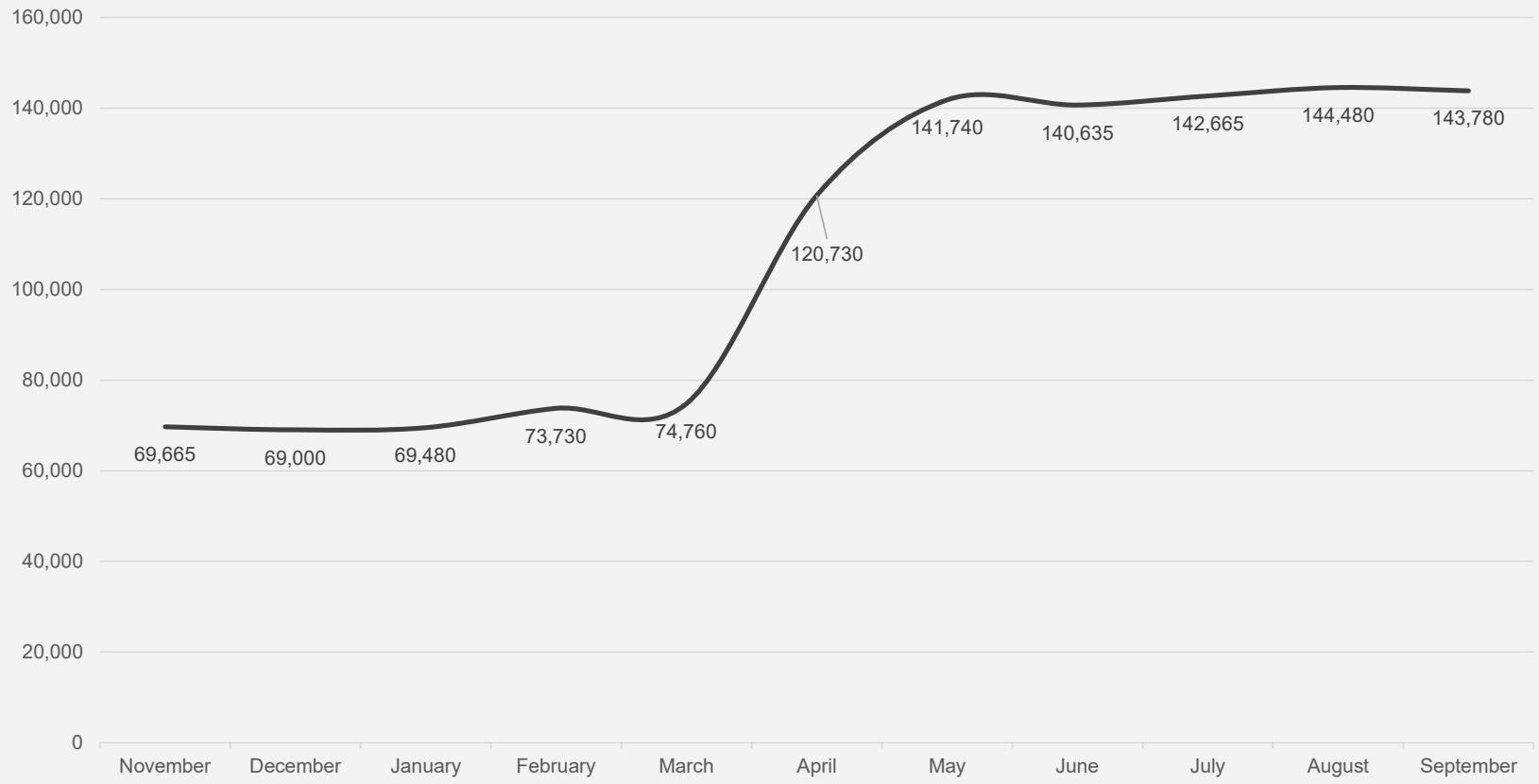
Labour Market & Business Impacts of Covid-19 and Developing a GM Response

GM Economy, Business Growth and Skills Overview and Scrutiny Committee, 13 November 2020

Even before the additional C-19 restrictions in August, our residents and businesses were seeing significant impacts

