Treasury Committee call for evidence: Economic impact of coronavirus

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KEY MESSAGES

- Greater Manchester **is the most economically diverse city-region** in the UK. This promotes resilience, but also exposes the city-region to Covid-19 impacts across all sectors. **Greater Manchester's economy could be over a third smaller** in the second quarter of 2020.
- We have worked closely with the Government on its response to the economic impacts of Covid-19. However, there are a number of **areas where a more decentralised approach would have been faster and more successful**; this will be true for many elements of the imminent economic recovery work.
- The Coronavirus Job Retention Scheme (CJRS) and Self-Employed Income Support Scheme are welcome. However, their **design leaves some significant gaps and risks which could mean significant impacts on businesses and workers unless they are rectified.**
- The Coronavirus Business Interruption Loan Scheme (CBILS) has offered affordable and attractive support for lenders and borrowers alike to help businesses through the crisis. However, **a significant number of SMEs have not been able to access it** as they were either not 'investment ready' or were hampered by inadequate supply capacity of CBILS providers.
- Government must provide clear direction on the future of the UK economy by confirming its **commitment to its Industrial Strategy** and by providing **clarity on the future of the Shared Prosperity Fund**.
- Government must work closely with Greater Manchester's transport authorities to develop a **sustainable, long-term funding package that will give our public transport network the necessary capacity** to get our city-region moving again.
- The crisis will intensify long-standing inequalities in the UK and these inequalities will be particularly felt by communities across Greater Manchester. **Local, flexible funding will be needed as part of an asset- and place-based approach to tackling inequalities**.
- Cities and city-regions have been filling the gap in global cooperation as national diplomatic relations have become more fractured. Greater Manchester has **made use of its networks and relationships are the globe** to share experience and knowledge throughout the crisis.
- Our modelling suggests that the unprecedented impact of Covid-19 on businesses' and residents' behaviour change will allow the city-region to meet its carbon reductions targets for this year. This demonstrates just how much change is required to bring carbon emissions down and should be **a stark reminder to local and national government on the scale of action and investment that will be needed to address the climate emergency**

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(I) INTRODUCTION

GMCA is working closely with Greater Manchester's ten local authorities, LEP, Business Growth Hub, and business representative organisations to understand how the Covid-19 pandemic is impacting the local economy. This submission highlights the key issues faced by our regional and local economy, as well as the work that we are doing at a local level to mitigate some of these impacts. It is structured following the order of questions in the terms of reference provided.

England's localities have an integral role to play to support both the immediate response and the subsequent economy recovery that will be delivered over the coming months and years. The crisis has added greater urgency for further devolution of powers and funding to local and city-region authorities. Localities are at the front line of this crisis and are uniquely situated to bring together businesses, the voluntary sector and public sector bodies to respond to the economic and social impacts of Covid-19.

So far the response to Covid-19 has been overly centralised and national oversight of tasks such as the procurement of PPE has been inefficient and ineffective. Our own, local procurement and mutual aid arrangements at both district and Greater Manchester level has been largely successful in filling the gaps in Government's provision and demonstrates that the response could have been significantly improved if localities had been suitably engaged from the onset of the crisis. Devolution of some responsibilities and decision-making to the regional and local level will be even more important to ensuring that we get the recovery phase right.

(II) GREATER MANCHESTER ECONOMY

Greater Manchester is the most economically diverse city-region in the UK. Its diversity promotes resilience, but also exposes the city-region to Covid-19 impacts across all sectors, in line with the UK as a whole. The Greater Manchester Independent Prosperity Review panel, chaired by Professor Diane Coyle and made up of other leading economists[1], have been revisiting their assessment of the Greater Manchester economy and recommendations made last year in the context of the crisis. Issues they are raising include the role of the city region in responding to labour market disruption, the resilience of urban centres, the economic implications of inequalities, and the need to reform and invest in high employment sectors such as social care.

