

Manchester City Council Report for Resolution

Report to: Executive - 6 May 2020

Subject: COVID 19 - Forward Recovery Planning

Report of: Deputy Chief Executive and City Treasurer

Summary

The COVID-19 crisis has had a significant impact across the city and the focus to date has been on the immediate coordinated response to support the city during the lockdown period. Although this work will continue for some time, preparations are now underway to manage the phased opening up of the city, and to plan ahead for the longer term challenges that will begin to become clearer as we emerge from the lockdown period.

This forward planning work will focus on planning for the city's recovery including its economy, residents and communities, as well as the impact on the Council including its services and finances.

This work will be undertaken in a way which fully involves all stakeholders in the city in order to develop the best possible forward plans. There is also a need to review the Our Manchester Strategy 2016-2025 which is now half way through its implementation. The Strategy needs to be reset and repositioned to respond to the post COVID-19 challenges the city now faces. The forward planning work seeks to kick-start this reset with a consultation that is firmly rooted in the Our Manchester approach, which addresses the significant challenges but also some of the opportunities over the next five to ten years.

Recommendations

It is recommended that Executive:

1. Note the approach to the forward planning work and the establishment of the COVID-19 Recovery Coordination Group and its terms of reference
 2. Approve the preparatory work required to plan for a formal reset of the Our Manchester Strategy 2016-2025
 3. Notes the work that is taking place through Greater Manchester, the UK Core Cities, and to influence the Government
 4. Receives monthly update reports on this work as a standing item, given the dynamic and rapidly changing nature of the situation.
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The COVID-19 lockdown period has undoubtedly led to an unprecedented reduction in CO2 emissions and a huge improvement in air quality. The challenge for the recovery phase is how to urgently restart the city's economy to protect the income and livelihoods of people whilst striving to capitalise on some of the positive environmental benefits enjoyed during the COVID-19 lockdown period and enable positive behaviour change that endures for the long term.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The recovery work will need to be underpinned by a dynamic Manchester Economic Recovery Plan which will prioritise ensuring businesses are able to continue to operate in the short term and that investment and development can be kickstarted and supported. The longer term vision will be for creating the conditions for high quality investment and development and the development of a more inclusive and resilient economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Re-skilling Manchester's residents to be able to compete in the changed local economy will be a fundamental element of the recovery work. This will include upscaling digital skills and tackling digital isolation, skills for a zero carbon economy and supporting cohorts most impacted by the COVID-19 lockdown such as young people.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Supporting Manchester's residents and communities during the recovery period is one of the recovery workstreams. This work will seek to build resilience as some emergency support begins to be withdrawn and will follow the Our Manchester approach principles
A liveable and low carbon city: a destination of choice to live, visit, work	The COVID-19 lockdown has involved a significant short term reduction in CO2 emissions due to reductions in travel and energy use, but this has been at the expense of the economy. The work will take learning from this period about what elements can be sustained to support the Council's Climate Change Action Plan, through a lower carbon approach to economic growth going forward. The work will also seek to ensure that residential development schemes are restarted to continue to develop high quality residential neighbourhoods.
A connected city: world class infrastructure and connectivity to drive growth	The refresh of the City Centre Transport Strategy will be a key piece of work which will be concluded during the recovery phase. This presents a major opportunity to support continuing modal shift within the city to cycling and walking (active travel) and public transport. Investment in digital infrastructure is also an important

	part of developing a more economically resilient city and is a key element of the Our Manchester Industrial Strategy.
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Contact Officers:

Name: Eddie Smith

Position: Strategic Director, Growth and Development

Telephone: 0161 234 3030

Email: e.smith@manchester.gov.uk

Name: Fiona Worrall

Position: Strategic Director, Neighbourhoods

Telephone: 0161 234 3926

Email: f.worrall@manchester.gov.uk

Name: Janice Gotts

Position: Deputy City Treasurer

Telephone: 0161 234 1017

Email: j.gotts@manchester.gov.uk

Name: James Binks

Position: Director of Policy, Performance and Reform

Telephone: 0161 234 1146

Email: j.binks@manchester.gov.uk

Name: David Houlston

Position: Strategic Lead Policy and Partnerships

Telephone: 0161 234 1541

Email: d.houlston@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Our Manchester Strategy 2016-2025

Our Manchester Industrial Strategy

1.0 Introduction

- 1.1 Planning Ahead is a new workstream to drive the recovery phase of COVID-19, to support Manchester's residents, the economy and businesses, reform the delivery of public services and consider the financial resilience of the Council and how it will need to operate differently, learning the lessons from the pandemic.
- 1.2 This report provides the Executive with an update on the new 'COVID-19 Recovery Coordination Group' and includes its terms of reference in Annex 1. This work recognises that there will be a number of distinct phases to activity including work over the next few weeks during lockdown, the opening up of the city post lockdown, the medium and longer term recovery.
- 1.3 Reviewing the city's overarching long term strategy and narrative via a reset of Our Manchester Strategy will be a crucial part of the forward planning work. Work is currently underway to refresh and revise the Local Plan, the Our Healthier Manchester Locality Plan, and the City Centre Transport Strategy. These policy and strategy documents will also play a key role in shaping the future of the city over the coming years as we respond to the challenges of recovering from the impacts of the pandemic.
- 1.4 This work will be undertaken in a way which fully involves all stakeholders in the city, including our residents, businesses and the voluntary and community and social enterprise sector (VSCE). Only by ensuring that all parts of the city are able to contribute to this work, and be fully involved in responding to the challenges that we are collectively facing will we be able to develop the best solutions for our city in as short a time as possible.

