

Greater Manchester Combined Authority

Date: 26 November 2021

Subject: Greater Manchester Economic Dashboard and Economy Portfolio Update

Report of: Councillor Elise Wilson, Portfolio Lead for Economy & Business 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.

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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 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 and the longer term ambitions as set out in the Greater Manchester Local Industrial Strategy and Greater Manchester Economic Vision.

1.2 The Economic Resilience Dashboard aims to provide up to date intelligence on the conditions in the Greater Manchester economy following the outbreak of Covid-19.

The data is divided into six sections:

- Business Support and Lending provides information on coronavirus support measures and SME Lending.
- Business Outlook provides data gathered by GM based organisations on business sentiment and confidence.
- Labour Market and Household Finances provides leading indicators on employment, pay and personal finance.
- 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.

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

https://www.ghtableau.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

1.4 Since the beginning of the pandemic, the aim of the GM Economic Resilience Dashboard has been to assess the impacts of the crisis on the GM economy and monitor the usage of the various Government support schemes that have been initiated (furlough, self-employment support, business loans). As these schemes begin to be drawn to a close, the metrics in the dashboard need to be refocussed in order to better aid understanding of the nature and scale of the economic recovery in GM. This work is underway and will focus on data that is:

- Publicly available so the dashboard can be widely shared;
- Available at a local level, so the dashboard provides additional insight beyond that covered by reporting of the national economy;
- Up to date with a focus on data that is updated at least quarterly and ideally more often.

- 1.5 The revised set of measures will be developed, working with partners across sectors, over the coming weeks and the updated dashboard presented at a future meeting.

2. HEADLINE DASHBOARD MEASURES

- 2.1 The number of people claiming unemployment-related benefits decreased by 3.6% to 112,110 between September and October. The fall in GM was lower than that nationally (4.0%). Trafford experienced the largest fall among GM districts (6.1%). After rising at an unprecedentedly rapid rate in the early months of the pandemic, the number of claimants has declined in each month since March 2021.
- 2.2 There were 50,200 GM residents on furlough at the point it closed on 30th September 2021. This is a decrease of 7,200 (-13%) since 31st August. 4.2% of GM residents eligible for the scheme were furloughed on 30th September, compared to 4.0% nationally. There were 51,200 claims to the fifth round of the Self-Employment Income Support Scheme (SEISS) up to 7th October 2021, 25,200 (33%) fewer than were made to the fourth round. Take up rate for the fifth round up to October was 43% in GM, compared to 38% for the UK. Applications to the fifth round closed on 30th September.
- 2.3 The 3-weekly average of online job postings increased slightly to 10,917 on 6th November. This is 8% higher than a week earlier. Feedback from the Growth Company suggests that the number of GM firms that are currently recruiting new staff has decreased slightly from 41% to 40% in the 4 weeks to 1st November. 42.4% (45.2% previous) of all respondents think that their workforce skills are only 'partly' at the correct level to meet their business plan objectives for the year ahead.
- 2.4 Overall passenger journeys recovered to around their pre-crisis levels in late May and have remained steady since, standing at 50 million total passenger journeys in week beginning 1st November. However, TfGM data shows that passengers are continuing to use public transport less frequently. Journeys by Bus, Metrolink and Rail are -14%, -31% and -7% below pre-crisis levels respectively. Walking is 9% above pre-crisis levels. Car journeys are 1% above pre-crisis levels. Google data on the number of journeys taking place across GM shows the number of people travelling to Grocery and Pharmacy locations has largely recovered. On 5th November all 10 GM district were above pre-crisis levels. Travel to workplaces across GM was -30% below its pre-crisis level on 5 November.
- 2.5 Data on credit risk from RedFlag, a provider of real-time business intelligence, shows that the percentage of GM businesses showing signs of financial distress fell slightly between September and October to 11.8%, down by 1%.
- 2.6 The UK Consumer Confidence Index decreased four points to -17 in October 2021. Consumer confidence is ten points below its February 2020 level, following a low of -36 in May 2020. UK inflation as measured by the Consumer Price Index was 2.9% in the 12 months to September 2021. This was a decrease from the August figure of 3.0%, although forecasts are for it to rise as supply chain disruption and increases in energy prices feed through.

