

GREATER MANCHESTER COMBINED AUTHORITY

DATE: Friday, 27th May, 2022

TIME: 10.30 am

VENUE: Council Chamber, Stockport Town Hall

SUPPLEMENTAL AGENDA

10. Monthly Economic Update 1 - 18

Report of Andy Burnham, GM Mayor.

For copies of papers and further information on this meeting please refer to the website

www.greatermanchester-ca.gov.uk. Alternatively, contact the following

Governance & Scrutiny Officer: Governance and Scrutiny

✉ sylvia.welsh@greatermanchester-ca.gov.uk

This supplemental agenda was issued on 24 May 2022 on behalf of Julie Connor,
Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford
Street, Manchester M1 6EU

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

Please note that this meeting will be livestreamed via www.greatermanchester-ca.gov.uk, please speak to a Governance Officer before the meeting should you not wish to consent to being included in this recording.

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Greater Manchester Combined Authority

Date: 27 May 2021

Subject: Greater Manchester Economic Dashboard and Economy Portfolio Update

Report of: Mayor Andy Burnham and Joanne Roney, Portfolio Lead Chief Executive for Economy & Business

PURPOSE OF REPORT:

To provide GMCA with the latest version of the Greater Manchester Economic Resilience Dashboard. And an overview of activity related to the Greater Manchester Local Industrial Strategy and the Economy portfolio.

RECOMMENDATIONS:

That the GMCA note and comment on the latest update of the Greater Manchester Economic Resilience Dashboard and response, including delivery of the Local Industrial Strategy and Greater Manchester Economic Vision.

CONTACT OFFICERS:

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BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

Equalities Impact, Carbon and Sustainability Assessment:

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health	N/A	
Resilience and Adaptation	N/A	
Housing		
Economy		
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the Greater Manchester Carbon Neutral 2038 target.		

No direct impacts arising from this report.

Risk Management:

None

Legal Considerations:

None

Financial Consequences – Revenue:

None

Financial Consequences – Capital:

None

Number of attachments to the report:1

Comments/recommendations from Overview & Scrutiny Committee

None

BACKGROUND PAPERS:

The author of the report must include list of those documents on the subject matter which:

- Disclose any facts or matter on which the report or an important part of the report is based;
- Which have been relied on to a material extent in preparing the report

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	
GM Transport Committee	
Overview & Scrutiny Committee	

1. BACKGROUND

- 1.1 This report sets out the latest indicators for the Greater Manchester economy, captured in the GM Economic Resilience Dashboard, to understand how the C-19 pandemic, EU-exit, rising cost-of-living and other factors are affecting the trajectory and resilience of the city-region's economy. It also summarises the latest responses to those insights, as the GMCA, Greater Manchester Local Enterprise Partnership (GM LEP) and other partners across the public, private and voluntary, community and social enterprise sectors continue to drive the recovery from C-19, as well as the longer term ambitions set out in the Greater Manchester Local Industrial Strategy and Greater Manchester Economic Vision.
- 1.2 The rising costs of living and doing business, has emerged as a key issue for the GM economy and the economy research team is working to provide greater intelligence through the Economic Resilience Dashboard. In addition, the wider research team has begun production on a cost-of-living dashboard, designed to specifically track the cost-of-living in GM in comparison to England and the North West. This dashboard will support leaders and other decision makers in GM in responding to the rising cost-of-living.
- 1.3 Furthermore, the research team have been working closely with Greater Manchester Poverty Action (GMPA) on their poverty monitor. The poverty monitor has been created to highlight the scale and nature of poverty in GM and includes 60 indicators across child poverty, educational attainment, fuel poverty, food poverty and the poverty premium, health, housing, social security and the labour market.
- 1.4 Relevant measures from this work will be incorporated into an updated dashboard in this report next month and will continue to evolve.
- 1.5 The Economic Resilience Dashboard aims to provide up to date intelligence on the conditions in the Greater Manchester economy, recovery from the Covid-19 crisis and other emerging issues.

The data is divided into six sections:

- Labour Market and Household Finances provides leading indicators on employment, pay and personal finance.
- Business Outlook provides data gathered by GM based organisations on business sentiment and confidence.
- Business Lending and Credit Risk provides information on coronavirus support measures and SME Lending.
- Behavioural Insights provides information on the movement of people across GM.
- International Trade provides the most up to date information available on exports at different geographies.
- National Indicators provides leading indicators on the state of the economy nationally.
- International Trade provides the most up to date information available on exports at different geographies.

- 1.6 The latest version of the dashboard can be viewed live at this link (and is attached as a PDF report):

https://www.gmtableau.nhs.uk/t/GMCA/views/GMEconomicResilienceDashboard/About/jack.james@greatermanchester-ca.gov.uk/4f3be3e5-759e-47ee-85f9-6c1538fc265c?:display_count=n&:showVizHome=n&:origin=viz_share_link&:isGuestRedirectFromVizportal=y&:embed=y

2. HEADLINE DASHBOARD MEASURES

- 2.1 Inflation rose again in the most recent figures for April, reaching 9% on the widely used CPI measure of inflation, an increase of 0.8 percentage points on the previous month. Inflation was 6.2% when housing costs were also considered. The rise in inflation was largely driven by increases in the costs of goods however, there is growing evidence of upward pressure on services prices too. The Bank of England now expects CPI inflation to peak at 10% in Q4 of 2022 – this would be the highest rate of inflation since 1982.
- 2.2 Energy bills increased for many households in April as the energy price cap was increased. The average increase was £693 for around 18 million households on standard tariffs and £708 for around 4.5 million prepayment customers. Latest forecasts of energy markets suggest that if prices remain around their current levels until the end of July, the domestic energy price cap would rise by around a further 40% in October.
- 2.3 Inflationary pressures formed part of supporting rationale for the Bank of England's decision to raise the base rate of interest by 0.25% to 1%, encouraging households and businesses to save and raising the cost of borrowing. The Bank warned that future rate rises were likely. As a result of rising prices, the Bank now expects the UK economy to contract by 0.25% in 2023 and predicts that unemployment could reach 5% by 2024.
- 2.4 New analysis of 308 local authorities by the Centre for Progressive Policy has found that the North of England will be particularly hard hit by rising living costs. The research analysed vulnerability of each to increases in poverty due to the cost of living crisis, with many northern areas faring poorly across all indicators (fuel poverty, food insecurity, child poverty, claimant count, economic inactivity, low paying jobs). 3 out of 10 districts in GM were in the top 20 most vulnerable local authorities. The February 2022 edition of the GM Residents Survey found that almost a quarter (24%) of respondents have cut the size of their meals or eaten less than they wanted because there wasn't enough money for food. A smaller proportion (17%) said they were hungry but did not eat for the same reason. Parents of children in early years, respondents reporting health issues or disabilities, minority ethnic groups, and younger respondents (16-24) all reported particular issues.
- 2.5 The percentage of GM's businesses showing elevated levels of credit risk rose to 16% in the most recent data from RedFlag, a four percentage point increase on the previous month's data. The Bank of England reported that firms that have been

unable to pass on much of their increase in costs may now have profit margins that are unsustainably low.

