business community, supported by the City Council and Chamberlink, is also helping to increase innovation within the city through a number of initiatives, including:

- University-led work on technology transfer and collaborative research won nine major awards for innovation, export and technology transfer;
- Daresbury Campus, a centre of excellence for scientific research and development, was awarded the research, development and design phases of the world-class Fourth Generation Light Source project.

Manchester has also been affected dramatically by the 'demand side' of higher education. The city's three main universities have around 90,000 students and students make up 42% of the city centre population.<sup>27</sup> Their presence has created an *"image of a vibrant, young city, [that is also] attractive for the gay community"*<sup>28</sup>. One interviewee argued that the main strength of the universities lay on the demand side *"because young people push change, create a vibrant culture... The vibrancy of youth culture is what made it an attractive place to live. It gave some of the leads in terms of design and art"*<sup>29</sup>. The city has sought to capitalise on the opportunities offered by responding to student demand, for example through leisure businesses, cultural industries etc. Yet whilst the education sector is vital to the city's economic and social success, there are also real challenges about ensuring that it engages fully with all those living in Manchester.

A number of interviewees recognised the work that the University was doing to engage with local communities and the universities also play a vital role in providing foundation degrees specific to Greater Manchester's needs, which many local people access. Nonetheless, some interviewees argued more could be done. For example, few people from the very deprived areas in which the university is located work at the university, even in jobs that require lower levels of skills. Close joint working between the universities on projects such as incubators is also seen as an ongoing challenge.

Students are a double-edged sword for the city. Whilst they create demand for services and a 'vibrant city', few families enjoy living next to them. One interviewee argued that 'knowledge workers' and middle class families have choices and are able to move away, but lower income families have to stay behind. This was seen as contributing to a "them and us" attitude to the university, with local communities feeling they reap the disadvantages and not the benefits. One interviewee suggested that staff becoming governors or community leaders could help bridge the gap between the local community and the university.

### 5.6 Distinctive knowledge city offer

Interviewees argued passionately that what makes Manchester distinctive is that it is "a city with attitude", "there is ambition and people believe they can get things done, which helps overcome early scepticism". There are references to its history "Engels... Pankhurst... the invention of the computer", as well as the "global brand of Manchester United"<sup>30</sup>. The success of the Commonwealth Games in

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<sup>27</sup> Manchester City Centre: Key Facts 2001

<sup>28</sup> Ideopolis interviewee

<sup>29</sup> Ideopolis interviewee

<sup>30</sup> Ideopolis interviewee

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2002, together with the “party city” and “young person’s city” image is seen as key elements of rehabilitating Manchester’s image.

Quality of life was identified as another distinctive asset of Manchester. The mix of “music, nightlife, football, clubs, concert hall, theatre, opera house”: all were variously cited as important – even by those who did not make use of all these facilities. These were seen to make the city different by supporting tourism and ‘city breaks’, as well as making the city a more attractive place to live. After all, as one interviewee put it, “lots of places have employment, not many have this cultural mix.”

Manchester’s scale is also seen as making it distinctive to London: interviewees argued that the city is a “large village, everyone is really well networked”, making it more enjoyable to work there.

Yet despite the Manchester Independents Campaign, there remain concerns that Manchester is losing some of its independent spirit. Some argued that “with gentrification, some of the energy has gone...there’s a danger of turning artist spaces into yuppie flats”. There was a sense that the public sector needed to do more to “manage the tension between capitalism and independence”, to preserve Manchester’s distinctive grittiness in a positive way. Distinctiveness and a ‘grass roots’ culture were seen as vital to maintain and in real danger of slipping away under high street shops. Concerns were also expressed that the city ensures it is not just seen as a “night time economy...fuelled by drunken people.”

The challenge of getting London-centric journalists to cover cultural events in Manchester was also highlighted by a number of interviewees, with various ideas about

offering incentives “like a first class Virgin fare”<sup>31</sup> for journalists to review some of the activities for which Manchester would like to be best known.