3. RECENT ACTIVITY RELATED TO THE GREATER MANCHESTER ECONOMY PORTFOLIO

COMPREHENSIVE SPENDING REVIEW: OVERVIEW AND BUSINESS-SPECIFIC ANNOUNCEMENTS

- 3.1 Last month, the Government published the 2021 Spending Review and Budget. This set out Government spending plans for the next three financial years, and taxation plans for next financial year. As with all fiscal events, this came alongside and was informed by new economic projections from the Office for Budget Responsibility (OBR).
- 3.2 **Growth projections for the economy have improved** since OBR forecasts earlier in the year. The most consequential change is a new, revised down assumption on long-term economic scarring from the pandemic (the permanent loss of GDP over the long term) from 3% to 2%. Forecasts now also project faster near-term growth (6.5% in 2021, 6% in 2022, 2.1% in 2023, 1.3% in 2024, and 1.6% in 2025) and a lower peak of unemployment (5.2% rather than over 6%).
- 3.3 On the other hand, the OBR has **significantly increased projections for inflation over the next few years**. At the time the projections were published, inflation was expected to hit 4.4% in 2022. Since then, further rises in gas prices and other cost of living pressures make a rate of 5% seem more than plausible.
- 3.4 A key takeaway from all of these economic projections is the **level of uncertainty**. As commentators have noted, several changes between the OBR's March projections and these have been the largest since the organisation was established.
- 3.5 At the **household level, there were various changes announced to taxation and benefits**, these included a change to the Universal Credit taper rate (in effect, allowing the 1/3 of UC claimants in work to keep more of their earnings) and a rise in the National Minimum Wage. However, the underlying forecasts still project that real wages will fall next year, and in the medium-term still look set to rise slowly if at all. The long period of relative real wage stagnation since the 2010 financial crisis is likely to continue.
- 3.6 On fiscal policy, **public spending is rising (relative to plans in March)** – increasing by 3.8% on average in real terms each year of the SR period (and every Department is seeing real-terms rises). This is possible because economic forecasts have improved, but tax increases from earlier in the year are already set. Contrary to plans in the Spring Budget, every Government Department (not just protected Departments) will see real-terms spending increases across the SR period. But these increases should be seen in the context of a decade of cuts for many Departments - by the end of the SR21 spending period many Departments will still have real-terms budgets well below 2010 levels.

3.7 Revenue spending for the budget for the Department of Business, Enterprise & Industrial Strategy (BEIS) will increase by 1.4% per year in real terms on average. Capital spending will increase more significantly, at 8.3% on average in real terms each year. Total spending will increase year-on-year, peaking at £23.8bn in 2024/25. Specific commitments in the SR include:

- **Increasing public R&D investment to £20bn by 2024/25:** This is an increase of approx. one quarter in real terms and makes progress towards the ambition to spend £22bn on R&D by 2026/27.
- **Delivering on Government's Innovation Strategy:** by increasing the share of the increase in R&D and innovation spending invested outside London, the South East and the East of England (plans for doing this will be contained in the forthcoming Levelling Up White Paper); increasing the core funding for UK universities and research institutions by £1.1bn per year by 2024/25; increasing in core Innovate UK programmes including translational research centres to around £1bn per year by 2024/25, and investing £800m by 2025/26 in Advanced Research and Invention Agency.
- A range of investments designed to **help businesses innovate and grow**, including:
 - A new £1.4bn Global Investment Fund to invest across the UK in the life sciences, offshore wind, and automotive sectors.
 - £1.6bn for the British Business Bank's regional funds, which includes £660m for the second Northern Powerhouse Investment Fund (which will now also cover the North East LEP area).
 - £150m additional commitment to the Regional Angels programme, designed to improve access to early-stage equity finance outside London.
- A New 'talent network team' to **attract high-skilled workers and researchers** to the UK, through "innovation hotspots" from San Francisco, Boston, and Bengaluru.
- £15bn for BEIS to help the UK reach net zero by 2050 (part of the **Net Zero Strategy**), including £3.9bn for energy efficiency improvements and clean heat installation in buildings.
- Confirmed continuation funding for the **Made Smarter Adoption Programme**, (GMCA and GC managed a pilot programme across the North West region), to boost the productivity of manufacturing SMEs through the use of advanced digital technologies.
- A set of **tax and rates changes for businesses**, including:
 - Reforms to **R&D Tax Credit Relief** for businesses, expanding qualifying expenditure to include data and cloud costs, and further changes to refocus the reliefs towards innovation in the UK.
 - Increasing the frequency of business rates revaluations to 3-yearly from 2023;
 - Freezing the business rates multiplier (at 49.9p and 51.p) until 2023;
 - Introducing a temporary 50% business rates relief (up to £110k per firm) for eligible retail, hospitality, and leisure properties next year.
 - Introducing a 100% 12 month improvement relief in 2023, where eligible improvements to an existing property increase the rateable value.

- Introducing targeted business rate exemptions in 2023, for eligible plant and machinery used in onsite renewable energy generation and storage, and a 100% relief for eligible heat networks.
- Extending transitional relief for SMEs, and the supporting small business scheme, for 1 year – restricting bill increases to 15% for small properties (up to a rateable value of £20,000) and 25% for medium properties (up to a rateable value of £100,000), subject to subsidy control limits.

LIVING WAGE WEEK

- 3.8 The annual Living Wage Week took place between the 15th-21st November, with events throughout the week raising awareness of the real Living Wage campaign across Greater Manchester and celebrating the achievements so far.
- 3.9 On Monday 15th **Greater Manchester became the first Living Wage City-Region officially recognised by the Living Wage Foundation**, with a launch event at the People's History Museum, where the Foundation also **announced Bury Council as an accredited Real Living Wage Employer**. The Foundation are an independent body who offer accreditation to employers that pay the real Living Wage to all directly and subcontracted staff.
- 3.10 A panel event on the business benefits to paying the real Living Wage took place on the Wednesday, run in conjunction with Pro Manchester, supplemented by VCSE, third sector, and civil society facing events on the Tuesday, Friday, and Saturday respectively.
- 3.11 The real Living Wage campaign in Greater Manchester will **aim to accredit 650 employers (currently 384) by November 2024, covering 175,000 employees**.

