

Greater Manchester Combined Authority

Date: 28th October 2022

Subject: Cost of Living and Economic Resilience in Greater Manchester

Report of: Councillor Bev Craig, Portfolio Lead for Economy & Business and Councillor Amanda Chadderton, Portfolio Lead for Equalities, Inclusion and Cohesion.

PURPOSE OF REPORT:

To provide GMCA with an update on the cost of living pressures on residents and businesses in Greater Manchester, and some of the measures being put in place by the GMCA and partners to respond.

RECOMMENDATIONS:

That the GMCA note the latest assessment, including the findings of the Greater Manchester Disabled People's Panel 2022 Survey, and emerging response, and give views on the next steps in that response.

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BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

Equalities Impact, Carbon and Sustainability Assessment:

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health	N/A	
Resilience and Adaptation	N/A	
Housing		
Economy		
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the Greater Manchester Carbon Neutral 2038 target.		

No direct impacts arising from this report.

Risk Management:

None

Legal Considerations:

None

Financial Consequences – Revenue:

None

Financial Consequences – Capital:

None

Number of attachments to the report:1

Comments/recommendations from Overview & Scrutiny Committee

None

BACKGROUND PAPERS:

The author of the report must include list of those documents on the subject matter which:

- Disclose any facts or matter on which the report or an important part of the report is based;
- Which have been relied on to a material extent in preparing the report

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	
GM Transport Committee	
Overview & Scrutiny Committee	

1. BACKGROUND

- 1.1 The current increase of the cost of living is notably impacting residents and businesses in Greater Manchester. This includes:
- **Increasing food insecurity** – for example, the latest wave of GM Resident Survey results shows there is the equivalent of almost half a million GM households that have experienced food insecurity in the past year and over half of households with children report having experienced food insecurity in that time.
 - **Increasing costs of doing business** – for example, 27.5% of respondents to the Growth Hub’s Business Survey reported rising costs of raw materials, staffing and other inputs in the 12 weeks to 3rd October 2022. In addition, 78.0% of businesses reported cashflow issues over the period.
- 1.2 Comparing the latest results from the Greater Manchester Resident’s survey conducted between 1st and 21st September, with those from six months ago, food insecurity is shown to have substantially increased (now affecting 42% of households, compared to 35% of households in the Spring). This equates to over 80,000 more households saying they have had problems at some point in the last twelve months. Food insecurity continues to impact disproportionately upon households with children (56% now reporting food insecurity at some point in the last year, compared to 42% of all households).
- 1.3 The impacts of the cost of living crisis are reaching far beyond ‘disadvantaged’ parts of our population: 4 in 5 (84%) Greater Manchester respondents say their cost of living has increased over the past month and a similar proportion (81%) are worried about the rising costs of living. Greater Manchester results are broadly in line with the national picture, though more residents here report being “very worried” (almost 2 in 5, 39%, compared to 32% nationally).
- 1.4 Ahead of the October price cap rise, energy costs were already one of the most significant aspects of hardship. Over half of residents say they are having difficulty being able to afford their energy costs (56%) – Greater Manchester’s results are significantly higher than the national average (48%).
- 1.5 More households have borrowed more money or used more credit in the past month, compared to this time last year. Again, the Greater Manchester rate is higher than nationally - 35% of households here report having to do so in September. This is substantially higher than the national figure of 22%. The next iteration of the survey will explore this in more detail (e.g. from whom are people borrowing). Almost half of Greater Manchester households would be unable to pay an unexpected but necessary expense of £850, suggesting many could be substantially impacted by rapidly rising interest rates - 43% of GM households would not be able to afford to do so, compared to 32% of households nationally.