Claimant count surged in April and May then plateaued

Claimant count in Greater Manchester, November 2019-September 2020



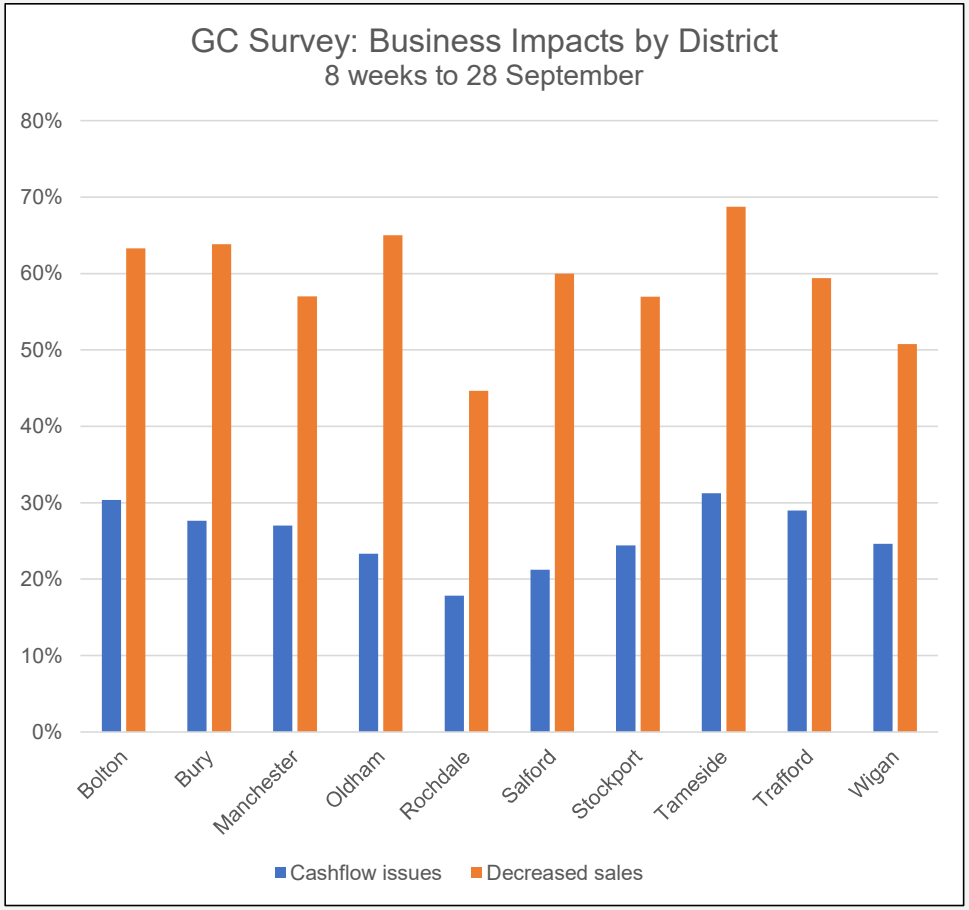
- The number of people on unemployment benefits doubled between March and May.
- This has since stabilised – with the furlough scheme likely to be one reason why unemployment has not risen further.
- The ending of furlough in October may mean claimant unemployment increases again.
- Alternatively, the labour market is proving more resilient than expected through the coronavirus crisis, preventing some of the bleaker forecasts from materialising – so far.
- There was also a 76% increase in Universal Credit claims Mar-Sep. 307,140 people were claiming UC in September 2020.

