

Manchester City Council Report for Information

Report to: Economy Scrutiny Committee – 25 June 2020

Subject: Covid-19 - Update

Report of: Director of City Centre Growth & Infrastructure and Director of Inclusive Economy

Summary

In light of the current national and international public health emergency situation, Manchester and Greater Manchester (GM) declared a major Incident on Friday 20 March 2020. This activated the multi agency response arrangements in line with the GM generic response plan and the pandemic flu plan. The Prime Minister's unprecedented announcement at 8.30 pm on Monday 23 March 2020 set out the seriousness of the situation and the expectations of all residents, businesses and public services. Reports to Executive on the 6 May 2020 and on 3 June 2020 set out in detail the Council's response to this crisis. Over the last days and weeks, the lockdown guidance has eased and a number of further specific guidance notes have been received which are informing our actions and response.

This note is intended to provide Scrutiny with a brief summary of the current situation in the city in relation to Covid-19 and the work progressing in Manchester in relation to areas within the remit of this committee. Further detail on specific issues will be available as required.

Recommendation

The Committee is asked to note the report.

Wards Affected: All

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

There has been a positive short-term impact on the city's carbon emissions, as a result of significantly reduced travel during the lockdown period. Short-term changes to the public realm have been brought in to manage social distancing and support business re-opening, which has included a re-balancing of highway, pedestrian and cycling use in some areas.

There are opportunities to accelerate the medium term move towards the low carbon economy through, for example, supporting investment in green technology business opportunities and employment.

However, it should be recognised that ongoing social distancing measures could increase the level of car travel in the short-term, as more people return to work and access leisure opportunities as they are gradually unlocked. Short and longer-term travel patterns will continue to be monitored by TfGM and MCC.

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	This unprecedented national and international crisis impacts on all areas of our city. The 'Our Manchester' approach has underpinned the planning and delivery of our response, working in partnership and identifying innovative ways to continue to deliver services and to establish new services as quickly as possible to support the most vulnerable in our city. A reset of the Our Manchester Strategy is now underway following a meeting of the Our Manchester Forum on 16 June 2020. An extensive engagement exercise will take place to inform a draft document in late 2020 and a final version in February 2021.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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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; Towards a more inclusive economy

1. Introduction and background

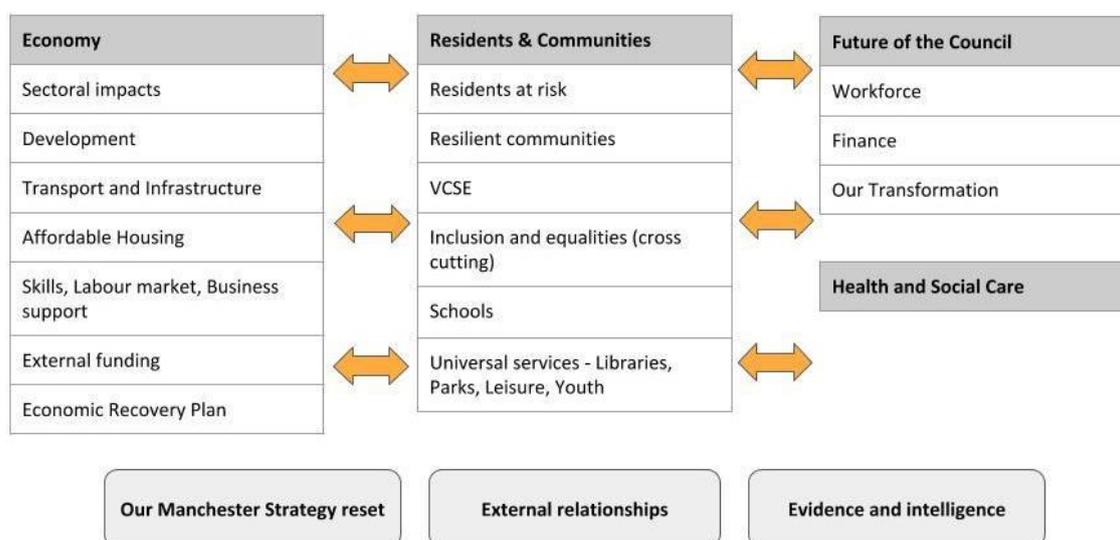
1.1 In light of the current national and international public health emergency situation, Manchester and Greater Manchester (GM) declared a major Incident on Friday 20 March 2020. This activated the multi agency response arrangements in line with the GM generic response plan and the pandemic flu plan. The Prime Minister's unprecedented announcement at 8.30 pm on Monday 23rd March set out the seriousness of the situation and the expectations of all residents, businesses and public services. Over the last days and weeks, the lockdown guidance has eased and a number of further specific guidance notes have been received which are informing our actions and response.

