

## **Economy Scrutiny Committee**

### **Minutes of the meeting held on Thursday, 25 June 2020**

#### **Present:**

Councillor H Priest (Chair) – in the Chair

Councillors Abdullatif, Green, Hacking, Johns, Noor, Raikes, Shilton Godwin, K Simcock and Stanton

**Also present:** Councillors: Leese and Richards

**Apologies:** Councillor

#### **ESC/20/22 Tribute to former Councillor Sue Murphy**

The Chair paid tribute to the important contribution Sue Murphy had made to the city and to the Council. Members and all those present observed a minute's silence in remembrance of Councillor Sue Murphy.

#### **ESC/20/23 Minutes**

#### **Decision**

To approve the minutes of the meeting held on 5 March 2020 as a correct record.

#### **ESC/20/24 Update on activity under COVID19**

The Committee considered a report of the Deputy Chief Executive and City Treasurer, which set out a summary of the current situation in the city in relation to COVID-19 and an update on the work progressing in Manchester in relation to areas within the remit of the committee.

The main points and themes within the report included: -

- Detailing the overall economic impact of the COVID-19 pandemic both nationally and at a Manchester level;
- Detailing the financial support packages available to residents, workers and businesses in Manchester;
- The impact of the crisis on the various sectors of Manchester's economy and the Councils delivery of Affordable Housing targets in regards to existing and future plans;
- Detailing the consequences of the pandemic on the city's transport and infrastructure ;
- The impact that COVID-19 had already had on the labour market and the unprecedented rise in the number of Manchester working age residents claiming out of work benefits; and
- Recovery planning to support business and sector growth and the response to the rise in unemployment, including a reset of the Our Manchester Strategy.

Some of the key points that arose from the Committee's discussions were:-

- Thanks and appreciation was to be placed on record to all Officers for the work they had undertaken during the crisis and the preparation of recovery and also to all the key workers across the city in coping with unprecedented levels of uncertainty;
- What work was ongoing in securing sources of funding to support the green economy and what success had been made to date;
- How was the UK's exit from the EU impacting on the ability to secure funding for the Green economy;
- What businesses were entitled to a support grant and what additional support where they in need of;
- How was the Council supporting businesses to look at their business models in light of a potential second wave of the pandemic to ensure they are prepared for its impact;
- Who would be part of the business led Sounding Board;
- With the move to more remote working arrangements for businesses, what impact would this have on office accommodation in the city;
- What support would be offered to ensure the viability of businesses within the culture sector as many businesses were Council funded;
- Did businesses across the whole city and across various sectors receive the bulletin about how to access support, guidance and updates during the COVID-19 pandemic or was this just city centre businesses and where there any gaps in sectors;
- How did city centre hospitality venues know what to ask for in terms of the use of outdoor space and did they know how to ask for it from the Council;
- Was there a risk of job losses resulting in the automation of some services as part of the city's economic recovery and what could be done to mitigate this/upskill the workforce;
- How long could the Council continue to provide financial support to businesses before it faced its own difficult financial decisions and what was being done to ensure businesses were not taking advantage of these schemes;
- Was it known what the support proposed by Intermediate Labour Market solutions to support the city's young people and residents consisted of;
- How would social value be brought into play to respond to the socio-economic challenges of COVID-19;
- What intelligence did the Council have on the potential impact of the business model for rents and properties with the possibility of less people working in the city centre and was consideration being given to alternative rental models;
- How was the Council ensuring a more equitable economy was being created as part of the city's economic recovery that addressed the current inequalities that existed in the employment market;
- What lessons had been learnt about which sectors of the economy were more resilient to economic shocks than others;
- More information was requested on the prospective residential retrofit programme and whether this was a programme of work that would be being out forward by the Council to government for appropriate funding to enable delivery;
- Clarity was sought as to who would be involved in the re-set of the Our Manchester Strategy and how this would be undertaken;

- There was concern in relation to the potential increase in the number of commuters that would park in wards that bordered the city centre to then walk to work; and
- Would tranche two of the Active Travel Fund include an increased focus on cycling provision within neighbourhoods as a means of accessing the city centre.

The Director for City Centre Growth and Infrastructure advised that the Sounding Board would be representative of all sectors across the city, including the cultural sector, and would be used to inform thinking of the next phase of recovery. She advised that there was a move to more smaller scale work space offices, however there was still a demand for office space in the city in order to provide appropriate social distancing measures. This intelligence was coming from direct engagement with business and MIDAS.