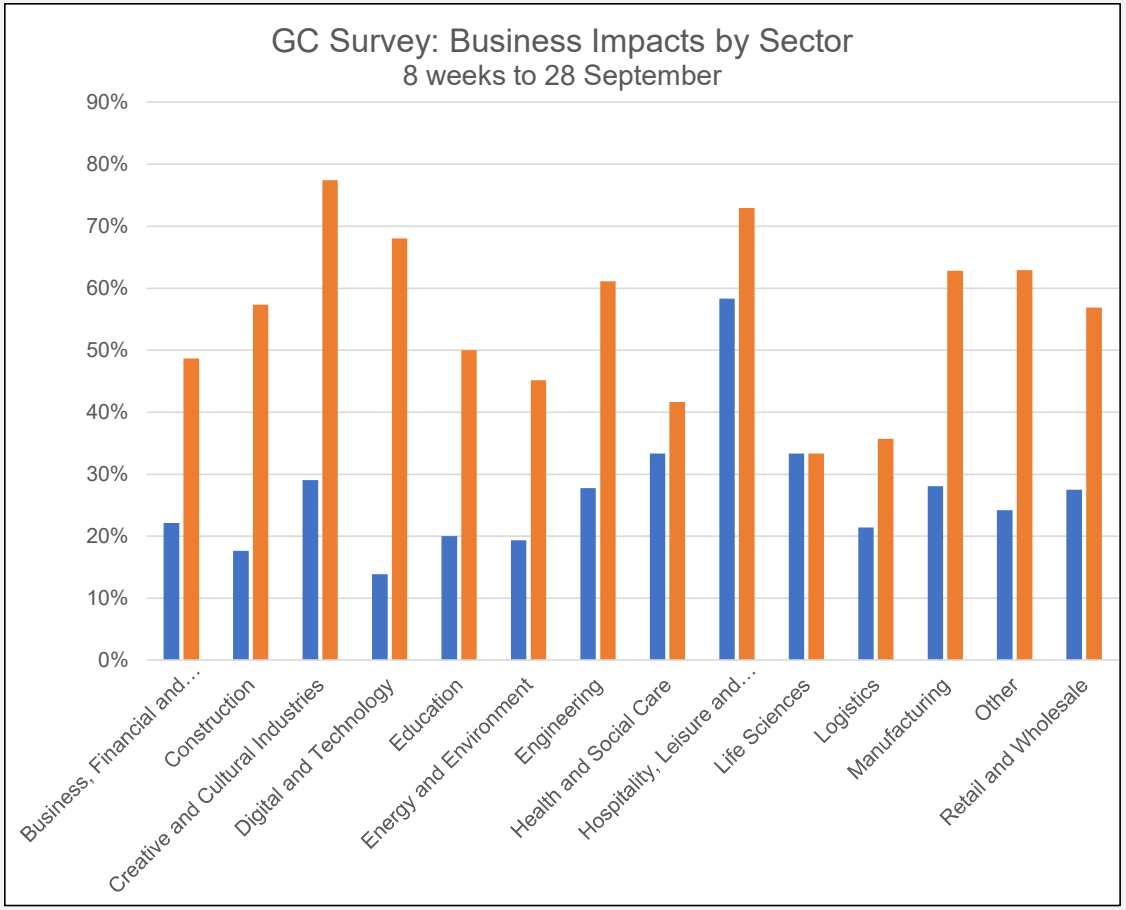
A significant proportion of GM's working age population has been relying on Government support, in and out of work

Area / Local Authority	Working age population (n)	Residents claimed furlough at some stage		Residents claiming unemployment support (August)		Volume of Self Employment Support claims (1st set of payments)	
		(n)	% of working age population	(n)	% of working age population	(n)	% of working age population
UK	**41,379,000**	**9,602,000**	**23.2%**	**2,700,000**	**6.5%**	**2,553,000**	**6.2%**
North West	4,497,000	1,036,000	23.0%	326,000	7.2%	238,000	5.3%
GM	1,788,000	408,000	22.8%	144,000	8.1%	94,000	5.3%
Bolton	177,000	41,000	23.2%	15,000	8.5%	10,000	5.6%
Bury	115,000	28,000	24.3%	8,000	7.0%	7,000	6.1%
Manchester	389,000	80,000	20.6%	35,000	9.0%	17,000	4.4%
Oldham	144,000	32,000	22.2%	14,000	9.7%	9,000	6.3%
Rochdale	134,000	29,000	21.6%	12,000	9.0%	8,000	6.0%
Salford	164,000	42,000	25.6%	14,000	8.5%	8,000	4.9%
Stockport	178,000	42,000	23.6%	11,000	6.2%	10,000	5.6%
Tameside	140,000	35,000	25.0%	11,000	7.9%	8,000	5.7%
Trafford	145,000	33,000	22.8%	8,000	5.5%	7,000	4.8%
Wigan	203,000	46,000	22.7%	14,000	6.9%	11,000	5.4%