1.2 Four workstreams are being progressed in order for the Council and the city to prepare effectively for the recovery. These are highly interdependent, as illustrated in the diagram below. Each workstream involves a significant portfolio of work, and each is in the process of identifying short, medium and longer term priority actions. The workstreams are:

- Economy
- Residents and Communities
- Impact on the Council / Future Council
- Health and Social Care

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



1.3 This note is intended to provide Economy Scrutiny with an update on the work progressing in Manchester in relation to areas covered within the remit of this Scrutiny committee. Further detail on specific issues can be provided as required.

2. Economic Recovery Phase 1 April- June 2020

Overall Economic Impact

- 2.1 It is now widely recognised that the economic crisis we are facing will lead to the most severe economic disruption experienced in modern times. ONS figures released this week report a contraction of UK productivity by 20.4% in April and a drop in payroll numbers by 600,000 between March and May. The full impact on employment is not expected to be felt until October when the furlough scheme ends. Officers are in regular dialogue with economists who suggest that a full resumption of economic activity is unlikely until a vaccine is available or effective treatment is in place. Forecasts are currently being made on the basis of a vaccine becoming available in July 2021, although this is by no means certain.
- 2.2 The latest KPMG UK Economic Outlook Report for June suggests that a partial recovery may take place from the second half of 2020. However, Quarter 1 next year may see another contraction due to the end of the transition period with the European Union. The forecasts for Manchester's economic performance show a projected reduction in overall productivity of - 7.6% for 2020, followed by an increase of 3.5% in 2021. The report highlights particularly vulnerable sectors such as hospitality, tourism and activity associated with international travel, which will be impacted disproportionately and whose recovery will be more lengthy.
- 2.3 The latest data from the Department for Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC) reveal that:
- Manchester's claimant count for 18-24s stands at 5,620, rising by 60% between March and April 2020.
 - 62,200 Manchester residents are currently furloughed via the Government Coronavirus Job Retention Scheme and 15,900 are receiving self-employment support. Taken together this represents 30% of Manchester's working age population;
 - There has been a 34% increase in Universal Credit claims and an 89% increase in all unemployment related benefits claims between March and May 2020. This increase affects all age groups, but is particularly acute for young people and over 50s;
 - All LSOA areas in the City show an increase in unemployment related benefit but larger increases in areas with high concentrations of Black, Asian and minority ethnic communities including Cheetham, Moss Side, Rusholme & Longsight
 - National decline in the start of 16-18 apprenticeships during April of 74%
 - The number of workers on UK payrolls fell by 612,000 between March and May 2020, a drop of 2.1%.
- 2.4 Data from Labour Insight via Burning Glass Technologies showed that the number of Manchester job vacancies posted online fell from 4,272 during the week of 7 March 2020 to a low of 1,149 on week of 9 May 2020. Recent weeks have shown a slight recovery to 2,027 and 1,606 on 6 June and 13

June 2020. There have been falls in all sectors but health, education and ICT showed a less severe drop.

- 2.5 As mentioned in section 1 above, an Economy Recovery Workstream has been established to lead the work within the city. Full details of the structure of this workstream, and key themes and tasks are set out in Appendix 1 alongside the latest weekly Situation Report at Appendix 2.

Financial Support Packages

- 2.6 The immediate focus on recovery had been to ensure that residents, workers and businesses were able to access financial and other support they required, from the various schemes in place.
- 2.7 The Council's Revenues and Benefits Services has worked closely with other business facing services to maximise the take up of the Small Business Rate Relief and the Retail, Leisure and Entertainment Grant, supported by the Work & Skills, City Centre Growth & Infrastructure and Policy Teams. Businesses have been contacted by letter, phone calls and emails. To date 7,430 grants totalling £92.915 million have been paid, this represents 82.7% of the total expected payments. Significant time is being spent chasing up businesses that have not claimed, as well as time dealing with those businesses that do not meet the criteria and feel that they should get a grant.