- 2.6 The UK Consumer Confidence Index decreased by seven points to -38 in April 2022. Consumer confidence is now at its lowest level since July 2008.
- 2.7 The number of unemployment benefit claimants in GM fell by 3.5% between March and April, a fall that was marginally below the UK average (3.7%). Job vacancies have also been rising again. However, economic inactivity (people neither working nor looking for work) returned to the highest level seen during the pandemic in the NW. In the three months to March 2022 the working age inactivity rate was 23.5% (1,051,220 people). This compared with a national inactivity rate of 21.4%. The number of people receiving Universal Credit in GM rose in April 2022 to almost 308,300 as Covid-related dependency on the benefits system continues. Claimants rose in all districts. Just under 40% of UC claimants are in work in GM.

3. RECENT ACTIVITY RELATED TO THE GREATER MANCHESTER ECONOMY PORTFOLIO

INNOVATION GREATER MANCHESTER

- 3.1 **Innovation GM.** The recent Levelling up White Paper trailed an Innovation accelerator for Greater Manchester with up to £100m of funding attached. Officers are currently working with the Innovation GM Board on the preferred process and will launch a call for 'ideas' to go out to key stakeholders in the coming weeks.

GOOD EMPLOYMENT CHARTER

- 3.2 **Good Employment Charter.** Over 850 employers are engaged with the Charter Unit, with c.400 Supporters and 8 employers recommended for full membership status at the last Charter Board meeting in May. A series of themes are being progressed, including: partnership working with Timewise to deliver a Flexible work masterclass; the Race Equality panel to help deliver an employment and ethnicity event at the People's History Museum; and engagement with Breakthrough UK / ACAS and CIPD on a joint campaign on disability in the workplace.

GREATER MANCHESTER LEADERSHIP HIVE & 'OPEN SME' PROGRAMME

- 3.3 **Leadership Hive and OPEN SME.** The new programme of leadership and management support for small businesses, developed with the business schools at GM's universities and the Growth Company, has been launched. This is delivering on one of the priority areas identified by the Independent Prosperity Review and was included as an action in the Local Industrial Strategy.
- 3.4 Greater Manchester Leadership Hive has been launched as a free, easy-to-use resource for leaders of small to medium-sized enterprises (SMEs) that brings the best

leadership and management development on offer in the region together in one place. It is delivered by GC Business Growth Hub and the world-class business schools at the University of Manchester, Manchester Metropolitan University, the University of Salford, and the University of Bolton. The Leadership Hive signposts SME leaders to the broad range of local and national support on offer, from executive development programmes and mentoring schemes to advice on sustainability and inclusivity.

- 3.5 The Hive includes OPEN SME, which offers free, short-course online learning focused on priorities which small businesses have identified – such as profitability, sustainability, and increasing business growth.

GROWTH COMPANY BUSINESS SUPPORT UPDATE

- 3.6 **Enterprising You (EY).** To the end of April 2022, the programme has seen 5,770 enquiries and 2125 starts (61% female and 39% male). 82% of completers reporting an increase of turnover at a value of £5.5m; 87% reported a profitability increase equating to £2.56m; and of the 616 completers that were claiming benefit at the start of the programme – 16% are no longer claiming any benefit. The overall reduction in benefit claim - either from ceasing claiming or reduction of claim - is £1.92m.
- 3.7 **The Social Value Support.** Following the first cohorts of ‘Growing Inclusive’ and ‘Developing Your Social Enterprise’, a second series launches in May and July 2022. Delivery now includes bespoke support for ethnic-minority led and female-led enterprises, as well as support on and bid development and impact reporting.

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Economic Resilience Dashboard



Tracking the Greater Manchester Economy

The Economic Resilience Dashboard aims to provide up to date intelligence on the conditions in the Greater Manchester (GM) economy, recovery from the Covid-19 crisis and other emerging issues.

The data is divided into six sections:

- **Labour Market and Household Finances** provides leading indicators on employment, pay and personal finance.
- **Business Outlook** provides data gathered by GM based organisations on business sentiment and confidence.
- **Business Lending and Credit Risk** provides information on coronavirus support measures and SME Lending.
- **Behavioural Insights** provides information on the movement of people across GM.
- **National Indicators** provides leading indicators on the state of the economy nationally.
- **International Trade** provides the most up to date information available on exports at different geographies.

The economic data in response to Covid-19 and other events is changing rapidly with new datasets becoming available and others being withdrawn on a regular basis. The dashboard will be updated with the best available data each month with the resultant analysis described in the Analysis tab.

We would welcome feedback on alternative measures to be included in the dashboard or insights on the data provided. If you have any feedback please email jack.james@greatermanchester-ca.gov.uk.

Analysis



101,440

GM residents were in receipt of unemployment benefits in March, an increase of 0.5% since February



11,562

4-week average of online job postings in week ending 30th April 2022. This is 23% higher than the 4 weeks to 2nd April.



6.2%

UK Inflation as measured by the Consumer Price Index (including Housing costs) was 6.2% in the 12 months to March '22. This was a 0.7 percentage points increase on the February figure of 5.5%.

Inflation rose again in the most recent figures for March, reaching 7% on the widely used CPI measure of inflation, an increase of 0.8 percentage points on the previous month. Inflation was 6.2% when housing costs were also considered. The rise in inflation was largely driven by increases in the costs of goods however, there is growing evidence of upward pressure on services prices too. The Bank of England now expects CPI inflation to peak at 10% in Q4 of 2022 – this would be the highest rate of inflation since 1982.

Energy bills increased for many households in April as the energy price cap was increased. The average increase was £693 for around 18 million households on standard tariffs and £708 for around 4.5 million prepayment customers. Latest forecasts of energy markets suggest that if prices remain around their current levels until the end of July, the domestic energy price cap would rise by around a further 40% in October.

Inflationary pressures formed part of supporting rationale for the Bank of England's decision to raise the base rate of interest by 0.25% to 1%, encouraging households and businesses to save and raising the cost of borrowing. The Bank warned that future rate rises were likely. As a result of rising prices, the Bank now expects the UK economy to contract by 0.25% in 2023 and predicts that unemployment could reach 5% by 2024.

New analysis of 308 local authorities by the Centre for Progressive Policy has found that the North of England will be particularly hard hit by rising living costs. The research analysed vulnerability of each to increases in poverty due to the cost of living crisis, with many northern areas faring poorly across all indicators (fuel poverty, food insecurity, child poverty, claimant count, economic inactivity, low paying jobs). 3 out of 10 districts in GM were in the top 20 most vulnerable local authorities. The February 2022 edition of the GM Residents Survey found that almost a quarter (24%) of respondents have cut the size of their meals or eaten less than they wanted because there wasn't enough money for food. A smaller proportion (17%) said they were hungry but did not eat for the same reason. Parents of children in early years, respondents reporting health issues or disabilities, minority ethnic groups, and younger respondents (16-24) all reported particular issues.