Manchester’s drive to be distinctive also runs the risk of creating unnecessary competition between cities. For example, it could lead to the city building cultural facilities that compete for a very small audience with similar facilities in a nearby city.

### 5.7 Leveraging strong connectivity

Manchester Airport is regarded as a critical element of the city-region’s economy and the city’s drive to be a knowledge economy. Benefits include:

- Job generation: in 1998 the airport generated between 70,000 and 85,000 jobs, of which 33,000 were in the North-West;
- International links for creative and cultural industries: ease of access to the city has facilitated closer contacts with Europe and attracted higher quality performers and visitors to cultural events;
- Increased attractiveness of city for multi-national businesses, tourists, international academics and international students.

Previous research suggests that the airport’s impact is likely to be sustainable primarily because of effective local governance. Key agencies (the airport, Greater Manchester local authorities, Marketing Manchester and Manchester investment and Development Agency or MIDAS) worked together to maximise “the synergies between airport development, inward investment, and urban marketing and tourism ventures”<sup>32</sup>, for

<sup>31</sup> Ideopolis interviewee

<sup>32</sup> Evans, S.R. & Hutchins, M. ‘The Development of Strategic Transport Assets in Greater Manchester and Merseyside: Does Local Governance Matter?’ In The Journal of the Regional Studies Association Volume 36, Number 4, 1 June 2002

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example through opening up new routes through the Commonwealth Games. The airport's work with local agencies to improve public transport and its participation in local regeneration schemes – both because of contractual obligations and because it made commercial sense – has helped to make growth sustainable and embed the benefits in the region.

Partnerships are also an important element of Manchester's work towards an integrated transport system, including the Manchester Transport Partnership and the alliance of businesses and the public sector to campaign for Metrolink. In terms of connectivity, the M60 is also regarded as important and "undersold" by one interviewee, who argues that the M60 has linked together different places so "you can now travel from north to south without going through the centre, it's possible to live and work in other boroughs"<sup>33</sup>.

Nonetheless, the city council and business leaders have publicly recognised that there is still a need for a more integrated transport system. Some projects are ongoing, such as investment in free Metroshuttle bus services to connect major employment areas on the fringe of the city to the business and retail core, car parking and major transport nodes. Yet with 40% of Manchester residents lacking access to motor vehicles, effective public transport is very important for ensuring that all residents have the opportunity to benefit from the knowledge economy. An integrated system would also support the growth of some university and enterprise functions that need physical space and so are better located away from the main university campus.

### 5.8 Leadership around a knowledge city vision

All interviewees cited strong leadership as critical to Manchester's renaissance and ongoing success, with many saying that key figures and partnerships<sup>34</sup> have created "an unstoppable momentum"<sup>35</sup> for the city.

Leadership takes many forms in Manchester. Individuals matter: Sir Howard Bernstein was identified by all interviewees as critical to Manchester's ongoing success and to driving the city forward. The city council also matters. Regardless of background, interviewees recognised the important role the council has played in proactively creating partnerships within the community and with business. "The Council works with the right people, leads the way in the city region and gets things done"<sup>36</sup>, it is said to be "pragmatic and non-ideological", to "understand business, [and be] willing to take risks"<sup>37</sup>. This is seen as particularly important in a region that needs to advertise its assets, as its image has not traditionally been associated with growth in the knowledge economy.

The private sector has also been a key driver, as has its good relationship with the council. Interviewees argued that the result of a city council that "recognises that economic development is driven by wealth creators" is an "incredible public sector private partnership", linking together to influence decision-makers and resource givers. The close relationship around getting Metrolink back on the agenda is cited as a good example of the partnership in practice. Whilst people recognise there are disagreements, it is felt to be positive that the partnerships "present a united front on these

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<sup>33</sup> Ideopolis interviewee

<sup>34</sup> See [www.manchesterpartnership.org.uk](http://www.manchesterpartnership.org.uk) for list of partnerships

<sup>35</sup> Ideopolis interviewee

<sup>36</sup> Ideopolis interviewee

<sup>37</sup> Ideopolis interviewee

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things, it is mostly behind closed doors when there are disagreements”<sup>38</sup>.