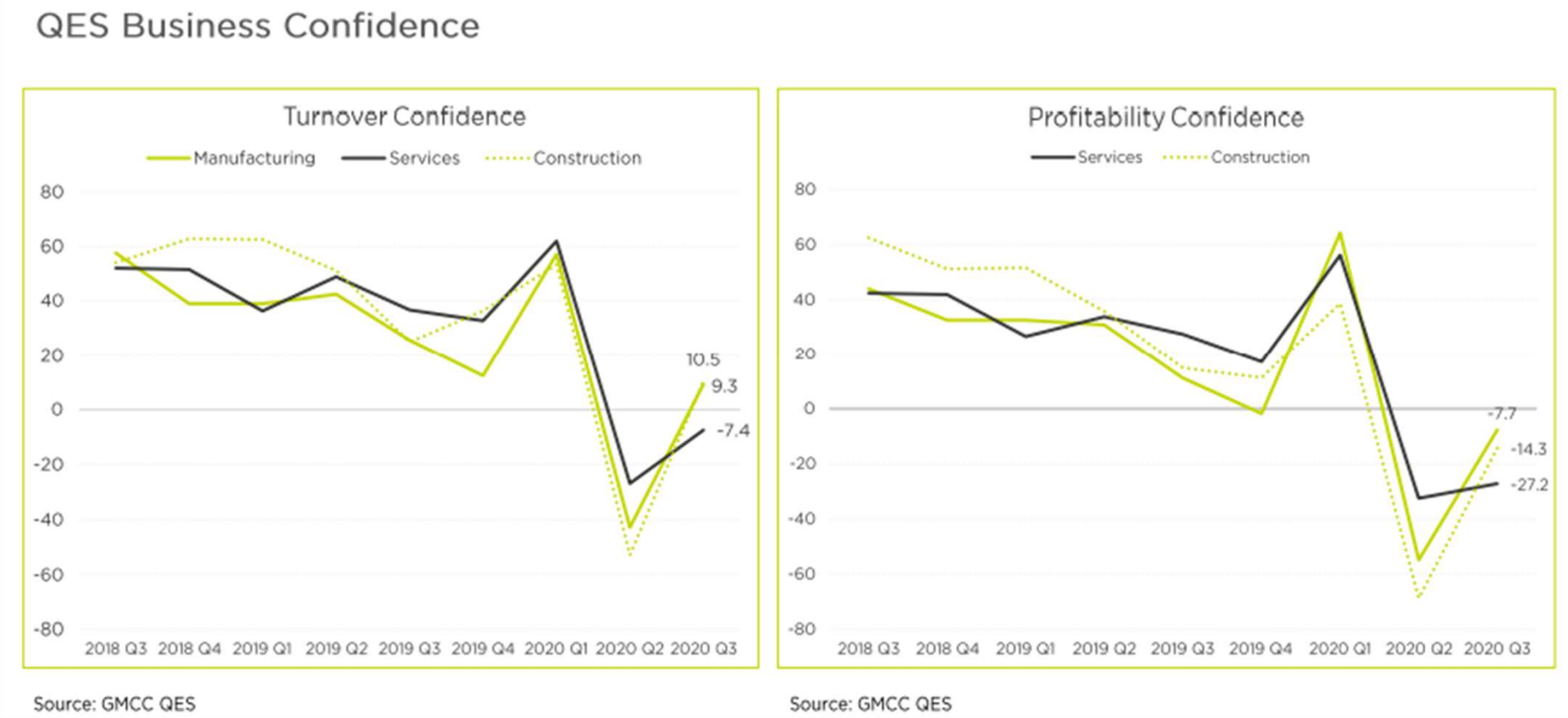
Note: *Some residents claiming furlough or SEISS may also have claimed unemployment support*