2.0 Background

- 2.1 This report outlines the planning work that is now under way to support the recovery from COVID-19 in Manchester. This work is critical to support Manchester's residents, the economy and businesses during this rapidly changing situation. It will also enable reforms to be made to the delivery of public services across the city, including with key health and care partners, and for the Council to make sustained changes to how it operates internally. The recovery work will also include the financial recovery required for the Council given the very significant impacts that the pandemic has had on the financial position of the Council, as with all other Local Authorities.
- 2.2 Nationally, the Government announcements at the March Budget and subsequently have resulted in a total support package of around £50 billion, more than 2% of GDP. This is a larger package than the Government deployed in the 2008/09 financial crisis. Despite this level of support, the Office for Budget Responsibility predicts an unprecedented national economic contraction of up to 35% in the next quarter of the year, leaving an additional 2 million people unemployed. The National Institute of Economic and Social Research has estimated the total economic effects could be as high as £800 billion nationally over the next ten years.

- 2.3 The economic effects of the health response to the COVID-19 Pandemic in the UK are already dramatic – as they are in affected economies around the world. Early indicators suggest that the ‘sudden stop’ in general economic activity is more severe than during the depths of the 2008 financial crisis. Traditional measures of economic activity are not timely enough to capture these effects. Data on Universal Credit take up, the Purchase Managers’ Index (PMI), a survey measure of company output, and national / local data of high street footfall all point to the economy rapidly stalling. For example, footfall was 90% lower in the city centre for the week commencing 5 April compared to the same week last year, exceeding even the national reduction of 84%. Footfall in Manchester’s district centres has not fallen by as much but was still down by 53%.
- 2.4 The start-point and phasing of the recovery will be influenced by national policy decisions that the Government makes as the health crisis evolves over the coming weeks and months. It is critical that Manchester starts to plan forwards now for the recovery phase at this time of national uncertainty, as well as continuing to deliver the immediate response phase effectively.
- 2.5 This report sets out the key workstreams that need to be progressed in order for the city and the Council to prepare as effectively as possible for the recovery. These workstreams represent a significant portfolio of work. Each workstream will identify short, medium and longer term priority actions.
- 2.6 There are important and multiple inter-dependencies between these workstreams. These will be coordinated through an officer group chaired by the Deputy Chief Executive and City Treasurer, working closely with the Strategic Director of Growth and Development, and the Chief Executive. This group will also coordinate the recovery work alongside the response work that is being led through the Incident Management Team, chaired by the Strategic Director of Neighbourhoods.
- 2.7 Officers and Executive Members are working closely with key partners in the city, with Greater Manchester partners, networks such as Core Cities, and with the national Government to leverage wider support for this work. In terms of the recovery work this includes:
- Government - the Chief Executive is a member of the Local Economic Recovery Group that brings together a number of Government departments and a mix of different local authorities across the country. Manchester has also submitted case studies to the Government of the impact of COVID-19 on residents and on the local authority’s financial position.
 - Core Cities - the Leader of the Council is a member of the Core Cities Cabinet that is developing a plan for economic resilience and recovery.
 - Greater Manchester (GM) - Manchester is represented on the GM Strategic Coordinating Group, Chief Officers Group, as well as groups coordinating the response such as the GM Resilience Forum and GM Economic Resilience Group.

- North West Chief Executives group to coordinate input to the Government on the recovery phase as well as the response.

2.8 The success of the recovery will be significantly influenced by the success of contact tracing and testing. On 23 April, the Government announced that a National Contact Tracing Service (NCTS) would be established, as part of a wider test, trace and track approach, which will be aligned to national and local testing strategies. The Director of Public Health will work closely with the Strategic Director of Neighbourhoods on Manchester's approach to testing and tracing to ensure Manchester's expertise is used effectively.

2.9 There will also be a collaborative approach with GM partners to ensure that the national Public Health England model is co-designed and developed in a way that works for the communities of GM. Further details about testing and contact tracing are set out in the report on the response to COVID-19 that is also on the agenda for this meeting of the Executive.

3.0 Our Manchester Strategy reset process

3.1 The forward planning work will start from the principles of the Our Manchester approach, engaging openly and transparently, using the principles of co-design, with key partners, the public, businesses and the VCSE sector.

3.2 The Our Manchester Strategy was developed through extensive conversations with residents, workers, organisations, businesses and visitors to the city during 2015 and was formally launched in 2016. The Strategy set an ambitious vision for Manchester which is summarised below:

Our vision is for Manchester to be in the top flight of world-cities by 2025, when the city will:

- *have a competitive, dynamic and sustainable economy that draws on our distinctive strengths in science, advanced manufacturing, culture, and creative and digital business – cultivating and encouraging new ideas*
- *possess highly skilled, enterprising and industrious people*
- *be connected, internationally and within the UK*
- *play its full part in limiting the impacts of climate change*
- *be a place where residents from all backgrounds feel safe, can aspire, succeed and live well*
- *be clean, attractive, culturally rich, outward-looking and welcoming.*

3.3 The Strategy is divided into five themes which are; a thriving and sustainable city; a highly skilled city; a progressive and equitable city; a liveable and low carbon city; and a connected city. The implementation of the Strategy is the responsibility of the whole city and is overseen by the Our Manchester Forum which is chaired by the Leader of the Council with annual reporting on progress via the State of the City Report. The Council's Executive Members also provide bi-annual reports on their work to implement the Strategy via relevant Scrutiny Committees.

