

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 21 July 2020

Subject: Update on COVID-19 Activity

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides Scrutiny Committee Members with a further update summary of the current situation in the city in relation to COVID-19 and an update on the work progressing in Manchester in relation to areas within the remit of this committee. Further detail on specific issues will be available as required.

Recommendations

The Committee is requested to note the update.

Wards Affected: All Wards

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

Our 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 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	

Contact Officers:

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Background documents (available for public inspection):

Not Applicable

Covid-19 Sit-rep

Workstream: Future Council Recovery

Date: 21 July 2020

For: Resources and Governance Scrutiny

Workstream	Issues and challenges	Key planning and recovery activities
<p>Phased Return/Future Workforce</p>	<p>Some staff returning to work as restrictions ease</p> <p>Understanding how staff feel about working arrangements and would like to work in the future</p> <p>Developing future ways of working based on increased flexibility, reducing our corporate state and embedding high performance</p>	<p>Work to Risk Assess all of our buildings to ensure they are Covid Safe is now well underway and all our main sites have now been assessed.</p> <p>A number of services which had been reduced or stood down as a result of lockdown have now successfully reopened most notably Libraries and Markets with over 300 staff having returned to onsite working.</p> <p>Risk assessments of all vulnerable staff is also underway, including our Black, Asian and Ethnic Minority staff and those previously classed as vulnerable. Staff who fall into the Shield/extremely vulnerable category will be risk assessed over the coming weeks but only return to the workplace if necessary/safe and in line with the timeframes set by the government.</p> <p>Proposals have been drafted on our future ways of working which will enable our workforce to work much more flexibly, many using their home (with appropriate kit) as their base for the majority of time. This will enable a rationalisation of office accommodation and build on the learning from C-19. The work has been informed by feedback in the staff survey and engagement events and is being supported by development of clear guidelines to ensure effective support and performance management.</p> <p>An all staff survey has been carried out, very broadly most people who are currently working from home will be content to work in a more mixed way (home and workplace) going forward.</p>

		<p>Ensure future operating models are Data Protection Act compliant including how our workforce access and use personal data, recognising that lockdown has required some exceptions to standard practice</p>
<p>Our Transformation</p>	<p>Our Transformation pre-dates the covid-19 response and has been rescoped to ensure it supports delivery of our wider Future Council objectives, and enables us to respond at pace to the unprecedented change in our ways of working, as well as to plan longer term.</p>	<p>Draft milestone plans are now in place for all programmes/projects within Our Transformation ensuring understanding of dependencies between projects and critical path. Add link.</p> <p>Further detail on the digital enablers is outlined below. Adoption, change and communication work is also underway. 246 champions have been recruited from across the organisation to support user acceptance testing for the new intranet which is due to commence in July, before moving onto supporting roll-out of Microsoft 365.</p> <p>Heads of Service have been surveyed on Microsoft 365 'readiness' and to build our understanding of how services interact with Google currently to ensure roll-out is as non-disruptive as possible. The survey closes on 10th July with 89 responses at time of writing. This information will be invaluable for supporting effective roll-out. Roll-out is being tested first in ICT in July which will inform how this can be managed effectively remotely and inform the final migration plan. Specific arrangements will be put in place to support members.</p> <p>The work of the Information Governance and Data Management workstream has also been expedited and is aligned to the roll-out of Microsoft 365 and will introduce new email and document management rules and policies ahead of roll-out.</p> <p>The Strengthening Accountability and Processes programme is continuing with review the constitution, HR & OD processes and Finance/Procurement processes underway. Learning from covid-19 the first</p>

		<p>stage review of the constitution has been completed, proposals for streamlined recruitment processes are being finalised and finance and procurement are now being considered. The guidance on the intranet will also be more accessible and intuitive, ensuring staff feel supported.</p> <p>Work is also progressing within the Resident and Business Digital Experience Programme on the Customer Contact Centre, with initial proposals developed with libraries for the Customer Contact Centre offer. The programme is out to market for the consultancy support for the wider organisational and outward facing work on improving our digital access to services. The website support contract extension is being finalised. The CivicaPay (income management solution) workstreams are progressing well, with the work on PARIS complete. By 20th July all customer contact lines will be managed via the new telephony solution with further roll-out planned.</p> <p>Aligned to the budget work as described below, work is near completion on the updated Corporate Plan for 2020-21 for July (and associated Council Business Plan) including an activity by activity review to understand work that has paused, continues or has accelerated. The more fundamental reset of both documents to be aligned to the MTFS and the delivery of the reset Our Manchester Strategy in 2021.</p>
<p>ICT</p>	<p>Current ICT Position:</p> <ul style="list-style-type: none"> ● 5200 staff working remotely with c. 150 remote telephony users ● 200 new machines a month being rolled out ● Part way through data centre migration ● Focused on ten key projects 	<p>Work underway:</p> <p>Programme of work underway (different stages of procurement through to roll out) to support the new ways of working aligned to OWOW inc infrastructure and capacity, end user device and telephony</p> <ul style="list-style-type: none"> ● Additional remote access capacity being prepared as an interim step, in the new data centre, with longer term solution later in the year. Initial work complete allowing computers in Libraries (but not netflix, amazon prime etc) security updates to staff machines, and additional

