

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.

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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.