	Grants/relief awarded and value	Outstanding on <u>potential</u> eligibility
SBR Grant - £10k	Total 5,675 (83.9%) paid £56.75m	1,086
Retail Leisure and Entertainment (RLE) Grant - £10k/£25k	Total: 1,755 (78.4%) paid 36.165m	469
Extended Retail relief – 100% paid to BRates account	3,918, total £145.5m	Complete
Nursery relief paid to BRates account	77, total £855k	Complete

- 2.8 Despite the establishment of a number of national schemes to support businesses, the Council recognised that there was a gap in support for businesses in shared or co-working spaces where Business Rates are paid as part of the overall package of rent, rates and service charges. Direct lobbying to the Government was undertaken alongside collective lobbying from Greater Manchester and via UK Core Cities. A Discretionary Grant scheme was subsequently agreed and launched on 4 June 2020, receiving 1,261 grant applications by the close on 12 June 2020. These applications are currently being assessed and processed. Officers in the City Centre Growth &

Infrastructure and Work and Skills Teams worked proactively to identify and alert businesses who may be eligible.

Business Support Measures

- 2.9 On 23 April 2020 the City Centre Growth & Infrastructure team launched a weekly bulletin for businesses in Manchester to inform them about how to access support, guidance and updates during the Covid-19 pandemic and subsequent recovery period. The bulletin has been developed through collaborative working and information sharing with other Council services and external partners and agencies, who provide support and advice to businesses across the city. The distribution list for the bulletin has grown on a weekly basis and currently is sent out to approximately 7,500 businesses. The work on the bulletin is also being used to inform the development of a comprehensive central directory of businesses in Manchester.
- 2.10 Officers have been working to support the objective of Manchester being a safe, clean and healthy city both now as lockdown eases and moving forward. Attention has been focussed on the city centre initially via the Day Time and Night Time Economy groups but consideration has also been given to neighbourhoods and district centres. There has been ongoing dialogue with colleagues from GMP, TfGM and through business networks alongside highways, licensing, comms, events and public health amongst others, to understand the challenges faced by the city centre and main retail areas in the district centres, as non-essential businesses start to open and the use of public transport and footfall across the city centre and local centres gradually increases.
- 2.11 All City Council recovery activity is underpinned by the circumstances of COVID-19, and thus the need to assist and advise members of the public in following guidance which prevents spread of infection when leaving lockdown. Efforts have been focused around public reassurance measures including signage, how to keep safe and the use of professional accredited stewards to engage with the public, manage queues and de-escalate as necessary.
- 2.12 The focus now is on managing space safely, and conveying a nuanced message that whilst the city is gradually coming out of lockdown, the risk remains and needs active management. We will be developing a full PR strategy and comms messaging on a range of channels to be implemented over the next six to twelve months, which will encourage people into the city as and when it is safe to do so. This includes the *Welcome Back Manchester* campaign which launched last week.
- 2.13 Many businesses, especially independents and the hospitality sector, are under threat with their previous business models not viable with social distancing. In many cases, their ability to operate will depend on increasing space (or extending hours). The City Council is receiving applications for licenses from numerous premises for use of outdoor space and officers are considering a strategic approach to balance support for businesses but also the importance of maintaining safe pedestrian flows.

- 2.14 It is likely that a national process will be expedited to relax public consultation and planning consent, though no date has been set by the government. In the absence of this, a multi-agency approach has been adopted by the City Council to explore the use of outdoor space. This approach is to be as flexible as possible, with public safety remaining a priority. The approach involves: streamlining the application process for new temporary tables and chairs licences; a review of all existing tables and chairs licences; proactively identifying potential highway measures to make space available ie parking bays, pedestrianised streets; and identifying areas of public realm with potential to be used for licensable activity. Work on a cross service enforcement protocol and communications plan is underway.

Sectoral Impacts & Response

- 2.15 The nature and unprecedented scale of the crisis and the diversity of the City's economy is such that impacts will vary from sector to sector and over time, as the immediate crisis unfolds. How the Council and its partners are equipped with the necessary intelligence base to inform timely decisions will be crucial: the use of in-depth analysis and structured engagements to inform our thinking will be important to define and develop the nature and scale of our interventions, which will continue to evolve over time.
- 2.16 The Council will need to be agile and flexible in responding to the requirements of different components of the city's economy, with a focus on activities that will support sustained growth over time while helping, where it can, to remobilise those sectors that are disproportionately affected.
- 2.17 The current crisis is likely to accelerate some of the impacts and behaviours on certain sectors that were evident prior to lockdown including: demand for different types of office accommodation, with a greater emphasis on workspace as opposed to large floorplate models; a move away from single purpose shopping centres to more local, independent and on-line retail and a requirement for a richness and diversity in the customer experience; a renewed requirement to boost national innovation, research and manufacturing; changes in travel patterns and behaviours; the imaginative re-use of public realm and spaces; the balance between meeting the needs of pedestrians (and social distancing measures) and maintaining highway network functionality; street scene and regulatory management arrangements; better utilisation of digital development to support our communities; how we assist young people of all incomes to be able to live and work in our neighbourhoods and the city centre.
- 2.18 All of the above will play an important role in underpinning our future growth, including supporting the provision of new infrastructure and different residential types and tenures. The Council, with strategic oversight and democratic accountability for the city, needs to address these issues with our stakeholders including business and residents. A programme of transformation is needed, and this will require government, sub-regional structures, the private and third sectors to collaborate and work with the Council to deliver on these priorities.