	<p>Challenges:</p> <ul style="list-style-type: none"> • Infrastructure at capacity • Balance between additional services that need bringing online including contact centre telephony and public computer access in Libraries, and not putting at risk current live services • Capacity in key areas (servers and networks) is a particular issue. 	<p>capacity for staff for neighbourhoods lines to be used by homeworkers.</p> <ul style="list-style-type: none"> • Complete move out of old data centre (September) • Migration planning for move to Office 365 having to be done more slowly due to remote access capacity, and maintaining usability, rollout plan being prepared for SMT (July) • There is a second embryonic programme of work looking at the technology to underpin the future council including replacement SAP with modern and cost effective systems, along with greater integration between systems that is currently being developed and consulted on. This will enable a much greater automation of processes than possible at present. Along with a review of facilities within offices to support video conferencing and collaboration. 														
<p>Finance and Budget</p>	<p>Impact of COVID-19 based on June return to MHCLG</p> <ul style="list-style-type: none"> • £31.7m in costs (Council only inc £0.4m in 2019/20) • £134.5m income loss (Council only) • Further £2m adverse impact on HRA <p>Effect on the budget - due to lagging on airport dividend and any loss/surplus on collection fund affecting the following year:</p> <ul style="list-style-type: none"> • £31m in 2020/21 (inc tranche 1 and 2 general COVID-19 grant funding of £33m); £162m in 2021/22. This is pre July announcements. 	<p>Government Support - To date Government financial support to Councils, for which allocations have been announced is as follows:</p> <table border="1" data-bbox="1070 823 2040 1362"> <thead> <tr> <th data-bbox="1070 823 1825 938">Funding Source</th> <th data-bbox="1825 823 2040 938">Manchester City Council £000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1070 938 1825 1018">COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first allocation</td> <td data-bbox="1825 938 2040 1018">18,589</td> </tr> <tr> <td data-bbox="1070 1018 1825 1098">COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second allocation</td> <td data-bbox="1825 1018 2040 1098">15,167</td> </tr> <tr> <td data-bbox="1070 1098 1825 1134">Council Tax Hardship Fund (£500m nationally)</td> <td data-bbox="1825 1098 2040 1134">7,458</td> </tr> <tr> <td data-bbox="1070 1134 1825 1209">Emergency Support for Rough Sleepers (£3.2m nationally)</td> <td data-bbox="1825 1134 2040 1209">68</td> </tr> <tr> <td data-bbox="1070 1209 1825 1289">Care Home Infection Control Fund (£600m nationally)</td> <td data-bbox="1825 1209 2040 1289">3,342</td> </tr> <tr> <td data-bbox="1070 1289 1825 1362">Reopening High Streets Safely Fund (£50m nationally)</td> <td data-bbox="1825 1289 2040 1362">489</td> </tr> </tbody> </table>	Funding Source	Manchester City Council £000	COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first allocation	18,589	COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second allocation	15,167	Council Tax Hardship Fund (£500m nationally)	7,458	Emergency Support for Rough Sleepers (£3.2m nationally)	68	Care Home Infection Control Fund (£600m nationally)	3,342	Reopening High Streets Safely Fund (£50m nationally)	489
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2020/21 - Period 2 monitoring, pre 2nd July funding announcements, is an overspend of c£12.6m. It is estimated that the Government funding announced on 2 July will help to offset this in the main, but confirmation is awaited on the methodology and allocations.

Challenges

- Uncertainty of funding from Government, immediate and longer term
- Infection rates and risk of further lockdowns

Current Assumptions

- Assumes that the lockdown has ended at 31 July and that there is a return to pre COVID-19 position with regard to access to services etc
- Does not assume there is any 'second spike' in infection rates
- Number of assumptions regarding impact based on the best information available at the time, including announcements of changes to lockdown restrictions, social distancing requirements and

Track and trace (£300m nationally)	4,837
Local Welfare Assistance Fund (£63m nationally)	956
New Burdens Funding for Business Rates Support	225
<u>Support for Businesses</u>	
Expanded Retail Discount 2020/21(excludes 1% for Fire Authorities)	138,477
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032
Local Authority Discretionary Grants Fund	5,432

- Further funding announcements for which individual Council allocations are awaited:
 - 24 June, **homelessness and support to rough sleepers** (£105m nationally). This is intended to be used to support rough sleepers and those at risk of homelessness into tenancies of their own, including through help with deposits for accommodation and securing alternative rooms for rent.
 - 24 June - **substance misuse issues** (£16 million nationally) - so that vulnerable people currently in emergency accommodation can access specialist help needed for. This has already been announced but has been brought forward due to the pandemic.
 - 2 July - **Further general COVID grant** (£500m nationally) - tranche 3. The individual Council allocation is yet to be confirmed.
 - 2 July - Some **support for income loss** - this will not cover all income losses. Relates only to sales, fees and charges (does not cover rents). Support will be for income losses above 5% of planned income for sales, fees and charges; funding will be 75p for each £1 lost. Returns are to be signed off by the Council's S151 Officer. Further detail awaited.