- 3.4 As with any ten-year vision and strategy, much has changed since the development of the Strategy during 2015. In 2015, the UK was still recovering from the 2008 financial crisis and although the economy was growing and unemployment levels had decreased, labour productivity remained low which resulted in the real wages of many millions of workers being lower than pre-recession levels. There was also an urgent need for investment in key infrastructure and a chronic shortage of new housing supply. The UK Government's austerity programme had been in place for five years and had resulted in significant reductions in public sector expenditure and increases to child poverty and hardship following the Welfare Reform Act 2012.
- 3.5 The global, national and local context in 2020 is now very different. As well as the inevitable economic impact of the COVID-19 pandemic, the need to tackle climate change has become even more urgent and is one of the defining challenges which has implications for the city's economy, transport, energy, buildings and green and blue infrastructure.
- 3.6 A detailed plan and timetable will be developed for the Executive and the Our Manchester Forum to consider which will set out the phased approach to the reset of the Strategy and in particular how to ensure that quality conversations can take place over the coming months which take into account the Government's approach to opening up the economy. It is envisaged that the reset of the Strategy will take six months to complete from the start of engagement to the production of the new draft Strategy, with the final Strategy being approved early in 2021.
- 3.7 There will be opportunities to utilise technology to support conversations and to engage as many people as possible to ensure that they have the opportunity to input into the revised Strategy. This will include an early offer to key stakeholders to submit any initial thoughts.
- 3.8 Alongside this, consideration will be given to how the communication strategy to underpin this work will be complemented by wider engagement with residents and other stakeholders on the work highlighted above on planning for economic recovery. It will also need to be coordinated with other parallel consultation exercises on key strategic policy documents such as the Local Plan, City Centre Transport Strategy and the Clean Air Plan.

4.0 Structure of the workstreams

- 4.1 The workstreams will be grouped into four overarching areas as follows:
- Economy
 - Residents and communities
 - Impact on the Council and other services
 - Public service reform and Health and Social Care integration
 - Financial impact on the Council

- Underpinned by:
 - Evidence base and impact for each of the above workstreams
 - External relationships with a range of key partners
 - Reset of the Our Manchester Strategy

4.2 The proposed terms of reference for the COVID-19 Recovery Coordination Group are appended.

5.0 Economy

5.1 Looking forwards there still remains a great deal of uncertainty on what the detailed exit strategy will be for when the UK will come out of lockdown. A prolonged lockdown would almost certainly wipe out significant numbers of large companies, small and medium sized enterprises (SMEs) along with a generation of new micro businesses, creating a new generation of unemployed people and destroying investor confidence. A phased approach to exiting lockdown will still have broad and deep consequences for our national and regional economies but until we have clarity on what the precise approach is it is difficult to provide any clarity at this juncture on what the economic impacts on the local GM economy will be.

5.2 Various economic scenarios are being considered at this time as to how our national and regional economy will recover, but it is clearly much too early to fully understand the impact of the crisis, to know how the economy will actually recover and which scenarios will prove to be accurate for Manchester, GM and the rest of the UK. Given the severity of the crisis, it is prudent to plan for a recovery period of at least three to five years, and to not expect the economy to bounce back rapidly in a 'V-shape'.

5.3 The recovery work will need to be capable of being adapted to a rapidly changing situation, and to be divided into three clear phases as below. Given the level of uncertainty it is difficult to place specific dates on the timing of these phases.

Phase 1

5.3 National economic policy interventions will clearly continue to evolve in the coming weeks. Further action will almost certainly be needed, supported by another fiscal boost and possibly further monetary action. Within Manchester, our focus in this phase has been and will continue to be on:

- 1) The development of a **dynamic and responsive** Manchester Economic Recovery Plan that:
 - a) can evolve and be tailored to respond appropriately to our economic requirements as the national position on exit from Lockdown becomes clearer, and our understanding of the impacts on the city are better understood. This will require good qualitative information from trusted sources to be gathered as well as tracking a mix of traditional and new economic indicators;

- b) examines the huge impact to the labour market as a result of the economic crisis and articulates responses that are needed. Early consideration of new or expanded Labour Market Interventions needs to be advanced along with discussions with Government in terms of possible funding sources;
 - c) ensures that as many businesses as possible continue to operate safely;
 - d) identifies where resources are needed in order to fill in any gaps left by national programmes that are supporting business recovery. Lobbying to fill gaps needs to be amplified quickly to prevent the extinction of businesses;
 - e) assesses the impact on the visitor economy including the city's culture, leisure, hospitality, events and night time economy offer. Consideration of interventions to support the resilience of those elements of the economy which are likely to be the last to open up due to the challenges associated with social distancing; and
 - f) review existing strategies including the Our Manchester Industrial Strategy, Manchester Family Poverty Strategy, and Manchester Work and Skills Strategy to determine if they are fit for purpose and to determine what new interventions, if any, are needed.
- 2) A focus on the delivery of National Programmes to support Business Recovery ensuring that investment is made quickly, avoiding the possibility of fraudulent payments where possible.
- 3) Sustain confidence in the residential and commercial development market by continuing to encourage pre-planning discussions, progressing planning applications to decision, and concluding the necessary legal arrangements for projects that will drive our growth objectives and have a demonstrable capacity to deliver quickly.
- 4) Reinforce our current approaches to new development in the city to ensure that our existing core messages to investors and developers remain as strong. This will involve maintaining the Council's long held commitment to the quality of design and build of new development, the quality of public realm, spaces and amenity, the creation of place, our commitment to delivering a zero carbon city and our appreciation of the impacts of the new economic landscape on the viability of development. We recognise these commitments will have an impact on development appraisals, for example, in terms of planning gain, where it will be far more likely that any gain would have to be contracted around development outturn rather than captured up front, for example through Section 106 contributions. Maintaining our requirements around the highest quality standards and a zero carbon approach will create long term value, and as such, it will be key to encourage appropriate investment into the city to maintain development momentum. This, in turn, will be critical to sustaining employment in construction and related sectors, and

their supply chains. This is an essential element of effective and sustainable recovery, and will also help bolster our tax base going forwards.