A combination of local intelligence from sector bodies and institutions and Greater Manchester business surveys have been assessed against national sector body/think tanks intelligence to qualitatively assess the immediate and medium term impacts on each of Greater Manchester's broad sectors. We have replicated the Office for Budget Responsibility's (OBR's) 14 April sector analysis which predicts that Greater Manchester's economy could be a third smaller in the second quarter of 2020. OBR figures are likely to be underestimates given that they were based on the assumption of a sharp, short-term downturn followed by complete recovery to pre-Covid-19 levels of activity.

The following indicators and trends give a sense of the current economic situation of the city-region:

- **Business sentiment:** The extent of the economic impact in Greater Manchester is reflected by the fact that 98.6% of firms interviewed by the Growth Company are now reporting an impact due to Covid-19. This has increased from 78% in late March suggesting that the economic crisis is deepening.

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[1] The panel is made up of the following experts: Professor Diane Coyle (University of Cambridge), Stephanie Flanders (Head of Bloomberg Economics), Professor Ed Glaeser (Harvard University), Professor Mariana Mazzucato (University College London), Professor Henry Overman (London School of Economics, Director of the What Works Centre for Local Economic Growth), and Darra Singh (Ernst & Young). In 2019, the panel was established to undertake a detailed and rigorous assessment of the current state and future potential of Greater Manchester's economy and their findings and recommendations now underpin our Local Industrial Strategy. Their full report can be found here: https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-independent-prosperity-review/

- **Business failure:** Greater Manchester is the third worst affected LEP region for redundancies, with more than 4,000 reported since 1 February (around two-thirds directly attributable to Covid-19).
- **Unemployment**: Initial estimates suggest unemployment in Greater Manchester could rise to between 140,000 and 170,000 from a base of 70,000. In December 2019, 73% of the Greater Manchester population was in employment compared to 76% in the UK as a whole. The number of people on Universal Credit in Greater Manchester increased by 65,820 to 240,460 in April 2020 – a 38% increase from March 2020.
- **Leisure and retail**: Data from Manchester City Council suggests footfall in town centres has decreased by between 45-71% compared to last year. The consequences of hotel closures have been widespread and severe. The breadth of impact on the industry has made initial attempts to quantify the economic impact on the sector infeasible.

(III) CORONAVIRUS JOB RETENTION SCHEME AND SELF-EMPLOYED INCOME SUPPORT SCHEME

Questions addressed:

- **What problems (if any) are individuals facing in claiming support from the Job Protection Scheme and the Self-employment Income Support Scheme?**
- **How successful has the Government been in plugging the gaps in the schemes?**
- **What gaps in coverage still remain and are changes required to increase their effectiveness?**
- **How viable is it for the Job Protection Scheme and the Self-employment Income Support Scheme to be open for longer?**
- **How and when should the Government's support packages be wound up?**

Coronavirus Job Retention Scheme (CJRS)

- **Accessing the CJRS**: The extension to the Scheme's eligibility date to 19 March (announced 15 April) was welcome. However, the eligibility criteria are based on PAYE submissions to HMRC which creates a clear inequality between those who are paid monthly and those paid weekly. Weekly paid employees who started with a company in early March will most likely have been included on the relevant PAYE submission to entitle them for furlough support, whilst a monthly-paid worker starting on the same date will have been paid at the end of March and would thus miss the PAYE submission deadline of 19 March. This anomaly will have adverse consequences for many individuals without redress.

- **Cliff-edge exit**: Revenue flows for businesses in most cases will not be restored quickly enough to re-hire all employees at full pay and we therefore welcome the Chancellor's recent announcement that there will be no 'cliff-edge' end point to the scheme.

  When additional flexibilities are introduced in August, further extension of the scheme should be considered on a sector-by-sector basis. At this point we anticipate that some businesses such as those in the hospitality sector may be unable to operate profitably given that the continuation of social distancing requirements will reduce operating capacity at many venues already operating with tight margins. Government could therefore look to extend a level of furlough support to these capacity-limited sectors which is proportionate to the level of activity that they are able to operate at, until such a time as the Government announces there are no capacity-limiting social distancing constraints required for these businesses.

