



Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Sent via email: Action.Chancellors@hmtreasury.gov.uk

31st March 2020

Dear Chancellor,

We are contacting you on behalf of Key Cities in response to the series of measures you have announced to support communities, jobs and businesses during the critical Covid-19 pandemic.

We were pleased to hear that these financial commitments will form of the foundation of a great national effort to protect jobs, particularly the invaluable smaller and medium sized businesses across the UK.

However, it is imperative that these measures go further to address the most serious consequences and the potential impacts on the UK's medium sized cities – all of which need to be taken into careful consideration.

Some of the UK's most populous and productive regional cities and conurbations are members of the Key Cities group. Together, they make a significant contribution to the UK's economy – our combined economic turnover is £63bn per annum, and the manufacturing value of Key Cities Members in the North of England alone is £9.2bn per annum.

We are proposing a carefully considered support package – developed in conjunction with the leadership of our mid-sized cities – to address specific economic issues across the nation. We are pleased that the financial support is being extended for the non-contracted workers and entrepreneurs across our cities, who face a potentially significant loss of income in light of the current situation, but believe this should be brought forward from the current June availability date. Even the short term impact of such a loss on our national economy would be unprecedented.

We have already received many accounts of banks not being responsive to the needs of people in the period up until this date. While we appreciate the point that has been made about tax returns

not being completed on time, it also appears that where people have completed their tax returns, it would be wrong to delay further any support to them and we urge you to reconsider this position.

We welcome the £500 million Hardship Fund which was announced earlier this week, but we must reiterate that cash flow issues have already become an issue for many of our members, and urgent funding is necessary to help them support their communities at this time.

As a collective, we also recognise the need for shorter-term solutions to be in place to combat the spread of the virus. In this regard, the lack of personal protective equipment (PPE) that is currently available to medical and social care staff is a significant concern. Expediting supply of PPE for social care, and front line council, as well as front line NHS staff is a pressing issue. In addition priority testing for frontline social workers must be given the same priority as for frontline NHS staff.

Whilst certain housebuilders such as Persimmon have opted to close their sites to prevent further spread of the virus, greater clarity is needed on the Government's position on continuing work in the construction and manufacturing industries. As with other European countries closely affected by the pandemic such as Italy, it is also our request that all non-essential construction work and manufacturing should temporarily stop during this period, unless appropriate and adequate safeguards are implemented at these sites.

Transport is now even more of an area of concern that at any time, in particular the issue of maintaining bus services during this period. As you will be aware, they are vital for keeping essential services running. The bus market is in acute and urgent need of financial assistance to avoid damaging consequences in both the short and long term.

Accordingly, we are asking for support in providing urgent additional funding to maintain accessibility for key workers and local people who need to access essential services. We believe that the funding route (whether via local government or direct to operators) at this urgent time is far less important than the speed in which it is made available.

We would also ask you to consider relaxing state aid rules in relation to bus services to ensure that local operators and authorities can provide essential funding if appropriate, and to provide additional Bus Service Operators Grant ('BSOG') direct to bus operators and local authorities in order to sustain services.

We believe it is also important that rules and guidance are relaxed in relation to the use of concessionary travel funding, and that the government immediately amends legislation to give Nexus and local authorities powers to act as the 'operator of last resort' should a commercial bus company fail.

Finally in this regard, we also suggest the government immediately removes the restriction that prevents Nexus and local authorities from establishing publicly owned or municipal bus companies, or purchasing existing bus companies, should the need arise to maintain local accessibility and the circumstances be appropriate. Please can we urge you to consider this as essential for any future package of transport measures?

Elsewhere, The Future High Streets Fund and similar initiatives - such as the Housing Infrastructure Fund, which has supported projects across our member cities - are a critical resource for many of our towns and cities, and we would also like to request assurances that deadline extensions in response to these funds are confirmed as a matter of course.

We would also like to join you in recognising the heroic efforts of our emergency services and the strain they are being put under during this time in protecting individuals across the country and reducing the spread of the virus. As we start to plan for the weeks ahead, we need to plan now for potential future issues, including the risk of civil unrest, an increase in crime or anti-social behaviour.

We must work together to develop practical solutions to these issues, and we stand ready to support you. We share a number of important goals, particularly in terms of bringing together national Government, business and local leaders with a real focus on levelling up our regional communities and unleashing the UK's economic potential.

Our mid-sized cities play a critical role within their respective regional economies and have a hugely important part to play in what happens next, as we navigate our way through this unprecedented situation.

We look forward to hearing from you as we endeavour to deliver this crucial next stage in the protection and growth of the UK's economy.

Yours sincerely,



Cllr. John Merry
Deputy Mayor, Salford City Council
Key Cities, Chair



Cllr. Alan Jarrett
Leader, Medway Council
Key Cities, Deputy Chair



Cllr. Michael Mordey
Deputy Leader, Sunderland
Key Cities, Deputy Chair



Cllr Vikki Slade
Leader, BCP Council
Key Cities, Deputy Chair