

# Driving Innovation Across the Manchester City Region

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The Innovation Investment Fund



[www.manchesterknowledge.com](http://www.manchesterknowledge.com)

# Where does innovation happen?

**Everywhere.**

**It's a global activity which, in the interconnected world of today, knows no boundary.**

**But it's also local, catalysed by individuals, change, ideas and intervention.**

“Manchester’s greatest journey still lies ahead, but our course is marked out, defined by confidence and leadership; by innovation and ambition; by a better quality of life.” Cllr Sir Richard Leese, Leader Manchester City Council

### Why is Innovation important?

The ability to generate new ideas and to turn those ideas into reality is a critical source of competitive advantage not just for businesses but also for cities. Economies advance by a process of trial and error. Those places that generate many trials of novel products, processes, business models and services are most likely to move ahead.

The Innovation Investment Fund for the Manchester city-region has been created to achieve a step-change in the rate of innovation by inspiring, challenging and supporting the people who live and work in Manchester, its companies and its organisations to emulate Manchester’s entrepreneurial past and to drive its future. Manchester can be a world-class hub in the modern global knowledge economy by tapping into its ideas, its creativity and inventiveness to drive innovation and growth.

“Invisible and weightless, ideas cannot be measured, but the footprints they leave in the economic landscape can be immense”  
Joseph Cortright  
Impresa Inc

“What Manchester does today, the world does tomorrow”.  
Benjamin Disraeli

The OECD estimates that between 1970 and 1995 more than half the total growth in output of the developed world resulted from innovation. And since most economic activities are concentrated in city regions, knowledge and innovation are two of the most significant contributors to the economic growth and competitiveness of cities.

# Innovation in Cities



Throughout history cities have been places where people have come together to live, do business, and enjoy culture and leisure experiences together.

Cities are complex and vibrant places. They are centres for connectivity and diversity. Successful cities are major sources for wealth-creation and for innovation - in business, in education and in life styles. There is a growing global awareness that cities, and city-regions, are increasingly important for framing local responses to global competition because they are where economic, social and environmental systems join and interact.

The importance of knowledge and innovation to the future success of cities was set out in the Manchester: Knowledge Capital prospectus published in 2003:

“Led and galvanised by knowledge, the successful cities of the future will be fully connected physically and electronically to local, national and international markets; they will be driven overall by the forces of globalisation.

“As culturally diverse and socially inclusive places, they possess the full range of skills required by the 21st century economy, and instil a spirit of enterprise and innovation within their residents and businesses. They embrace new ways of working and sophisticated forms of knowledge management.”

**The European Commission has estimated that over 40% of the variation in per capita regional income can be explained by differences in innovative performance.**

Manchester recognises that successful 21st century innovation requires a complex array of factors to be in place - a combination of cultural, intellectual, financial and human capital which enables the exchange of tacit knowledge, permits the acceptance of risk, promotes an attitude of aspiration and builds on a co-occurrence of science, cultural and technological expertise.

Cities are the places where this “innovative milieu” or innovation ecosystem grows and thrives and can best support innovation.

The Innovation Investment Fund will invest in projects that strengthen that ecosystem and drive innovation in the belief that increased innovation will in turn stimulate growth for Manchester, the North West and the UK as a whole.

# The Innovation Ecosystem



The Innovation Ecosystem is the total environment in which enterprising people and companies are operating.

The world has moved from simple models of “the innovation process” to more complex models requiring an understanding of the ‘ecology’ of innovation.

Traditional innovation theory presented a linear ‘pipeline’ model beginning with R&D support and moving along a conveyor belt of product and technology development. It is now recognised that the real world of innovation is more complex than this simple manufacturing-based pipeline, and this complexity is better acknowledged with a model based on the ‘ecology’ of innovation. Innovation is not restricted in terms of where or how it develops, and in many respects it is attitudinal in nature.

## What is Innovation?

Innovation is the creation and progression of new products, services, processes and business models that provide economic or social value.