	<p>other requirements of Local Government inc Population Health to support businesses, residents and the wider control and monitoring of the pandemic.</p> <ul style="list-style-type: none">● Prioritisation of constrained resources eg support for capital schemes	<p>There currently remains a financial gap in the longer term. Government will consider 2021/22 as part of the Spending Review.</p> <p>Recovery Process</p> <p><u>Revenue Budget</u></p> <p>All Directorates have undertaken a review of their revenue budget and have identified immediate cost reductions/efficiencies and indicating whether these will be 2020/21 in-year only or impact into 2021/22. This has been confirmed as part of P2 monitoring, but it is acknowledged that all forecasts will be subject to further Government announcements and a continuing analysis of costs and income losses.</p> <p>Work has commenced to review 2021/22 and beyond to identify the approach.</p> <p><i>Contract Reviews</i> - pipeline of contracts for review over the next 2 years drawn up to identify opportunities to redesign/retender and to align to any savings proposals. Work ongoing.</p> <p>Certainty of funding for the 2021/22 budget setting will be dependent on the outcome of the Spending Review (expected around October/November) and the Finance Settlement (expected December).</p> <p><u>Capital Programme</u></p> <p>Full review of capital programme and pipeline proposals undertaken and aligned to corporate and recovery plans. RAG rated and consideration given to the stage that current projects are at in their development. Indicate where projects are “shovel ready” and could complete in the next 1 to 2 years.</p>
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		<p>Full assessment of investment benefits being drawn up, including focus on revenue generating capability - ie business rates, council tax, savings, rental income etc.</p> <p>Key next steps are to agree the future investment priorities and to determine the budgets and timelines for these, which can then be built into the capital programme planning. This will indicate whether a further review of the existing approved programme is required, to make the capital programme affordable in the short to medium term.</p> <p>Continuing focus on looking at alternative delivery methods/funding arrangements to offset the risk and costs against council budgets.</p> <p>Update to 29 July Executive</p> <p>There will be continued work with Core Cities and GM regarding position and presenting the case to the Government for further funding and flexibilities.</p> <p>Budget Strategy Timeline</p> <p>Strand 1 - Budget Update 2020/21</p> <p>Strand 2 - Budget Reset 2021/22 - MCC/MHCC/MLCO</p> <p>Relevant Key Dates (work to align to MHCC/MLCO timelines and approvals):</p> <ul style="list-style-type: none">● 29 July: Budget Monitoring 2020/21 to Executive; Update of Capital Programme to Executive● July - Autumn: Continuing work on any further corrective actions for 2020/21, and research, analysis and option generation for 2021/22 and beyond to 2024/25; continuing representations to Government● Autumn-December: Government's Spending Review expected, followed by the 2021/22 settlement to inform the Council's 2021/22 budget setting. No final decisions or announcements about the
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		<p>2021/22 budget until greater certainty on funding for next year and future years</p> <ul style="list-style-type: none">● January-March 2021: Council Budget (and precept) setting process. <p>Revenues and Benefits</p> <p>Support for businesses up to 12 July is covered in Appendix 1 below</p> <p>Restarting Council Tax and Business Rates Recovery</p> <p>No recovery action (reminders, summons etc) has been taken for unpaid Council Tax or Business Rates since 1 April 2020 due to the impact of Covid 19 and the lockdown.</p> <p>Council Tax Recovery action will start from the last week in July with a pre-reminder contact to all those residents that are more than one month in arrears with the 20/21 Council Tax (approximately 27,000 accounts out of the 225,000 accounts in the city.</p> <p>There is a piece of work ongoing to ensure that Council Tax Support (CTS) claims are made, discretionary support is awarded where appropriate and that costs are reviewed for CTS claimants with small CTS balances where a liability order is still required to support collection from benefits. The Council's CTS scheme allows CTS claims to be backdated 6 months- this will support residents whose first contact will be when they receive a reminder.</p> <p>Business Rates recovery will start in August, this is based on:</p> <ul style="list-style-type: none">● The majority of businesses will have reopened and cash flow will have improved● Urgent changes and correspondence in the business rates teams
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trays will be under control.

- Virtually all grants will have been issued and banked.