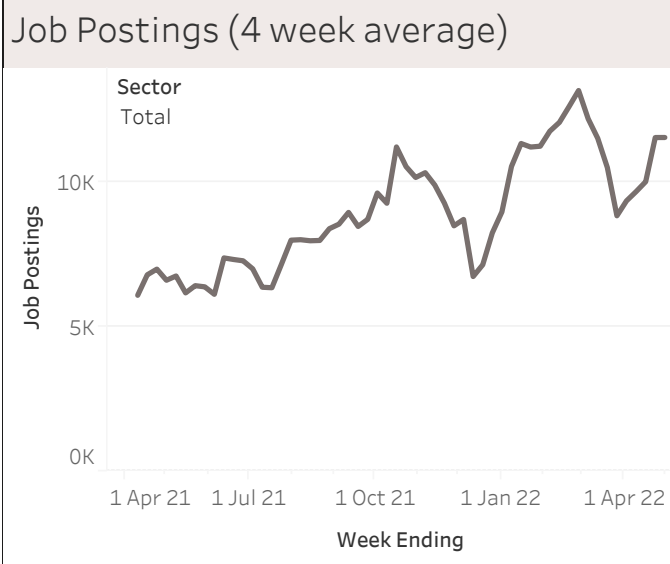
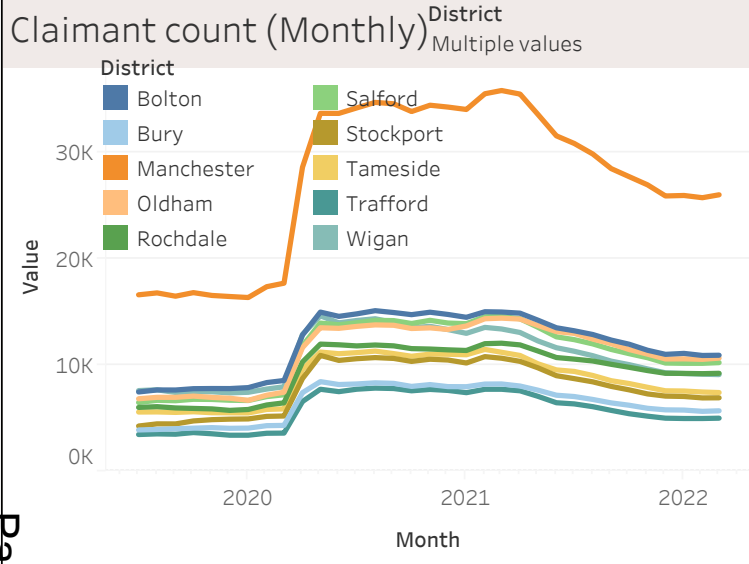
The percentage of GM's businesses showing elevated levels of credit risk rose to 16% in the most recent data from RedFlag, a four percentage point increase on the previous month's data. The Bank of England reported that firms that have been unable to pass on much of their increase in costs may now have profit margins that are unsustainably low.

The UK Consumer Confidence Index decreased by seven points to -38 in April 2022. Consumer confidence is now at its lowest level since July 2008.

The number of unemployment benefit claimants in GM increased marginally by 0.5% to 101,440 between February and March with rises in 8 out of 10 districts. The rise went against the national trend where the UK average declined by -1.3%. Data for the North West also shows a rise in the number of people economically inactive (+0.4 percentage points to 23.3%) which continues to be above the national rate of 21.4%.

The number of online job postings increased to a weekly average of 11,562 for the four weeks to 30th April. This is 23% higher than the 4 weeks to 2nd April.

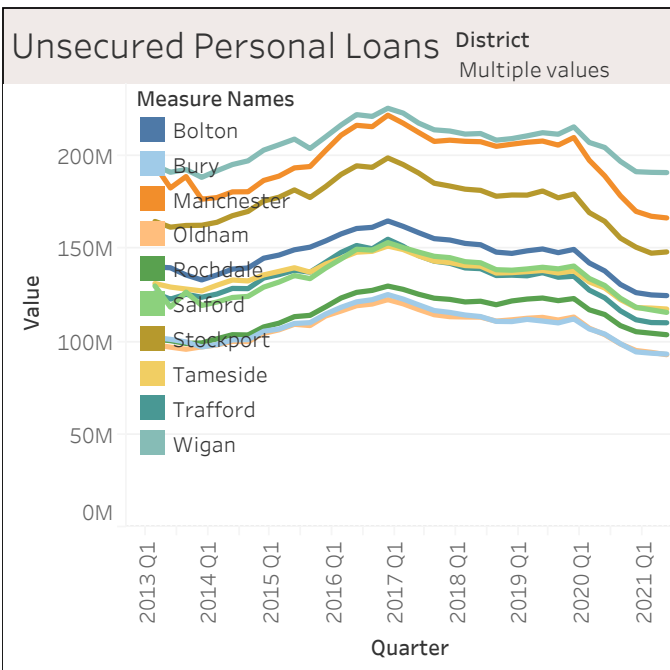
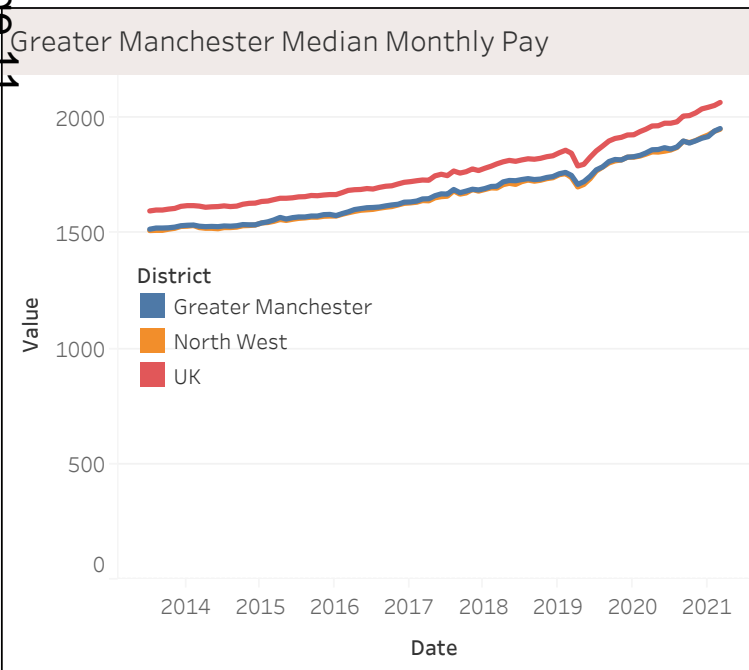
Labour Market and Household Finances



Key Facts

The number of claimants increased by 0.5% to 101,440 between February and March. The rise in GM was more than the UK average which declined by -1.3%. Between March 2021 and March 2022, claimants have fallen by 29% in GM.

