

**GREATER  
MANCHESTER  
INDEPENDENT  
PROSPERITY  
REVIEW**

**ONE YEAR ON**

September 2020



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**IN 2019, THE GREATER  
MANCHESTER INDEPENDENT  
PROSPERITY REVIEW PROVIDED  
A DETAILED AND RIGOROUS  
ASSESSMENT OF THE STATE OF  
GREATER MANCHESTER'S ECONOMY  
AND FUTURE POTENTIAL.**

**THEN CORONAVIRUS HAPPENED.**

**ONE YEAR ON, THE PANEL HAS  
REVIEWED WHAT HAS CHANGED AND  
WHAT IS THE BEST WAY FORWARD  
TO IMPROVE PRODUCTIVITY  
AND DRIVE PROSPERITY  
ACROSS THE CITY REGION.**

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# FOREWORD

The Greater Manchester Independent Prosperity Review we produced last year called for an ambitious programme of co-ordinated local actions on health, skills, innovation, the quality of jobs and the quality of the local environment as an essential cornerstone to a successful national industrial strategy.

One year on, the need to realise those ambitions has taken on unparalleled urgency. The current government's widely-welcomed aspirations for 'levelling up' – between the different parts of the UK and between the towns, cities and rural areas that make up major centres of population – will simply not happen until our major city-regions realise their full potential and the fruits of change are shared more equitably across their diverse communities. And there will be no recovery from the economic shocks that are arising from the COVID-19 emergency, unless we can provide those places capable of leading recovery with the resilience that the pandemic has shown to be desperately needed.

This short follow-up report builds upon a specially-convened meeting in the summer of this year and subsequent activities to revisit and reflect on our recommendations in light of COVID-19. It has been prepared in the run-up to a series of future-defining government decisions that will set the course for the UK's recovery over the next four years. In it we have asked Greater Manchester colleagues to summarise our earlier discussion and to set out the challenges that the fall-out from COVID-19 is generating for the city-region. Each of my fellow Reviewers has then set out their thoughts about the considerations and activities that should guide Greater Manchester's contribution to sustainable national and local recovery. My conclusion reflects upon the priorities that might follow from their rich insights.

As ever, my thanks go to my fellow Reviewers for the time they have devoted to our mutual endeavours in extraordinary circumstances.

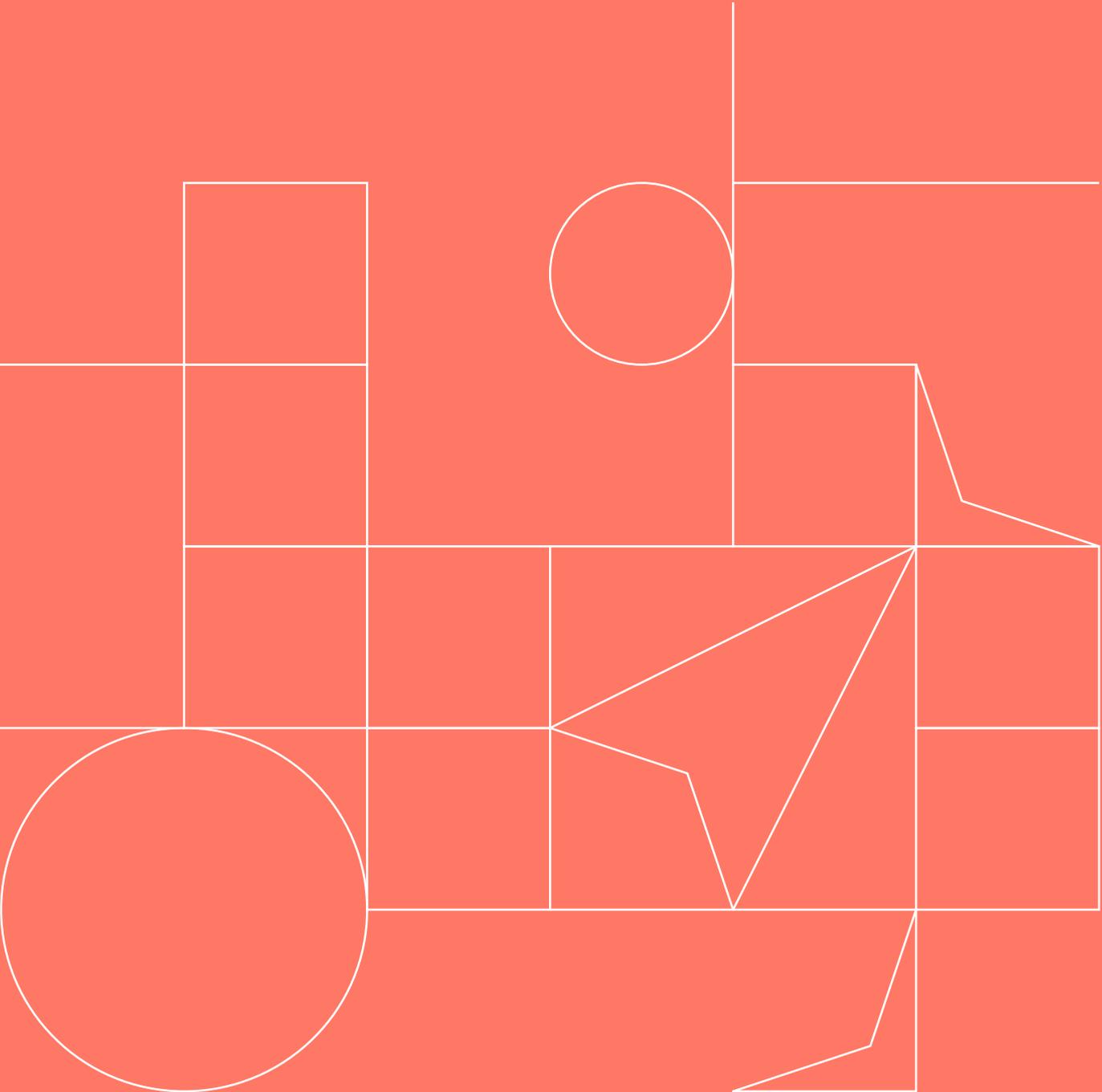


**Professor Diane Coyle**  
Chair of the Greater Manchester  
Independent Prosperity Review



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# 01. REVIEWERS' RECOMMENDATIONS - ONE YEAR ON



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The Greater Manchester Independent Prosperity Review (Prosperity Review) reviewed and refreshed the evidence base underpinning the city-region's economic strategy. Since publication in 2019, its impact has been wide ranging. Primarily, it has informed the design and implementation of the Greater Manchester Local Industrial Strategy, jointly signed off by government and the Greater Manchester Combined Authority (GMCA) later that year.

The world anticipated by the Prosperity Review, however, is now hugely affected by coronavirus disease (COVID-19) and the policy responses the virus has triggered. In recognition of the scale of the economic challenge that tackling the virus is creating, we have revisited our earlier work to provide an independent input into the recovery planning for the city region and beyond.

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Independent of local and national government, both the Prosperity Review and this document revisiting the recommendations one year on, have been carried out under the leadership of a Panel of six experts:

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**Professor Diane Coyle**

Bennett Professor of Public Policy, University of Cambridge, and Chair of the Greater Manchester Independent Prosperity Review

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**Professor Mariana Mazzucato**

Professor in the Economics of Innovation & Public Value and Director of UCL Institute for Innovation and Public Purpose

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**Stephanie Flanders**

Head of Bloomberg Economics

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**Professor Henry Overman**

Professor of Economic Geography, London School of Economics, and Director of the What Works Centre for Local Economic Growth

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**Professor Ed Glaeser**

Fred and Eleanor Glimp Professor of Economics, Harvard University

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**Darra Singh**

Government and Public Sector Lead at Ernst and Young

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## AS WE WERE: THE RECOMMENDATIONS WE MADE IN 2019



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### World-class Strengths

- Greater Manchester has world class strengths in advanced materials and health innovation, supported by other high productivity sectors: manufacturing, digital and creative, and professional services.
- Devolution presents an opportunity to reinforce the strengths in the health innovation sector.
- To commercialise graphene, the city region should develop a partnership with government, universities and the private sector informed by independent research.
- It should be part of UK Research and Innovation's remit to ensure that the wider regional distribution of funds and alignment between research and strategic needs of the economy carry more weight in allocations.



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### Health & Productivity

- Health needs to feature far more prominently in discussions of human capital, labour market participation, and productivity.
- The city region and government should work together to put the Work & Health Programme on a long-term footing.