- 2.19 The government must use its resources, and new fiscal instruments to support place based recovery programmes, on the understanding that cities and their regions are best placed to understand what is required in their localities, and will be central to the recovery process and wider transformation. There have been calls for a national, appropriately-scaled, business re-capitalisation fund to reduce the incidence of debt which will have been intensified by the crisis. This has also encouraged businesses to consider how they could play a fuller part in meeting societal priorities around training and skills, transition to a zero carbon economy and research and development. Core Cities and the GMCA have called for greater devolution around skills and employment support to help people transition from what will be a huge loss of employment. There is also a need to enhance local investment capacity to support transition generally, boost innovation, business formation, and address likely market failure in accessing debt to support the delivery of a variety of commercial developments.
- 2.20 The creation of investment funds will help support our overall economic resilience, accelerate the transition to a low carbon economy, help deliver our residential growth plans which are critical to the city's future economy, and support health innovation and data utilisation to enhance healthcare practices. Opportunities for these proposals could be delivered through existing platforms, for example, the Corridor Lifesciences Enterprise Zone, a location already at the forefront of innovation in many of these fields.
- 2.21 As part of this initial stage of recovery, Council officers have been working closely with representatives from key business sectors in the city, to understand the impact on their businesses and the support required to enable recovery and allow them to take advantage of any opportunities which are emerging.
- 2.22 Regular dialogue is taking place directly with businesses and organisations across all sectors to understand the latest picture including with the Growth Company, Federation of Small Businesses, Manchester Airport, Manchester Digital, MIDAS and Marketing Manchester. Key issues of concern have been raised as part of the Council's lobbying activity. The fallout from Covid-19 has impacted disproportionately with sectors such as retail, hospitality, leisure, tourism, culture, sports, education and aviation all facing significant challenges.
- 2.23 A business-led and managed Sounding Board has now been established in order to support the recovery process. The intention is that this will inform the Council's strategic thinking and lobbying response over the medium to long term. Representatives on the Sounding Board cover all of the city's sectors and will contribute their insights, ideas and solutions on an informal basis.
- 2.24 Work has been commissioned to understand the way in which different sectors are being impacted and are responding to the challenge posed by the pandemic. The intention is to systematically track changes over the coming months in business attitudes and in the responses and decisions they are making in different sectors, so that the Council is informed about the up-to-

date position and is able to take what action is possible to support business during this very challenging period.

2.25 A range of intelligence and insight has been gathered across sectors via direct contact and initial survey work. Some of sectoral headlines on impact and outlook include:

- **Culture-** Council surveys and conversations with over 100 cultural organisations based in Manchester have identified a number at serious risk of closure this financial year, many of which are Council funded. Arts and cultural venues are not likely to be fully open until late Autumn 2020 (some may be unlikely to reopen until 2021) and then only with social distancing measures in place. With the lack of any earned income or sponsorship revenues and with normal grant schemes suspended, a number of individuals and companies in Manchester have secured emergency support from Arts Council England (ACE). Many organisations will face significant financial challenges when the furlough period ends coupled with the lack of an Autumn season.

The Oxford Economics report released this week describes a 'Cultural Catastrophe' where 400,000 (1 in 5) creative jobs could be lost. The UK creative industries are projected to lose £1.4 billion a week in revenue in 2020. The impact will be felt in all parts of the UK, with creative industries projected to be hit twice as hard as the wider economy overall and up to three times as hard regionally. The 2018/19 MCC Cultural Impact Data reported a total number of 2,010 employees, across 1128 full-time equivalent (FTE) roles and total number of 2,112 FTE freelancers. Across the wider creative industries sector, the freelance rate is even higher, with over 80% reported in the film and broadcast industries.

Officers are aware that some companies have already started or are planning to begin redundancy consultation processes. It is envisaged that all companies in performance venues will make redundancies as the furloughing funding tapers and come to an end in October and there is little chance of operating until after Christmas.