The Director of Inclusive Economy explained how businesses qualified for eligibility of the Small Business Rate Relief and the Retail, Leisure and Entertainment Grant and the steps that had been taken to take account of those businesses that did not meet the eligibility criteria but still required financial support. She also explained that in terms of the green economy, it had been built into the Council's recovery plans but it was acknowledged that it would need some substantial government investment to deliver the ambitions. The Leader added that the GMCA had written to the Prime Minister setting out a number of economic asks, including investment in the green economy. Similarly through Core Cities, there had been a general ask made to government identifying sectors where substantial investment was needed in order to create a greener future. The Council was also in the process of putting together a list of "ready to go" schemes to submit separately to government. Following a further question, the Leader provided an overview of the types of schemes that were being proposed.

The Head of Planning and Infrastructure explained that the Council had in the past benefited from European funding and it was intended that the government would replace by a prosperity fund however a formal announcement on this was still being awaited. The Strategic Lead Policy and Partnerships commented that a lot of work had been undertaken to support cultural organisations in the city alongside Arts England and a cultural recovery plan was being developed to kick start its recovery.

The Director for City Centre Growth and Infrastructure reported that the Sounding Board would provide data and intelligence around any gaps of support to businesses. It was also reported that Ipsos Mori had been appointed to undertake consultations with businesses within all key sectors in the city to identify any issues. The Council was also talking individually with businesses in the city on the impacts they were facing. All of this would help develop an economic analysis and strategy to support the recovery of the economy.

The Committee was advised that guidance around the ability to relax some of the requirement for businesses to use outdoor spaces had not yet been made available by the government, so in the absence of this, a multi-agency approach had been adopted by the Council to explore the use of outdoor space, with the aim of this

approach to be as flexible as possible, with public safety remaining a priority to enable hospitality businesses to reopen on 4 July 2020.

In terms of the labour market, the technology investment in automation of jobs had not been identified as a consequence of the recovery of the economy, other than the technology needed for businesses to enable their workforce to work from home. What had come to light was digital exclusion and inclusion around lower level learners who had struggled to access online/digital learning.

The Leader assured the Committee that the Council had undertaken proper due diligence when considering all the applications that had been submitted by businesses for grant support. In terms of how long this could last, some funds were revolving which tended to be low equity investment funds which could keep going for a period of time. The support that the Council paid for out of its own revenue budget could only last for a number of months unless substantial additional financial support was provided by government.

The Leader advised that it was expected that people would start using office space differently and there appeared to be continued demand for city centre office space so it wasn't envisaged that there would be detrimental impact on the business model for rents and properties. In terms of inequalities being addressed as part of the recovery phase, he advised that long term structural changes would be required to address these and it was envisaged that through the re-set of the Our Manchester Strategy this would be an area that would be addressed.

The Director of Inclusive Economy provided a brief overview of what Intermediate Labour Market solutions were being considered to support the city's young people and residents. In terms of social value it was reported that young people, over 50's and BAME communities had been worst hit by the impact the pandemic had had on jobs it was these three areas where it was hoped social value within the labour market could meet the needs of these groups.

The Leader advised that the economy of Manchester looked like it was going to be slightly more resilient than other areas of the country in its recovery from the pandemic, in part this was due to its economic divisiveness of the city, with some sectors growing during the pandemic, such as e-commerce.

The Interim Director of Residential Growth and Housing advised that some of the retrofit projects did qualify as programmes of work that would be being put forward by the Council to government for appropriate funding to enable delivery, however he added caution that the scale of retrofit agenda to reach a zero carbon position should not be underestimated and as well as the financial cost to deliver this ambition, there were a number of practical things that needed to be taken into consideration, including the size of the workforce required to deliver this and the technical capacity.

The Leader explained how the Our Manchester Strategy was consulted on when it was first conceptualised and advised that whilst the re-set would be done digitally and include the widest cross section of Manchester organisations and residents so that it reflected something the city as a whole bought into.

Finally, it was commented that the criteria for the next phase of the Active Travel Fund was to ensure Manchester residents were kept healthy and safe and enabled Manchester residents to get back to work whilst delivering a maximum benefit for the whole city.

**Decision**

The Committee note the report.

**ESC/20/25 Overview Report**

The report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment.

**Decision**

The Committee notes the report.