Leadership has also helped Manchester make the most of ‘catalysts’ – events and opportunities. For example, by linking airport development, inward investment, urban marketing and tourism, events such as the Commonwealth Games led to opening new air routes, raising the city’s profile and investment in regeneration schemes. The attraction of the Bank of New York to the city is seen as a beginning of opportunities rather than the final result. Even when returns may be difficult to measure, e.g. attendance at international property shows to raise profile; the city will invest in them as part of its strategy to publicise itself as a knowledge city.

Good networks are a foundation of Manchester’s leadership. Interviewees describe *“strong, long-standing networks of creative people shaping and occupying the city...The city feels like a village, everyone knows everyone else, and it’s easy to get into the networks...they get new energy from migrant communities”*<sup>39</sup>. The breadth of these networks was demonstrated by the shared vision of the ‘knowledge city’ that ran through all the interviews.

Yet whilst leadership is seen as a strength, the governance of Greater Manchester came under considerable criticism. As one interviewee commented, *“there are more people elected in the city region than in the Houses of Parliament”* (700 are elected). Every interviewee argued that the boundaries do not make sense, with a lot of people still living outside the city. 40% of the wealth is produced in an area where 400,00 live, whilst of the 32 elected districts in the region, 23 wards are in the bottom 10% for poverty.

It is clear too that, locally, the need to operate at a city-region level is recognised. Governance structures and co-operative relationships at the city-region level include: the Greater Manchester Forum (all local authorities, key public agencies, and private, community and voluntary sector groups); Manchester Enterprises, the Economic Development Agency for Greater Manchester; the Association of Greater Manchester Authorities, and the Greater Manchester Chamber of Commerce and Industry.

Yet all of the structures are voluntary. They require partners to navigate funding, powers and accountability structures that are not set up for city-regions. All interviewees agreed that there needs to be a formal city-region structure that has real powers, real funding and real recognition from Government if Manchester is to achieve its potential as a knowledge city. There was less consensus about what the city-region might look like in practice, with interviewees toying with options ranging from elected mayors to cabinets. But people were clear that *“Manchester needs an economic base that makes sense and a structure that represents people”*<sup>40</sup>.

There were also some challenges identified around networks. Manchester was described as *“sometimes too insular and needing to look outside itself”*<sup>41</sup>. There was also an argument that this included explicit strategies that work to give local communities a voice.

### 5.9 Investing in the community

Manchester’s most significant challenge, in common with many other cities, is social polarisation. “Disparities in educational

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<sup>38</sup> Ideopolis interviewee

<sup>39</sup> Ideopolis interviewee

<sup>40</sup> Ideopolis interviewee

<sup>41</sup> Ideopolis interviewee

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attainment, worklessness and earnings...fall disproportionately on certain sections of the community"<sup>42</sup>. Unemployment and inactivity are well above the national average and there remain spatial concentrations of multiple deprivation around the city centre, with some of the worst crime, poor health and housing in the UK.<sup>43</sup>

Manchester recognises it has communities with continuing multiple deprivation, and is striving to address these issues. East Manchester in particular is a focus of regeneration work and has an urban regeneration company, started in 1999 and now called New East Manchester Limited. It is seen as unique in the way it draws on the city's political and entrepreneurial trajectory.<sup>44</sup> Funding has been drawn from the New Deal for Communities, Single Regeneration Budget, SureStart and through the area being designated an Education, Health and Sport Action zone. Good relationships with private sector companies are also seen as opportunities to invest in local communities, for example an Asda – Walmart superstore created jobs for 760 FTE staff.<sup>45</sup>

Yet some argue that Manchester has not done enough to address these challenges and that its focus on economic growth has led to not enough action being taken to address the needs of deprived areas and quality of life issues<sup>46</sup>: *"Substantial groups of the population are in pockets side by side the areas in which there is the most economic regeneration"*<sup>47</sup>. Ward (2003) argues that deprived communities such as East Manchester are primarily doing "the dirty work that supports and services the city's expanding

'new' consumption economy"<sup>48</sup>. And there is a feeling that regeneration has now moved past the city centre, reaching out to the suburbs and the area around the airport, without touching some of the more deprived communities.