- 5) Continue to plan ahead, ensuring that the new Manchester Local Plan is geared around the new economic reality that emerges post COVID-19, encourage and promote new Strategic Regeneration Frameworks to guide development, and continue to evolve new policy frameworks that support growth in the city, and in particular the city centre, which is the key growth pole and economic driver for the city and the city-region.
 - 6) Start the process of identifying a prioritised set of initiatives that are key to the continued transformation of the city where support from the existing GM Housing Investment Fund, Evergreen 2 or the GM Low Carbon Fund could be readily deployed to ensure delivery is capable of happening. These should be developed around those sectors or sub sectors where we have the potential to be globally distinctive - clean energy, advanced materials and manufacturing, life sciences including bio-markers and genomics, cyber, data technology etc.
- 5.4 Our Economic Recovery Plan should both document the workstreams that centre around the items set out in paragraph 5.3 above, but also put definition on those activities set out in paragraphs 5.5 to 5.14 below. Critical to looking in detail beyond phase one is the Government determining what its detailed plans for exiting from lockdown are; the Government determining what further financial interventions are required in order to support those public services that have been demonstrably impacted by the COVID-19 crisis; what further Government financial support will be made available to underpin the wider economy; and how Government is responding to the Council's key asks. This needs to be considered alongside the Council evaluating the full financial impacts of the crisis, the likely level of Government support for the Council, and what capacity, both human and financial, that the Council can utilise to support economic recovery.

Phase 2

- 5.5 The exit from Lockdown will be phased. Countries that have begun to lift restrictions have announced plans to gradually reopen parts of their economies and it must be deemed likely that the same approach will be taken here. The Government will have to make further decisions on what interventions it will wish to continue with, to support those sectors that will not form part of the earlier phases of release from Lockdown. Our next phase of detailed work should be aimed at covering the following key interventions, and putting significant detail into developing proposals that can either be actions to be further developed or frame actual interventions to be delivered (subject to funding being secured at a national, regional or local level).
- 5.6 Supporting Our Business Base - Many businesses will be saddled with debt and traditional approaches to support and lending may no longer be appropriate. The Banks will have a clearer sight line on this than most - we should be working with them to develop ideas about a sub-regional (or national) platform for recapitalising businesses which, but for the crisis, had

strong market prospects and the potential to generate new local employment opportunities.

- 5.7 Labour Market Interventions - From a Manchester perspective, and from a GM perspective, we will need to give serious consideration to what labour market interventions need to be introduced if the Government does not wish to engage. Some form of localised Intermediate Labour Market (ILM) initiative needs to be considered, targeted at those residents who were disadvantaged in the labour market prior to COVID-19 e.g. NEET young people and over 50s who will now be further disadvantaged. There is a wealth of knowledge and experience to be gleaned from the GM Future Jobs Fund programme and the more recent Manchester City Council My Future ILM, both of which have proved successful in getting residents back into employment.
- 5.8 Skills for Recovery - Following the end of the Government furlough scheme, there is a risk that many Manchester residents will become unemployed and those who work in retail and hospitality are at particular risk. There will need to be an agile and flexible skills offer to retrain those local residents, working with employers where there are job opportunities. At GM level this could be funded by the flexible use of the devolved Adult Education Budget and re-purposing the European Social Fund programmes. Apprentices and apprenticeship providers have fared less well through the COVID-19 crisis than post-16 colleges and their students. Technical skills will be more important than ever and apprentices will need to be prioritised and supported to complete their apprenticeships even where their employer or provider has ceased trading. For employers that pay the apprenticeship levy it may be helpful to advocate with Government that the two-year period for spending the levy is extended to allow for this Covid period, where through no fault of the individuals or employers, apprenticeships could not be progressed.
- 5.9 Promoting Residential and Commercial Development - In terms of new commercial development, there are opportunities that need to be brought forward that should help reposition our economy and be capable of making significant progress in the next five years if prioritised, as set out in 5.3 (4). On residential development, work is underway with Homes England and the Ministry of Housing, Communities and Local Government (MHCLG) on an enabling approach to delivery that recognises the scale of the challenges on the ground to deliver. Further detail on this workstream will emerge when it is clear what the appetite of financial institutions is to support new development, what the potential response from the Government is to supporting new development, and what capacity the Council and the GM Combined Authority has to intervene to support schemes.
- 5.10 Transport and planning - Lockdown has seen a massive reduction in journeys by all modes. Metrolink passengers are around 5% of normal, rail passengers numbers have been similarly affected, and bus passengers are around 15% of normal. Road use has reduced significantly, although car modal share has recently been increasing, largely at the expense of public transport, which is in part due to passengers' fears around COVID-19. The challenge is to restore

confidence in public transport as economic activity picks up if we are to succeed in preventing further increases in modal shift to the car.

- 5.11 The reactivation of the city will require a transport plan to be developed driven by two elements; the need to keep people healthy, and the need to get people back to work. The second of those requires effective mass transit to operate, the first militates against it. Current social distancing rules will make the previous mass use of public transport impossible - for example, transport operators indicate that this could mean as few as 20 people on a standard bus or 15 people on a Pendolino train carriage, which is not financially viable, and will not move enough people.
- 5.12 Work is underway with Transport for Greater Manchester (TfGM) to think through these issues including what measures might support more short journeys being made on foot or bike (including the use of bike hire/loan schemes). We are looking at other interventions that can spread demand, for example changing shift and work patterns, but a solution will almost certainly require some physical interventions which need to be affordable and sustainable in the long-term. Notwithstanding that many people will continue to work from home for some time, in the medium term, to get our economy going again, requires hundreds of thousands of people to get to work, to visit shops, and to once again visit cultural venues, not least in the City Centre, our biggest job generator. As well as getting to these places, at the beginning and end of every journey, people have to be able to walk around freely. To restore the city to economic growth and job creation in a sustainable way, our two biggest transport priorities are therefore solving the safe mass transit conundrum and increasing provision for pedestrians thereby ensuring that people feel safe in returning to work.
- 5.13 Work has been underway for some time to develop a new Local Plan for the city and to refresh the City Centre Transport Strategy. Both documents will be important in setting out a clear policy direction to support a more sustainable and inclusive economy. It will be particularly important that the city has an agreed statutory policy framework to guide development as it recovers from the current crisis, thereby creating a clear vision for the city's future and providing confidence to future investors. Similarly it will be vital that the city has a clear transport strategy to underpin and support its recovery and zero carbon ambition. The need for increased levels of investment in our local transport system that gives people attractive alternatives to car travel, was self-evident prior to the crisis, and will be even more critical as the city aims to rebuild the economy over the coming years.