GM's businesses are reporting significant stress …



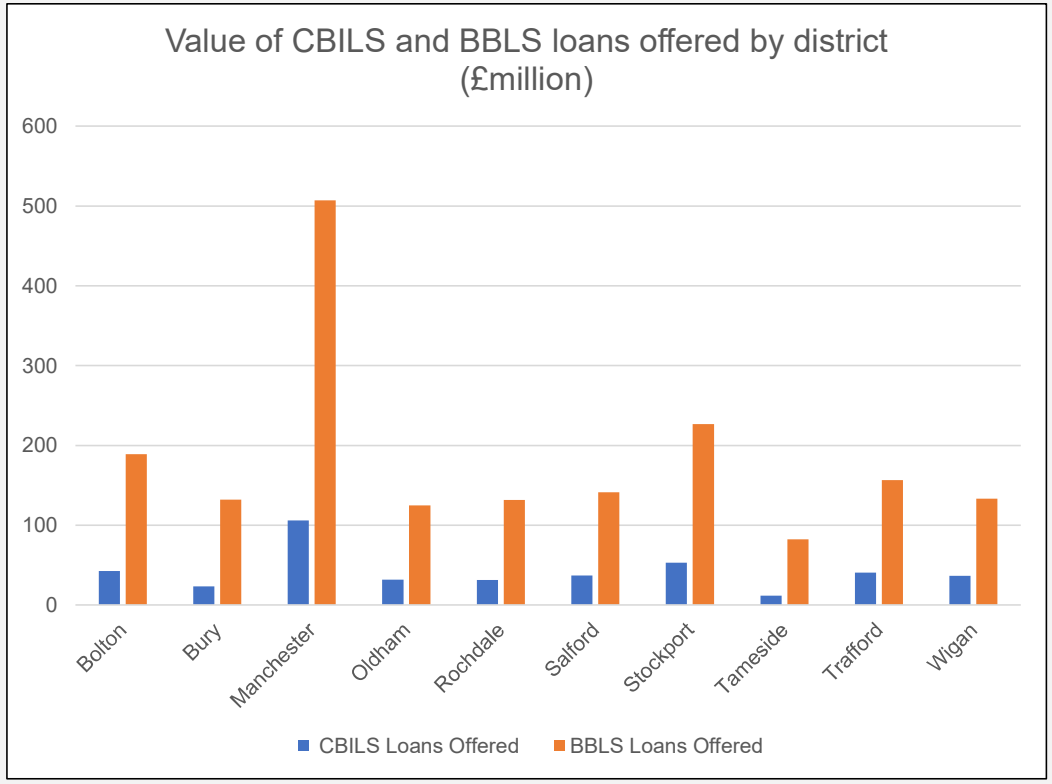


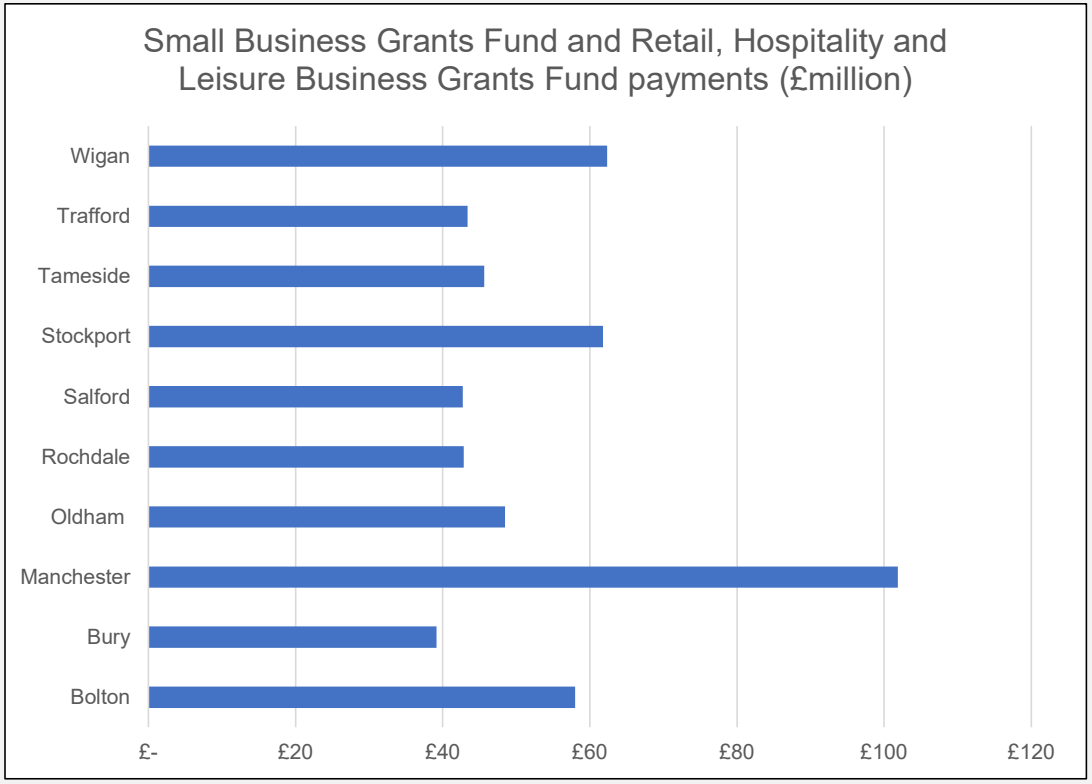
… and there has been a significant fall in business activity and confidence due to the pandemic and anticipation of Brexit



Source: Greater Manchester Chamber of Commerce, Quarterly Economic Survey

… and many have had significant levels of support, aiding short term survival, but creating huge dependency/risk at scheme end