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### Local Commissioning

- There should be local control of employment programmes and services and benefits currently delivered by the Department for Work & Pensions and Job Centre Plus so that they can be better integrated.
- The government should consider how the city region's emerging public service reform model, supported by innovation funding, can be put on a sustainable and long term basis.



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### Carbon Neutrality

- The city region should ensure that, in delivering carbon neutral living within Greater Manchester by 2038, the benefits to the economy and to health and the quality of life in the city region are maximised.



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### Skills & Productivity

- There should be a Greater Manchester partnership for education, skills and training based on a common vision, priorities and evidence base, to ensure that funding and other interventions are focused on the city region's priorities. This

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could operate through delegation of powers and partnership between different tiers of government, and local convening.

- Greater Manchester should aim to increase the number of people entering 'technical' apprenticeships which are likely to generate the best labour market returns.
- Greater Manchester should maintain its ambition and accelerate steps towards a local system for early years that learns from national and international best practice.
- Research into graduate retention should be undertaken, and used to improve outcomes for individuals born in the city region.



#### Business Support

- The Good Employment Charter should be considered as a mechanism for improving leadership, skill utilisation and productivity, as well as for raising employment standards.
- Business support should be oriented to focus on productivity, leadership and management, skills utilisation, innovation adoption and diffusion, resource efficiency, and on exporting and internationalisation with more piloting and testing of innovative approaches – particularly around support for better health.



#### Infrastructure

- Parts of Greater Manchester with lower productivity, pay and living standards need access to jobs in the centre and better jobs locally. This requires an integrated transport system.
- Government and Greater Manchester should ensure that they deliver local integration of rail and bus services.
- The city region's integrated strategy should be backed up by stable, substantial devolved funding.



#### Evaluation

- Much of the evidence on 'what works' locally to improve productivity remains untested and as a result contested. Greater Manchester should adopt an effective system of programme and project evaluation for all of the actions to raise productivity.
- The UK government should ask the national Industrial Strategy Council to take an overarching view of the effectiveness of local and national government in delivering on the actions set out in local industrial strategies.

## WHERE WE ARE NOW: THE RECOMMENDATIONS REVISITED

**THE NEED TO REFORM SOCIAL CARE IS CLEAR. CLOSER INTEGRATION WITH THE NHS IS KEY TO BUILDING RESILIENCE AND CAPACITY TO DEAL WITH FUTURE PANDEMICS.**

- Our recommendations linked health with productivity performance, a factor not previously emphasised in work on UK regional productivity and that linkage could not be more important in today's health precipitated global economic crisis. COVID-19 brings to the fore the importance of addressing underlying health inequalities – of which there are many in Greater Manchester in terms of both physical and mental health. We know that the employment rate of Greater Manchester adults with long-term health issues is 13 percentage points lower than for the Greater Manchester population as a whole; therefore improving the health of the population will support improvements in economic outcomes. **Improving health and health outcomes must be the focus of future work in Greater Manchester and nationally. Building on Greater Manchester's health and care devolution deal, the need to reform the social care system is now clear and closer integration with the NHS is key to building the UK's resilience and capacity to deal with future pandemics.**

- There is a growing body of evidence that the worst effects of the COVID-19 pandemic have amplified pre-existing patterns of not only health, but also economic inequality. Our Prosperity Review revealed that Greater Manchester's productivity has consistently remained at 90% of the UK level for the last two decades. Research by the Resolution Foundation, for the Prosperity Review, confirmed that this gap is linked to economic inequality with overall pay levels and salary growth in Greater Manchester lagging behind UK averages. The growth in employment in low productivity sectors witnessed in Greater Manchester over the last decade further explains this, as these sectors are likely to pay lower wages and invest in lower value business models which perpetuate the challenges. Furthermore, it is in these sectors of the foundational economy (retail, hospitality and leisure) in which employees have tended to be hardest hit during the COVID-19 crisis. Substantial numbers have been furloughed and there is significant threat of many redundancies on the horizon, with major retailers and other businesses announcing big job losses. Growing inequalities have a major impact on quality of life for Greater Manchester residents such as the ability to afford decent housing, good quality food and services. As emergency support schemes from government are withdrawn, **a greater focus is needed to support businesses in the foundational economy in Greater Manchester to adopt a sustainable footing**, enabling them to identify ways to adopt higher value business models while preventing further employment losses. We raised the role of the Greater Manchester Good Employment Charter in our recommendations. It is a signal of intent and ambition in terms of raising productivity and wages and a mechanism for improving leadership, skill utilisation and productivity, as well as raising employment standards. There is an opportunity to develop the Charter further to address the challenges of the foundational economy.

**GM HAS THE RESEARCH EXCELLENCE, TALENT AND INNOVATION POTENTIAL TO REALISE ITS AMBITIONS WITHIN THE FRONTIER SECTORS OF HEALTH INNOVATION, ADVANCED MATERIALS AND DIGITAL.**

- **Greater Manchester has the research excellence, talent and innovation potential to realise its ambitions within the frontier sectors of health innovation, advanced materials and digital.** Activity in these sectors continues to drive economic growth in the city region and will help to tackle some of the biggest challenges we face as a society, such as achieving net zero carbon emissions and supporting an ageing population. **Growth can be protected and accelerated in Greater Manchester's world-class strengths if the government invests substantial and long term Research & Development funding in strong local collaborations and supports investment in places, for example within identified Manufacturing Innovation Parks.** 'Levelling up' will not be achieved if scientists, researchers, private sector firms and the public sector in the north of England continue to be overlooked for those in the Golden Triangle of Cambridge, Oxford and London.

**GREATER AUTONOMY IS VITAL ... TO TEST INNOVATIVE LOCAL POLICIES AND PROGRAMMES WHICH DIRECTLY RESPOND TO THE NEEDS OF RESIDENTS.**