- **Part-time furlough**: Greater Manchester business representatives are reporting many small businesses being forced to cease operations due to the inflexibility of the CJRS. Many small businesses require the skill sets of all members of the organisation to allow them to continue operations, even at a reduced level. These businesses would have been better able to continue at a reduced level of operation throughout the crisis had part-time furloughing been allowed since the scheme's inception. However, we welcome the Chancellor's recent announcement that part-time furloughing will be allowed from August and we expect that this will help reduce the number of redundancies that businesses are forced to make.

Self-Employed Income Support Scheme

- **Newly self-employed**: Individuals who have entered self-employment since April 2019 do not currently qualify for the Government's self-employed support packages. In Greater Manchester this could equate to 9,150 – 21,960 self-employed workers. A high proportion of self-employed people are also older workers - 39.4% of Greater Manchester's self-employed are aged 50 or over.
- Government can close this gap as we move into the new financial year by allowing this cohort to have a short window to submit early tax returns for the 2019-20 tax year. There is precedent for this in the four week window granted to self-employed who have not yet made a 2018-19 submission to do so, and then access the Self-Employed Income Support Scheme. Designing a scheme in this way would be robust against fraudulent claims given that these individuals will still have to pay tax on reported earnings at a later date.

(IV) SUPPORT TO BUSINESSES AND FINANCIAL SERVICES

CBILS

Questions addressed:

- **How effective is the Coronavirus Corporate Finance Facility, Coronavirus Business Interruption Loan Scheme, and the Coronavirus Larger Business Interruption Loan Scheme? In particular, are these measures succeeding in preventing viable businesses from potentially going under during the Coronavirus lockdown?**
- **Is the financial sector supporting businesses enough? Are businesses getting the right advice on which grants/loans to access?**

The CBILS facility is welcomed as an affordable and attractive measure for lenders and borrowers alike. The level of net risk cover afforded, as well as the speed at which the product came to market, have been highly valued. CBILS demand has now reduced significantly following the launch of Government's Bounce Back Loan Scheme.

SME 'investment readiness': Despite the positive reception to the CBILS, investment uptake has been much slower than expected as many SMEs were not (and are still not) prepared for the requirements of a full commercial loan application. This issue has been reported across the UK, with SMEs lacking the required information to apply such as cash flows and accounts details. Many SMEs also applied to multiple CBILS lenders or to lenders in the wrong geographies. This has resulted in some negative feedback from SMEs on CBILS as their expectations were more 'light touch'.

High demand and potential lack of supply: Greater Manchester's Growth Company Business Finance (GCBF) received CBILS enquiries from some 400 SMEs with a combined funding need of around £25m. Growth Company Business Finance is the FCA accredited lending arm of Greater Manchester and is fully accredited as a CBILS lender, specialising in supporting SMEs which do not fit bank lending criteria. To quickly respond to a potential lack of capacity in CBILS-eligible capital, the Greater Manchester response was as follows:

- Emergency approval was given on 6 April by the Greater Manchester Combined Authority (GMCA) and Greater Manchester Local Enterprise Partnership for £3m of funding to create 'CBILS for Greater Manchester'.
- The decision was made in response to concerns that the Government's CBILS funding may not be made available quickly enough, or to certain groups of companies, who may not fit bank criteria for lending but who were seeking responsible and ethical alternative financing to survive.
- The scheme offered eligible businesses loans of between £5,000 and £250,000.
- This decisive response to immediately bolster existing publically-backed funding and add critical capacity to GCBF has allowed more SMEs to survive this crisis and has protected a significant number of jobs.

(V) OTHER GOVERNMENT INTERVENTION

Industrial Strategy

Question addressed: Should the Government intervene more actively in terms of state aid, bail-outs and its industrial strategy?

Confirming Government's commitment to the national Industrial Strategy – and the Local Industrial Strategies which have been agreed between city regions and the Government – would help provide confidence and direction for the UK economy, as well as directing inward investment, at a time of unprecedented economic uncertainty.

The Grand Challenges that sit alongside the strategy around driving innovation to meet the challenges of an Ageing Society – including healthy ageing – and the Future of Mobility, for example have never seemed so important. Making sure that the foundations of productivity, including a responsive education skills and work system; effective infrastructure – including digital infrastructure; responsive business advice and support to help businesses survive and thrive and to create good employment, and a place-based approach to supporting innovation, towns and high streets will fundamentally underpin the UK's ability to Build Back Better as well as support continued investment in our frontier industries.