Council Tax

- The Council has offered a re-profiling of Council Tax payments from 12 monthly instalments to 9 monthly instalments from July.
- At the end of June, the in year collection rate was 24.11%, 1.24% down compared to the end of June last year, or £2.2 million after allowing for the Council Tax increase. Arrears collection was £700k down.
- Hardship Grant of £150 paid to 37,643 residents, 36,440 single and 1,203 joint tenants
- Of the single people, 23,446 do not have to pay anything this year.
- £5.58 million has now been awarded with hardship funds set aside for future claims and as hardship cases are identified via the recovery process.
- The Council is participating in a trial run by the Money Advice and Pensions Service which increases the availability of independent debt advice available to residents.

Business Rates

- The Council has now granted 3,957 100% Expanded Retail Reliefs leaving these companies with no Business Rates to pay for 2020/21. This has reduced the total net debit from £376,402,291 on 30 June 2019 to £244,445,538 on 30 June 2020.
- 3,957 represents 14.6% of all hereditaments and, along with Small Business Rates Relief, means that around 42% of businesses in Manchester will have nothing to pay for 2020/21.
- At the end of June, the in year collection rate was 19.98%, 9.73%

down compared to the end of June last year. This has been distorted by the absence of direct debits for 7 weeks, but these have restarted at a significantly reduced level compared to last year.

- There is a significant amount of 'normal' billing and collection work that needs to be worked through. We need to get this under control before we start formal recovery action.

Hardship Fund summary and next steps

The total amount we received for the Hardship Fund was £7,458,231. Total estimated spend for CTS cases is £6,177,933 (estimated as spend on this will grow as claims are made through the year). This leaves £1,280,298 for other priorities.

The following has already been spent or allocated

- £200k Food response
- £100k digital exclusion
- £100k additional WPS spend (scope extended)
- £100k carers grants £200k DCTP (this will be used when we start Ctax recovery)

Although the Council paid out £241,740 paid out for FSMs via Welfare Provision Scheme - this will be recovered from schools who will have had funding for this via school budgets, this covers payments for 6,161 children (this includes the Easter holidays that we can also claim back as schools were funded).

This leaves £580,000 as contingency for the priorities of emergency food provision, digital exclusion support activity, impact of Council Tax recovery and awards to carers. It is prudent to hold these funds as contingency to be

		able to mitigate the risk later on in the year of potential urgent and essential spend in these areas. A full review of activity against this budget will take place in September.
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Appendix 1: Support for businesses up to 12 July

1. Grants paid to 12 July

Grant Description	In scope*	In scope	Total award to date**		
	Count	£	Count	£	% Restated
Small Business Support £10k	6,761	67,610,000	5,924	59,240,000	87.62%
Retail Hosp & Leisure support £10k	916	9,160,000	555	5,550,000	60.59%
Retail Hosp & Leisure support £25k	1,308	32,700,000	1,308	32,700,000	100.00%
Total	8,985	109,470,000	7,787	97,490,000	86.67%

* the State Aid adjustment has been amended to align with the level of grants awarded to date.

** Adjusted to include pending payments and exclude payments made in error / duplicate as per guidance - the Council will seek fully to recover these.

2. Relief awarded to date

	Period to 12 July 2020		
Extended Retail Relief data collection	Retail Relief	Nursery	Total
Latest number of hereditaments eligible for the relief	4,351	91	4,442
Latest estimate of the value on eligible hereditaments	144,422,980	1,048,600	145,471,580
Number of eligible hereditaments where bills have been issued with 100% relief	4,351	91	4,442
Value of relief billed to date	144,422,980	1,048,600	145,471,580
For hereditaments identified as eligible but not yet billed with relief, number for which payment is still being taken for 2020/21	0	0	0
Comments on above figures	Eligible properties have been identified and re-billed accordingly.		
Relief awarded %	100.00%	100.00%	100.00%

3. Local Authority Discretionary Grant Fund awarded to 12 July

Questions	To 12 July 2020	Total
Start Date (application window open)	27-May-20	27-May-20
End Date (application window closed)	10-Jun-20	10-Jun-20
Progress of applications (drop down selection)		
- Applications process yet to open	N/a	N/a
- Applications window still open	N/a	N/a
- Applications in assessment	17	17
- Applications pending approval	61	61
- Applications awaiting payment	0	0
- All payments made	111	896
Total number of applications received	1,258	1,258
No grants paid in week at £25k		
No grants paid in week at £10k	8	50
No grants paid in week less than £10k	103*	846
Value of grants paid in week (£)	585,000	4,687,500
Comments	Below	

* Adjusted down for 2 x £5k grants paid in error

Comments: Of the 1,258 applications received, the Council has determined that 976 are in scope for LADGF. To 12 July 896 grants have been allocated (92%). The Council is working to progress payments and request further information from applicants where appropriate.