**SUPPORTING BUSINESSES TO RAISE EMPLOYMENT STANDARDS IN PURSUIT OF HIGHER PRODUCTIVITY INITIATIVES IS A KEY PRIORITY.**

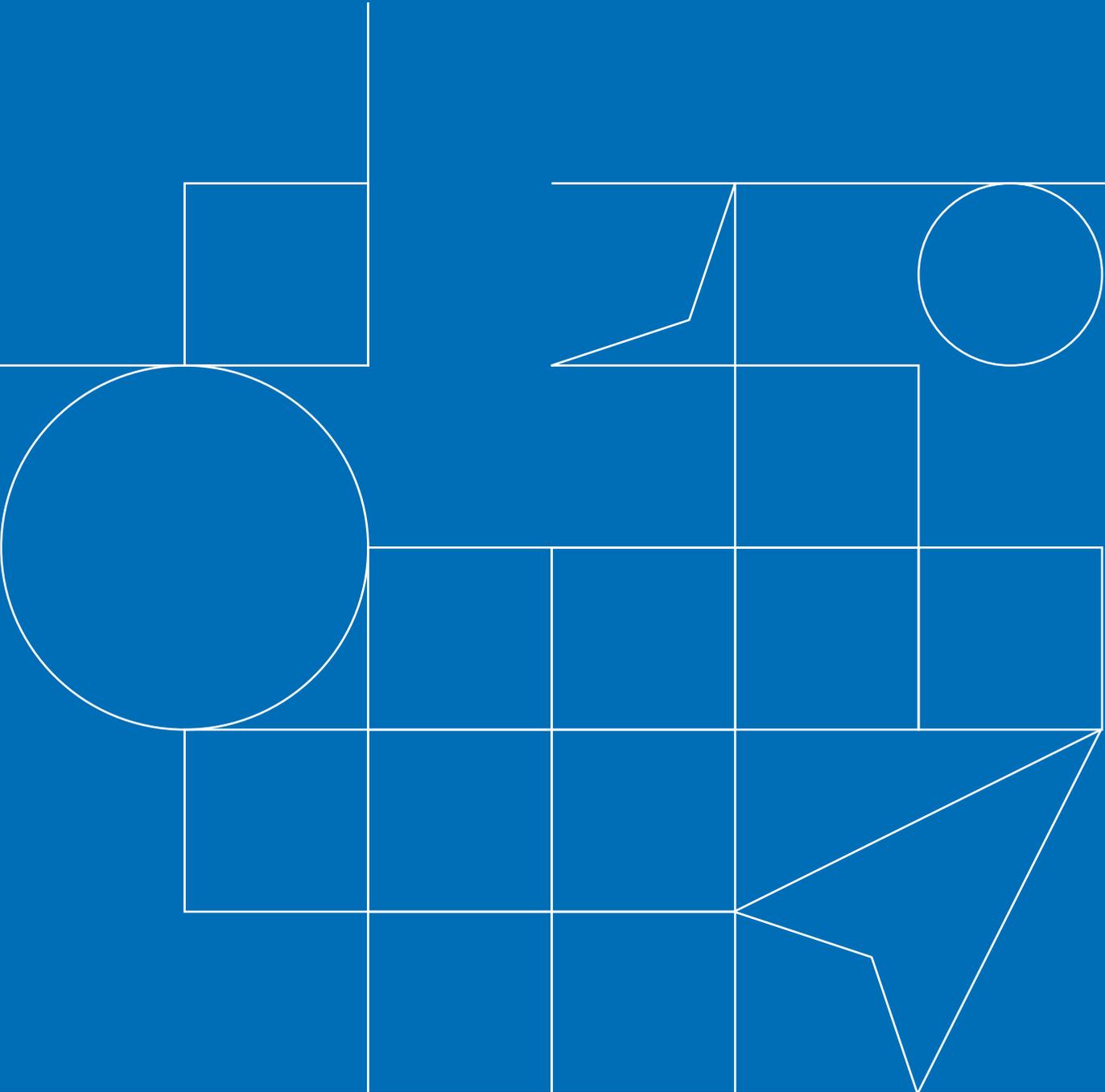
- The threat of unemployment on a grand scale and scarring effect of this crisis on young people emphasises the need for **local commissioning to address these challenges and for a greater focus on re-training and upskilling and opportunities to enable a catch up of learning missed during the pandemic.** We know that 450,000 students have had their learning disrupted in Greater Manchester and a significant number of Greater Manchester residents are now claiming employment support benefits with many more likely to become unemployed in the coming months. **Greater autonomy is vital for Mayoral Combined Authorities like GMCA to be able to design and test innovative local policies and programmes which directly respond to the needs of their residents.** A maturing of the Local Industrial Strategy Partnership between Department for Work and Pensions, Department for Education and GMCA, which we recommended in the Prosperity Review, is required to genuinely affect change.
- The effectiveness of the local response to COVID-19 (timely data and intelligence/ strong governance) alongside some of the failures of applying a nationwide approach to disparate geographies has emphasised again the **value and benefit of local decision making and commissioning – this needs to continue and grow.** It reaffirms the need for government to consider how the city region's emerging public service reform model, supported by innovation funding, can be put on a sustainable and long term basis.
- While COVID-19 has undoubtedly been devastating in its impact from a health and economic perspective, there are opportunities to build back better and to reap the productivity rewards from pursuing higher value business models across the economy as a whole – including supporting international linkages, strong leadership and management and better skill utilisation and innovation. These are proven, through the research for the Prosperity Review, to have tangible productivity outputs. Aligning with our previous recommendations, **supporting businesses to raise employment standards in order to support the pursuit of higher productivity initiatives is a key priority** in this next phase of living with COVID-19 and beyond.
- COVID-19 has brought short term progress on many environmental objectives but the return to work and life has the potential to reverse this. **An environmental crisis is on the horizon and emphasises further the need for Greater Manchester to meet its ambitious 2038 target – ensuring that it maximises the benefits to economy, health and quality of life.** This will not just require innovative technologies to save heat and cut down on emissions, but a concerted effort from businesses, residents and consumers to make behavioural and practical changes. Greater Manchester must look to take advantage of these opportunities and identify ways in which to maximise the benefits for individuals and firms in doing this. This could include further training and opportunities for skilled employment in innovative green sector firms; mechanisms for spin-out companies to develop easily; and access to funding and support for green innovation activities.
- **COVID-19 has reminded us of the paucity of local data and intelligence that we have at our fingertips to make decisions.** This needs to change – not only in terms of productivity data but also in terms of evidence around what works. **Concerted effort needs to be made in this area.**



Stockport NHS Foundation Trust

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# 02. THE ECONOMIC LANDSCAPE – ONE YEAR ON



# ECONOMY

Analysis by the Office for National Statistics for our Prosperity Review, using the Krugman Specialisation Index (a measure of diversity in industry, jobs and output) indicated that Greater Manchester was the most economically diverse city region economy in the UK and our research with the Data City<sup>1</sup>, following on from the 2016 Science and Innovation Audit<sup>2</sup>, demonstrated that the city region had world-class strengths in advanced materials and health innovation.

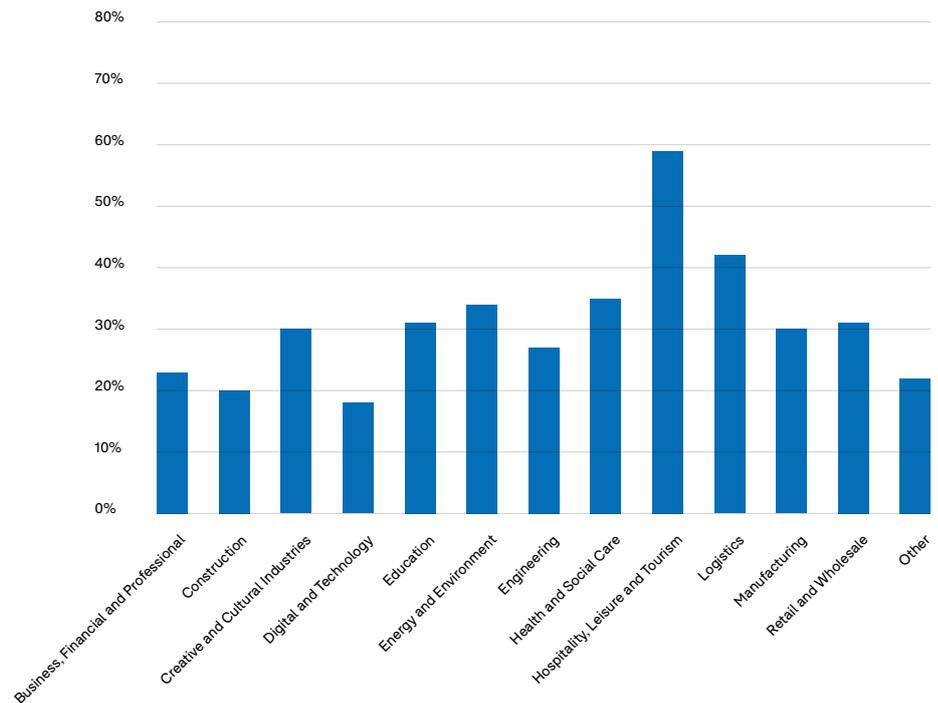
Yet the Prosperity Review also acknowledged that for two decades Greater Manchester's productivity consistently remained at 90% of UK level and a year on this gap persists.

Compounding this, we could not have imagined that some twelve months on, we would be in the midst of a global pandemic with the economic fallout that has ensued. The UK economy suffered a contraction in Gross Domestic Product (GDP) of -20.4% in Quarter 2 of 2020 compared to the previous quarter.

As nationally, this economic shock has been felt most keenly in Greater Manchester in the hospitality, leisure and tourism sector which accounts locally for around £1.7bn of Gross Value Added (GVA) and employs around 80,000 people. But, it has also been felt across a wide range of sectors from retail and wholesale to logistics and manufacturing. The volume of businesses reporting cashflow issues as a result of the pandemic has been widespread, but particularly focused in some of these harder hit sectors as shown in Figure 1.

Figure 1: Percentage of Businesses reporting cashflow issues 2 months to 28th August 2020

Source: The Growth Company Business Survey 2020



1. <https://www.thedatacity.com>

2. [https://www.greatermanchester-ca.gov.uk/media/1136/science\\_audit\\_final.pdf](https://www.greatermanchester-ca.gov.uk/media/1136/science_audit_final.pdf)

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Much of the true impact is also likely to be hidden within sectors. For example, in the retail sector, national reports show variability in impacts on different categories of retail - spending on groceries and household items has remained resilient, while spending on clothing and motoring has decreased. The nature of retail has also changed under the pandemic with greater volumes of transactions undertaken online. Spatial impacts such as those driven by new ways of working and living, including greater volumes of residents working from home, also have the potential to affect the economy in the longer term.

Over the medium term, the ability of a sector to recover will be dependent on its adaptability to new ways of working/living, as well as the detail of any further support or guidance from government at the local through to national level to manage COVID-19.

In line with much of the rest of the UK, Greater Manchester businesses have relied on government support programmes during the pandemic. In addition to the government's Job Retention Scheme, covered later in this report, more than 100,000 residents have received support through the Self-Employment Income Support Scheme. Around 48,000 loans have been issued to businesses in Greater Manchester through the Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan Scheme with a total value of £1.8 billion. £546 million has also been distributed by Greater Manchester local authorities to 47,000 businesses through the Small Business Grants Fund and Retail, Hospitality and Leisure Business Grants Fund. This is in addition to the business rates relief and rent holidays which many businesses have accessed. How effectively Greater Manchester's business are able to transition out of these arrangements will be central to their trading position in the short to medium term. The first Bounce Back Loan scheme payments become due after twelve months. Repayments to the Coronavirus Business Interruption Loan Scheme begin immediately but are subject to 12 months of government relief from interest, fees and charges.