The 4-weekly average of online job postings increased to 11,562 on 30th April 2022. This is 23% higher than the 4 weeks to 2nd April.

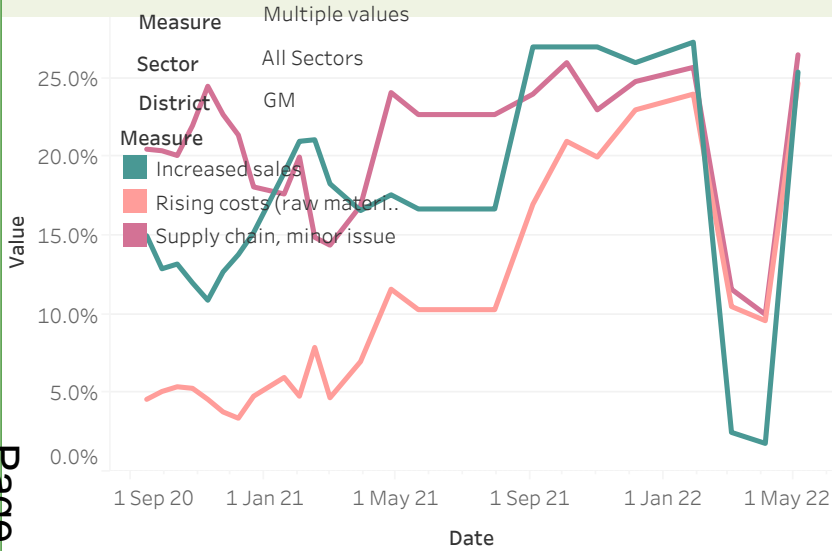


Median monthly pay in Greater Manchester was £1,954 in March 2022 compared to £2,067 for the UK, according to PAYE RTI data. Median monthly pay in GM has increased 5.7% since March 2021 following a sharp decline at the beginning of the pandemic. Compared to 5.9% for the UK as a whole.

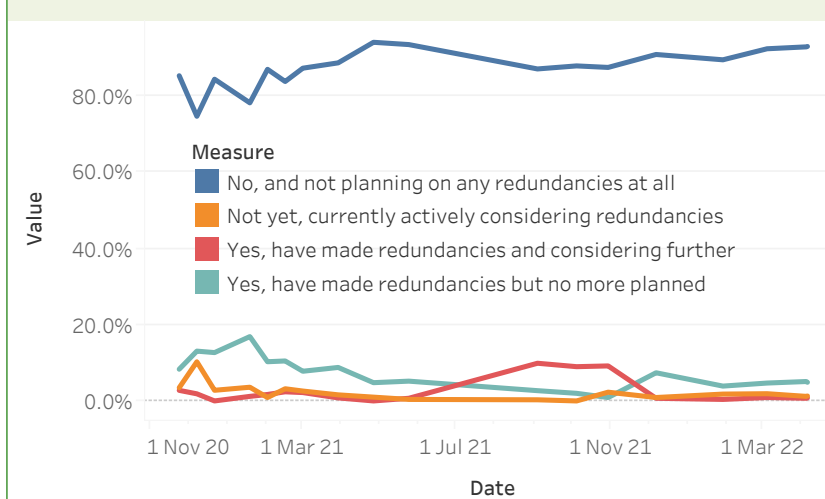
The value of Unsecured Personal Loans across Greater Manchester decreased by 0.4% from £1.27 billion in Q2 2021 to £1.26 billion in Q3 2021.

Business Outlook

Business Growth Hub Survey on COVID Impacts



Business Growth Hub Survey: Business planning to make redundancies



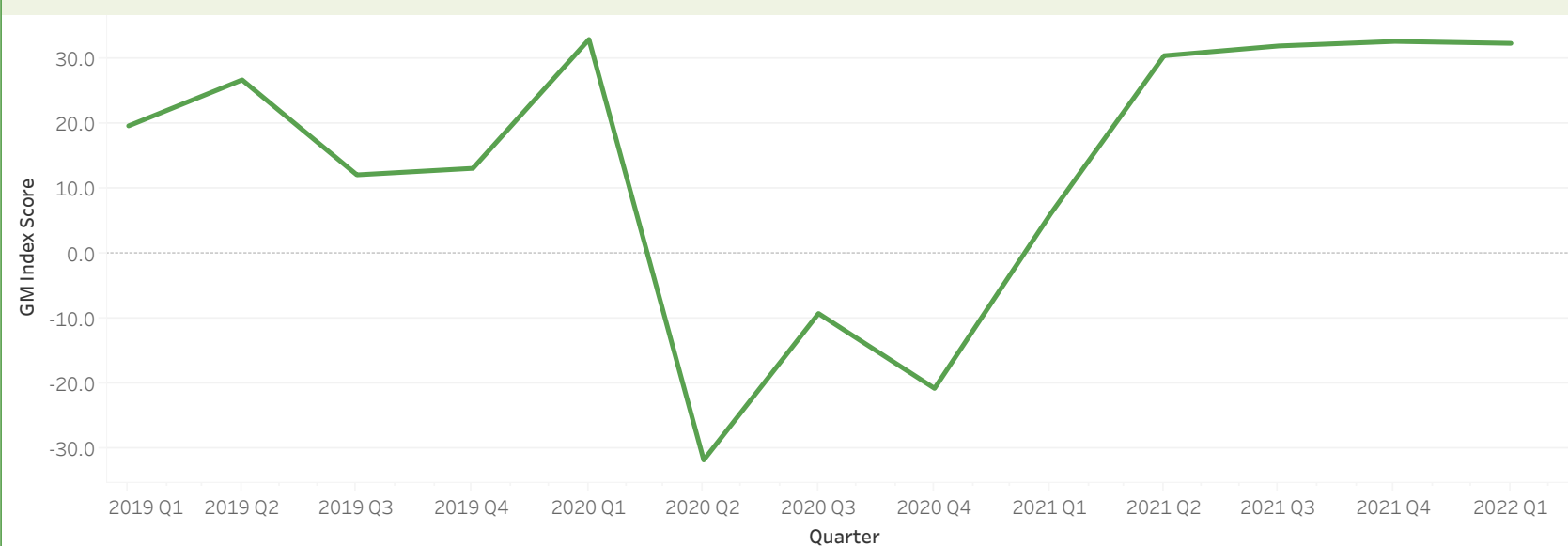
Key Facts

The most widely reported impact from the COVID crisis amongst businesses in the 12 weeks to the 4th May was minor issues in their supply chain. 26.5% of businesses reported minor issues in their supply chain. Previously, 10.0% of firms reported minor issues in their supply chain in the 12 weeks to 4th April.