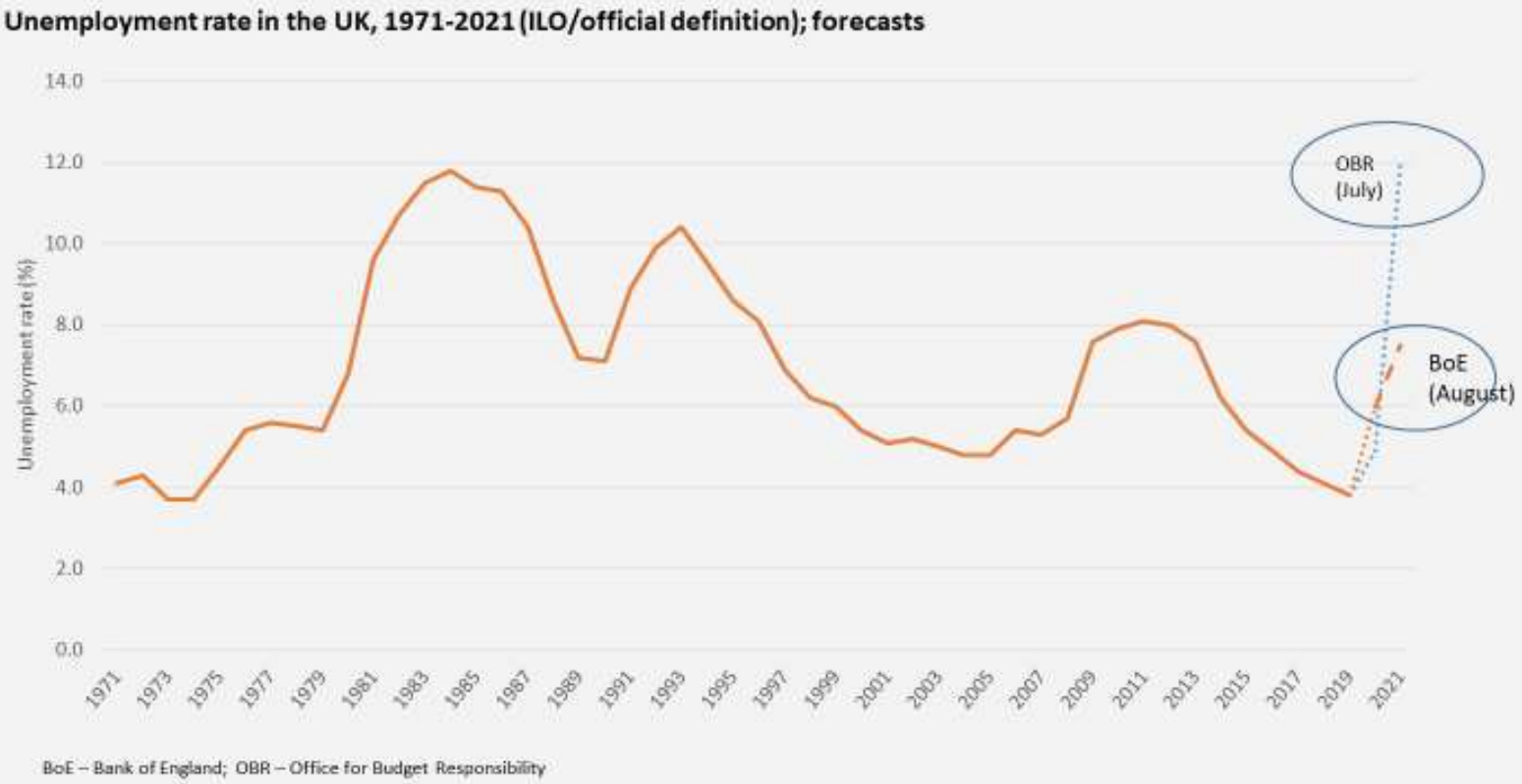


Since the start of the crisis other support has included:

- **£3,281m** in furlough payments to employees in the North West
- **£178m** in payments to self-employed people in the North West
- **£550m** in grants to businesses paid by GM local authorities

Looking forwards, there is massive uncertainty both from Covid-19 and the end of the Brexit transition period, but it is clear that the longer it takes to find a lasting solution to the Covid-19 crisis, the larger the rise in unemployment, and the harder businesses are going to find it to survive

Even in the OBR's 'upside' scenario, unemployment is projected to rise to nearly 10%, much higher than the 8.5% peak in the financial crisis



The widespread impacts on the UK economy will continue to require large scale resources and programmes from central Government support

