

## Greater Manchester Combined Authority

Date: 27<sup>th</sup> January 2023

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.

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### 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 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

<b>TRACKING/PROCESS</b>	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	No
<b>EXEMPTION FROM CALL IN</b>	
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. HEADLINES FROM THE COST OF LIVING DASHBOARD AND OTHER FEEDBACK

- 1.1 The impacts of the cost-of-living crisis continue to reach far beyond 'disadvantaged' parts of our population:
  - 8 in 10 GM respondents to the GM Residents Survey say their cost of living has increased over the past month
  - 7 in 10 say they are worried about the rising cost of living
  - GM results are broadly in line with the national picture, though more GM residents report being "very worried" (29% compared to 23% nationally).
- 1.2 While remaining high, there have been slight declines since October/November in the proportions of residents who feel worried about their cost of living:
  - This change is seen in both Greater Manchester and Great Britain data.
  - In Greater Manchester, those worried have fallen from 80% to 71% and those very worried from 34% to 29%; in Great Britain those worried have fallen from 79% to 76% and those very worried from 28% to 23%
  - While notable, these declines may reflection a degree of 'normalisation' of increased costs and less pronounced media reporting on the cost of living crisis than earlier in the Autumn.
- 1.3 Some parts of the population are particularly likely to be worried about their costs of living. While 71% of the population as a whole report being somewhat or very worried, this figure is higher among:
  - Disabled respondents (86%)
  - Those not in work due to ill health or disability (85%)
  - Parents of children under 5 who do not attend early years settings (83%)
- 1.4 In October 2022, the Greater Manchester Fire and Rescue Service made amendments to their Incident Recording System in order to log when an incident is definitely, or suspected to be, cost of living related, this data is now included in the GM Cost of Living dashboard. At present the numbers recorded are relatively low, as we have seen 17 cost of living related incidents recorded across Greater Manchester between October and December. Whilst the numbers are comparatively low, we can see patterns emerging, for example there were 3 incidents caused by unsafe or unusual heating practices recorded in November and 4 incidents of this nature recorded in December.
- 1.5 The GM Cost of Living dashboard now includes data from Trussell Trust which reflects the number of emergency food parcels distributed from food banks across Greater Manchester that sit within the Trussell Trust network. 59,098 parcels were distributed across the city region between April-September 2022. This is the highest recorded number in a sixth month period in GM, since the beginning of the pandemic in the April-September 2020 period, when the 59,794 parcels were distributed across GM. The small difference between the number of parcels distributed when comparing these two periods, reflects the emergency of the current crisis and its similarities with that of the pandemic period. Trussell Trust reflect this reality in the national picture

as they note that more emergency food parcels were given out during the April-September 2022 period than ever before for this time of year, noting that even in summer months people are struggling to afford the essentials and that this is likely to mean that this current winter will be the hardest yet for food banks and the people they support.

- 1.6 There is a range of support for residents in relation to energy costs across Greater Manchester. For example, some local authorities offer fuel vouchers, whilst others offer fuel grants or schemes like personal budgeting support. Whilst there are differences across these schemes, there also some noticeable trends. For example, across schemes in Manchester, Oldham, Trafford and Wigan there were more households supported via these schemes in December than in the previous month. Evidence suggests that more residents are likely to apply for this type of support due to colder weather, or the Christmas period. In some cases, this was a large increase, for example the Warm Homes scheme in Oldham saw 72% more families receive support through the scheme in December than in November, this was a much larger increase than seen in previous winter periods. In Manchester, 93 households received fuel grant approvals in December, which was 57 more households than in the previous month, however this number was lower than the general trend seen across 2022, where on average 154 households were granted approval for fuel grants.
- 1.7 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 eight 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, acquisitive crime and shoplifting in GM.
- Fire provides the data on the number of cost of living related incidents recorded by Greater Manchester Fire and Rescue Service. At time of data collection, there had not been any incidents recorded as cost of living related on the GMFRS system.
- Digital Exclusion provides data from the GM Residents Survey which focuses on the level of digital exclusion felt by Greater Manchester residents.
- Health and Wellbeing provides data from the GM Residents Survey focused on the wellbeing of Greater Manchester residents and the impact the rise in cost of living has on this.

The dashboard also contains two direct links to:

- Citizens Advice Greater Manchester dashboard which provides data on the issues presented to Citizens Advice services by Greater Manchester

residents. This data covers from April 2020 to October 2022 and can be broken down by types of issue, client demographics and the channel through which the client has accessed support.