## **BUSINESS**

The impact of the pandemic has also been clearly evident in measures of business confidence. Both the Greater Manchester Chamber of Commerce and The Growth Company<sup>3</sup> have been surveying businesses across Greater Manchester since the start of the pandemic to develop a detailed picture of business sentiment.

Data on the volume of Greater Manchester companies issuing adverse results to either Companies House or the Gazette (including notifications of appointment of administrators, receivers and winding up notices) suggests there has not yet been a notable rise in failures of larger businesses due to the pandemic. Over the period 2017 – 2019 an average of 3,172 firms made these type of declarations each year. As of early September 2020, Greater Manchester had recorded 2,176 notifications, on trend for 3,264 for the year. As with the sectoral impact above, it is likely that the true impact is somewhat masked in the data. Many smaller businesses will not necessarily make these kind of declarations and may continue to trade in a reduced or restricted way during the pandemic.

3. The Growth Company is a not-for-profit, commercially driven organisation dedicated to economic development, inward investment, skills, employment and enterprise in Greater Manchester and beyond.

## The Growth Company Business Survey 2020: Greater Manchester Key Findings

- More than 50% of respondents reported reduced sales consistently since mid-March.
- Customer demand had strengthened from the initial stages of the pandemic when demand had fallen to between -70% and -80% of pre-pandemic levels. However, by late Summer 2020, demand had appeared to begin to stall at around -20% of pre-pandemic levels.
- As of the end of August, between 4 and 8% of businesses had made or planned to make redundancies. However, around a further 25% of respondents said that redundancies still might form part of their future plans.
- A minority of businesses (between 10 and 20%) reported positive impacts including new products, product improvements, increased digitalisation and improved productivity.
- The outlook for the future looks mixed. While the majority of businesses reported they anticipated that turnover and profits would stay the same or increase over the next 12 months, almost half (45%) reported that they could not estimate how long it would take for the economy to recover. 80% of respondents also reported that they were not currently recruiting new staff.

Source: [The Growth Company](#)

## **FUTURE OF THE GREATER MANCHESTER ECONOMY**

At the time of writing, there remains a high degree of uncertainty about the speed and pace of the economic recovery from COVID-19, let alone what the final impact in 2020 will be. There have been a succession of assessments of the likely impact of COVID-19 on the UK economy by a range of private forecasting consultancy, research firms and think tanks such as the Institute for Fiscal Studies (IFS) and National Institute of Economic and Social Research (NIESR), and by the Bank of England and by the Office of Budget Responsibility (OBR).

All those attempting any assessment of likely economic effects emphasise the extraordinary level of uncertainty at present. The normal forecasting tools and models are not well designed to assess a shock like COVID-19. This stems from the fact that this is a health-driven economic shock which is unlike previous economic shocks (such as the 2008 Great Financial Crisis) so we cannot simply apply the lessons from previous recessions. The OBR summarises these uncertainties as being:

- The course of the pandemic and the development of effective vaccines and treatments
- The speed and consistency with which the government can lift public health restrictions (ie “lockdown” measures)
- The response of individuals and businesses as it does so (in terms of consumer confidence etc), and
- The effectiveness of the policy measures put in place to protect viable businesses, foster new opportunities and sustain employment.

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## UNEMPLOYMENT AND SKILLS

The fallout from the COVID-19 pandemic will be huge. But if there is one area of life city regions are watching with particular anxiety, it is the world of work. Fears that the economic shock will tip into a prolonged jobs crisis are widespread. The OECD has suggested a UK unemployment rate of just under 15% by the end of 2020 if a second wave of the coronavirus pandemic is experienced<sup>4</sup>. The Bank of England predicts 7.5%<sup>5</sup>. The Prosperity Review dwelt at length on the topics of working and learning in Greater Manchester. Does the diagnosis remain fit for purpose?

We identified skills levels and skills utilisation as being among the factors driving local performance and in the latest Greater Manchester Business Survey, local businesses identified skills as being in the top three barriers to growth<sup>6</sup>. Although the population with skills at or around degree level had risen (up from 25% with a level 4 or higher qualification in 2008 to 35% a decade later), Greater Manchester's workforce educated to this level still lagged the national average (38%). And the proportion with no formal qualifications at all still hovered around 10% (7.7% is the UK average).

We reported that the balance of employment in Greater Manchester had shifted towards lower productivity sectors and activities. In 2005, 38% of firms had GVA per worker of lower than £30k. By 2015 this had risen to 42%. Meanwhile, just under a fifth of jobs in Greater Manchester were paid below the low pay threshold (two thirds of the national median wage) - a higher proportion than in better performing UK urban areas (e.g. London: 10%; Bristol: 16%). So, in summary, while jobs were relatively plentiful, there were problems with job quality. And while skill levels had improved, they were still lower than elsewhere – and employers often struggled to make productive use of them even when they existed. What has changed?

## COVID-19: THE LABOUR MARKET SHOCK

The buoyant labour demand that underpinned the Prosperity Review's recommendations in 2019 has been depressed. Weekly tracking of employer vacancies suggests the number of recruitment opportunities has roughly halved when comparing the end of January 2020 (over 8000 vacancies a week) with August (just over 4000 vacancies a week).

The other obvious change since the report was published is the return of higher levels of unemployment. Here, the impact of the COVID-19 virus has been unquestionably dramatic even if the picture is yet to become clear.

The official unemployment rate (derived from the Labour Force Survey/Annual Population Survey) operates on a three month lag and so is of limited use for tracking the immediate effects of the pandemic – a good example of the paucity and lack of timeliness of local data and intelligence that we have at our fingertips to make decisions. Yet the 'other' measure of unemployment – the claimant count, produced from government administrative data - is updated monthly. This is currently the best source with which city regions can monitor rising joblessness that has flowed since the lockdown was imposed on 23rd March 2020. The rise in claimants between March and July in Greater Manchester was 91%. Following a series of rapid increases in April

4. [https://www.oecd-ilibrary.org/employment/unemployment-rate-forecast/indicator/english\\_b487f2cf-en](https://www.oecd-ilibrary.org/employment/unemployment-rate-forecast/indicator/english_b487f2cf-en)

5. <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/august/monetary-policy-report-august-2020>

6. Greater Manchester Business Survey, June 2020

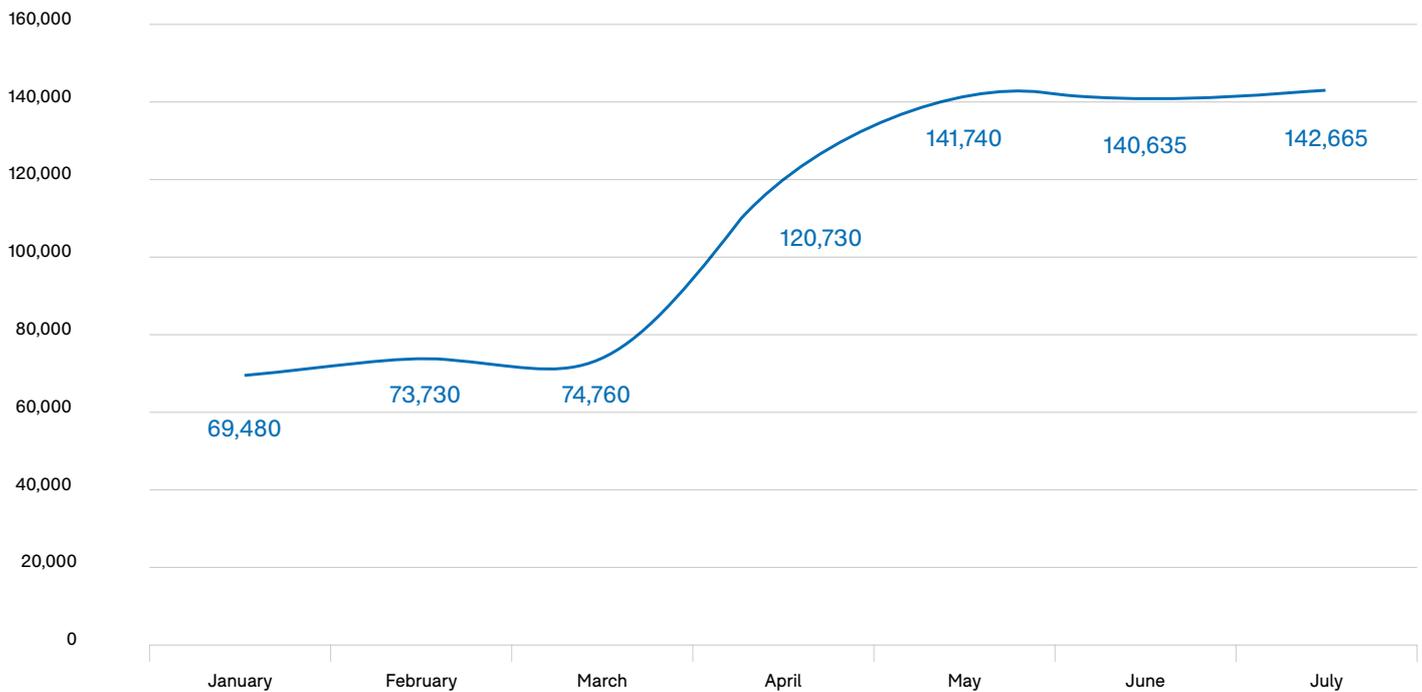


Figure 2: Claimant Count in Greater Manchester, January 2020-July 2020. Source: ONS

and May, the claimant count stabilised at a little under double the previous level of claimant unemployment.