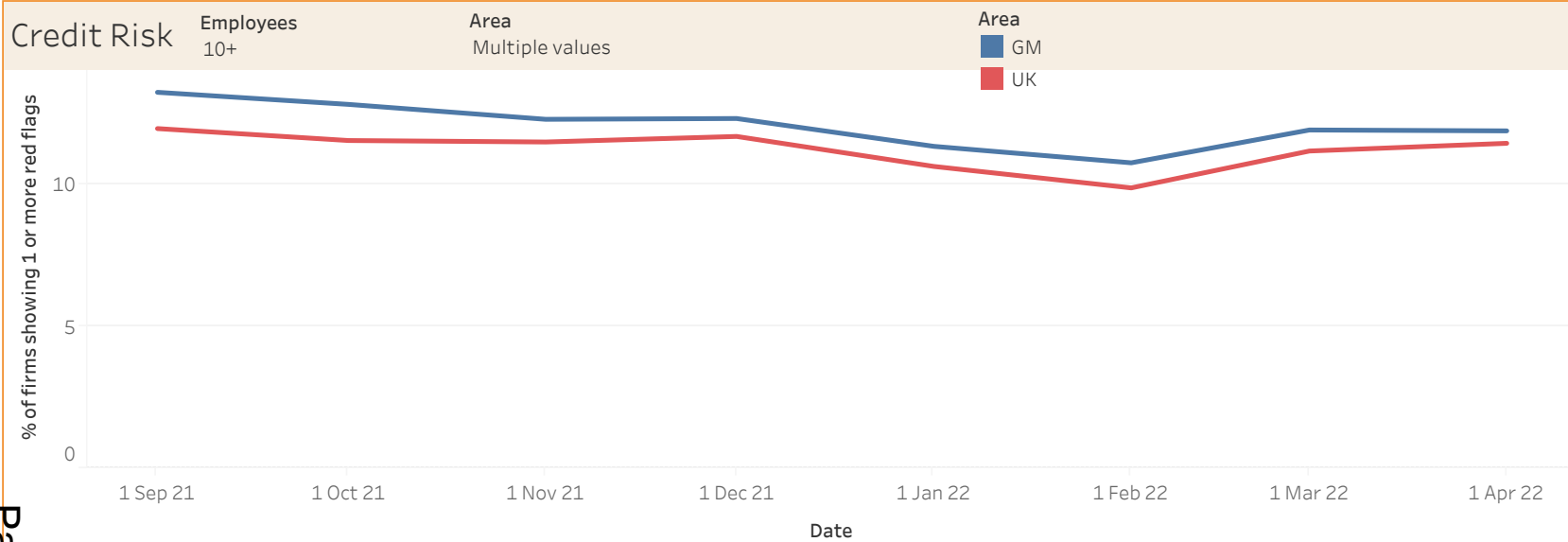
The number of firms that said they were considering making redundancies was 2.1% in the 12 weeks up to 4th May. 5.7% of firms said they had already made redundancies.

GM Chamber's GM Index decreased from 32.6 in Q4 2021 to 32.3 in Q1 2022. This is the fifth consecutive positive score since Q1 2021.

GM Index (Quarterly)



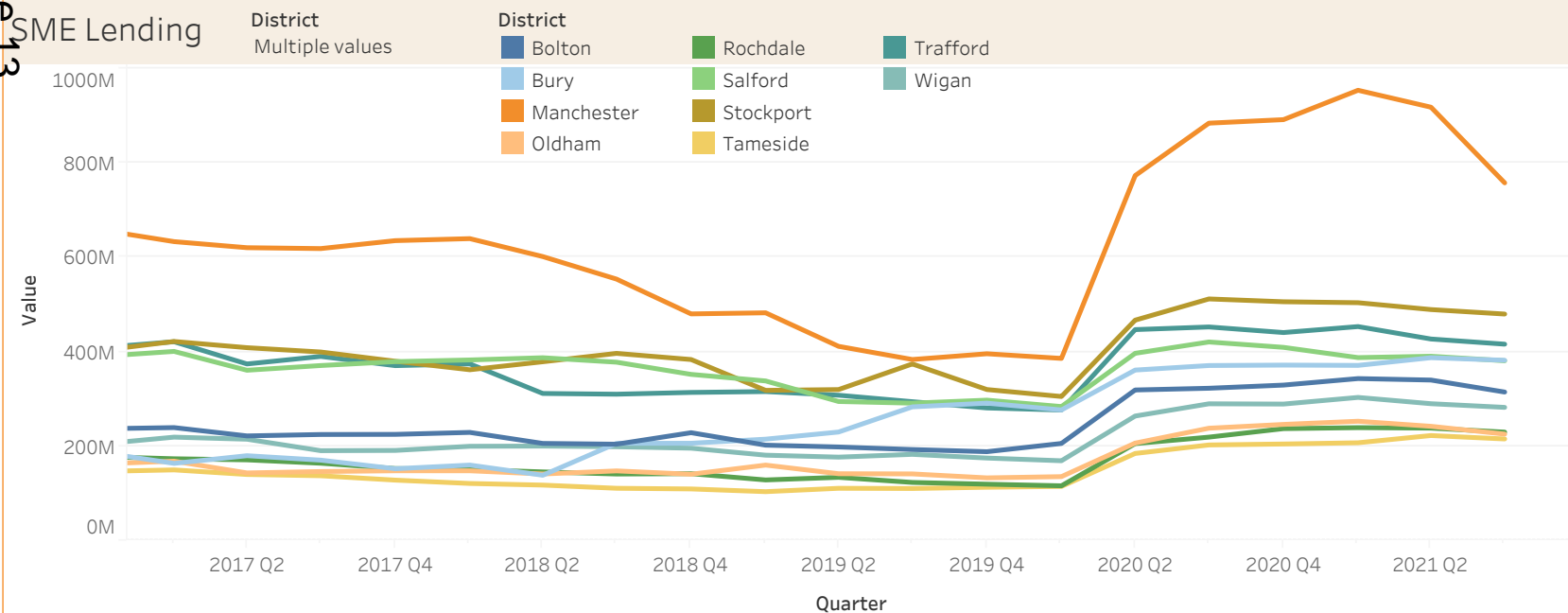
Business Lending and Credit Risk



Key Facts

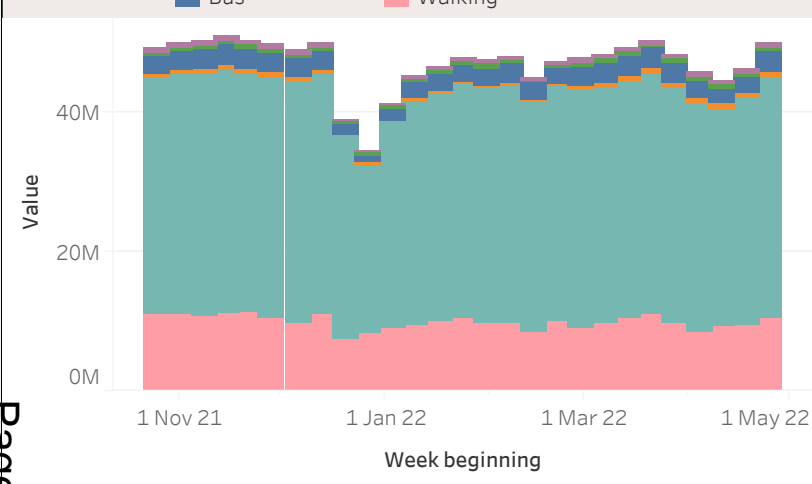
11.9% of all firms with 10 or more employees in GM had 1 or more red flags in the month to 1st April 2022, compared to 10.9% for the North West and 11.5% for the UK as a whole.
Previously, 11.9% of firms in GM had 1 more red flags in the month to 1st March.