- **Commercial-** Initial survey work undertaken by the Council and organisations such as MIDAS suggest that many office based organisations are not planning to return to office locations until September 2020 at the earliest, while a number are reviewing their property plans. This could have a potential impact on the office market in the city centre and other key employment locations, and also on those businesses which depend on office workers as customers. More positively, MIDAS has also reported a strong investment pipeline, particularly for local expansion, and a number of larger projects are now beginning to re-engage in positive discussions. Location consultants consider Manchester to be well placed for 'north shoring' as companies continue to consider establishing regional hubs outside London.

- **Hospitality-** Officers are in regular dialogue with businesses through the Day time and Night time economy groups and are aware of concerns regarding a lack of government guidance on the mooted reopening on 4 July 2020. Many businesses will struggle to meet the July and September rent quarters and raise concerns about viability once they are able to trade.
- **Tourism-** Since the Government's announcement on 24 March 2020 around social distancing and hotel closures, the impact on Manchester's visitor economy has been widespread and catastrophic. The effects of the lockdown are severe and far-reaching on both tourism operators, their employees and the wider supply chain. Marketing Manchester reports that Greater Manchester will suffer an estimated economic impact loss of £4.2bn over the period March- end August. Business conference cancellations reported to MM equate to lost revenue in excess of £5.9m and lost economic impact of £14.2m+. Two key areas of current lobbying relate to guidance around social distancing and quarantine rules. The Manchester Hoteliers Association report that 80% of hotels will not open in July, most are planning to re-open in August or September. A slow second half of the year is expected with anticipated occupancy of 30% (80% normal). A number of initiatives are underway including the #ManchesterMissesYou campaign, the new Recovery campaign (Find Your Space) and the Tourism and Hospitality Talent Hub which offers support to those seeking employment.
- **Retail-** Officers are in regular contact with retailers and retail consultants to understand the latest picture, forecasts and opportunities around online retail. The latest KPMG modelling predicts that in the UK, 25 % of stores will close in the near term. Other uses such as healthcare and education will need to be considered to replace retail activity. The sector is forecast to decline by 3.7 % this year and 2.5 % in 2021. Grocery will see an uplift by 5% over 2020-21, however clothing and footwear will decline by 3 % this year and a further 11% in 2021. Current intelligence points to the continued growth of online retail with a return in popularity to shop local. Regular monitoring of footfall has taken place in both the city centre and in district centres across the city. During the lockdown the reductions in footfall were significant across the city but were generally less pronounced in the local and district centres than in the city centre given the higher proportion of shops selling food and other essential goods. Footfall will continue to be closely monitored as the recovery gets underway.
- **Aviation-** The Council have been engaged with MAG to understand the impact on Manchester Airport. Operations have almost ceased at the airport during lockdown. The latest available data (from the end of May) show passenger numbers down by 99% and cargo tonnage by 89% compared to the same time last year (although cargo has increased slightly at East Midlands and Stansted Airports, which are also part of MAG). However, some flights are due to re-start from this week, and more are planned from July. We are supporting MAG's call for the reconsideration of the quarantine requirement, given its impact, with a

view to limiting the period and extent of the quarantine, and an aviation support strategy to aid recovery. It is also worth noting that the scaling back of operations at the airport will be having an impact on residents in surrounding communities, who are directly or indirectly employed at the airport.

- **Construction and Development-** The existing development pipeline will play a major part in recovery. Council officers have been working closely with developers during lockdown, and into the recovery period, both to ensure ongoing safe working, but also to ensure that developments are in a position to start or re-start as soon as possible. This has included providing guidance; ensuring that the planning service is able to continue to operate virtually; supporting developers to bring forward planning applications; and working with them to identify blockers which need to be resolved (locally or nationally) as part of recovery plans. For example, we understand that there are concerns amongst some of our developer partners that the current economic uncertainty might lead to lower valuations which could impact on the ability to raise finance. Supply chain availability is another area of concern.

Overall, main contractors report onsite productivity between 20-50% and this is expected to ramp up by August to around 80%. (Gardiner & Theobald Market Intelligence). Reduced manufacturing output is causing some material shortages on non-critical projects. Main contractors are considering buying up parts of the supply chain to keep schemes running. New enquiries are falling, but most projects are proceeding through design phases. Section 4 provides some examples of projects which are ready to begin development.

The Council is also continuing to engage with Government directly, and via Greater Manchester and Core Cities group, to lobby for support for the city's economy including funding for 'shovel ready' projects and catalytic projects that can support the city's economic growth, creating significant levels of new jobs and investment, while also meeting our inclusive and zero carbon ambitions as set out in the *Our Manchester Industrial Strategy* and *Climate Change Action Plan 2020-25*. Please also see the investment section below.