National framework for C-19 restrictions and support in England*

Schools and universities will remain open in all levels

	High (Tier 2)	Very High (Tier 3)	National Lockdown (Tier 4)
Restrictions	• No household mixing indoors • Follow the rule of 6 if meeting outdoors	• No household mixing indoors or outdoors. • Rule of six applies outdoors, e.g. parks • Pubs/bars not servings meals closed • Guidance against travelling into/out of the area *Exact restrictions to be developed with local leaders.*	• Stay at home except for specific purposes • No household mixing indoors/outdoors except with 1 other person outdoors • Closure of non-essential retail, hospitality, accommodation, sports and leisure facilities, entertainment venues, personal care, community centres and halls and places of worship (except individual prayer, funerals and broadcasting). • Travel restricted to work, education and legally permitted purposes • No overnight stays
Support	**Furlough**: 80% wages, payroll 30/10/20, £2500 max. To 31.3.2021		
	LRSG Open**: £2100/28 days max to 04/11 then discretionary (retrospective) **Job Support Scheme Open***: employees working 1 day/week+ (min 73%) **SEISS**: equivalent to 40% earnings, max £3750		
		LRSG Closed: rateable value, max £3000/28 days **Local Discretionary Grant**: based on population **Job Support Scheme closed**: 67% of wages	
			Additional Restrictions Grant: discretionary (2021/22) **LRSG Closed**, rateable value, max £3000/month **LRSG sector****:** nightclubs etc., not backdated **SEISS**: 80% earnings, max £2190, 3 month periods

*Subject to change and forthcoming national guidance **Local Restrictions Support Grant ***postponed until April 2021 **** from 01/11/20 for businesses closed since March

But GM can use its resources and expertise to fill some gaps, react quickly, support groups missed by national provision and deliver more effectively where an integrated response is required

GM: targeting support on the newly unemployed and those facing long-term entrenched inequalities

Furlough support
- Fully-funded skills programmes
- EmployGM
- Working Well Early Help

Newly unemployed
- £13m Working Well JETS
- Rapid return to employment - Skills Pathways
- Working Well Early Help

Retraining / Reskilling
- Safe Returns to Work Programme (AEB*)
- £7m Skills for Growth Programme (SME's)
- Fast Track Digital Workforce Fund

Young People
- 6,000 access GM Apprenticeship & Careers Service
- £150k GM Tech Fund
- Young Person Guarantee launched

Apprenticeships
- £300k funding for new apprenticeships
- Levy Matchmaking Service
- Free bikes for Key Worker apprentices
- Apprentices made redundant into new opps.

Tackling inequalities
- £2.5m LA grant scheme
- Supporting 50+ into employment
- More specialised MH support via Working Well

* Adult Education Budget

Local busines support and funding is being reoriented to C19 and Brexit business response and recovery

Business Growth Hub Total staff/service reconfiguration to support business in crisis and growth (volume 2-3* activity):

- Web 332k unique visitors, 127k C-19 specific
- Continuous outbound campaign, 10k businesses assisted
- New weekly business intelligence (6,000 surveyed)
- Close integration with LA engagement teams
- Estimate 8,000 jobs created/safeguarded
- 450 new start ups and 80 research/new product projects

Tourism & Hospitality 1 year Support & Recovery Plan (announced shortly)

GM International Strategy refresh, including new city-region diplomacy model.

Local Funding for Business and Growth:

- **£3m to top up the national Coronavirus Business Interruption Loan Scheme and address lack of finance for start-ups** as a result of C-19, focused on opportunities for **BAME-founded businesses, young and female entrepreneurs** in tech and digital.
- **£10m Bounce Back Loan** funding going live.

GM Economic Resilience Group and **GM Brexit Readiness Group**

Culture Recovery Plan:

How GMCA will prioritise existing 2020/21 resources to support the sector, recognising the impact is beyond the resolution of GMCA's resources, and provide cultural opportunities for residents

The next stage of GM’s response will look to build on this targeted approach: supporting groups missed nationally; focusing on GM’s priorities; where effective support requires GM-level integration, as well as growing new businesses and good jobs beyond the immediate restrictions

The next phase needs GM to deliver its existing priorities

GM Living with Covid and Resilience Plan and delivering on GM Local Industrial Strategy:

- Support businesses facing lasting impacts, and growing sectors with investment where they can exploit new opportunities
- Significantly expand the GM Good Employment Charter into sectors hard hit by C-19, where insecure work and low pay were already widespread, and supporting employers forced to make redundancies to help employees deal with the consequences and find new roles.
- Focusing the new Leadership & Management Programme, developed with GM's universities through the Local Industrial Strategy, on supporting SMEs to adapt to the impacts of C-19, and women and people from BAME communities into positions of leadership and senior management.