The integrated local and national approach to developing Local Industrial Strategies relies on developing shared priorities and joined-up ways of working. These are precisely the requirements needed to accelerate the national effort for recovering from Covid-19 and rebalancing the economy.

Government should provide, as soon as possible, clarity on the arrangements for the Shared Prosperity Fund which is fundamental to the delivery of Local Industrial Strategies and for the growth and investment agenda of cities and their surrounding conurbations outside of London and the South East.

(VI) ECONOMY, PUBLIC FINANCES AND MONETARY POLICY

Coronavirus and exiting lockdown (transport considerations)

Question addressed: What economic challenges may arise as the public health and social distancing policies are lifted and the economy begins to recover? What preparations can be made to manage these challenges?

As lockdown measures are eased, one of the biggest challenges to the re-start of the city-region's economy is moving people to places of work whilst maintaining safety and avoiding spread of the virus. Approximately 30% of households in Greater Manchester do not have access to a car, so protecting our ability to provide public transport will be crucial to the city-region's economic recovery.

Even with this support, social distancing would mean public transport capacity would be reduced to 10-20% which would cause a significant challenge, especially at peak times. At maximum capacity under social distancing a tram could hold 20 people, a double decker bus 15 people and a train carriage 30 people. Social distancing is recommended but not mandated or enforced, so some services will be busy and demand difficult to forecast. To manage capacity on public transport to support social distancing, it is vital that future Government funding packages recognise the need to put on as many services as possible.

As sectors start to reopen, it will be important that Government works closely with employers to understand their transport needs to ensure public transport can safely support increased demand. TfGM and local authorities are already working with businesses to understand the new challenges faced by the public transport system. For example, as schools return, public transport services will be needed by many school age children which is likely to push peak demand beyond the current capacity of the system. We now face a challenge of smoothing the rush-hour peaks to avoid overwhelming our limited-capacity public transport systems. We are engaging with schools, businesses and other public services to help manage and spread demand and develop solutions to this issue.

Economic impacts of Coronavirus

Questions addressed:

- **How long is the [economic] shock likely to last?**
- **Which sectors are likely to be impacted by economic scarring?**

- **Which sectors are doing best?**
- **What will be the economic impacts of the coronavirus outbreak and the social distancing measures in terms of sectors and regions and how temporary/permanent will they be?**

Aviation: Manchester Airport, the largest international airport outside England's south-east, has seen severe reductions with passenger numbers down 83% year-on-year. Manchester Airports Group (MAG) has benefited to some degree from its ownership of the specialist air-freight facility in the East Midlands whose business has stood up well compared to the group's passenger service-dominated facilities in Manchester and at Stansted, near London. However with flights in early May running at 1-2% of scheduled levels, the Group has furloughed 80% of its labour force on a rolling basis and drawn upon additional investment provided by its shareholders. Modelling undertaken by the Group, based on the demand and supply shocks generated by previous crises, suggest a potential 75% reduction in flights during the current year and a partial rebound thereafter, leading to recovery to previous passenger flight levels in 2023. Variation around this scenario will depend upon how other airports fare during the downturn and whether carriers consolidate their activities into fewer airports.

Hospitality, tourism and leisure: Greater Manchester's hospitality, tourism and leisure businesses are also highly vulnerable with a reported 22% of businesses with 'high' credit risk in Greater Manchester against a city-region average of 6%. (The national average is 6%). Footfall in Manchester City Centre is down 90% year-on-year.

Education: Some elements of the education sector, most notably schools and nurseries, given their high interdependencies with other sectors for childcare, have remained open in order to support essential workers and for vulnerable children. Approximately 477,800 pupils have been affected (between nursery and key stage 5 at age 18) across Greater Manchester. The local university sector faces much sterner tests in the medium term than schools, due to uncertainty about when, and how, they will be able to fully re-open. The University of Manchester, which relies most heavily on overseas students, has already taken the decision to deliver all of its teaching in the first term of the academic year that begins in September online amidst concerns that it could lose 15-25% of its annual budget, largely from a reduction in fee income but also impact from reduced research funding. It has also instituted a recruitment freeze and other cost-cutting measures which may lead to redundancies. There are obvious interdependencies between the university's ability to welcome foreign students back to the campus and airport passenger-carrying capacities.