- 2.26 This has included responding to a call on 12 June (for return this week) from the Secretary of State for Housing, Communities and Local Government (via GMCA/LEP) for exceptional, shovel-ready capital projects, which can be delivered within 18 months and can drive up economic growth and jobs. The Council and partners have submitted a number of projects, and await the outcome. An indicative figure of £20m has been suggested as being available for each LEP, but this is still to be confirmed, and may vary depending on size of the area.

Affordable Housing

- 2.27 In 2015 the City Council adopted a residential growth target of a minimum of 25,000 homes between April 2015 and March 2025. The September 2019 meeting of the Executive was informed that the forecast residential growth delivery target for new homes in Manchester should be 32,000, an addition of 7,000 homes. The Executive was also informed that at least 20% or a minimum of 6,400 of the projected 32,000 homes would be affordable homes. The actions listed are part of a package of interventions that will accelerate the delivery of the 6,400 affordable homes.
- 2.28 The Council are managing the existing onsite, pipeline and planned development with Registered Providers. An active dialogue is being maintained that ensures that there is an understanding of any COVID-19 related impacts on existing programmes and future plans.

Development includes the following:

- Tenders for Silk Street have been returned, with evaluation scheduled for 19/06/2020.
- Progressing the establishment of a Local delivery vehicle. Approval was given at Executive on 3 June. A detailed work programme is now being developed to accelerate progress.
- Project 500 is progressing, which will deliver 500-600 homes. Sites are being reviewed by the Registered Providers group. Standard documentation is being drafted by MCC legal and development to speed up the disposal process. A dedicated legal team has been established to process land titles as required.
- The Council is entering into a formal agreement with Homes England and signing an MOU to take a partnership approach to accelerated development. We are working towards approval at September Executive to enter into a formal agreement with Homes England.
- Pre-planning consultation on the first phases of Collyhurst redevelopment is being undertaken with local Members, which will deliver 270 homes (including 130 new Council properties). A planning application anticipated in summer, following consultation.
- Prioritisation of land assembly and due diligence to allow acceleration of the build programme.

Transport and Infrastructure

- 2.29 There has also been a major focus on managing the city's emergence from lockdown including creating additional space for pedestrians in areas of high footfall such as the city centre. This work has included widening pavements on key routes including Princess St, the pedestrianisation of Deansgate between Blackfriars and King Street West and working with Transport for Greater Manchester and bus operators to ensure that the city's public transport is safe for workers.

- 2.30 Officers have been working closely with TfGM colleagues to plan for the phased re-opening of the city centre. A TfGM Covid-19 Recovery Survey has been undertaken to understand how travel preferences may change in the coming months. Although this is not based on a representative sample across Greater Manchester, the survey findings from over 14,700 respondents show 43% intention to shop closer to home and a 50% intention to change how people travel to and from work. Further analysis work is being conducted for a more detailed understanding.
- 2.31 Members of the public are being encouraged to find alternative means of travel rather than public transport. A range of road closure and pavement widening schemes are supporting pedestrians being able to maintain social distancing. High footfall pinch spots have been identified and are being addressed. Cycling is also encouraged and the need for additional cycle stands/storage is being considered.

Growth Opportunities

- 2.32 In addition to work on vulnerable sectors outlined above, officers are working with businesses and organisations to identify and accelerate work around growth sectors where Manchester already has expertise. These include sectors such as life sciences, health innovation, advanced manufacturing, clean growth, digital, technology and telecommunications (including cyber, artificial intelligence and medtech). The City Council plays an active role in groups such as the GM Cyber Advisory Group and GAMMA- the Greater Manchester Graphene, Advanced Materials and Manufacturing Alliance (GAMMA), two areas which will be key to future economic activity.

Skills & Labour Market

- 2.33 The figures in 2.3 set out the impact that Covid-19 has already had on the labour market and the unprecedented rise in the number of Manchester working age residents claiming out of work benefits. The rise in claimant count has affected every area of the city but there are more significant concentrations in areas with high numbers of Black, Asian and minority ethnic residents.
- 2.34 The rise in unemployment has also affected every age group but with higher increases experienced by young people and the over 50s. Research by the Resolution Foundation, based on the evidence following the financial crash, shows that young people with lower levels of education achievement (GCSE level & below) could have employment outcomes, as low as 40% three years after leaving education. Nationally, in April there was a decline of 74% in the start of 16-18 year old apprenticeships but worth noting that April traditionally has low levels of apprenticeship starts for this age group and the August /September period is the critical time for apprenticeship starts. Of the circa 19,000 UK domiciled students who will graduate from the University of Manchester and MMU this year, based on our recent graduate retention rate of 51%, we would expect 10,000 to be seeking jobs in the City. Inevitably the lack of graduate jobs will lead to displacement further down the system.