Claimant count data show that it is relatively more wealthy areas of the UK that have seen the biggest relative leaps in their numbers of unemployed residents (albeit often from a very low starting point). Comparing March with July 2020 shows that Greater Manchester's increase in claimant volumes was lower than the UK average (91% vs 110%). And within Greater Manchester, it was the more affluent areas that experienced the largest rises – districts such as Trafford and Stockport.

Yet it is important to distinguish between places where the immediate hit has been sharpest and those with the largest stocks of unemployment benefit claimants. These are the areas where the recent loss of jobs compounds and exacerbates embedded deprivation and poverty and claimants account for at or near 10% of the working age population (eg. Oldham, Rochdale and Manchester). In Greater Manchester, the average 'claimant count rate' (ie. unemployment benefit claimants as a share of working age people) is 8%. For the UK the equivalent figure is 6.4%.

In response to the pandemic, the government introduced schemes to stave off the immediate escalation of unemployment, including a jobs subsidy programme known as the furlough. In August 2020, 407,900 employees in Greater Manchester had had their salaries paid at least partly by the taxpayer at some point during the crisis. Yet over the summer of 2020 many household name businesses announced redundancies. There are fears that a substantial proportion of furloughed jobs may not be 'saved' by the scheme, but simply have the moment of their ending delayed. The human resources managers' body, the Chartered Institute of Personnel and Development, surveyed 2000 firms (along with the recruiter Adecco) in the summer of 2020 and found a third were planning to make redundancies<sup>7</sup>.

7. <https://www.cipd.co.uk/knowledge/work/trends/labour-market-outlook>

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## LEARNING DISRUPTION

Alongside these labour market effects, the scale of the disruption to learning engendered by the pandemic is difficult to overstate. Adding school pupils, college students, apprentices and university students together – all of whom in different ways have had their lives upended by the pandemic and lockdown – then about 450,000 students in Greater Manchester have had their learning interrupted having a knock on impact on skills and knowledge. Put simply, Greater Manchester’s stock of human capital has likely been negatively affected.

The impact of school and college closures, and employers deciding they no longer require their apprentices, will not be uniformly felt. Poorer pupils and learners with less access to technology will have found the transition to remote learning harder. In these circumstances, the less well-off are likely to have had their learning set back further than better off young people.

Judging how fundamentally the economic shocks flowing from the Covid-19 pandemic have transformed life in the city region – and thus whether the diagnosis and prescription of 2019 is still appropriate – will be the dominant theme of local economic policymaking in the years ahead. The scale of the fallout is likely to be both novel and immense. As the emergency support schemes the government introduced to help protect livelihoods are withdrawn from the autumn of 2020, boosting growth and averting the potential of rising unemployment to tip into mass joblessness will inevitably assume greater importance.

# Inclusive Prosperity: New analysis by Resolution Foundation

This pandemic induced economic crisis is everywhere. Its initial hit simultaneously affected all parts of the country, bucking the trends of more geographically focused crises in previous recessions. Every single local authority has seen at least a fifth of their private sector workforce furloughed.

But as the realisation spreads that this is far from a short and sharp crisis, it's also clear that it poses bigger challenges to some places than others, particularly our cities like Greater Manchester. At one level that's the history of all pandemics, with disease spreading more readily in denser urban areas. But this time it's true on the economics too.

Put simply, the scale of swift economic change is larger because of two features. City centres have a lot of employment in the hardest hit sectors like hospitality, where three quarters of the workforce were furloughed, and bricks and mortar retail. But demand for those sectors in city centres is also reliant on importing spending power from those living elsewhere (or what is more normally known as commuters and tourists). As travelling, for work or pleasure, has slowed so, disproportionately, has economic activity in city centres.

So, while the vast majority of professionals can work from home, the impact is job losses for lower earners in city centres relying on their business. Too often the debate sounds like this is just a problem for branches of Pret in London, but Manchester is front and centre in this phenomena too.

By the beginning of September, leisure and retail activity (proxied by google mobility data) was down by 17% in Greater Manchester compared with pre-covid levels – a much weaker recovery than the British average. Zooming in on Manchester we can see that the recovery (visits still down 30%) has been much weaker, in line with London's experience.

These are worrying trends, not something we should shrug our shoulders at amid the welcoming of more flexibility on home working. Firstly, this is because some of them are far from permanent. While retail's slow decline as an employer has been going on since 2003, and has only been accelerated by this crisis, the impact on hospitality will instead be a temporary pause (hotels and restaurants drove 18 per cent of pre-pandemic jobs growth). And secondly, the speed and timing of change matter a lot. The ability of people and places to adjust to economic change is much more limited if that change is swift and takes place at times of economic weakness, when other opportunities are harder to come by.

Some will see these challenges to city centres in general as a welcome reversal of recent trends, believing that they may reduce economic gaps across the likes of Greater Manchester. A reading of history should however put a swift end to such arguments. Yes, productivity gaps have grown across Greater Manchester this century, but the city region's success has actually seen income gaps between the highest and lowest income areas fall by over a tenth. That lowest income area? Manchester itself. So, as Greater Manchester faces the new economic challenges posed by the pandemic, against the backdrop of old problems of needing both more growth and more inclusivity, it's important to remember that Greater Manchester has been, and will in future, rise or fall together.

Figure 3: Change in retail and leisure google mobility trends: selected areas, since March 1 2020. Source: RF analysis of Google, Mobility Trends Report.





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# 03. REVIEWERS' REFLECTIONS ON THE FUTURE RECOVERY OF GREATER MANCHESTER



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## Ed Glaeser

The economy and future of cities: local and national government working together provide the optimal mechanism to build back better



The COVID-19 pandemic strikes at the essence of urbanism: human connection. Cities exist to enable face-to-face contact, commerce and the connected chains of brilliance that have created the highlights of human culture. Yet when human proximity creates the threat of death, then the future of cities inevitably starts to be questioned. Almost 1500 years ago, plague in Constantinople derailed the Emperor Justinian's attempt to rebuild the Pax Romana across the Mediterranean world and ushered in almost a century of rural poverty and warfare. Does COVID-19 pose a similarly mortal threat to the future of great cities like Manchester?

If our current pandemic were to rage for another three or four years, and if it were soon followed by another pandemic and another, then perhaps de-urbanization would become a widespread reality in the wealthy world. But that outcome would be catastrophic not only for our cities, but for the entire world, as tens of millions of jobs in retail trade, restaurants and hospitality vanish overnight. The dire consequences of perpetual plague will surely mean that the world's governments collectively invest in whatever it takes to make sure this does not happen.

The more likely path forward is that an effective vaccine will be widespread sometime in 2021 and that the world begins to recover from this enormous economic and social shock. Many firms will have gone bankrupt, as has been the case in the United States, where jobs have vanished and governments face fiscal shortfalls. Even in the best scenario, the pandemic will have wreaked great havoc.

Yet while pandemics typically spread more easily in dense confines, urban density is likely to provide the best tools for recovery once the pandemic has passed. The jobs that have disappeared will be easiest to recreate in dense environments with plenty of customers. As manufacturing has automated and offshored, urban service jobs have created a safe-haven for lower-skilled workers. Many of those jobs have disappeared during the pandemic, but they will come back. Others will be re-shored. Younger Britons are particularly eager to restart their lives, and for them, the fun of the city will outweigh lingering fears of illness.