Other local universities, less reliant on foreign earnings, are exploring how to mix online and socially distanced learning and awaiting confirmation of the Government's approach to caps on student numbers per institution that are designed to prevent poaching of students by the stronger providers.

Digital: There are projected opportunities for other sectors like Digital according to Manchester Digital, a trade body representing tech and digital companies in the city-region as a result of appetite for digital infrastructure and solutions in work places and homes and the need for increased cyber-resilience – one of the growing specialisms in the Greater Manchester digital industry. Other companies in the city-region have 'pivoted' their business models to respond to emerging commercial opportunities including the need to manufacture PPE, hand sanitizer and medical equipment. The focus on re-nationalising production of pharmaceutical supply-chains and medicines manufacturing more widely will also create significant opportunities for the city-region's life sciences industry and research base.

'Non-permanent' workforce: The 'non-permanent' or 'atypical' workforce - self-employed people, temporary staff and those on zero hours contracts - are also likely to be disproportionately exposed to some of the greatest health risks and economic challenges as a result of Covid-19 and many of them are counted in the categories above (low paid / young / female workers). Greater Manchester has approximately 280,100 people (or 22% of the workforce) working in the atypical workforce – marginally less than the UK average (23%). Workers in these types of employment generally do not have paid sick leave beyond the statutory minimum and are therefore more likely to go to work with a cold or a fever and also work in close proximity to others.

Impact on public finances

Question addressed: What will be the impact on the public finances?

The GMCA, ten local authorities and other public sector partners have taken considerable action to maintain fiscal sustainability throughout the coronavirus crisis and as a city-region, have responded well to the challenges that Covid-19 has presented and the new responsibilities that have been taken up at short timescales.

The funding received from government to date has been welcome for both local government and our local economies. However, decisions taken by government in the coming weeks will be critical as to whether authorities are able to pursue 'healthy', long-term recovery strategies or are forced to make damaging short-term financial decisions that jeopardise the longer term interests of residents and the authorities themselves. There are many areas of concern for local and city-region public finances beyond those outlined below and we will be engaging further with Government on these issues.

Certainty on the extent to which excess spending by councils on coronavirus measures will be covered by government, and clarity on funding levels for 2021/22 and beyond will allow local government to optimise recovery strategies and may allow for a more aggressive approach to the spending of council reserves to support residents and local businesses. At present, the reserves held by local authorities are generally low after significant cuts over the past decade and many of these funds are allocated for specific purposes or risks identified pre-Covid-19. Many of our local authorities have taken decisive and necessary action, making the decision to draw on these reserves with no formal guarantee from Government of their replenishment. We therefore urge Government to make this commitment to replenish these reserves as soon as possible.

The risk to local authorities of being forced to issue Section 114 notices under the Local Government Finance Act 1998 should not be underestimated. This would occur if they are unable to balance budgets as a result of coronavirus response spending and would result in our local authorities being unable to enter into any agreements occurring further expenditure. This could be disastrous in the event of a second peak of the virus and will also significantly undermine efforts to develop an adequate recovery strategy to 'reboot' the economy. The upcoming Spending Review will be important in determining the future needs and resource envelope for local government. However, given the severity of the position we are in, we cannot wait until the Finance Settlement in December to understand what resources will be available for 2021/22.

Local authorities are not seeking a wholesale debt write off in the same way that the NHS has received. However, there must be a support package in place that fully covers the financial costs associated with Covid-19 which reflects the loss of commercial, regulatory and finance fees and charges income. The support must also leave an adequate level of reserves to retain resilience to plan over the timeframe of the economic recovery and to deal with any future shocks.