The value of loans to Small and Medium Sized Enterprises (SMEs) decreased slightly from £3.94 billion in Q2 2021 to £3.68 billion in Q3 2021.
This data includes loans issued under the CBILS and BBLIS schemes.

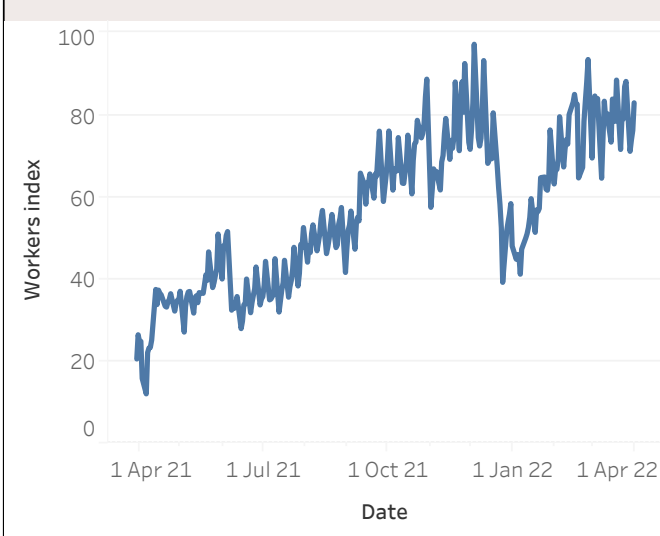


Behavioural Insights

Greater Manchester Transport Usage by Mode (Weekly)



Workers Index



Key Facts

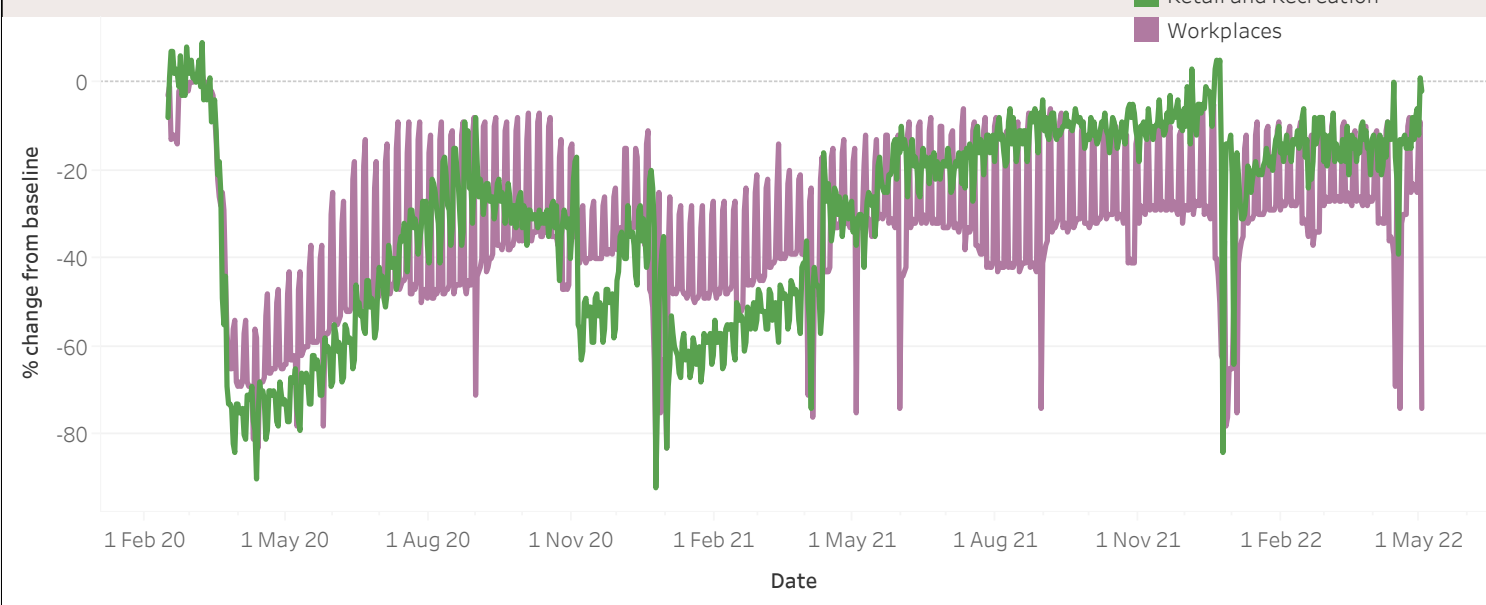
There were 50.1 million passenger journeys across all modes of transport in Greater Manchester in week commencing 25th April 2022. Total passenger journeys are now roughly equal to pre-crisis levels.

The Centre for Cities Workers index which looks at workers in the city centre in the daytime on weekdays was 82.9 on 31st March 2022. The pre-lockdown baseline is 100.

Google Mobility data for GM shows that the number of people moving through workplaces was 24% below the baseline and retail and recreation was 13% below the baseline on Wednesday 27th April 2022.

