

**Manchester City Council
Report for Information**

Report To: Executive – 22 July 2009
Subject: Response to the Recession
Report of: Chief Executive

Summary

This report summarises the Council's response to the current economic downturn.

Recommendations

That the actions set out in this report be endorsed.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Measures to support and advise business through the recession will help sustain the city's economic progress
Reaching full potential in education and employment	Working with Job Centre Plus and maintaining a focus on long-term worklessness whilst delivering immediate support to those who have lost their jobs.
Individual and collective self esteem – mutual respect	Helping Hands stresses the resilience of Mancunians, focussing on boosting morale and improving well-being.
Neighbourhoods of Choice	Work on mortgage advice and rescue and sustaining regeneration schemes will help maintain and improve the city's housing offer through the recession

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
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Financial Consequences – Revenue

Within existing budgets

Financial Consequences – Capital

Within existing budgets

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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.

'Council House Building' - report to Executive 24 June 2009
'Skills and Apprenticeship Strategy' - report to Executive 27 May 2009

1.0 Introduction

- 1.1 The Executive on 27th May approved the objectives of the Helping Hands campaign, which promotes the Council's response to the current economic recession. At that meeting the Executive noted that a wider report on the overall response by the Council would be submitted to a future meeting.
- 1.2 The Council's overall response to the recession is to resist being deflected from the approach to improving Manchester set out in the Community Strategy. We still need to enable Manchester residents to access work and to improve their skills. Enabling people to reach their full potential through education, skills and work therefore remains a top priority. Promoting aspiration, optimism and resilience will be even more important now economic conditions have worsened. Creating neighbourhoods where people choose to live as they reach their full potential remains a priority for the long-term transformation of the city's deprived areas.
- 1.3 At the same time, more immediate action is being taken to support businesses, residents and communities to limit the impact of the recession. This report provides a summary of the action the Council is taking in conjunction with its partners. It does not, however, provide a comprehensive picture of all partner activity.

2.0. Advice and Support on Debt and Repossessions

- 2.1 Working with the Courts, the CAB and Law Centres, the Council has:
- Increased debt casework in Manchester Advice by 47% in the year to April 2009, increasing advice to owner-occupiers from 30% of clients to 38%, compared to last year.
 - Provided extra support to residents facing repossession, basing two dedicated advice workers in the Civil Justice Centre who support a mortgage repossession duty rota scheme, as well as supporting people from other tenures who are facing eviction because of debt. This service has represented 133 households, delivering a 72% success rate.
 - Worked with the court service to send publicity about advice services with mortgage repossession court papers. The majority of households do not attend court hearings and so will not be helped by the duty rota scheme. This is an attempt to persuade those people to seek help, reaching around 250 households a month.
 - Increased help to people with other debt problems that come to court such as bailiff warrants, charging orders, bankruptcy petition and administration orders.
 - Allocated an advice worker to work with partners to deliver the government's Mortgage Rescue Scheme in the city. There has been criticism nationally about the lack of take up of the final mortgage rescue product, but the scheme

has helped by getting people to seek support. People have been able to stay in their homes because of intervention by advice workers e.g. by helping clients claim additional benefits and reschedule payments to creditors.

- Delivered specialist training to improve the skills of generalist advice workers on dealing with court advocacy and mortgage repossession cases so that they can help earlier in the repossession process.
- Run an advertising campaign on the pitfalls of Sale and Rent Back schemes.
- Submitted a successful joint bid with Salford City Council to the Department of Work and Pensions to host two regional Financial Inclusion Champion posts. These posts will provide a focus for financial inclusion activity by promoting measures to increase financial literacy and sources of affordable credit along with generic financial advice to prevent acute debt problems arising and help people break free of unmanageable debt.

