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Geographical thinking

Making the industrial strategy work in Manchester

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An industrial strategy cannot be everything to everyone. At its core, it is a plan that the government uses to focus support on the development of specific industries in the economy. But its success depends on ensuring that the chosen sectors thrive in the right places. The UK economy needs places like Greater Manchester to grow. And places like Manchester need support to grow by becoming more productive, better connected and more attractive to businesses and workers.

The UK's latest industrial strategy identifies eight priority sectors – advanced manufacturing, creative industries, life sciences, clean energy, defence, digital and technologies, professional and business services, and financial services – that offer the highest potential for national growth. It aims to be "unashamedly place-based" by recognising that regional growth is critical to national growth, and signals that government support will be concentrated in areas where clusters already exist or could emerge.

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The strategy recognises Greater Manchester as a key city-region. It promises to move more civil service jobs to Manchester, to improve intra-city connectivity and to relocate the Industrial Strategy Council's headquarters to the city from 2026.

How can the strategy empower city-regions?

Whether the new industrial strategy improves productivity depends on how well its different parts fit together. There is a concern that while the strategy uses place-based language, it remains sector-first in its orientation. In practice, this risks making place an afterthought rather than an organising principle.

Understanding how firms operate shows why place matters. The sectors identified in the strategy benefit from agglomeration. They rely on dense labour markets, shared infrastructure and supply chains, and opportunities for collaborative learning and innovation. These advantages are easier to realise in cities where firms locate near each other and benefit from economies of scale.

But many major cities are home to clusters that cut across multiple sectors. A Centre for Cities briefing finds that around 10% of firms operate across at least two of the strategy's eight sectors. The notion that sectors are distinct and separate is not reflected in how firms behave on the ground, which implies that interventions to support one sector are likely to spill over to others due to co-location and shared inputs.

If sectoral planning happens in silos, it risks missing these interdependencies. What's more, if local economic strategies are too narrowly focused on a handful of sectors, they may miss the bigger opportunity: making the city-region a more productive place to do business across the board.

For example, the BBC's relocation from London to Salford, starting in 2011, triggered a substantial increase in creative industry activity in Greater Manchester. CEP research finds that for every three BBC jobs moved to Salford in 2012, one additional creative job was created; and by 2017, this had risen to one additional job for every two BBC jobs. But there was little impact beyond the creative sector. Adjacent industries such as technology and professional services barely changed, and overall employment in Salford did not rise significantly.

Fixing the foundations of the city economy

Greater Manchester has been relatively successful in shifting employment to tradable services sectors. But despite this transition, corresponding improvements in productivity have not materialised.

The real challenge lies not in which sectors are present in a place, but in how well they perform. This, in turn, depends on the functioning of the wider city economy.

Bridging the productivity gap is about land use, as well as scaling up investment in intra-city transport and addressing housing affordability. These investments, while not sector-specific, are critical to making the region attractive to firms in any of the priority sectors.

To enable this transformation, cities need joined-up investment. This goes beyond headline announcements or one-off projects. It requires coordinated action across transport, housing, skills, digital infrastructure and public services. This means devolving not just responsibility to cities but also control over the tools to get the job done.