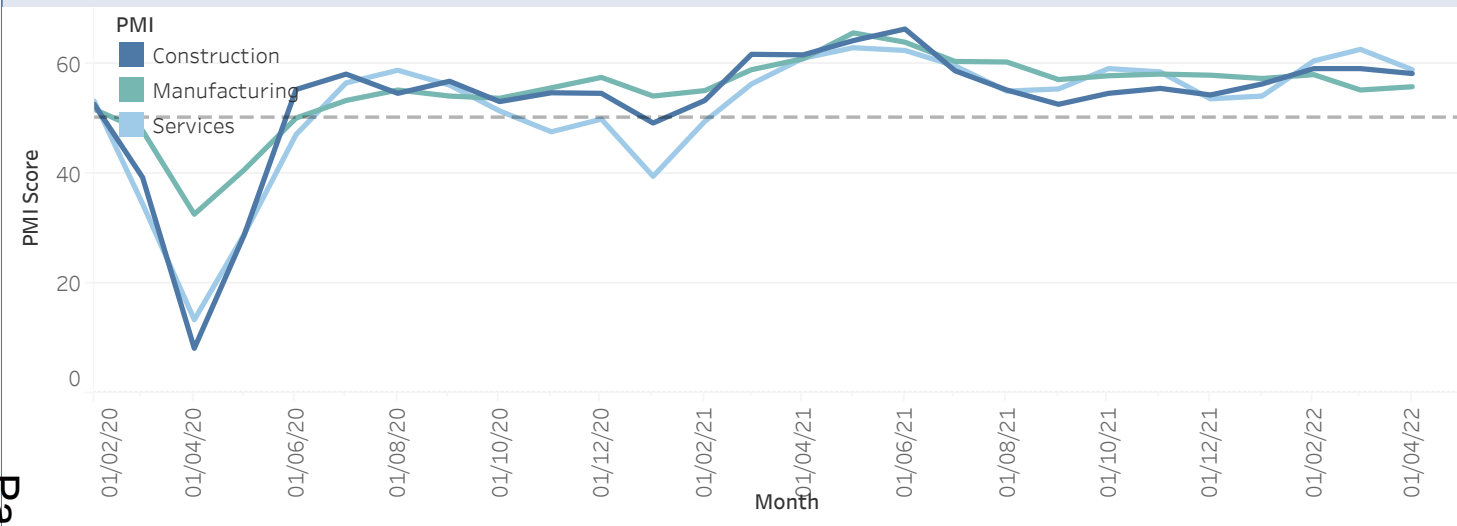
Page 14

Google Mobility Data Location: Multiple val.. District: Greater Man..



National Indicators

UK purchasing managers index (Monthly)



Key Facts

All three PMI's are above the 50.0 threshold that indicates growth. In March 2022, Manufacturing PMI increased from 55.2 to 55.8, Services PMI decreased from 62.6 to 58.9 and Construction PMI decreased from 59.1 to 58.2.

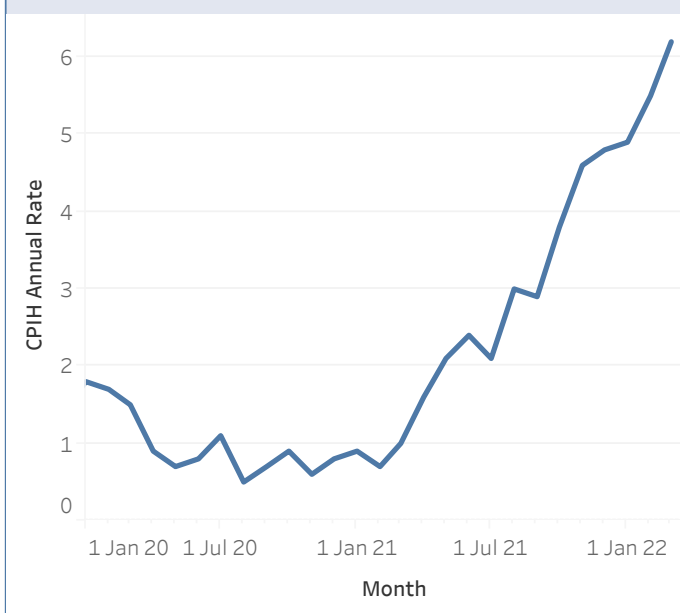
The UK Consumer Confidence Index decreased seven points to -38 in April 2022. Consumer confidence is 31 points below its February 2020 level, following a previous low of -36 in May 2020.

UK inflation as measured by the Consumer Price Index (Including Housing Costs) was 6.2% in the 12 months to March 2022. This was a 0.7 percentage points increase from the February figure of 5.5%.

UK consumer confidence (Monthly)