- 1.6 The cost of living crisis also appears to be impacting on people's overall mental wellbeing. In April, 40% of respondents reported high levels of anxiety; this has now increased to 44%. For comparison, the equivalent figure nationally is 36%.
- 1.7 The results of the GM Big Disability Survey 2022 were also published on 20th September. 28% of disabled people could afford essential items but nothing else, and 20% sometimes could not afford essential items. A quarter of respondents have had to use a foodbank, meaning that disabled people use food banks at three times the rate of non-disabled people. Most people found dealing with benefits very difficult (13% said it was impossible). In text responses there was evidence of an abusive, inaccessible, and unfair system that negatively impacts physical and mental health. 68% have changed the food they eat to save money, a third cannot pay all their bills and 39% were in debt. 75% said they spend more on gas and electric because they were disabled, and a similar proportion are worried about this coming winter. 23% were not using digital services because of lack of money. The biggest negative influence on people's wellbeing and mental health was poverty (66%).
- 1.8 The Centre for Progressive Policy released a report in September looking into how different areas across the country are experiencing the crisis, different levels of vulnerability and variations in response. The report, 'Hard up,' also updates the CPP's previous cost of living vulnerability index in order to assess the changing nature of places most susceptible to poverty. The report highlights that "the vital role of local places in understanding and responding to the cost of living crisis has been almost entirely absent from the national conversation. The interviews and analysis conducted to produce this report highlight the varied ways in which places are experiencing this crisis and their underlying vulnerability to it. Yet national policy has had little to offer them."
- 1.9 The vulnerability index focuses on poverty-based vulnerability and work-based vulnerability and gives a ranking for all local authorities. Bolton, Oldham, Rochdale and Tameside all sit in the top decile of the vulnerability index, with all 10 local authorities appearing in the top two thirds of most vulnerable local authorities. These overall rankings are based on food insecurity, fuel poverty, child poverty, claimant count, economic inactivity and the number of low paid jobs. The North West has overtaken the Yorkshire and Humber to become the second most vulnerable region, as the North East remains the most vulnerable. The report also notes that real-terms inflation disproportionately affects the North of England.
- 1.10 'Hard up' also concentrates on the response to the cost of living crisis from local authorities across the country, reflecting much of what we are seeing in Greater Manchester. This includes 'community hub' models of delivery to locate services where people are most vulnerable, the utilisation of geographic data analysis to best respond to local need and finally the VCSE sector playing a strategic role in coping with rising demand but simultaneously struggling due to lack of funding, a fall in public donations and rising operational costs.
- 1.11 The latest GM Quarterly Economic Survey for Q3 2022 conducted by the GM Chamber of Commerce shows that businesses are concerned about high inflation. To compensate for higher input costs, 65% of businesses surveyed expect to

increase their selling prices. The survey also showed business investment has declined since Q2 and recruitment difficulties have increased. Labour shortages and wage inflation are a serious concern for many businesses.

- 1.12 The GMCA Research team have access to CACI's disposable income data. This is a snapshot from Spring 2022 and provides an average per year, per postcode across key data items such as household income, tax, mortgages, rent, utility bills, food spend as a few examples. This is available across all of Greater Manchester at Postcode, Output Area, Lower Super Output Area and Council geographies. CACI are also exploring if neighbourhood level data is viable. The Research team have access to the raw data, and are able to provide aggregated outputs to GM Local Authorities. The team are working with LA officers to explore the best format for these outputs to enable Local Authorities to understand need and target support or advice to residents.
- 1.13 This report sets out the latest indicators and analysis on the Cost of Living and Economic Resilience. They include inflation and its direct impacts, but also some of the remaining impacts of the Covid-19 pandemic and changes due to the UK's exit from the European Union. It also summarises some of the emerging responses to those insights.
- 1.14 The assessment is based on two dashboards:
- 1.15 The Cost of Living dashboard is designed to specifically track the cost-of-living in GM in comparison to England and the North West on a monthly basis. It allows for comparison between each Greater Manchester local authority, the city region as a whole, the North West and the whole of England.

The data is divided into five sections:

- Housing and Homelessness provides data on housing support and temporary accommodation use in GM.
- Employment, Finances and Welfare provides leading indicators on personal finances, financial support and living costs.
- Food provides data on food poverty and support in GM.
- Fuel provides the latest data on fuel prices and energy costs.
- Crime provides data on domestic abuse incidents and acquisitive crime in GM.

- 1.16 NHS GM is currently working with GMCA to incorporate appropriate health and care measures into the GM Cost of Living Dashboard in future editions. The monthly update will also be presented to the ICP Board and ICB as well as being cascaded through other significant parts of the GM health and care system such as place based leads and provider collaboratives. In addition, NHS GM will broaden representation (including from clinicians) at the GM Cost of Living response group as part of ensuring a whole system response to the cost of living crisis.
- 1.17 The latest version of the dashboard can be viewed live at this link (and is attached as a PDF report):

[Workbook: Cost of Living \(gmtableau.nhs.uk\)](https://gmtableau.nhs.uk)

- 1.18 The Economic Resilience Dashboard aims to provide up to date intelligence on the conditions in the Greater Manchester economy.

The data is divided into seven sections:

- Labour Market provides leading indicators on employment and economic activity.
- Household Finances and Cost of Living provides data on pay, debt and inflation.
- Business Outlook provides data gathered by GM based organisations on business sentiment and confidence.
- Business Lending and Credit Risk provides information on coronavirus support measures and SME Lending.
- Behavioural Insights provides information on the movement of people across GM.
- International Trade provides the most up to date information available on exports at different geographies.
- National Indicators provides leading indicators on the state of the economy nationally.