3. Business Support

3.1 Working with the Chamber of Commerce and private sector partners, the Council has:

- Funded the development of a three-month pilot project to offer expertise, to established businesses experiencing problems, to improve capacity in critical business success factors. Using a “time bank” model, professionals and academics across the city donate time to businesses with 10-200 staff; providing accountancy, legal, marketing, PR and consultancy advice and support.
- Held monthly meetings at a senior level with the Chamber to share information and discuss the effects of the downturn on key business sectors, investigating mitigating actions.
- Made a commitment to pay all invoices speedily and to encourage businesses to move to the purchase card method of payment (which facilitates payment in 4 days) to try to maintain liquidity in the local economy. We have also prompted the Home and Communities Agency to stress this message with Registered Social Landlords following complaints from construction companies in the city.
- Promoted the small business rates relief scheme through a general mail out and targeted visits to premises, where it has been identified that claims have not been submitted, but where businesses may be eligible.
- Implemented the use of the regional e-business portal known as the Chest. Tenders are advertised on the portal increasing visibility of opportunities for businesses and other organisations interested in supplying goods and services. The system is fully electronic and free to all suppliers. In addition through our regional role as procurement lead for the North West, work is under way to standardise procurement documentation across the region,

- consulting with organisations that represent a diverse range of suppliers including the voluntary sector and SMEs.
- Exercised a strategic role in maintaining momentum by supporting development where it has the greatest potential to deliver regeneration objectives. Key initiatives include:
 - During the last 12 months, the Council has been working closely with the Co-op's project team on its redevelopment plans. The proposals set out a vision for a major commercially led, mixed-use destination at the northern gateway to the city centre, covering an area of 20 acres. The new 350,000 sq ft (net) landmark head office building will provide the anchor for further development to take place across the rest of the Co-operative estate and surrounding area.
 - The Hive on Lever Street will provide BREEAM excellent rated workspace for businesses in the creative industries sector and should anchor the regeneration of the wider area. Phase 1 is a 78,700 sq.ft. seven-storey building incorporating an arcade running parallel to Lever Street. Practical Completion will be in December and the building is expected to be at least 50% let by then. The anchor tenant for this phase will be the Arts Council England's North West Region office. A second phase is planned to front onto Stevenson Square itself. Half the site for this phase has been acquired and when it goes ahead the Phase 1 arcade would be extended to create a through route from Stevenson Square.
 - The Sharp Building is a key regeneration project within New East Manchester's portfolio. The project concept is to create a high quality, multi-functional space that is suitable for established digital businesses to flourish and for small scale companies to grow, in order to drive forward Manchester's position as a creative city. The building is large enough to accommodate a range of complementary businesses, generating a cluster effect that will build a critical mass of skills supply and demand in Manchester.
 - Submitted three possible projects for a pilot Accelerated Development Zone (ADZ) to CLG at the end of June. The potential of ADZs is being explored by Government as one of a range of innovative financing methods that could be used to fund essential development infrastructure enabling key regeneration proposals to go ahead. Manchester's proposed pilots were focussed on the Northern Gateway Co-operative Complex development; SportCity East Manchester and West Wythenshawe Economic Development Corridor.

4.0 Housing

4.1 We are seeing an impact on housing and regeneration projects. In response, the Council has:

- Established a system of regular reviews of the housing market, monitoring demand and understanding the impact on places and the range of possible area-based responses.

- Worked with Registered Social Landlords on access to affordable housing to meet increasing and disparate needs. Action is being taken to support employment opportunities and to reduce worklessness by integrating housing advice with education, training and employment advice.
- Established priorities for housing investment, including a review of investment priorities and of the capital programme to ensure they are supporting housing options.
- Investigated venture propositions to secure equity funding for the acquisition of distressed stock.
- Continued to work with developers and the Homes and Communities Agency to stimulate newbuild housing on stalled residential sites across the city. Several priority schemes are currently being assessed for funding through the HCA's Kickstart Housing Delivery Programme. The funding will enable developers to resume building and retain their workforce, which includes locally employed people.
- Started drafting an application to be an investment partner with the HCA under the National Affordable Housing Programme 2008/2011 for a share of the £100 million being made available to local authorities for building new council housing. The Manchester bid will be to build approximately 40 units of bungalow-type accommodation for older persons across a number of marginal in-fill sites in North Manchester. Allocation will be targeted at under-occupiers, thus freeing up much needed larger family homes for social rent. The completed homes will be delivered by March 2011. and community benefit through local apprenticeships will be written into the specification for our delivery partners.
- Started work preparing for the upturn, by focusing on site preparation, master planning, investment protection, including effective neighbourhood management, positive place-based marketing and preserving and building construction and regeneration capacity.