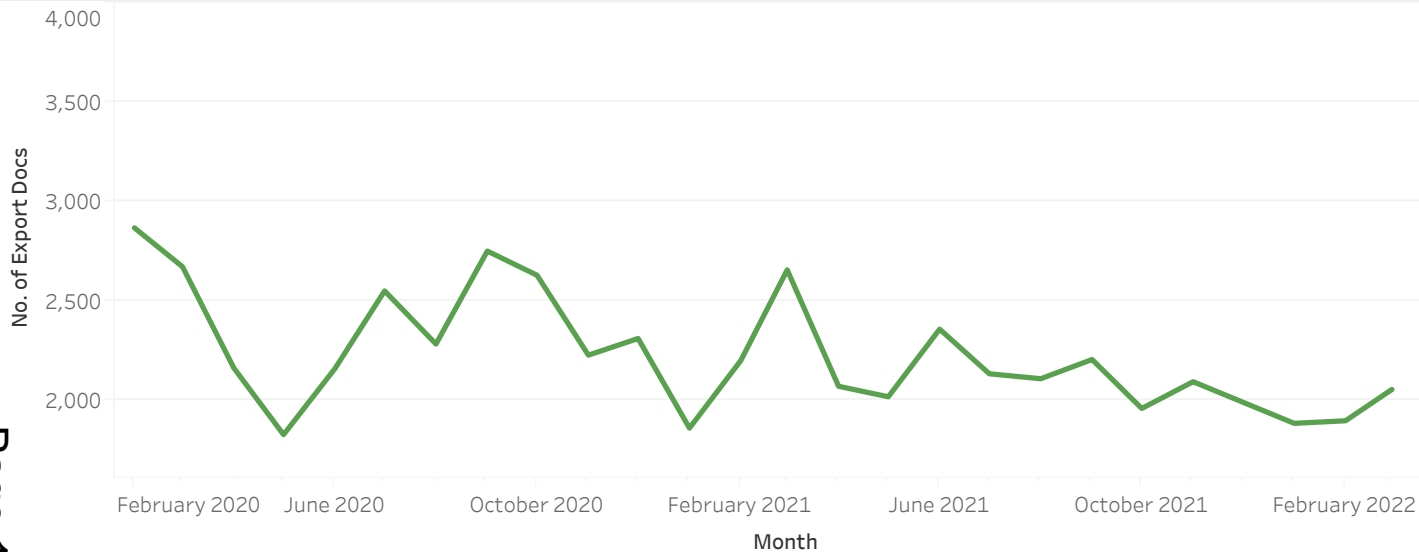


UK Inflation



International Trade

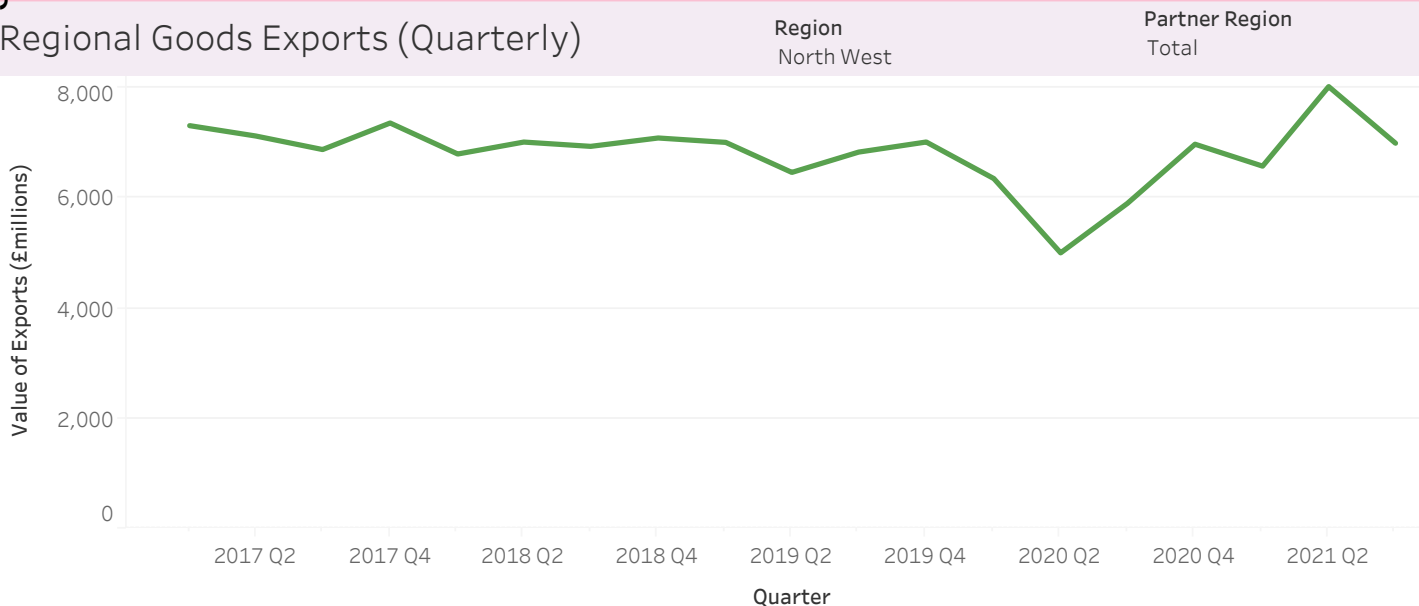
Export Documents (Monthly)



Key Facts

Export documents processed by the GM Chamber of Commerce increased by 8.4% in March, from 1,891 to 2,049. The total number of export documents is down 22.7% since March 2021.

Regional Goods Exports (Quarterly)



The total value of goods exports from the North West was £7.0 billion in Q3 2021, 18% more than Q3 2020. The total value of UK exports was £75.7 billion in Q3 2021, 5% less than Q3 2020.

Definitions

Labour Market and Household Finances

Claimant Count - This data is taken from a **monthly statistical release by the Office for National Statistics**. Alternative Claimant Count experimental statistics measure the number of people claiming unemployment related benefits by modelling what the count would have been if Universal Credit had been fully rolled out since 2013 (when Universal Credit began) with the broader span of people this covers.

Job Postings - Job postings data is **taken from Burning Glass and updated on a weekly basis**. This measure indicates new job vacancies posted in that week for GM as a whole. New job postings are averaged over 3 weeks.

Median Monthly Pay - Taken from the ONS's **monthly experimental release using PAYE data**. Median monthly pay shows what a person in the **middle of all employees would earn each month**. The median pay is generally considered to be a more accurate reflection of the "average wage" because it discounts the extremes at either end of the scale.

Unsecured Personal Loans - This is taken from UK Finance's **quarterly statistical release and shows statistics on the geographic distribution of personal loans by certain UK lenders** (Barclays, CYBG, Lloyds Banking Group, HSBC, Nationwide Building Society, Royal Bank of Scotland and Santander UK in Great Britain; Bank of Ireland, Danske Bank, First Trust Bank, Nationwide Building Society and Ulster Bank in Northern Ireland).

Business Outlook

Growth Company Business Survey - Figures relating to the impact of COVID-19 on business are **taken from the Growth Company's monthly business survey**. The survey covers all businesses that are Growth Company Clients, this means that some businesses outside of GM that access Growth Company services may be included in the dataset.

GM Index - The Greater Manchester Index is a **quarterly composite indicator taken from seven measures in the Greater Manchester Chamber of Commerce's Quarterly Economic Survey**. Those seven indicators are Domestic Sales, Advance UK Orders, Export Sales, Advance Overseas Orders, Capacity Utilisation, Turnover Confidence, Profitability Confidence.

Business Support and Lending

Credit Risk - This data is **provided on a monthly basis by RedFlag**, a provider of real-time business intelligence. The data shows businesses that have 1 or more 'red flags', this means that they are at risk of potential insolvency.

SME Lending - This is taken from UK Finance's **quarterly statistical release**. Trends covering member lending to UK small and medium sized enterprises (SMEs). Data is shown for loans and overdrafts across postcode sectors. This data includes loans made under CBILS and BBLs.

Behavioural Insights

Google Mobility Data - This data is from **Community Mobility Reports published by Google**. The reports chart movement trends over time by geography, across different categories of places such as retail and recreation, groceries and pharmacies, parks, transit stations, workplaces, and residential.

Greater Manchester Transport Usage by Mode - This data is provided by Transport for Greater Manchester and measures the number of passenger journeys on each mode of transport (Car, Bus, Rail, Cycling, Metrolink).

Workers Index - This data is taken from the **Centre for Cities Workers Index released on a monthly basis**. The index looks at city-centre workers in the city centre in the daytime on weekdays, compared to a pre-lockdown baseline of 100. The index uses anonymised mobile phone data from Locomizer.

National Indicators

Purchasing Manager's Index - The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing, service and construction sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. **The Index is published on a monthly basis by IHS Markit Economics**. The purpose of the PMI is to provide information about current and future business conditions to company decision makers, analysts, and investors.

Consumer Confidence - In the United Kingdom, the consumer confidence survey measures the level of optimism that consumers have about the performance of the economy in the next 12 months. **Published on a monthly basis by GfK**. The GfK Consumer Confidence is derived from the survey of about 2,000 consumers which are asked to rate the relative level of past and future economic conditions including personal financial situation, climate for major purchases, overall economic situation and savings level.

Inflation - This data is taken from a **monthly release by the Office for National Statistics**. The Consumer Prices Index including owner occupiers' housing costs (CPIH) is the most comprehensive measure of inflation. It extends the Consumer Prices Index (CPI) to include a measure of the costs associated with owning, maintaining and living in one's own home, known as owner occupiers' housing costs (OOH), along with council tax.

International Trade

Export Documents - This is a **monthly count of the number of export documents processed for GM businesses**, as reported to GMCA by the **GM Chamber of Commerce**. It gives an indication of the level of international trade happening in GM in the month.

Regional International Trade - This data is published by HMRC on a **quarterly basis**. The data combines EU and Non - EU trade for all regions of the UK.

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