Some of the measures that would assist with the financial position of local authorities include:

- **Providing certainty for planning**: Confirming a further roll forward of core funding and grants for 2021/22 to provide a basis on which authorities can plan, given Fairer Funding and Business Rates reforms have been deferred.
- **Protecting our resource base** (Business Rates and Council Tax): Business Rates bases will contract further with an increasing number of businesses likely to go into liquidation, increases in bad debt and a growing number of appeals and claims for relief. Council Tax revenue faces the combined impact of: increasing numbers of people requiring Council Tax Support; a reduction in collection rates; and a slow-down/reversal of growth in the council tax base. Consideration should be given to how cash flow support for the Collection Fund position could be provided until the position recovers.
- **Recognition of new burdens**: There will be additional responsibilities such as sustaining resilience measures, contact tracing and PPE and increasing costs in areas such as Social Care and homelessness that will continue beyond the lockdown period, including the need to stabilise the care market. These will require funding.

- **Commitment to the roll out of the UK Shared Prosperity Fund**: Recognising the needs of city regions and other localities and considering wider investment packages that would support developing public transport infrastructure and recyclable investment funds.
- Measures to sustain **local authority capital investment** and **economic recovery planning** where we would be happy to provide more detail.

A key live area of concern for Greater Manchester's public finances is related to the provision of a sustainable, long-term financial support package for the city-region's public transport system.
For our economy to bounce back as swiftly as possible, Government needs to bring forward a long-term, sustainable funding package for both Metrolink and buses that is less tied to fare box revenue to allow the services to continue operations during and after the remainder of the Covid-19 crisis. Government funding should give conditionality that affords public authorities with a degree of control over bus operations to ensure that the combined Metrolink-bus system can provide optimal support to keep the city-region moving through this period.

Coronavirus and inequality

Question addressed: What will be the impact on inequalities within society and how should the Government address inequalities that may have been exacerbated by the crisis?

We believe that this crisis will intensify long-standing inequalities in the UK, and that these inequalities will be particularly felt across communities in Greater Manchester. We are already seeing disproportionate impacts and widening inequalities by race, age, disability and gender, as well as between rich and poor, between urban and rural areas of Greater Manchester, and also within civil society.

The response to the Covid-19 emergency across Greater Manchester from voluntary organisations, community groups and social enterprises has been incredible in its strength, its depth and the speed at which it was been mobilised. Voluntary, Community and Social Enterprise (VCSE) organisations of all sizes, as well as community volunteers, are offering their support and are integrating with emergency support structures at this time. The sector has been quick to adapt at pace and with a huge degree of accuracy and efficacy to meet the needs of our communities. However, early feedback shows that around two thirds of VCSE organisations have had to change the way that they work in the current crisis and many are now struggling to find the resources that they need to respond to the demand put upon them.

- **Demographics:** In Greater Manchester, not just as a result of the current crisis, there are growing inequalities by race and ethnicity, for disabled people and for those with low skills and qualifications. GMCA is engaging with a range of communities of identity through our standing advisory panels such as the Youth Combined Authority, Disabled People's Panel and LGBTQ+ Adviser and Panel, in order to better understand the impacts of the current situation, and these panels report directly into our emergency planning structures. We have supported the Disabled People's Panel to gather the views of around 1,000 disabled people across Greater Manchester on the impact Covid-19 has had on them.

- **Employment:** To avoid deepening financial poverty and widening financial divides, the UK's recovery should include a strong focus on good employment, particularly to support those our foundational economy workers. The Greater Manchester Good Employment Charter has been designed to empower local businesses to provide the best employment that they can. We shall be renewing our effort to encourage employers to raise standards, pay the Real Living Wage and target recruitment in order to tackle inequality. This should be used as a blueprint to boost working standards across the country.

- **Education:** Lockdown has uncovered the extent unequal access to digital technology across the country, particularly for those in education. It is estimated that digital exclusion rates are up to four times higher amongst schools with the highest levels of pupils eligible for free school meals; this is of particular concern for Greater Manchester where 19% of pupils are eligible for free school meals compared to 13.6% nationally. The Greater Manchester Combined Authority has invested £150,000 in 567 kit bundles which will soon be made available to disadvantaged and digitally excluded pupils, working closely with schools and colleges to identify those in most need.