- 2.35 As the Government funded furlough scheme & support for the self employed comes to an end, which taken together currently support 30% of Manchester's working age population, there is a risk of further sharp increases in unemployment. This represents a double challenge of ensuring that there are opportunities & interventions in place to reconnect the newly unemployed back into work but also means that the residents who are furthest from the labour market e.g. long-term unemployed with health conditions, over 50, NEET young people are even less competitive in the labour market.
- 2.36 In terms of response, we have been working with post-16 education & training providers to plan & manage transition for Year 11 students and 66% of this year's cohort have a secure post-16 offer, recorded on the system but in reality the number is likely to be higher. This compares well with previous years. Of the 450 young people identified as high risk of becoming NEET, 300 have a secure offer and there is a programme of planned summer activities to keep them engaged. Post-16 providers are also working intensively with their Year 12s as the transition point to year 13 is a big driver of NEET numbers in the City. NEET figures for May are 6.9% & have not seen a significant change during the COVID-19 period. The GM Colleges Group, which includes the Manchester College, has a guaranteed offer for all 16-18 year olds who need it.
- 2.37 More broadly we are working closely with colleagues in DWP and GMCA on the offer for those on furlough, the newly unemployed and building on the Working Well offer for those who need intensive support. This will involve aligning and flexing AEB & ESF programmes already commissioned at a GM level; ensuring that there is a very good and widely promoted online offer for those who can self-serve, with a top-up of skills and employment support for those who are lower skilled and/or need support to transition to a different sector. There is a need for more work to identify and meet the needs of furloughed workers in sectors where there is the highest risk of them becoming redundant.
- 2.38 We have commissioned THINK to update our labour market intelligence & use the evidence base to develop recommendations for priority labour market interventions where there are gaps in current provision. Some will be interventions that we can /should deliver as a City, some at a GM level and others will be common across all core cities. We are working closely with core cities to position the ask of Government that will be needed to support the interventions.

3. Economic Recovery Phase 2 - July 2020 to March 2021

- 3.1 The next phase of recovery work will be guided by a number of principles and measures, which include:
- Developing measures to support growth as set out in paras 2.13-2.17;
 - Developing our intelligence base, to identify and respond quickly to sectoral dynamics;

- Structured engagement through the various Task Groups to define and develop the nature and scale of our interventions, which will continue to evolve over the coming months;
- Develop our investment capacity to respond to strategic initiatives;
- Developing a more inclusive economy which supports good work, alleviates poverty and promotes equality and diversity;
- Accelerating the city's zero carbon ambitions and facilitating natural recovery;
- Creating an economy which is more resilient to climate change and future economic shocks;
- Improving the built environment of the city including place making, retrofit and delivering affordable housing; and
- Digitisation to stimulate economic growth, capitalise on changes in homeworking, improve infrastructure and address digital exclusion.

3.2 A dynamic Economic Recovery Plan is currently being developed which will set out further details on the proposed priorities and suggested interventions which align to the *Our Manchester Industrial Strategy* themes of People, Place and Prosperity. Work is currently underway, focused around the following areas:

Business & Sector Support

- 3.3 Work has been commissioned from an opinion research company (Ipsos Mori), to carry out a more detailed survey of key sector impact/needs. This is expected to initially be a 3 month piece of work (with further work to be determined), with a stakeholder inception workshop planned for late June.
- 3.4 We will use the intelligence gathered from the survey, together with that from the Business Sounding Board and other networks, business groups and contacts to work with sectors who have the potential to grow and create new employment opportunities. Some larger e-tailer businesses such as Amazon and Boo Hoo have continued to expand and there are opportunities to capitalise on Manchester's strengths in health innovation, bio-science and life sciences. We will develop bespoke approaches for sectors where possible such as the Cultural Recovery plan. We will also continue to lobby the government for packages of bespoke support to enable the recovery and growth of specific sectors.
- 3.5 At the GM level, the LEP Recovery Group has started some work to identify potential short-term early commercial opportunities that contribute towards long-term aims of the GM Local Industrial Strategy. Key themes of green recovery, on-shoring production, and boosting digital infrastructure have been identified as potential thematic focus areas. This work is at a very early stage, with no detail yet available, but we will work with GMCA as the detail emerges.