Urban real estate markets will face challenges because some jobs that have become remote will stay remote. In two recent surveys, my co-authors and I<sup>8</sup> found

8. <https://www.nber.org/papers/w26989.pdf>

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that more than one-third of firms expect that 40% or more of their workers who have switched to remote work during the pandemic will remain remote working after the pandemic. If this projection is correct, then this represents a significant drop in demand for commercial real estate in cities.

Yet these projections do not imply large scale vacancies. If the markets are allowed to work, then rents will fall. Old businesses will be replaced by new businesses. Commercial uses may be replaced, in some cases, by residential uses. In others, shops that sell goods will be replaced by places that sell experiences. The city will evolve, perhaps become a bit younger and grittier in the process, but that will not be a catastrophe as long as cities and their residents are given the freedom to reinvent themselves.

New businesses will need to open to replace the businesses that closed due to COVID-19. This process will be easier if local governments have the wherewithal to manage the process of change. Local governments will need to find new sources of revenue to make up for taxes lost during the crisis and to pay for the extra services needed during this period of pain. The planning process will need to adapt so that new uses can be found for old space. Creative solutions will need to be found to make sure that public transportation can be used safely.

The national government has particularly critical roles, both during a pandemic and a recession, but that doesn't mean that it should play all the roles. The national government is the right place to look for support for vaccine research or rules about international mobility, but local governments have the capacity to manage social distancing rules and the supply of personal protective equipment. The national government is the right level of government to handle monetary policy and large scale fiscal responses to a downturn, but local governments must address business regulations and targeted relief efforts.

This is not the moment to give up on either cities or strong local government. Cities will enable creative, entrepreneurial reinvention when the risk of COVID-19 has passed. Strong local governments both set the rules to empower local entrepreneurs and can target the power of the public sector where it can do the most good. A strong local government cannot make up for a weak national government during a period of crisis, but the combination of local and national strength provides the best chance of weathering the current storm.

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## Darra Singh

The recovery strategy needs to have a strong focus on future resilience in health and employability



We know that health and wealth are bound together and in our original report, we recommended that health needs to feature far more prominently in discussions of human capital, labour market participation and productivity.

During the peak of the first wave of COVID-19, the NHS stood up well. Emergency Nightingale hospitals were conjured from nothing in days. Existing hospitals cleared the decks and supported a surge of COVID-19 patients. And the system coped thanks to the commitment of NHS staff. But we know that isn't the whole story. Routine treatment was paused, cancer referrals dropped off a cliff (falling two thirds in Greater Manchester during the lockdown). Problems were stored up for the future. And outside the hospitals, coronavirus took a terrible toll on our social care system and our care homes. Staff did everything they could. But a social care sector which was already under considerable pressure did not have the resilience to weather the pandemic in the way the NHS did. So we need to respond to the impacts of lockdown. The health impacts of the pandemic will be with us for a long time; from so-called 'Long COVID-19' symptoms and big increases in mental ill health (rates of depression doubled to one-in-five this June), to a worsening of long-term health conditions and much more.

I've talked to many public service leaders since COVID-19 hit, and there are a range of views about how to respond. A small number want to try to return to the pre-COVID-19 world. Some want to tinker with limited changes. But most senior figures understand the need to transform our public services, including health and social care. There are several ways to do this.

First is tackling the social care crisis head on. Our original report highlighted the unique opportunities of Greater Manchester's health and care devolution deal. Where Greater Manchester led, others now look set to follow. The need to reform the social care system is now obvious and closer integration with the NHS seems key to building the UK's resilience and capacity to deal with future pandemics. Track and Trace shows that this kind of work is best done locally. Greater Manchester has a unique opportunity to lead the way: piloting a radical and truly integrated 'one system' approach to health and care. This must deliver better, more joined-up care for users and strike a new deal which drives up pay and working conditions for the frontline carers we've relied on in recent months.

Second is tackling the jobs crisis. Greater Manchester was a pioneer in taking more control over skills, retraining and employment support. When we were writing

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our report last year, I saw how the locally-led Working Well programme (and its successors) delivered better support to people and was better connected to other public services. Unemployment is already spiking, and tailored, locally driven programmes will be the best way of limiting this hit. In many ways, before the pandemic Working Well was only dealing with the legacy of this country's last big rise in unemployment – as the legacy of de-industrialisation left millions out-of-work. We must do everything we can to help those people who were already out of work with health problems before the pandemic, and also work with over-50s now to prevent a second 'COVID-19 generation' of long-term unemployed older workers.

Third, the crisis has made the case for tackling our economic and social inequalities unarguable. The pandemic has hit some people much harder; people from BAME backgrounds, people in lower-paid or more public-facing work, and people with pre-existing health and economic difficulties. These are the inequalities Michael Marmot spoke of ten years ago and as he highlighted last year, they've got worse since then. National Government must take a lead here. But if Greater Manchester is committed to building back better, the city region will also need to do more and put tackling inequality at the centre of recovery plans.

When COVID-19 first hit, the lockdown was sometimes painted as a debate between health and wealth. But most people now see there is no economic recovery without a health recovery. Greater Manchester's economic future depends on a healthier, happier, more equal population. This can only be achieved with a bold programme of public service reform.

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## Stephanie Flanders

### Good employment must feature in recovery planning



Businesses all around the UK are facing difficult decisions about their future – decisions with major implications for jobs and future prosperity. After spending unprecedented amounts to keep the economy afloat during the recession, the job of policy makers now is to help businesses recover in a way that not only protects jobs, but raises their quality. Pay levels in Greater Manchester continue to lag UK averages and Greater Manchester’s productivity gap with the UK persists. There is a real danger that in the rush to get the economy back on its feet, ‘any’ growth at the expense of ‘good’ growth is pursued and the longer term benefits for productivity are missed.

The challenge for Greater Manchester is to resist the temptation to lower standards and instead keep their focus on growth that can form the basis for long-term prosperity. This means growth built on carbon reductions, good employment and sustainable business models. There are at least three ways to do that in a post-pandemic environment:

First, the unprecedented support offered to businesses to weather the COVID-19 storm has given policy makers new ‘tools in the toolbox’, and could be made contingent on certain conditions supporting better business behaviour. For example, the French Government’s support package for Air France has been contingent on the airline hitting a number of climate change requirements, including that it should halve its overall carbon dioxide emissions per passenger-kilometre by 2030. Several European countries have also made clear that they will not offer bailouts to businesses linked to offshore tax havens. Of course, we need to be realistic about imposing detailed conditions in a context in which money needs to go out the door quickly. But while the UK government has so far avoided conditionality of this kind, Greater Manchester has already taken some steps in this direction by requiring that businesses accessing GMCA’s investment funds become supporters of the Greater Manchester Good Employment Charter. This is particularly welcome given that in our original recommendations we highlighted the potential of the Charter as a mechanism for improving leadership and skills utilisation.

Second, we need to think and act local, even if it is in collaboration with central government. The scale of the economic crisis precipitated by COVID-19 is likely to mean that nationally funded interventions are needed for some time. This is especially true in England, since sub-regional authorities have limited fiscal firepower. However, nationally funded action need not mean nationally directed action.

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Localised delivery of business grants and support measures could help ensure that local knowledge is used to steer new investment to good employers in sectors with strong growth potential.

Finally, local government in Greater Manchester should consider how it might use the levers and market power which are at its disposal to drive change. Collectively, the city region's public services spend is circa £22bn a year. This could be better leveraged to achieve greater impact. Membership of Greater Manchester's Good Employment Charter could be more closely tied to public procurement processes, helping to demonstrate the social value being delivered by an organisation. The city-region could also look to strengthen its social value expectations when procuring goods and services, with all contracting authorities adopting principles that place more emphasis on the added social value of a contract in their corporate strategies. This would 'work public pounds harder' and help drive more sustainable business practices.

The big takeaway is that we need to resist the urge to promote recovery at any cost. If the city region is to build back better and for the long term it will need to pursue socially and environmentally sustainable growth, developing new initiatives and accelerating existing programmes, including the Greater Manchester Good Employment Charter and updated social value framework. Out of the horror of the COVID-19 pandemic, policy makers have an even greater responsibility to take the chance to use new tools and to think differently about the future shape of the economy. Greater Manchester is well placed to seize these opportunities and build a strong economy and improved living standards for the future.

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## Henry Overman

### A significant expansion and reshaping of training and skills provision is needed



The pandemic has upended many of our assumptions about the future. But one thing that seems clear is the stark economic impact we're facing. Unemployment has already increased significantly and continues to rise at a worrying pace. We've formally entered recession. And as the furlough winds down, this steady stream of bad news risks turning into a tidal wave.