- **Homelessness**: We anticipate that homelessness will rise following the Covid-19 crisis. This remains a priority for the Mayor of Greater Manchester and GMCA and the Mayor's Charity has recently granted an emergency £100,000 to the city-region's homelessness charitable sector and has launched an urgent appeal calling on big business and individuals to donate funds to support voluntary, community and social enterprises during the Covid-19 crisis. As Government funding for temporary accommodation for rough sleepers comes to an end, we are now rapidly developing plans to move people out of hotels and back into alternative accommodation. There is a once-in-a-generation opportunity to make a big, long-term impact on rough sleeping and homelessness at this point, but the lack of sustainable funding and inaction on key policy changes, against short timescales mean we don't have as much time or resource as we'd want to work through this.

- **VCSE sector**: The VCSE sector itself contains inequalities which often mirror wider societal inequalities - organisations supporting the most marginalised communities often started this crisis in the most precarious position. Many will have less resources, less IT capability and face higher levels of demand. It is important that these organisations are prioritised for support and are linked into the work of our Community Hubs, not least as we learn more about the unequal impact of Covid-19 itself.

Government can support our efforts to reduce the inequalities caused or exacerbated through the crisis by:

- Providing specific data and intelligence on the impacts of Covid-19 across communities of identity and interest, and across geographies.
- Providing local, flexible funding to tackle inequalities, primarily for those communities hit hardest by the crisis.
- Recognising the importance of asset- and place-based approaches when tackling inequalities and investing in future devolution.
- Recognising community 'anchors' – local organisations that act as the backbone of civil society who support, enable and sustain social action.

Coronavirus and international recovery

Question addressed: What has and will be the impact on global growth and what shape is the international recovery likely to take?

It is difficult to predict the impact on global growth as the situation is still evolving. National governments may be turning their focus inwards to address domestic challenges that have resulted from the virus, however, it is important that international exchanges, collaboration, commercial activity continue across global sectors.

As Covid-19 has brought the global economy to a standstill, national diplomatic relations have become more fractured and tensions between some nations have raised. Global cities and city-regions, however, are coming together to fill the gap in global cooperation. C40, Covenants of Mayors, Resilient Cities Catalyst, World Economic Forum, Eurocities, Metropolis, International Urban Cooperation, and many other networks have stepped up in the crisis to provide cities with platforms to share, exchange and collaborate. The spirit of "Building Back Better" is shared across all these networks and shared global goals to fight inequality, poverty, climate change have not changed. Cities and urban centres across the world generate 70% of the world's GDP and will play a vital role as we move towards the recovery phase. The UK Government should use city-to-city collaboration to drive economic recovery by promoting the strengths, best practices and innovations of our city regions with their equivalents. City region-to-city region networks will be essential to support our communities and local businesses to collaborate, trade and invest internationally.

Many city-regions including Greater Manchester have made used of their networks and relationships around the globe to share experience and knowledge through the crisis. Cities-regions and local leaders around the globe have been taking fast and decisive actions, working on the front line to save lives and to ensure the continuation of essential services. Greater Manchester has used its networks to share its local response to economic recovery and learn from international partners and is now discussing digital partnerships with others across the world to facilitate trade and address supply chain issues emerging from Covid-19. Although this is a small initiative, it shows the tangible, project-based approach that a city region can take to practically facilitate international exchange and demonstrates why a bottom up approach to global recovery will be vital to repair the strain put on global trade and relations.

Lessons for the future

Question addressed: What are the lessons that society can learn for the future e.g. reducing carbon emissions, increased home working, business resilience?

Transport: The changes seen through the lockdown period have exposed a range of outcomes that we should aim to keep, and highlighted areas where we need to change. New 'ways of working' such as increased home working should be continued to manage future increases in traffic while building public confidence in public transport. Reductions in road traffic and increased cycling and walking have been major contributors to improvements in air quality across the region and maintaining and enhancing these reductions should be part of our economic recovery plan, rather than economic recovery being at the expense of environmental improvements. Short term reliance on private vehicles while public transport capacity remains limited should not lead to a longer-term reliance on private vehicles at the expense of sustainable modes. Chronic congestion could itself hamper recovery.