## Increasing the capacity for Innovation

The ‘capacity for innovation’ of a place - in this case Manchester City Region - is defined as the extent to which that place enables, facilitates or encourages innovation. The capacity for innovation is enhanced by each element of the Innovation Ecosystem.



# Why Innovation & Manchester?



Current thinking tells us that economies grow through innovation and the application of knowledge. Where better to trigger innovation than in a city, where density and variety abound? But not just any city...

A city with over 100,000 students making it the largest university population in Europe; a city known for its 'can-do' approach and 'will-do' people; a city that has provided the world with over 20 Nobel prize winners; where a quarter of the labour pool are educated to degree level; a city with a commuter population of over 5 million people; a city where over 40% of the Northwest's Top 500 companies are based; a city where £5 billion of construction projects are set to be delivered in the next ten years.

## The city region of Manchester.

Manchester's innovative spark will be harnessed to deliver a step-change in the understanding of how cities can become more innovative. Manchester's reputation for innovation, for delivery and partnership make it an ideal test-bed for new approaches and the adoption of new thinking.

The founding investors are NESTA, the NWDA, Manchester City Council and the Manchester:Knowledge Capital partnership. Their aim is simply to make Manchester one of the most innovative cities in Europe.

## NESTA

NESTA, the National Endowment for Science, Technology and the Arts has a mission to transform the UK's capacity for innovation. NESTA invest in early stage companies, inform innovation policy and encourage a culture that helps innovation to flourish.