Piecemeal policy adjustments and wheeling out of old programmes for the newly unemployed will not suffice if we are to tackle this looming challenge; we must significantly expand and reshape training and skills provision for all people of working age. In particular, we must take action to avoid the 'scarring' long-term effects of unemployment for young people. Extended periods of unemployment for young people could have deep impacts not just on their future labour market outcomes, but also on wider issues such as health and quality of life.

Active Labour Market Policies (ALMPs) such as investment in skills, supporting entry into work, subsidised employment opportunities and job search activities will be the key main approaches over the coming months to keep 'scarring' at a minimum. To be successful, policies and programmes will need to be flexibly applied in local contexts. We know ALMPs can have significant positive effects over the medium to long-term, but they need to be implemented effectively to maximise benefits. Greater Manchester and government need to take urgent action together to support people into training and employment in the coming months and years.

Government programmes such as the Kickstart scheme, and employability services to prepare young people for such programmes, will only succeed if there is good take-up from local employers and residents. The city region should call on its existing relationships, knowledge and networks to maximise the reach of these initiatives. In addition, Greater Manchester should think imaginatively about how devolved Adult Education Budgets and other available funds can be used to provide wrap-around support for participants. Just as importantly, local services will need to speak to young people (and those that influence them) at key transition points to stress the importance of being actively engaged in some form of education, training or employment. In particular, the city-region needs to consider what more can be done to increase take up amongst more disadvantaged young people, including financial support, to ensure support reaches those who need it most.

With a colossal challenge on its hands, the city region will need to reach beyond the standard 'labour market toolbox'. While it's important to be led by existing

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evidence, this is a time for measured risks and testing new approaches which will in turn develop our evidence base. For example, Greater Manchester's Fast Track Digital Workforce Fund has partnered employers with training providers to co-design new courses which address their digital skill needs. Greater Manchester's Local Industrial Strategy is even more relevant in this context. New skills and employment activities should be adapted to deliver Greater Manchester's other policy goals to create additional employment and training opportunities for young people. Why not, for example, accelerate Greater Manchester's ambitious plan to achieve carbon neutrality through upskilling and retraining residents for green economy jobs? Or employ recent graduates as teaching assistants to help address the challenges of catch-up for more disadvantaged families? This could be a route to both addressing lost education for young people and of filling labour market gaps for recent graduates who have seen many opportunities vanish practically overnight.

Finally, there has never been a better time to push forward with the development of city-regional education, training and work eco-systems. It is great to see that Further Education and Technical Education are receiving long-overdue and well-deserved attention from the government. There will be serious demands on both in the coming months, so government support will need to be significant and wide-reaching to ensure they have the capacity to deliver. Strengthening and deepening existing partnerships in Greater Manchester should also be a priority.

This is a big and wide-ranging agenda, demanding innovation, pace, and agility, as well as deep partnership working across the work and skills system and between national and local government. The original Prosperity Review recommended a Partnership for Work, Education and Skills to pioneer a distinctive new integrated approach to labour market policy in Greater Manchester. The pandemic threw a spanner in the works. But in recent months schools, colleges, training providers, employers and other partners have needed to work together urgently to mitigate the impacts of a deep recession. Partnership matters more than ever, but it has become far less abstract. We need to continue and deepen real, day-to-day, flexible collaboration between people and organisations. The risk is huge, but so is the opportunity. If the city region gets this right, it could minimise the scarring we so often see in recessions, ensure there are training and job opportunities for young people and respond to the jobs demands of the future.

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## Mariana Mazzucato

### Climate Missions in a COVID-19 world



Global, national and local economies have been thrown a curveball in the shape of COVID-19. The crisis has revealed systemic shortcomings, both in the capacity of states to address the enormous public health emergency; and in the resilience of industry to immediate and sustained disruption. It has also de-blinkered our eyes to the inequality and unsustainability of modern living. Around 22% of the UK population are experiencing the pandemic from a position of poverty. 700,000 children have spent the last six months in homes without a laptop, desktop or tablet computer. Racial inequality has been thrown into sharp relief.

These are interlinked problems and come from long-term economic dysfunction - from the UK economy's characteristics of finance-led and debt-led growth, compounded by austerity and underfunding. The crisis has shown us how unprepared we are, as a national, and as a global, community, to react to a crisis of this scale. Earlier this year, the news media were full of frightening images of overwhelmed firefighters, not overwhelmed health-care providers; we thought this would be the story of 2020. But the climate emergency is still the story of 2020 and the coming century. COVID-19 is a product of environmental degradation, and has been dubbed 'the disease of the anthropocene'. This pandemic, and the recovery we need, give us an opportunity to understand and explore how to do capitalism differently, towards a climate-resilient, long-term, and sustainable economy.

This requires a rethink of what governments are for: rather than simply fixing market failures when they arise, they should move towards actively shaping and creating markets to take on society's most pressing challenges. The green transformation of our economies is not a luxury we cannot afford due to COVID-19, but the only way through the crisis that ensures resilience against future risks of the same size, scale and severity.

Economic growth does not only have a rate, but also a direction: we can design for a recovery to address these upcoming crises head on. 'Build Back Better' and Green Recovery plans are being developed all around the world. My team and I at the University College London, Institute for Innovation and Public Purpose (UCL IIPP), have been advising governments from South Africa to Italy on taking up bold, ambitious, mission-oriented innovation approaches at the heart of a 'just green recovery' that addresses the 'wicked problems' of the green industrial transformation, hysteresis, inequality and healthcare together. Greater Manchester can be proud that the city region is very much at the forefront of this work internationally. For

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the last year, the city region has pioneered a path of structural industrial and social change in its mission-oriented approach to achieve carbon neutrality by 2038 – far sooner than the rest of the UK. This mission forms the heart of Greater Manchester’s Environment Plan, and trailblazing Local Industrial Strategy, and was supported in its development by our mission-oriented innovation team at the Institute. The UK’s COVID-19 lockdown, and the economic activity constraints across the region over the course of spring and summer 2020, acted to illustrate the scale and significance of Greater Manchester’s ambition: the decrease in activity led to a carbon emission reduction level which aligned with the 2038 pathway for the first time - but at the cost of dramatic industrial, social and behavioural shifts.

In the same manner that the European Union’s Next Generation EU recovery package has been developed from the carefully designed elements of its existing Green Deal, Industrial Strategy, and Just Transition Mechanisms, plans of these types should be the ‘compass’ and the ‘motor’ of national, regional and local recovery in the UK. The pandemic throws up immediate needs, but the long-term goals of the city-region also have critical importance. Citizens’ wellbeing must be the first consideration in a public health crisis: and they must be in the climate crisis too. Citizens are a key part of cumulative value creation, and the recovery must not be top-down, but bottom-up, with citizens, trade unions, and community groups brought to the table to co-design plans and activity. In the immediate term, we can expect unemployment to increase over the coming months, and impacts will be unbalanced towards our youngest and oldest workers. The economic shock of the pandemic is likely to fall most heavily on regions already facing disadvantage and industrial decline. The 2038 mission work so far has focused intently on the development of green jobs, industries and partnerships – there are working groups on retrofit, energy, construction, nature restoration and behaviour change communications – and geographically dispersed, high-quality job areas. With supportive public policy, estimates see that green job numbers could grow by 85% to 2030 in the UK. These jobs have co-benefits of decreasing pollution, addressing fuel poverty, improving comfort, and increasing health and wellbeing levels. The attachment of conditionalities to industrial bailouts is no longer a taboo; international experiences from highly dynamic market economies are testament to this, and the business community is rediscovering its merit. At national level, government support for corporations has ranged from direct cash grants and equity stakes, to tax breaks and loans at favourable terms or with a government guarantee. Far from a punitive and dirigiste attempt to put strings on the economy, attaching conditionalities to bailouts is a way to steer financial resources strategically and make sure that they are retained and reinvested within productive business organisations, instead of being distributed and captured by particularistic and speculative interests.

The next year is, of course, still very uncertain. As we have seen in the lack of national conditions on government assistance in multiple countries, there is a risk that readiness and willingness to transition may be overlooked in a misguided vision of COVID-19 and climate change as a zero-sum investment game, in which incumbent (polluting) systems are invested in because they seem like the most straightforward way to re-start the economy. But as we move from response into recovery and renewal, Greater Manchester is in a strong position, as it has already taken steps on its path towards a green transition. By continuing down this path, it can lead the world in showcasing what it means to focus the direction of growth on a more inclusive and sustainable society, with citizens at the centre.