To manage peak travel demand whilst social distancing rules are ongoing will require changes and flexibilities in the way we work, including shift staggering and rotating use of office and home environments. Many businesses have quickly adapted and overcome barriers to home working and where these models are proving compatible with worker's wellbeing, safety and quality of life, we should aim to make these workplace flexibilities a permanent feature of society.

Environment: Improvements in environmental quality, realised in the form of cleaner air and the absence of congestion, represent one clear benefit that has arisen, at least temporarily, from the huge downturn in mobility triggered by the lockdown phase of the Covid-19 crisis. It is set to continue through the 'living with Covid-19' phase as social distancing requirements continue to limit the propensity and need to travel. A strong increase in the numbers of people commuting to re-opening workplaces might also see many prefer to travel by car rather than use public transport. The crisis has also led many citizens to place increased value on green space to help them protect their mental health and physical wellbeing through the crisis. There is an opportunity to enhance national approaches to valuing these spaces through methodologies such as natural capital accounting.

We have also seen an overall decrease in energy use across Greater Manchester's economy, however, this has been partially offset by increases in domestic energy use, particularly in socially distanced households. Moving forwards, this will be important from a fuel poverty and a 'just transition' perspective and exemplifies the need for increasing investment in domestic retrofit and local renewable energy.

A theoretical exercise in modelling the unprecedented impact of these business and resident behaviour changes on reduction in carbon emissions by the GMCA research team for 2020 has estimated that GM would reach the required level this year to achieve the trajectory for zero carbon emissions by 2038 if the current level of emissions was maintained for the rest of the year. This demonstrates just how much change is required to bring carbon emissions down to this ambitious level. It has major implications for planning for growth when transport and energy usage resumes at "normal" levels - particularly in the context of the Government's guidance against using public transport and favouring of car travel in the current easing of lockdown. Innovation and investment into the next generation of clean technologies will be critical to secure the scale of emissions reductions needed.

(VII) OUR LOCAL RESPONSE

It is crucial that the issues identified above are addressed and so as well as making this submission, the Mayor of Greater Manchester, the Greater Manchester Local Enterprise Partnership (LEP), and other political leaders have written to Government Ministers to highlight where further action is needed. The Mayor is also highlighting these as part of a weekly Covid-19 press conference.

Local approaches to the Covid-19 crisis have the potential to be more responsive and more adaptable than national-level responses in meeting the needs of residents and businesses and it is important that this lesson is learnt as we move into the recovery phase. The examples below give a selection of the response work done by the GMCA, Greater Manchester LEP, The Business Growth Hub and other partners to date:

- Launched the Greater Manchester #HereforBusiness campaign to ensure businesses and employees know what support is available both nationally and locally. It includes proactive social media messaging, a dedicated microsite that acts as a single and authoritative repository for support available, and includes extended telephone opening times for businesses to access personalised advice. The campaign includes outbound calls to around 25,000 businesses in Greater Manchester.
- Invested an initial £3m of Local Growth Funds to provide local business loans of between £5,000 and £250,000 where they are struggling to access other sources of finance. A call has also been put out to investors to grow this loan fund.
- Launched EmployGM, an online portal that connects Greater Manchester employers who have urgent temporary vacancies with individuals that can start straight away. It has been launched to minimise the current supply-demand mismatch within the labour market and to help people who may have become unemployed quickly return back to work. To date the Employ GM has seen around 6k hits and has supported 98 businesses to recruit.
- Greater Manchester Local Authorities are considering payment holidays from business rates and rents where businesses can demonstrate they are in severe hardship and on a case-by-case basis.
- £100,000 has been granted to Citizens Advice services in Greater Manchester to enable them to offer a telephone-based advice service and to strengthen their ability to work remotely.
- United We Stream has been is enabling local artists and performers to showcase their talents to a global audience through livestreamed events, and is inviting people to donate what they can with all money raised supporting the leisure, tourism, hospitality, and retail sectors in Greater Manchester.