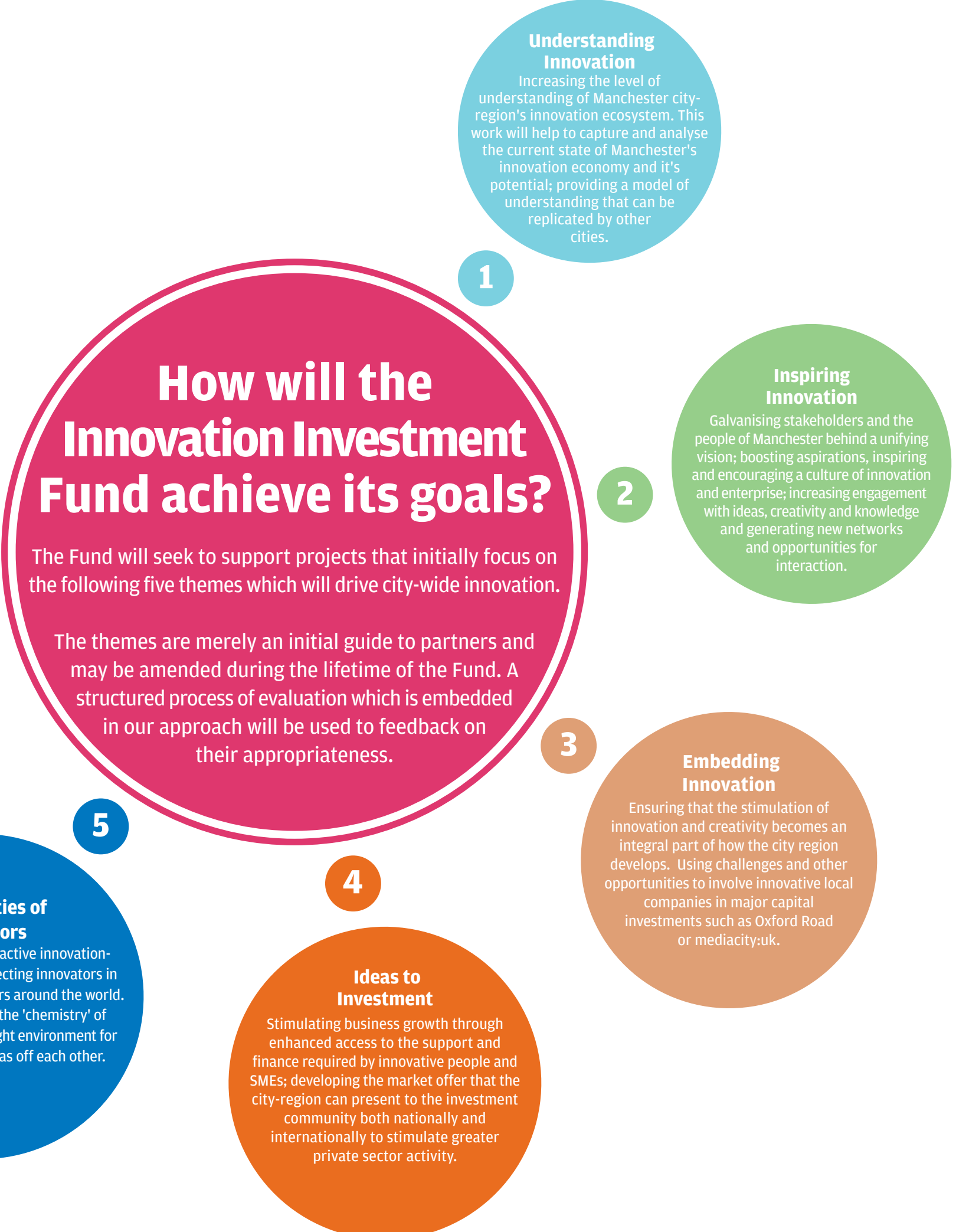
## The Northwest Development Agency

NWDA, the Northwest Development Agency leads the economic development and regeneration of England's Northwest. A major part of the NWDA's work centres around creating an environment in which businesses in the region can flourish and bringing business investment into the region.

## Manchester City Council

Manchester City Council is the local authority for the metropolitan borough of Manchester. The Council's civic leadership during the regeneration of Manchester has been a tour de force that continues to strengthen the future economic growth of the city.

"Greater Manchester is one of the UK's leading cities for knowledge, creativity and the application of new ideas. I am hugely impressed with the vision of Manchester as an Innovation City and the ambition of its leaders to turn this vision into a reality. That's why NESTA is delighted to act as a catalyst for this endeavour."  
Jonathan Kestenbaum,  
CEO of NESTA



## How will the Fund approach investment?



Based on the Manchester:Knowledge Capital partners' understanding of the knowledge economy and innovation systems and processes, coupled with NESTA's research on innovation\*, a guiding framework has been developed to focus the Fund's interventions.

### The Innovation Investment Fund

The Innovation Investment Fund will undertake a series of co-ordinated interventions over the next three years that will aim to accelerate the rate of innovation in Manchester. The Fund aspires to invest a minimum of £9 million over three years to increase the rate of innovation and the capacity for innovation across the Manchester City Region in the belief that innovation is a lever for economic growth.



For further information on the Innovation Investment Fund, including details of the application process, please visit [www.manchesterknowledge.com/innovation](http://www.manchesterknowledge.com/innovation)

\*NESTA Innovation Gap Report (2006) and Innovation in UK Cities Policy Briefing (January 2007)

## Manchester: Knowledge Capital's partners and supporters include:

Allied London Properties Ltd • Armstrong Craven Ltd • AstraZeneca • Avecia Ltd • Bolton Metropolitan Borough Council  
Bury Metropolitan Borough Council • Eversheds LLP • Fujitsu • Greater Manchester Strategic Health Authority  
Halliwells LLP • ITV Granada • KPMG LLP • Manchester Airport Group • Manchester City Council • Manchester Enterprises  
Manchester Metropolitan University • Marketing Manchester • Microsoft • MIDAS • Moonfish Ltd • msp • npower  
Northwest Regional Development Agency • Oldham Metropolitan Borough Council • Rochdale Metropolitan Borough Council  
Salford City Council • Stockport Metropolitan Borough Council • Tameside Metropolitan Borough Council  
Trafford Metropolitan Borough Council • University of Bolton • University of Manchester • University of Salford  
Wigan Metropolitan Borough Council • Wrengate Ltd

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