5.0 Health and Well-Being

5.1 Losing employment, increasing debt and other financial pressures will increase stress on individuals and families. Debt is cited as a major cause of relationship breakdown and particularly affects lone parents and low waged families with children. In response:

- The Healthy Living Networks are being expanded to provide city-wide coverage through 14 localities. Action to support residents affected by worklessness and the economic downturn will be a priority.
- Community Health Trainers are now delivering services from local JobCentre Plus offices to ensure that health support to residents who wish to make lifestyle changes is targeted at those who are at high risk during the downturn.

- NHS Manchester has promoted the Manchester Credit Union and further action is being taken to promote the Condition Management Programme, delivered by Manchester Community Health, to support those with mental health, muscular skeletal and cardio-respiratory conditions.
- Young people have been identified as a key risk group and further discussions will take place about tailoring appropriate support.

6.0 Older People

6.1 Targeted advice and assistance for older people is being produced, in particular a new “debt pack” and also the expansion of the My Manchester Services directory. Work for the 50+ client group is also focusing on free and affordable opportunities for older people (e.g. free public transport / swimming; exercise on referral health trainers, community guardians etc.) and support to get into training, volunteering or employment.

7.0 Unemployment and Worklessness

7.1 Working alongside Businesslink, JobCentre Plus and the Learning and Skills Council to deliver a co-ordinated Rapid Response Service for businesses facing significant redundancies (more than 20 people). This supports both the individual facing unemployment, and the business, and aims to provide targeted and appropriate support. There have been 19 calls on this service since April 2009, with 597 people losing their jobs.

7.2 JobCentre Plus is extending its Local Employment Partnerships (LEPs) in the city. LEPs enable close working with employers to generate employment opportunities; a recent successful example was with Tesco in Cheetham Hill, which supported 116 people from disadvantaged groups into employment. Adviser staffing in JC+ offices has increased by 10% and more staff have been moved into frontline operations.

7.3 A variety of further changes to JobCentre Plus’ ways of working were announced in the Welfare Reform Bill of December 2008 and Greater Manchester is likely to pilot many of these.

7.4 Manchester City Council has played a key role in the submission of a bid by AGMA to the government’s Future Jobs Fund which aims to create 8,000 new jobs, each comprising three core strands – paid work, training and personal development to equip people for sustainable employment.

7.5 As a major employer in its own right, the City Council is also actively increasing the employment and career progression of Manchester residents through its commitment to the Skills and Apprenticeships Strategy. All employees will be supported to reach level 2 qualifications by 2015, and an increase in the number of modern apprenticeships within the City Council to 300 by 2010 has recently been agreed.

- 7.6 The Council also commissions significant support, via the Working Neighbourhoods Fund, for workless people in Manchester. However the focus of this support is not on the immediate impacts of the downturn (which are addressed by JCP) but on helping those who are furthest from the labour market.
- 7.7 Members will also be aware of the resident wages project, which is trying out ways of tackling worklessness in neighbourhoods with high concentrations of households living on long-term out of work benefits, as well as engaging with employers to increase the opportunities for residents who are in work to gain skills and have access to higher paid jobs. A cluster of streets containing approximately 150 households are targeted as the focus for a multi-agency whole family approach. This identifies barriers to employment and, through an action plan with the family, provides support and services to overcome the barriers and enable participation in education, training and work.

8.0 Communications – ‘Helping Hands’

- 8.1 As reported to the Executive on 27th May, Helping Hands is aimed at challenging the idea that people are helpless in the face of the global economic crisis. The strategy aims to build on the inherent resilience of Mancunians, providing practical advice and information on ways to save money, get help and encourage activities to boost morale and improve well-being, focusing on what people can change, rather than what they have no control over. Positivity, confidence and pride in the city are key themes.
- 8.2 The target audience is adult residents in Manchester, with a focus on working age and older people. Businesses, in particular small businesses, will also have targeted information on what they can do to make their business recession proof and advise on available support. In addition to press articles and adverts, the strategy will use existing City Council media, such as Manchester People, Ward newsletters, Cascade, inter and intranet sites, targeting audiences and communities through displays, leaflet / postcard distribution and banners / displays.

9.0 Conclusion

- 9.1 In addition to the actions set out in this report, the Council and its partners have a number of monitoring mechanisms to track the economic and social impacts of the recession: for example our policy analysis team produces a monthly report on a range of key indicators and we are also sent monthly reports on worklessness and redundancies by JobCentre Plus. This monitoring allows us to adjust our response as conditions change.
- 9.2 The Council is also active in learning lessons and sharing good practice with other Core Cities, AGMA and with government.