- Cost of Living analysis focused on data from CACI. This dashboard presents CACI estimated predictions data that focuses on GM average spending on gas, electric and oil and mortgages, as well as, mean net disposable income. This data is presented at LSOA level and is a snapshot in time from Spring 2022.

- 1.8 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.
- 1.8 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/Workbook: Cost of Living)

## 2. HEADLINES FROM GM ECONOMIC RESILIENCE DASHBOARD

- 2.1 The UK economy grew by 0.1% in November according to the latest data from the ONS, after a Reuters poll of economists had forecast a 0.2% contraction. Stronger services activity during the men's football World Cup and increases in telecommunications and computer programming helped the economy perform better than expected. November's GDP growth could indicate the UK avoided a technical recession in the final three months of 2022, however, the economy contracted by 0.3% in the three months to November and both the OBR and Bank of England forecast it will go into recession in 2023 due to the effect of sustained high inflation. In response, the Bank of England raised interest rates for the ninth time in a row in December, from 3% to 3.5%, the highest level since 2009. Inflation including housing costs was 9.2% in December, a slight decrease of 0.1 percentage points since November.
- 2.2 The World Bank has predicted that the global economy is also 'perilously close to falling into recession'. The World Bank expects the world economy to grow by 1.7% this year, the lowest since 1991 and a decrease from the 3% it predicted in June. The World Bank singled out higher interest rates as a key challenge facing policymakers, as higher borrowing costs have stifled business investments and could lead to more companies struggling with their debts. In addition, the IMF has predicted that a third of the world will go into recession this year.
- 2.3 These forecasts are broadly consistent with the findings of CIPS/Markit Purchasing Managers Index for December. All three sectoral PMI's are below the 50.0 threshold that indicates growth.
- 2.4 Furthermore, UK Consumer Confidence remains low as real wages are falling and high inflation continues to effect households. Consumer Confidence improved by two

points to -42 in December, however, this score is lower than at any point during the pandemic or the financial crisis.

- 2.5 The most recent Growth Company Business survey, conducted between 5th December and 6th January, found that the main risks facing GM businesses are high costs, supply chain issues and cashflow issues. Cost risks have increased slightly in the latest survey and are a major problem for over a third of firms. Nearly three quarters of firms are certain they have reserves to last over 6 months, a sharp increase from the last two months.
- 2.6 A November 2022 survey by the Federation of Small Business found that 25% of their members have seen their energy costs double and 19% have seen them triple. 23% are yet to renew their fixed tariff. The FSB said that if government support for energy costs were to end on 1 April 2023, 24% of surveyed businesses anticipate that they would need to close, downsize or radically restructure.
- 2.7 The latest version of the Economic Resilience 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)

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

#### **Warm Spaces in Greater Manchester**

- 3.1 A network of community organisations, churches, libraries, businesses and other faith groups across the UK have opened their doors to provide warm and welcoming spaces this winter. GM currently has over 400 Warm Spaces confirmed across the city-region and this figure is expected to grow over the next few weeks as further grant funding applications from VCFSE organisations are processed. GMCA are encouraging all partners to sign up to the online mapping platform 'Warm Welcome' which allows residents to find a warm space near them. Some Local Authorities in GM are also producing their own interactive maps which are posted under their Warm Spaces link on council websites.
- 3.2 To maximise collaboration across GM a Warm Spaces Network has been established that is made up of Local Authorities, Health, VCFSE, and other key stakeholder Leads. The aim of this network is primarily to share good practice, identify additional support requirements and share data and useful insights.
- 3.3 There is a diverse range of support and activities provided at each Warm Space depending on the provider and the needs of the local community. Examples of aligned support includes: money & debt advice; CAB Navigators; Illegal Money Lending Team; GMFRS Home Safety Visits; Signing visitors up for flu/covid vaccines; Digital Skills; Income Maximisation. Some Local Authorities have also used this initiative to distribute Warm Packs to some of their most vulnerable residents.