There is a real difference in interviewees' views around this issue, with some arguing, for example, that *"you can't build the metro between poor areas and areas of growth before growth has happened"*<sup>49</sup>. The Work Foundation's research would suggest, however, that without investment in deprivation early on, it will be much harder to play 'catch-up' because other areas will already be benefiting from the success, with only poorer quality jobs left for those from deprived areas. Initiatives such as the City Growth Strategy, area regeneration programmes and skills board work are welcome signs that Manchester recognises that "trickle-down" does not happen automatically and that there need to be mechanisms in place, early on, to ensure that economic benefits are reaped by all areas of the city. It is also clear, however, that any intervention to turn around deprivation in poorer areas takes decades of intensive work and investment.

Skills are an integral part of the challenge facing Manchester, and it is recognised by all the businesses and local authorities in the area that there is much to do to improve the local skills base. Secondary schools and Further Education are seen as particular priorities. It is also clear that only a combination of national, regional, city-region and local policies can help to address these fundamental challenges.

<sup>42</sup> The Economic Development Agency for Greater Manchester

<sup>43</sup> Manchester City Council 92005) 'Manchester Factsheet', Manchester City Council: Manchester

<sup>44</sup> Ward, K. 'Urban redevelopment: 'Doing' entrepreneurial urbanism in Birmingham, Leeds and Manchester' in *City*, Vol 7, No. 2, July 2003

<sup>45</sup> Gratton, C. et al 'Sport and Economic Regeneration in Cities' in *Urban Studies*, vol. 42, Nos 5/6, May 2005

<sup>46</sup> Ward

<sup>47</sup> Ideopolis interviewee

<sup>48</sup> Ward – 2, 2003

<sup>49</sup> Ideopolis interviewee

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### 6. Conclusions

Manchester is moving towards achieving the vision of becoming an Ideopolis. Whilst it has lower levels of knowledge intensity than Edinburgh and London, it is outperforming comparator cities. Manchester has a clear sense that its future lies in being a successful knowledge city, building on its existing strengths, becoming less dependent on the public sector, and moving to 'high value added' approaches to declining sectors such as manufacturing. The Economic Development Agency for Greater Manchester forecasts annual growth of 2.1%, above the North West and UK rates, and are predicting that at least 100,000 new jobs will be created between 2002 and 2015, with fewer dependent on either manufacturing or the public sector than is currently the case.<sup>50</sup>

#### Future Vision for Manchester

Interviewees are certain that Manchester is destined for continued success – but agree also that for the city to fulfill its potential, particular issues will need to be managed, including:

- **Polarisation:** The gap between those in knowledge work and those in deprived areas looks set to widen without intervention that focuses on increasing the economic opportunities for those communities, for example through improved transport links, focus on education and skills;
- **Managing the tensions between economic growth, environmental concerns and social issues:** Interviewees all recognise the need to manage these tensions and our research suggests a need to do more to link strategies to invest in economic growth and strategies to invest in deprived communities;

- **Challenges of economic growth:** Gentrification, more people living in the centre and more physical regeneration is leading to concerns about the property market 'overheating', the affordability of house prices and congestion;
- **Continuing to engage with businesses:** There is a need to sustain the engagement of businesses in shaping and driving the future success of the city. It is also important for the city to consider how to work with partners to drive up demand for skills from businesses by demonstrating how skills are relevant to the achievement of business objectives.