Phase 3

- 5.14 Many of the interventions that should emerge in the coming months to respond to the economic challenges in front of the city will only start to bear fruit in 2021. The success or failure of these interventions need to be consistently monitored and finessed to ensure that they have the best possible chance of having the desired impacts. The current uncertainties associated with the timings of exiting from Lockdown and, as a result, no clear picture of

the long term damage to the local, regional, national and global economy makes it almost impossible to look further ahead at this juncture with any clear assessment of what actions would need to be promoted.

6.0 Residents and communities

- 6.1 The work will consider how residents and communities across the city are supported as we move out of the current restrictions and importantly, how we continue to best support residents at greater risk through the recovery period. Detailed planning work will set out the three phases of activities for this workstream as with the Economy workstream above, to ensure we move effectively from the response phase into recovery.
- 6.2 Those at greater risk include both residents on the NHS shielded list (currently 12,425 in Manchester), and those with wider risk factors - in terms of poverty & poor economic outcomes, those with social risk factors, those with a wider set of medical issues, and those with a combination of these factors. This includes factors such as social isolation, domestic abuse, benefits claimants, those in insecure, low-paid work, those aged over 70, and those with conditions such as diabetes and dementia.
- 6.3 A working group has been formed with key health and social care partners to bring together data and intelligence to understand which people are at greater risk, to enable intensive support to be targeted effectively during the recovery period as well as the response phase.

Poverty

- 6.4 Despite a period of sustained economic growth prior to COVID-19, Manchester's population remains very deprived in general, with the city ranking 6th most deprived in the 2019 Index of Multiple Deprivation (IMD). This is a small relative improvement from a ranking of 5th in the 2015 IMD. There are large parts of the city - particularly in North and East Manchester - with significant concentrations of deprivation across multiple neighbourhoods. At present, Manchester has a healthy life expectancy of around 56 years for both men and women, at least 7 years below the national level. The city has the highest levels of deaths from diseases considered preventable - cardiovascular, respiratory and strokes - of all 150 top-tier local authorities in England. Over 30,000 residents are out of work and on health benefits. Over 45% of children are growing up in poverty.
- 6.5 Manchester has recently become a 'Marmot city region' and is committed to sustained, joined up action to improve health outcomes through the wider social determinants of health, which make up 80-90% of health outcomes. This requires a joint, holistic response to poverty and population health that is aligned to the review of the Our Healthier Manchester Locality Plan as set out below.

Supporting those people being supported through the Hub and the food response model into the recovery phase

- 6.6 It is likely that the Community Response Hub that has been established to support vulnerable residents will need to remain in place for some time. This is an additional service which will need to be resourced and will be prioritised in the Council's budget reset currently being drawn up. It will also be reflected in the returns to MHCLG which are being made monthly and which set out the financial impact of COVID-19 on the Council's resources.
- 6.7 The food response has now reached over 11,000 residents with approximately three-quarters requiring ongoing support through the COVID-19 crisis. The Council team is working in partnership with 31 food providers to ensure that we build on local provision. However, as demand has grown quickly, New Smithfield Market was set up to add capacity and cover emergency provision. There is a strong correlation between food delivery and levels of family poverty, and residents aged 70 and over. Generous cash donations from businesses in the city through the Lord Mayor's Charity has in the main funded the provision, supplemented by in-kind donations of food, transport and volunteers. The model moved from collection to doorstep and cashless (residents did previously make a financial contribution for some of the provision).
- 6.8 Work on demand reduction has started and we are working with Defra to access priority booking slots with supermarkets for those residents who currently access our food response but who can afford to pay for it. At this stage we are not sure of the scale of this opportunity. This will be complemented by stepping up the Manchester VIP volunteering scheme so that volunteers can be matched to residents who need support to shop at neighbourhood level. In addition, we can start to have more thorough conversations when we call residents who receive the food to check that they don't have other options. This is not likely to be a quick process and demand will continue to grow, if more people lose their jobs and are waiting for up to five weeks to receive their Universal Credit payments. However, the plan is to move back to community food organisations and food banks meeting local need, albeit that they are likely to need to remain at a greater scale and need more funding than prior to COVID-19.

Community resilience and relationships

- 6.9 Residents and communities across the city have responded positively to the requirement to stay at home. However, it is also recognised that it has impacted in different ways and how as a city we move from the current position to some level of relaxation will be a challenge.
- 6.10 The support for communities and different sectors of communities will be different. How the relaxation is managed will be constrained by statutory requirements and guidelines from the Government, but we need the flexibility to interpret this in the most effective way for Manchester, working with our communities. It will be important to work with schools, colleges and youth providers in terms of children and young people. It is clear that many families may well experience unemployment which will create additional pressures.

- 6.11 The teams around the neighbourhoods are well placed to understand the requirements for support at a local level and will build on the work over the last few weeks to ensure the right level of support is provided.
- 6.12 Neighbourhoods teams have been connecting into community groups using digital and online portals. In addition a number of online support groups have emerged which it will be important to retain as part of the support at a local level. The work undertaken to support with digital access will remain an important element of the offer including from the city's libraries as we move forward.