GM LEP ACTIVITY WITH LOCAL AUTHORITIES

- 3.12 The GM Economic Vision was developed by the LEP working with business and GMCA and provides a blueprint for re-modelling the city-region's economy including a range of long-term initiatives to help businesses innovate more effectively and become more productive, creating a greener and more resilient economy.
- 3.13 The LEP is continuing to work with partners to achieve this vision and drive the economic recovery across Greater Manchester and ensure it delivers for all parts of the city region. As part of this approach, the Board is focusing on 'place' and **holding its public meetings at local business venues in each GM Local Authority** area by turn, with a focus on key issues and engaging local businesses and elected Members. The programme will highlight the LEP deliverables along with projects that each district wishes to showcase and potential visits to local initiatives.
- 3.14 This approach complements the LEP's central role as the voice of GM business and reflects the following objectives:
- Improving local relationships in delivering the GM Economic Vision for all parts of the city region
 - Strengthening LEP connection and visibility across all districts
 - Engaging with district business representatives to gather views/evidence from local business

- Updating localities on GM wide plans and strategies
- Supporting delivery of key district initiatives e.g. Innovation Greater Manchester, Towns Boards, Future High Street Funds etc.

3.15 The LEP's September Board meeting was hosted by the Leader of Bolton Council at the Albert Halls, followed by the November meeting in Wigan hosted by the Leader of Wigan Council at the Wigan Investment Centre.

GROWTH COMPANY BUSINESS SUPPORT, INTERNATIONAL AND MARKETING UPDATE

- 3.16 Cohort 4 of GM's **Global Scale-Up programme** has started, with a strong focus on US expansion and exploring US markets. The Global Scale-Up Programme was a key partner of the "Silicon Valley comes to the UK" annual summit, which took place this month. Collaboration on the **Race, Ethnicity And Cultural Heritage Virtual Trade Mission** has successfully continued with an in-person event, also focusing on US expansion and diversity & inclusion in the business world.
- 3.17 A new **Clean Air Zone business support service** will be launched by the Growth Company at the end of November, and will support business owners not eligible to access a grant or loan via TfGM to purchase or lease a compliant vehicle or to retrofit their current vehicle. The TfGM Clean Air Zone portal will signpost businesses to the Growth Hub and dedicated staff will offer support with immediate issues and needs, as well as any other business support requirements. A website is under development and will be ready for the launch.
- 3.18 Following a successful launch of the **Journey to Net Zero programme** in August, the first three cohort workshops have taken place. There has been positive feedback from attendees, and Cohort 4 is oversubscribed (with 27 businesses registered for 20 places). Work in 2022 will include developing a peer network of businesses committed to Net Zero. The **BeeNetZero** website was also launched at the Green Summit on the 18th October which supports businesses to navigate actions and steps – both quick wins and more structured programme – to achieve net zero status.
- 3.19 The **Energy Innovation Agency** (which was seed-funded through the Local Industrial Strategy), has set out its first key priorities, including providing an SME energy innovator validation and scale-up service; non-domestic building decarbonisation, retrofit and smart energy projects, and supporting public sector innovation funding bids for domestic building decarbonisation projects. The aim of the agency is to close the energy innovation gap for carbon emissions reductions between where existing solutions will take us and where we want to be. The agency is a partnership between GMCA, Growth Company, Manchester Metropolitan University, University of Manchester, University of Salford, Bruntwood Ltd, Hitachi Europe Ltd and SSE Utility Solutions Ltd.
- 3.20 A range of activity is underway as part of promoting Greater Manchester's economy and industrial strategy to attract investment and partnerships. This includes:
- **Powering Innovation campaign:** a new media partnership with a U.S based publication 'Innovation & Tech Today' will promote GM's innovation ecosystem to a global audience. An new release - Space habitat revealed as Manchester takes next

graphene-enhanced leap - demonstrated how GM's advanced materials expertise could help meet future demand for human settlements in Space.

- **Digital in our DNA campaign:** an eCommerce campaign was delivered in October and November. Future activity will focus on case studies of Manchester tech businesses including Peak AI and Rezzil.
- **Greener Greater Manchester:** content and news stories are being uploaded to a new website www.greenergreatermanchester.com. The content was widely circulated during COP26.
- A filming project is underway to create new content to position the frontier sectors in the Local Industrial Strategy, our foundational economy, and the city-region's innovation and business ecosystem. The first films were premiered at Progress 21 and are available online:
 - Innovation: <https://www.youtube.com/watch?v=7W5hH96Quhg>
 - Digital: <https://www.youtube.com/watch?v=TtgYvQkBAck>
 - Green: <https://www.youtube.com/watch?v=bJJiObQsW68>
 - Tourism, hospitality and leisure: <https://www.youtube.com/watch?v=DOJlea3wS2M>