Investment to Incentivise Growth

- 3.6 Investment, both nationally and locally, to promote economic growth will be crucial to driving the recovery of the city over the medium to long term. The Council are engaged with a GM/LEP Investment Task Force which has been established to look at the opportunities for enhancing local investment capacity and to request from Government significant investment stimulus as part of the July fiscal event, autumn Comprehensive Spending review and ongoing discussions on fiscal devolution and flexibilities. This will include a call for new national programmes to help transition from the impact of the crisis, and flexibilities to enhance existing investment and funding vehicles (including Housing Investment Funding, Evergreen and Low Carbon Fund, Local Growth Fund, Enterprise Zones and retained business rates).
- 3.7 The Panel has identified the following priorities which additional investment capacity should seek to meet:
- Boosting innovation and associated development activity in and around Enterprise Zones (EZ's). Members may be aware that there are currently 2 EZ's in Manchester - one covering the area surrounding the airport, and the other focused on the Oxford Road Corridor;
 - Facilitating the delivery of commercial development;
 - Boosting residential development;
 - A near term "recovery package" through the deliverable elements of the GM transport pipeline;
 - Further development of GM's strengths in digital capability and deployment in place-based transformation of health, economic and social outcomes; and
 - Investment in low carbon initiatives.
- 3.8 The Council is considering its own submission to the July fiscal event, seeking investment in our priority projects, such as Mayfield, Northern Gateway, and North Manchester General Hospital.
- 3.9 Early intelligence from property agents has indicated a continued need for more high quality office space over the medium term, suggesting strong opportunities for commercial development. A number of further phases of commercial development are close to commencing delivery, including at NOMA and First Street, and we will continue to facilitate this development, including identifying potential blockers and solutions.
- 3.10 Developers, for example, at NOMA have indicated that they are using the opportunity to accelerate a step change in environmental design and standards in their commercial developments, to attract investors and occupiers. This can also help the growth of the green technology sector and provide new jobs in this area.
- 3.11 Stimulating residential growth will also both aid economic recovery and help the city to meet our residential growth and affordable housing targets. The largest area of investment that is expected to begin in the next few years will

be Northern Gateway, where the Council has recently received approval for Housing Investment Fund. Development has recently re-started on major schemes, such as Great Jackson Street.

- 3.12 In addition, we will work with Core Cities and GMCA to lobby for a domestic (and potentially commercial) retrofit programme to support new employment opportunities, address climate change, reduce fuel poverty and improve health. We will also look for opportunities to make direct representation to the Government on this activity.
- 3.13 The Covid-19 pandemic has made more apparent the need for new digital infrastructure - we will explore opportunities to attract new investment into the city's digital infrastructure including full fibre to premises and 5G.

Labour Market, Skills & Social Value

- 3.14 A major part of the next phase will be the response to the rise in unemployment, as referred to in section 2 above. The end of furlough period creates a risk that this will rise further if a significant number of businesses either fail or reduce staffing.
- 3.15 This will include activities in the following areas:
 - Labour Market Interventions building on the recommendations from the commissioned work, we will work with partners on delivering interventions to reconnect residents to new employment opportunities; upskill residents who may need to work in a different sector; & work closely with businesses which have the capacity to recruit including apprentices. Intermediate Labour Market solutions are being considered to support the city's young people & residents who need additional support;
 - Social Value - scaling up the use of social value across the city to respond to the socio-economic challenges of Covid-19; and
 - Re-skilling the population - to ensure that the skills system can respond with a focus on affected cohorts including young people, over 50's, women, and Black and Minority Ethnic communities.

4. Cross Cutting Themes

Our Manchester Strategy Reset

- 4.1 There is a need to review and reset the Our Manchester Strategy 2016-2025, to respond to the post-Covid-19 challenges the city now faces. The forward planning work will start this reset with a consultation that is firmly rooted in the Our Manchester approach, addressing the significant challenges but also some of the opportunities over the next five years. This work will be led by the Our Manchester Forum and will conclude in February 2021.
- 4.2 The global, national and local context in 2020 is very different to that in 2015-2016 when the strategy was developed. As well as the highly uncertain

impacts of the Covid-19 pandemic, the need to tackle climate change has become even more urgent and is one of the defining challenges for the city's economy, transport, energy, buildings, and green and blue infrastructure.

5. Conclusion

- 5.1 The Committee are invited to comment on the themes outlined in this report, the workstream structure included in Appendix 1, and the sitrep report at Appendix 2.