Volunteering

- 6.13 The Our Manchester approach involves increasing independence in our communities and enabling more residents and community groups to do more for themselves. This is an area we have seen significant growth in over the last five years. The development of the Manchester VIP programme has enabled more residents to connect into volunteering opportunities in their local neighbourhood supported by campaigns such as Keep Manchester Tidy. These local networks have continued to operate during this period supporting vulnerable residents in neighbourhoods and where appropriate continuing local activity such as clean-ups in parks and local areas. This will be an area to build on as we move forward.
- 6.14 Volunteering opportunities for residents in the city are currently in place in two main areas. First, through Macc who have around 3,000 people registered to volunteer. Macc are overseeing volunteer requirements from VCSE organisations across the city and matching volunteers to individual organisations. Second, the NHS 'GoodSAM' App is a national initiative that has resulted in around 750,000 people nationally signing up to support the COVID-19 effort. It is currently not known how many of this total are based within Manchester and how many are being used to help support requirements within the NHS.
- 6.15 At a more local level it is recognised that more work is required to connect volunteering opportunities that will start to emerge as the response provided by the Council begins to adapt. This will include supporting tasks such as shopping, delivery of home-schooling materials and book delivery. To support this activity, MCRVIP will be used to offer these type of opportunities to new and existing volunteers on the MCRVIP database (around 7,000). MCRVIP will focus on connecting local people with local opportunities. This will be important to support resilience at a neighbourhood level and provide longer term support for those that may require it. A number of local mutual aid groups have also developed during this period; supporting these groups to help maintain momentum and take ownership of their neighbourhood, connecting them to opportunities such as those presented through campaigns such as Keep Manchester Tidy will also be important.

Social Value and Anchor Institutions

- 6.16 As we emerge from the COVID-19 crisis, it is more important than ever that we build on our strong track record of social value. Prioritising Manchester residents for job, training and education opportunities through our supply chain will be more important than ever, as will supporting our Voluntary, Community and Social Enterprise sector and local business base. The work on expanding our social value to contribute to our low carbon agenda had recently started and should be continued.
- 6.17 As part of the Manchester Family Poverty Strategy, we had started work with anchor institutions and larger businesses in the city to share best practice and promote local employment and spend. Building on the good will and contributions that many have made during this period we should continue this work at pace.

Voluntary, Community and Social Enterprise (VCSE) sector

- 6.18 The work will consider how best to support the VCSE sector through the recovery period, working alongside key partners such as Macc, Young Manchester, We Love Mcr and Manchester Health and Care Commissioning (MHCC). During the response phase, the support has included funding, practical information for organisations and groups, communications, and meetings. There has been a particular growth in online communities that have evolved from grassroots to provide support for people during the crisis.
- 6.19 Going forward, this work will consider our future requirements for supporting the VCSE sector given the particular challenges of the response to COVID-19, and how this impacts on some of our most vulnerable residents and communities.
- 6.20 A VCSE Funding Strategy will be developed jointly with key partners that includes how the sector can adapt and develop in order to be resilient and emerge effectively from the current crisis. This will include the next phase of funding from the Our Manchester Voluntary and Community Sector (OMVCS) Fund beyond the 2020-21 financial year.

Equalities impacts

- 6.21 Throughout the pandemic there have been emerging trends in equality impacts for minority and vulnerable groups internationally and locally. These trends have led to disproportionate and often disadvantageous outcomes for some groups of people, directly related to their health but also related to broader social determinants of equality such as access to information or economic stability. Some of the affected groups include:
- Ethnicity - Black, Asian and minority ethnic (BAME) communities have disproportionately suffered from COVID-19 and are particularly vulnerable to both the health and economic impacts of the pandemic
 - Gender - women are more exposed to COVID-19 through greater presence in health and care occupations, while men have suffered from

a higher death rate; women are at greater risk of domestic violence during lockdown

- Age - older people are more vulnerable to COVID-19, particularly those with serious medical conditions, and have been more affected by the social effects of self-isolating during the response phase
- Disability - those who rely on care and those with serious medical conditions have been particularly affected
- Children with Special Education Needs and Disabilities (SEND) have been particularly affected by schools closing and the difficulties for them receiving the support they need
- LGBT communities are more likely to have poorer health outcomes
- Poverty - as outlined above, the economic impacts of COVID-19 will affect the poorest families hardest, and the clear link between poverty and health conditions mean the virus will also medically affect the poorest disproportionately

6.22 Working with partners, work will be progressed to more fully understand the equality impacts arising from COVID-19 and how adverse impacts can be minimised. Additionally it will consider how equality impact is considered in recovery; the work will be connected to the economic workstream of the recovery given the importance of the economic dimensions of inequality across the city.

7.0 Impact on the Council and Public Services

7.1 Health and Social Care

7.1.1 Health and care leaders will develop a new, refreshed Locality Plan for the city, building on the unique experiences of COVID-19, through the Transformation Accountability Board. This will start from the principles of the existing plan - to improve population health, reduce health inequalities, and develop a clinically and financially sustainable system. It will set out how we move from the incident response phase to recovery and transformation, which manages the profound impact that the pandemic has had on the city and its people. This work will take place during the first phase of the recovery.

7.1.2 The work will seize the opportunities of changes already being made through the response phase, as key partners find new ways to overcome system challenges through collaborative working. Examples of practical ways that health and care has improved for our residents include:

- Integrated discharge planning work has helped to expedite over 350 people out of hospital into care during the COVID-19 period
- Primary Care providing new and improved digital services to patients
- Partners working together to create the Nightingale North West hospital at Manchester Central very quickly
- Greater joint working on the challenges of residential and nursing homes in the social care market
- Daily social care provider health checks and RAG rating systems provided clearer insight into organisational resilience of our providers

- Teams and managers have responded quickly and effectively to the challenges presented by PPE, testing, and contacting citizens remotely for safe and well calls
- Improved decision making between partners through changes to governance and command arrangements

7.1.3 Health and care partners will build on the positive integration that has taken place and sustain as much as possible into the recovery and transformation phases. This workstream will involve close working with Manchester Local Care Organisation and MHCC on the development of an aligned series of recovery plans.

7.2 Public Service Reform: Bringing Services Together for People in Places

7.2.1 Manchester's overall approach to public service reform involves key partners working together effectively in 13 neighbourhoods of the city, which is called 'Bringing Services Together for People in Places' (BST PIP). Each neighbourhood has a core 'Team around the Neighbourhood' of key organisations who work together on shared priorities for the place and the people who live in the place.

7.2.2 The COVID-19 period has enabled the Teams around the Neighbourhood to work together on practical issues that make a real difference for people in those neighbourhoods. This approach has accelerated very significantly during the last month with significant progress reported in all neighbourhoods. This includes targeted work with people at higher risk from COVID-19, support for the food response in neighbourhoods, support for VCSE organisations, and improving communication to communities in neighbourhoods.