<sup>50</sup> The Economic Development Agency for Greater Manchester

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### 7. Policy Recommendations for Manchester

Most interviewees endorsed the existing thrust of policies in Greater Manchester, but some clear recommendations also emerged:

#### Creating a meaningful city-region

- All interviewees agreed that there is a need for the concept of the city-region to be made more meaningful through governance structures and funding that unites the multitude of small funding pots available to different local authorities. This was seen as vital for maintaining economic growth;
- There was resistance to changing local authority boundaries, but support for structures such as an elected mayor or a cabinet system for the ten boroughs of Greater Manchester;
- The city-region should be given the power to plan transport and housing across the Greater Manchester region;
- More power should be devolved to the city-region to allow decisions to be made more quickly.

#### Linking economic growth and social inclusion

- Projects aiming to increase economic growth should explicitly link with social inclusion work – and vice versa. This means putting in place more formal “trickle-down” mechanisms early on, as well as ensuring that social inclusion projects are built on economic foundations, not just public investment;
- Engaging local communities in economic growth through employment opportunities, more access to good facilities, and more ‘voice’ about development in the community is seen as vital to ensuring they can benefit from success, and addressing issues such as crime and disorder;

- Education institutions should consider reserving jobs under a certain grade for people from local communities.

#### Clear and focused vision of Manchester as an Ideopolis

- Manchester has a strong vision of the future – but this focuses on a range of sectors. Focusing the bulk of investment in two or three key sectors would help to create a distinctive niche for Manchester, without losing its diverse base;
- Manchester needs to ensure that its vision of the knowledge economy is not just focused on science and technology, but includes creative and cultural industries that are sustainable;
- Investment in local skills is vital;
- In the Ideopolis, some knowledge businesses will wish to locate outside the city centre, as will some families, and transport and office and residential accommodation needs to be planned with this in mind.

#### Ensure Manchester remains distinctive

- Manchester needs to remain distinctive and ensure it does not become too much like other cities, for example through too similar a high street. Its distinctiveness should be built on its history and on decisions about current and future demand, taking into consideration the facilities in nearby cities;
- Strategies to court the media and ensure they have the chance to review Manchester-based events are important for gaining national coverage.

#### Connectivity

- Investment in transport that links different communities to employment centres more effectively is seen as vital.

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### 8. Lessons Learned from Manchester

There are many lessons other cities can learn from Manchester, including:

- **Leadership:** Post-industrial cities, particularly outside the South-East, can benefit enormously from strong leadership that establishes a shared vision for the future and helps to drive forward policies.
- **Partnerships:** Manchester has meaningful partnerships that stretch across the public, private and voluntary sectors. This helps to create a thriving business environment and link businesses back to the local community.
- **Making use of catalysts:** Manchester has made use of events and opportunities to catalyse development – and helped to sustain growth by planning for the long-term.
- **Distinctiveness matters:** Independent businesses are valuable in differentiating a city and in terms of economic success (see Canal Street example).
- **Building on what's there:** Manchester's most successful industries build on existing research or the city's history.
- **Cultural and Creative industries need to be sustainable:** Cultural and creative industries are important for a city – but they need to be part of a wider economic growth strategy and to make an economic contribution.
- **Connectivity can add value beyond just existing:** Manchester airport has added considerable value to the city because of how effectively it has been linked with local business opportunities.
- **University:** A strong higher education sector is vital.

### Appendix A: Interviewees

This case study presents findings from a literature review and stakeholder interviews with the following people:

- Peter Babb, Manchester City Council
- George Baxter, NWDA
- Colin Beeson, Royal Northern College of Music
- Sir Howard Bernstein, Manchester City Council
- Peter Fell, Director of Regional and Economic Affairs, University of Manchester
- Sophie Foster, Community Pride
- Neil Fountain, MIDAS
- Cathy Garner, Manchester Knowledge Capital
- Maurice Gubbins, NWDA
- Andy Lovatt, NWDA
- Dave Moutrey, Cornerhouse Theatre
- Angela Robinson, GM Chamber
- Ian Simpson, Architect
- Lord Peter Smith, Wigan Council
- Virginia Tandy, Manchester City Council
- Peter Tavernor, Mancat