The **GMSF** to unlock investment to reduce geographical inequalities in GM

The **Clean Growth Mission** and **Digital Blueprint** to future-proof our economy

Using the GM Learning & Work Budget to:

- Ensure AEB drives quality in provision and strategic relationships with providers to target sectors & cohorts better and faster.
- Target skills provision to include growth sectors and higher levels to help residents move into future jobs.
- Ensure all residents can progress in-work and access specialised technical skills needed by employers to boost productivity.

And drive the next set of ambitions (depending on Government's CSR decisions)

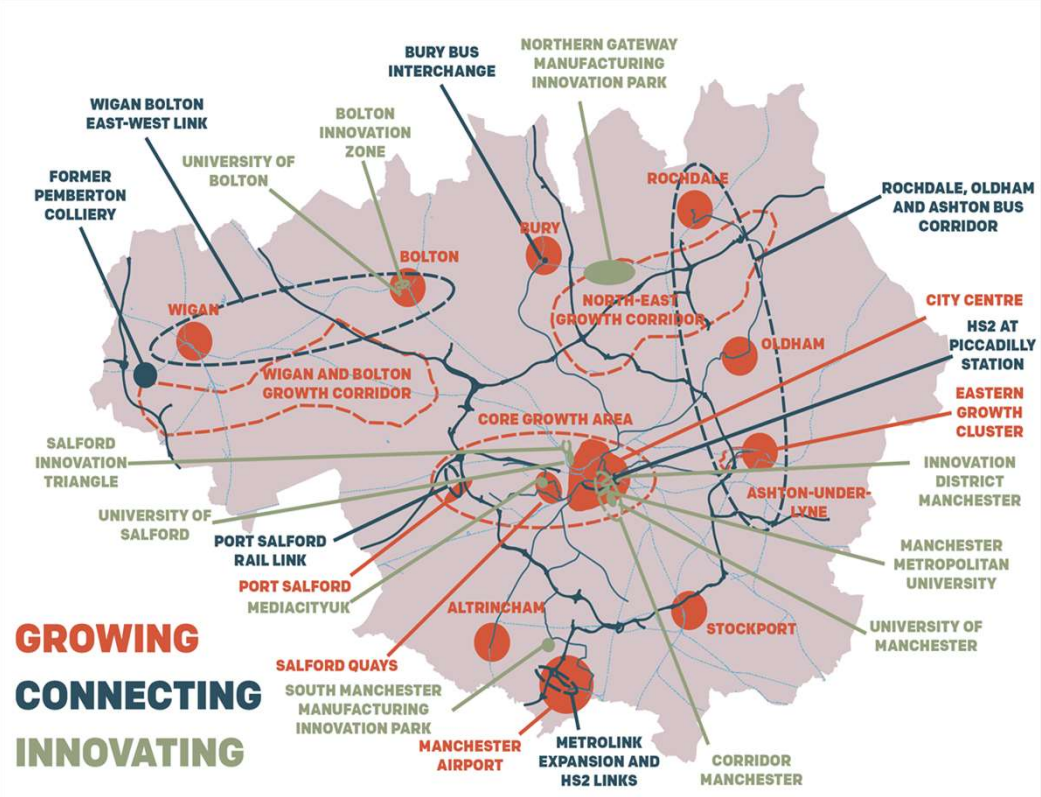
Innovation GM: A devolved resource representing spend needed to level up public R&D spending to levels in South East:

- Spatial development, inc Manufacturing Innovation Parks and a network of Innovation Spaces in towns
- Translating R&D excellence into economic growth
- Supporting companies to innovate inc. skills support and an Innovation Investment Fund

GM Infrastructure Programme: which draws together investments in new housing, employment sites and transport connections so they are more than the sum of their parts, and delivers vibrant, liveable and well-connected places

A GM Learning & Work Budget, a comprehensive and joined-up approach to skills, retraining and employment that brings together related activity and funding in a coherent offer

A Young Person's Guarantee which builds on Government commitments (like Kickstart), gives every young person clear lines of sight into local education, training and employment, and supports them to be both work ready and life ready



Indicative map, under development