7.2.3 The recovery workstream on BST PIP will take the learning from this progress and ensure that key improvements are sustained to become business as usual, taking an Our Manchester approach to how we work with communities. This is cross-cutting work that is also a key part of the residents and communities workstream. Governance for BST PIP will continue to be through a core city wide group of key partners and the Our Manchester Investment Board (OMIB).

7.2.4 An important sub-workstream will look at future demand across the city, particularly for more targeted and intensive services, such as those within Children's Services, Adult Services, Homelessness, and Domestic Abuse. This will include concerns where there are lower levels of demand being reported currently that may hide the 'true' levels of demand. There are also risks that future demand is being 'stored up' and could lead to more widespread and more complex problems down the line, for example where services are currently receiving fewer referrals than expected, or are unable to deliver interventions due to social distancing. This intelligence will directly support the work to support community resilience and service planning.

7.3 How the Council Needs to Change

7.3.1 This workstream will also include the changes that the Council will need to make to how it operates during the recovery period, learning the lessons from the significant progress made over the COVID-19 period. This includes new ways of working, with large-scale home and remote working for thousands of staff, who have quickly adapted to digital tools for running meetings and new ways of working effectively with residents. The Our Transformation portfolio is being reshaped and will now directly support the recovery work, and will report back alongside the Budget refresh in July.

7.3.2 The work will include (not in priority order):

- a) Improved management of data - ensuring there are clear policies for handling, storing and archiving data (including documents and emails) with the appropriate security in place. This is even more important for an organisation that is predominantly working remotely
- b) Continuing to modernise working practices through revised Our Ways of Working (OWOW). This will support continued remote working and during the phased exit from the lock down arrangements. The work will include the roll out of Microsoft 365, video conferencing technology through 365 (Microsoft Teams), a new and easier to use Intranet, roll out of telephony contract with more soft phones and fewer physical handsets, and equipping meeting rooms for video conferencing to enable attendance at virtual meetings. A new feature of the work will be effective social distancing within the office environment during any phased exit from lock down and potentially for a much longer period
- c) More agile and effective decision making and bringing the learning into the development of our accountability framework
- d) Renewed focus on the Resident and Digital Experience Programme which has become more important in recent weeks. Due to the age and fragility of the Council's current CRM and telephony infrastructure, the Council has been unable to retain its full Contact Centre telephone service with the Neighbourhoods, Revenues and Benefits, School Admissions and Elections services moved to email and online only. The work to improve how residents can engage and interact with the Council remains a priority.

7.4 Finance

7.4.1 The COVID-19 pandemic has had a significant effect on the financial position of all Local Authorities. Nationally emergency funding of £3.2 billion has been announced to support Councils through the immediate pressures. This has been made available through two tranches of non-ringfenced grant funding of £1.6bn. The first funding announcement was 20 March and the Council was allocated £18.589 million; the second was announced on 18 April with the individual allocations released on 29 April. Manchester has been allocated £15.167m, taking the total amount of emergency funding available to the Council up to £33.756m.

- 7.4.2 Alongside this funding, £1.3bn has been made available to Clinical Commissioning Groups (CCGs) to enhance the NHS discharge process so patients who no longer need urgent treatment can return home safely and quickly. There is an expectation that where funds are needed for social care costs associated with discharge or to prevent hospital admissions then this should be met from this funding stream. In total there is a £6.6bn funding package in support of Health Services.
- 7.4.3 The current estimate of the financial impact on the Council of the crisis was recently assessed as c£152m, of which £26m related to additional costs (excluding around £3.3m costs which are currently assumed to be funded from the CCG grant) and £126m were as a result of loss of income. It is expected these figures will increase with the extension to the lockdown and as details become clearer regarding further support requirements, particularly for our most vulnerable residents whether in their homes, other accommodation or care settings, together with the impact on businesses and communities.
- 7.4.4 Of the additional costs, 75% relates to adult social care, homelessness and public health and includes the cost of anticipated increases in homecare, additional bank staff and the costs of accommodation. There is also support for the care market. In making the financial assessment the immediate impact is estimated at around six months on average, however, there will be a number of costs which will continue beyond this timeline.
- 7.4.5 Similarly, income losses are expected to continue far beyond the initial crisis and may extend to three to four years before we see a return to previous levels. The income streams affected include business rates, council tax, sales, fees and charges and commercial income. The latter includes income from the airport. The returns from such investments are integral to supporting wider regeneration, including housing, and job creation in the city as well as underpinning the costs to deliver essential services such as Social Care.
- 7.4.6 To put the above into context, the Council's net revenue budget for 2020/21, set in March 2020, is £665.1m. Whilst there is some confidence that there will be financial support for the additional costs in this financial year the main risks are with the ongoing additional costs pressures, including the full year effect costs of adult social care and homelessness support for example, and the material impact on the Council's impact and resource base which is likely to continue for the next 2-3 years at least.
- 7.4.7 As well as the revenue budget, the impact on the Housing Revenue Account (HRA) and its 30 year business plan and planned investments in additional social housing, zero carbon works and the essential repairs and maintenance will need to be considered. Changes to the HRA will affect both revenue and capital investment decisions.
- 7.4.8 The pressures on both expenditure and income are having a significant adverse impact on the Council's cash flow. The Council will need to accelerate additional borrowing to ensure that it remains liquid in what is a very

challenging market environment. Much of this will be required to finance the use of reserves which have previously been “internally borrowed”.