- 1.19 The latest version of the dashboard can be viewed live at this link (and is attached as a PDF report):

[GM Economic Resilience Dashboard: About - Tableau Server \(gmtableau.nhs.uk\)](https://gmtableau.nhs.uk)

2. HEADLINES FROM THE COST OF LIVING DASHBOARD AND GM ECONOMIC RESILIENCE DASHBOARD

- 2.1 Inflation increased in September after declining slightly in August. The widely used CPI measure of inflation rose to 10.1%, an increase of 0.2 percentage points on the previous month. The largest contribution to the month-on-month increase was rising food prices. The 10.1% rate of inflation recorded in July and September 2022 is the highest level since 1982.
- 2.2 Latest labour market data shows that the volume of claimants for both unemployment benefits and Universal credit remained steady in the last month in Greater Manchester (albeit at levels well above those prior to the pandemic). However, rates of economic inactivity have begun to rise again in the North West and are now equivalent to the highest inactivity rates reached during the pandemic.
- 2.3 The latest Growth Company survey highlights the rise in the proportion of businesses reporting cash reserves that can support activity for over six months. This rose from 66% to 75% and the Growth Company suggest this could signal that firms have made adjustments to their business plans in order to build reserves to hedge against economic uncertainty.
- 2.4 UK Consumer Confidence worsened again in September falling by a five points below what were already historically low levels to -49, further confirming the worsening state of household finances.

- 2.5 Recent figures show that there has been a 15.5% increase in the number of employed people that have been referred to 'A Bed Every Night' for emergency accommodation and support (193 employed individuals referred in the period Jan-Sep 2021 compared to 223 in the period Jan-Sep 2022).
- 2.6 As the Cost of Living Dashboard continues to develop the range of measures is being widened to understand potential second order impacts of the crisis. One of these is assessing changes in crime rates. There has been a 17.2% increase in the volume of acquisitive crime recorded across GM (80,491 recorded crimes during Jan-Sep 2022 compared to 68,688 recorded during Jan-Sep 2021).

3. DEVELOPING RESPONSE TO THE IMPACT OF THE COST OF LIVING CRISIS ON RESIDENTS

- 3.1 **Helping Hands Website and GM Public Information Campaign:** GMCA have launched an online resource to help guide residents to support available in their area, covering a variety of topics including help with food bills, energy, childcare costs, pension credit top-up, help with transport costs, mental health and well-being (including gambling harm) and digital inclusion. It signposts people to local authorities as well as national support where appropriate. The initial version of the site has been published with further developments to come. Residents can visit www.greatermanchester-ca.gov.uk/helpinghand to find out more. In addition to the website it has become apparent that there is space for more action in the shape of GM-wide public information campaign. We know that the cost of living crisis is impacting everyone but as is often the case there is a differential impact on some groups. A range of intelligence points to the fact that due to confusion caused by some of the national messaging (or lack of) we are witnessing a behavioural risk amongst those most at risk from the cost of living crisis. Examples include older people not using their heating at all under the assumption they will not be able to afford it, or sitting in silence without the comfort of a TV or radio worried at the cost of electricity. The potential health and wellbeing issues here are obvious. Learning from the pandemic has shown that when a public information campaign is done properly it can be very effective in delivering clear, consistent and safe messages. Work is now starting to scope the design a GM-wide public information campaign that shares information in an accurate way.
- 3.2 **Warm Spaces Initiative:** GMCA are supporting localities to provide welcoming and warm spaces over the winter period. This initiative allows residents who are struggling to heat their home to attend a warm place in their local community such as Libraries, Community Centres, Leisure and Youth Centres. Attendees will receive a warm welcome, hot drinks, and in some cases the opportunity to engage in some wraparound to support issues including: income maximisation; debt advice; Mental Health and Wellbeing etc. GMCA has drawn together a networked offer that local areas can now connect into alongside their own offers including those being delivered by community groups. Discussion are taking place with a tech firm to provide an online mapping tool that will allow local warm spaces to register their

location and services so that residents can easily find these through a post-code search facility.