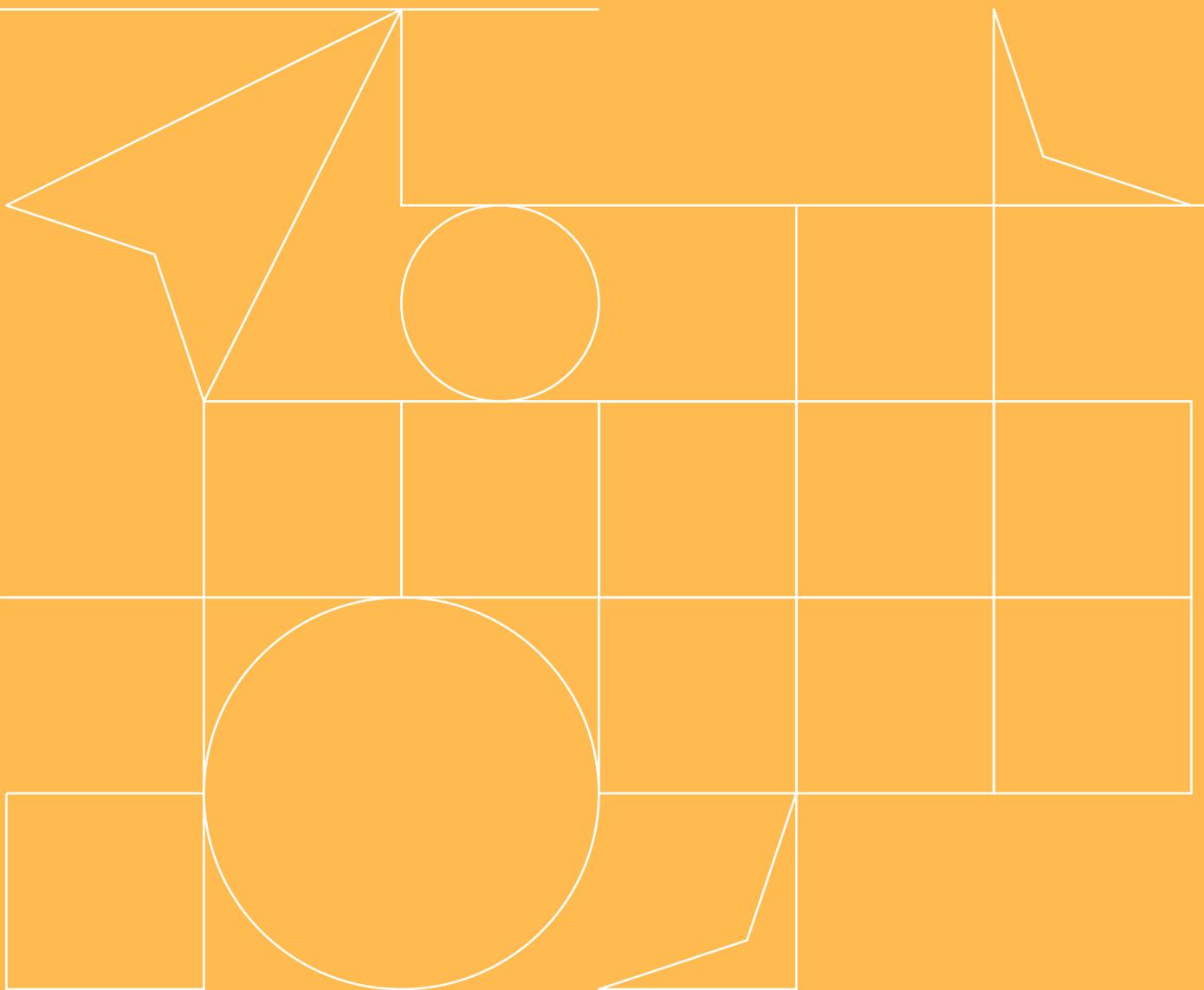


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# 04. CONCLUDING REMARKS FROM OUR CHAIR, DIANE COYLE



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## Diane Coyle, Chair

### Concluding remarks



Greater Manchester faces challenges on an unprecedented scale, as the work involved in this report confirms. As well as the tragic effects of the COVID-19 health crisis, the forced curtailment of much of the city region's economic activity, brought in its train, has had profound economic impacts. In some respects, this document makes for daunting reading, as the pandemic has laid painfully bare some of the frailties and vulnerabilities of the UK's economic model, at least since the financial crisis. What the Reviewers all agreed, however, is that there is potential to take the opportunity of needing to do things significantly differently to 'build back better', and to begin investing in a future far more resilient to the inevitable shocks ahead of us.

This determination to seize the opportunity fits well with the UK government's commitments to 'level up' – within, as well as between different places - and to continue building on the foundations that a more devolved and decentralised approach to evidence-based decision-making have begun to introduce. Levelling up will require investment, along with a greater role for city regions, in improving employment and skills programmes, and in addressing health inequalities; it is not only a question of investment in infrastructure and R&D.

In our collective view, Greater Manchester is the best placed of the combined authority areas to take the next steps on the English devolution journey. The maturity of the relationship between Greater Manchester and national government, evident for more than a decade now, will be key to making a success of this.

Although the present task may be daunting, Greater Manchester is emphatically not working from a blank canvas. The importance of the city region's scale and assets to the challenge of levelling up between northern and southern England has long been demonstrated and recognised. Greater Manchester's potential in this respect underlay many of the recommendations in our original report. So we are pleased to note the progress made through the delivery of programmes identified in the Greater Manchester Local Industrial Strategy, which was signed off with government in 2019. There is potential to go much further, though, especially in terms of planned investments in infrastructure, and in science and R&D. In both cases, government plans to use additional investment to drive employment and growth and to support levelling up align with Greater Manchester's aspirations to make good on the promise of a better-connected Northern Powerhouse; to accelerate the development of a safe, integrated, COVID-19-resistant public transport system serving the whole city region effectively; and to capitalise on the

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regional science base in order to ensure there are genuinely global UK strengths outside the Golden Triangle (London, Oxford, Cambridge).

Building on the established research and institutional strengths in health innovation identified in our previous report would also help address one of the most significant barriers to shared economic prosperity we highlighted: the prevalence of poor physical and mental health within the city region. Health disparities have been, and will continue to be, exacerbated by the impacts of COVID-19. Here, too, we see a compelling argument for building upon Greater Manchester's existing experience in integrating clinical health and social care services to test innovative, alternative approaches to adult social care that are better for the workforces as well as those they care for.

Individual Reviewers have identified a wide range of potential innovations that speak directly to COVID-19-related challenges and the imperative of levelling up within Greater Manchester. These suggest that to address the current challenges, Greater Manchester and national partners need to take an evidence-based approach that is flexible and works across policy silos. Among the most pressing challenges are:

- The urgent need for a plan to mitigate the scarring effects that are likely to result from unemployment and disrupted education and training, particularly for younger people but for older workers too;
- The potential to use the influence and leadership of the public sector to encourage high quality and secure jobs;
- The need for catch-up programmes for children who have lost so much ground in their education, and ensure their mental well-being;
- The importance of new, larger scale, active labour market policies to drive the acquisition of essential skills and aptitudes for work in future;
- The need to encourage better management in the 'long tail' of firms, including those whose sustainability is threatened by this crisis;
- The potential to support a 'greener' recovery and Greater Manchester's mission to achieve carbon neutrality by 2038, which the market alone can never deliver, and is so important for health and well-being as well as to reach Net Zero.

Sustained, practical actions taking forward these priorities would help to start securing the long term vigour and productivity of Greater Manchester's firms and workforce. It will be important to be able to demonstrate that the policy measures taken are having the desired effects. This underlines the imperative to improve the quality, timeliness and reliability of the data enabling everyone involved to understand the nature, direction and scale of economic change and the impact of any interventions. The COVID-19 crisis has illustrated the vital importance of adequate data. When it comes to the selection of indicators that need monitoring, there was consensus amongst the Reviewers that while the reliance placed on GVA and productivity will remain important, these standard measures need to be supplemented by a wider range of indicators that paint a more accurate and timely picture of sustainability, resilience and wellbeing.

All of us agree with Professor Ed Glaeser's crucial observation that now is not the time to lose confidence in the driving role that major city-regions have always played in improving collective prosperity and in leading national recovery from major traumas. We all recognise that there will be people who claim that the aim of levelling up between and within places is a way of avoiding hard choices. But we have two responses. First, there is ample evidence that there are many countries in the world – all of them less centralised than the UK – in which there are far less gaping regional disparities as well as lesser inequalities in income and wealth. It is not unreasonable to think we should try a different approach. Second, as economists, we would never argue that trade-offs are easy or hard choices avoidable; but in the current context it is necessary not to repeat the choices made in the past, and to do things differently for a better future.