- 7.4.9 Reserves are important to local authorities to manage risk and allow the flow of funds across financial years. Unlike national Government, borrowing money over the medium-term, other than for investment in assets, is not allowed to support the budget position. Local Authorities are statutorily required to balance budgets on an annual basis. Whilst the Council’s position may look healthy with regard to the level of its reserves, not all of this is freely available to support the Council’s financial position arising from the impact of COVID-19.
- 7.4.10 With escalating costs, significant and long term income losses, funding uncertainty and economic challenges it is imperative that the budget position for the Council is reviewed and revised for 2020/21 and beyond. It is proposed that this is undertaken in June to be brought back to the Executive in July 2020. Although there is some government support, the ability to stop some costs and some limited flexibility in the Council’s reserves, there are serious concerns about the ability to deliver a balanced budget over the next 2-3 years. The level of risk is being further assessed for the report in July.
- 7.4.11 The capital budget will also be subject to review and refresh and an update will be reported to the Executive in July 2020. The programme has been affected to varying degrees by the COVID-19 pandemic with some major schemes stalling or slowing, mainly due to social distancing requirements on site, resources being redirected to COVID-19 and supply chain issues. Others may have continued generally in line with expectations, such as highways work. The Town Hall and Factory projects will also be directly affected. These are both on Management Contracts and the impacts on the supply chain capacity, costs and programme are being fully assessed.
- 7.4.12 The Council will work together with key partners in GM and Core Cities, to continue to lobby Government not only for support to address the financial challenges faced but also to recognise that we can play an effective leadership role in the economic recovery of the city and the region.
- 7.4.13 The Spending Review planned for 2020 is currently on hold. The Government has also confirmed that the Review of Relative Needs and Resources (Fair Funding Review) which will determine the funding allocations to individual Local Authorities and 75% business rates retention will no longer be implemented in 2021/22. It is assumed at this stage that the wider changes to the business rates regime, including the business rates will also be postponed. It is important that the Council continues to make representations in these areas to maximise the funding potential for the city, and this work will also form part of the recovery workstream.
- 7.4.14 The Government has confirmed that it will continue to work with councils on the best approach to the next financial year, including how to treat accumulated business rates growth and the approach to the 2021/22 local government finance settlement.

8.0 Conclusion and next steps

8.1 Although the Government have not yet set out detailed plans for the phased opening up of the economy and relaxation of social restrictions, it has set out five conditions that will need to be met before restrictions can be eased:

1. Making sure the NHS can cope
2. A 'sustained and consistent' fall in the daily death rate
3. Rate of infection decreasing to 'manageable levels'
4. Ensuring supply of tests and PPE can meet future demand
5. Being confident any adjustments would not risk a second peak

8.2 The Forward Planning Work set out within this report has identified the key areas of focus over the short and medium term. This work will continue at pace and will need to both respond to the Government's strategy and seek to shape it through direct lobbying, including through GM and the UK Core Cities.

8.3 Detailed scoping of the activities required within each workstream will be undertaken and project teams will be established to support this work which has been made a top priority for the Council. This will include the phasing and timescales for key priorities for each workstream. As set out above, effective engagement with key partners and the public will be key to the overall success of the forward planning work and the re-set of the Our Manchester Strategy.

8.4 Progress updates will be provided to the Executive as a standing item each month, including on the development of key documents such as the Manchester Economic Recovery Plan.

9.0 Recommendations

9.1 The recommendations are set out at the beginning of this report.

ANNEX 1 - TERMS OF REFERENCE

COVID-19 RECOVERY COORDINATION GROUP

Purpose

The COVID-19 Recovery Coordination Group provides officer leadership to the strategic coordination and delivery of Manchester's recovery response to the global COVID-19 pandemic.

Objectives

The COVID-19 Recovery Coordination Group will support the Chief Executive and :

- Provide strategic officer leadership to determine Manchester's recovery response to COVID-19;
- Plays a significant role in ensuring the coordinated delivery of the recovery response, both internally at Manchester City Council and externally throughout the city and city region;
- Influences local, regional and national partners to drive Manchester's recovery; and
- Ensures evidence gathering, analysis and best practice sharing to inform the response methods.

Priorities

The COVID-19 Recovery Coordination Group focuses on the following priority areas:

- *Economic impact, support and recovery* - including stabilisation, stimulation, and development of a more resilient, inclusive and green economy;
- *Support for vulnerable residents* - including addressing family poverty and worklessness;
- *Health and Social Care* - including transformation and integration to a 'new normal', working closely with Manchester Health and Care Commissioning, Manchester Local Care Organisation and other partners and building on the work commissioned by TAB earlier in the year;
- *Relationships* - including with Greater Manchester, Core Cities and international partners;
- *The Council's financial resilience* - both revenue and capital;
- *The Council's transformation* - including the sustainability of new ways of working developed during the response to COVID-19; how the Council may adapt to a phased release (and ramping up) of the lockdown and what this means for service delivery; and
- *Evidence base and analysis* - including closely monitoring impacts and the effectiveness of responses, and informing decision making on the above areas.

Governance

The COVID-19 Recovery Coordination Group will report to SMT and provide regular updates to the Executive Members' group, which meets on a weekly basis and is chaired by the Leader of the Council.

Further accountability and scrutiny arrangements will be determined as the recovery progresses.

Membership

The Group's membership includes (but is not limited to) the following officers:

- Deputy Chief Executive and City Treasurer
- Strategic Director - Growth and Development
- Strategic Director - Neighbourhoods
- Deputy City Treasurer
- Director of Inclusive Economy
- Director of City Centre Growth and Infrastructure
- Director of Policy, Performance and Reform
- Head of Local Planning and Infrastructure
- Strategic Lead - Policy and Partnerships
- Strategic Lead - Business Change

The Group is chaired by the Deputy Chief Executive and City Treasurer. Support is provided by the Director of Policy, Performance and Reform; the Head of Local Planning and Infrastructure; and the Strategic Lead - Policy and Partnerships.

Meetings

The COVID-19 Recovery Coordination Group meets on a weekly basis to coordinate and provide the read across with the work that is being undertaken in the main themes. Meetings take place virtually until such time that meeting in person is possible.

The Group will remain in operation as long as there is a need for a recovery response to COVID-19. Meetings may become less frequent as the recovery progresses.