- 3.3 **National Challenge Poverty Week – England and Wales:** During the week commencing 17th October there were a range of events aimed at highlighting the injustice of poverty and to show that collective action based on justice and compassion can create solutions. The GM Food Security Action Network held a special in-depth event on 20th October that focused on what further can be done to address Food Insecurity in the face of the cost of living crisis. The session included an address from the Mayor and was attended by a cross-sector audience.
- 3.4 **Greater Manchester Fire & Rescue Service (GMFRS) ‘Stay Fire Safe’ Campaign:** As a result of the increase in the cost of living, GMFRS expect to see a larger number of people/households who would be defined as being vulnerable to fire and an increase in behaviours which can increase the risk of fire. Negative outcomes might include increases in accidental dwelling fires, associated fire injuries and fire fatalities. GMFRS have been working with each of the local authorities on this and a targeted approach to Home Fire Safety Assessments aimed at high risk households is being rolled out. GMFRS will urge people to take simple steps to protect themselves from accidental fires and stay safe as they look to keep warm and cut energy use this winter. The call comes following concerns that the cost of living rise will mean people turn to alternative ways of heating and cooking in their homes. The approach of GMFRS is to work with local partners to generate more referrals to the service to get across the right thresholds to give the supportive advice and to carry out brief interventions that will promote fire safety whilst recognising the difficult choices people may have to make in the coming months.
- 3.5 **Winter Wise – A guide to keeping well this winter:** in partnership with national charity Independent Age, the GM Ageing Hub are producing a printed guide for older residents to help stay warm, well and safe this winter. It is anticipated that over 200,000 copies of the guide will be distributed to older people across the city region, with delivery expected from mid-November. Distribution is being supported by TfGM, GMP, GMFRS and North West Ambulance Service as well as local authorities, the NHS, housing providers and the voluntary sector. A supporting film (3-5 mins) is being co-produced with older people and a wider engagement strategy developed with the GM BAME Network.

4. DEVELOPING RESPONSE TO THE IMPACTS ON BUSINESSES

- 4.1 In response to the increased costs for businesses, partner organisations across Greater Manchester are mobilising activity and pivoting existing interventions in response, focused on helping businesses to manage increased costs and reduce their energy bills. These actions will develop over the coming months, informed by the macroeconomic context and any further announcements from the government.

Cost of Doing Business

4.2 The Business Growth Hub is developing a plan of activity to take a leading role in supporting businesses to manage the increasing costs of doing business. The ongoing programme on decarbonisation continues to support businesses to adopt and implement energy efficiency measures to reduce costs in both the short and longer term. This included a webinar held in October titled 'Making Sense of the Energy Challenge', focused on explaining the government intervention on energy bills and a discussion on some immediate opportunities to reduce consumption. Other activity will include:

- **A series of workshops called Strive and Thrive** to help companies develop a plan to respond to the current economic situation looking at areas such as operational costs including reducing waste, achieving better returns on investment, staff productivity, and payments etc. These will begin in November and will run weekly.
- **Pivoting one to one support** - as part of the diagnostic process, all advisors address current and future challenges. Advisors are concentrating activity on supporting businesses with practical solutions to the immediate challenges they are facing along with longer term planning.
- **Events, Drop-in Clinics and Seminars** – all future 'Match' networking events will focus on current business challenges. The last event in October focused on the energy crisis, with the next two focusing on finance & costs and leading in challenging times. All Account Managers are hosting drop-in clinics within their dedicated local authority areas and a series of seminars aimed at micro businesses and those in the foundational sectors will be delivered across the Local Authorities.
- **Access to Finance.** The team have developed a cohort programme which works with businesses to understand their costs, their cashflow and their income patterns with the aim of helping business owners understand where efficiencies can be made, where costs can be reduced and enabling the finance cycle to work in the best way for the business.
- **Decarbonisation** – continuing to support businesses to adopt and implement energy efficiency measures to reduce costs in both the short and longer terms.
- **#HereForBusiness Campaign.** A dedicated campaign including a social media campaign, digital marketing and PR on the support available to businesses and sharing practical solutions business can undertake. This will include informing businesses of the Government's Energy Relief measure, along with wider cost of operations, access to finance, restructuring, productivity, and leadership well-being support. These themes will be delivered via webinars, workshops, drop-in clinics, local in person events, and personal support, leveraging existing support across partner organisations where appropriate.

Energy Efficiency and Net Zero

- 4.3 **Journey to Net Zero.** The 8th Cohort launched in September with 15 businesses attending the first workshop and feedback from attendees remains positive. There are plans to develop a more holistic and larger scale programme, accompanied by the publication of four sustainability guides targeting sectors of the micro business community (Retail, Hospitality, Office, Light Manufacturing & Repairs). These guides will provide tips and recommendations to reduce energy and material waste.
- 4.4 **Energy Innovation Agency (EIA).** The agency is currently supporting 20 innovators and businesses and delivered a 30-minute session at the Green Summit in October on the energy crisis and how energy can be made more sustainable, more secure and fairer for all.