- 3.4 All partners are committed to ensuring they are providing a dignified offer therefore, data and insights are being captured anonymously and are reliant on staff/volunteer/partner observations and qualitative evidence. Most leads reported an increase in attendance at their warm spaces during the beginning of December with a reduction in the weeks leading up to and including Christmas. Attendance varies depending on the location and type of venue but local leads are indicating that attendance is higher in areas that experience higher levels of deprivation.
- 3.5 Other recent headlines captured through the network include:
- 3.6 Some Warm Spaces, especially those connected to the Faith Sector, are also providing a hot meal as part of their offer. Healthy Hyde have three Warm Spaces and are cooking & providing meals which are distributed to their attendees and other vulnerable members in the community. GM Leisure Centres are also providing warm shower facilities as part of their offer. GMFRS have recently opened a warm space at Farnworth Fire Station in conjunction with Bolton Council.
- 3.7 Training packages have been developed to support staff and volunteers which includes Safeguarding and “How to have an empathetic conversation.” Over 200 free places have been offered to colleagues working in Warm Spaces and Foodbanks to attend the GM Suicide Prevention Training course.
- 3.8 Local leads are reporting that this initiative is also supporting people who are suffering with Social Isolation and loneliness.
- 3.9 Some Local Authorities have allocated specific budgets to provide small grants to VCFSE organisations to support the establishment of a Warm Space or to provide an extension to an existing offer. However, other Local Authorities have highlighted the need for funding to support this initiative with many VCFSE organisations already struggling to keep their own community buildings open due to the rise in energy bills.

### **Winterwise – a response to the cost-of-living crisis for older people**

- 3.10 The Greater Manchester Ageing Hub at the GMCA has partnered with national older person’s charity Independent Age to produce the Winterwise guide, designed for older residents. Launched on 22 November, the guide details cost-of-living and other support around three key themes:
- ‘Stay warm’ – Providing information about the financial support that older people could access to help them with rising energy costs
  - ‘Stay safe’ – Focusing on home safety advice for older people, including fire safety, how to spot and report scams, and what to do if they fall
  - ‘Stay well’ – Tips and advice on mental health and wellbeing, eating well and keeping active
- 3.11 Winterwise builds on the messages of the Pension Top Up campaign, relaunched in Spring 2022, which encourages older residents to check they are getting all the financial support to which they are entitled. In Greater Manchester, £70 million goes unclaimed each year in Pension Credit alone, while many older residents are also

missing out on Attendance Allowance, Housing Benefit, Council Tax Benefit and other entitlements.

- 3.12 The Winterwise guide is available in print and online in English, Easy Read, Urdu and Bangla; a large print version and audio version are also available from Independent Age. Printed resources were prioritised due to older residents having high rates of digital exclusion and a strong preference for paper materials.
- 3.13 Distribution of more than 325,000 printed guides has been facilitated by partners including the 10 local councils, North West Ambulance Service (Patient Transport Service), Greater Manchester Police, Greater Manchester Fire and Rescue Service, Greater Manchester Housing Providers, GM NHS Integrated Care Partnership, Transport for Greater Manchester, and local organisations and networks. A number of these partners also provided the financial support which made the Winterwise campaign possible.
- 3.14 With the support of 'Talking About My Generation', the first older person-led newsroom in the UK, a short video has been produced with older residents in Greater Manchester to promote the Winterwise messages. For frontline workers, there's also the online Winterwise 'Talking Tips', a 2 page a guide for good conversations with older people.

#### **Greater Manchester Project with National Family Centre and Amazon**

- 3.15 Previous updates to the GMCA under this item have referred to the intention of bringing an initiative to our city-region based on the 'Big House' project in Fife, Scotland. The work in Fife has been spearheaded by former Prime Minister Gordon Brown, The Cottage Family Centre (the charity that Gordon Brown is patron of) and online retailer Amazon. The project was created to tackle two great social challenges: waste and family poverty. Through this initiative hundreds of thousands of free products have been donated and distributed to thousands of families in need across Fife via referrals from charities and frontline public service workers. Amazon's global specialism in speed, scale and logistics has been fused with grassroots insights of where need lies in households and communities.
- 3.16 Building on the experience and expertise gathered from The Big House project, officers from GMCA have been supporting the National Family Centre and Amazon to bring this initiative to GM as part of our cost of living and anti-poverty response.
- 3.17 On 15th December 2022 the 'Brick-by-Brick' pilot project was subject to a soft launch in Wigan, with local charity The Brick acting as the coordinating organisation. Referrals are now being received from a range of charities from across Wigan, Leigh and Bolton as well as social workers from within Wigan Council.
- 3.18 To enable the initiation of the project Amazon undertook warehouse renovations to ensure the existing building was fit for purpose and safe for employees. Alongside this, Amazon have provided financial support to enable the project, the donation of goods and full warehouse staffing working alongside The Brick.

- 3.19 Over 30,000 goods have been donated by Amazon for soft launch. Other organisations including Vision Linens, Unilever and Whitbread have also donated approximately 8,000 goods. These goods are now finding their way to families that need them through the partner referral process.
- 3.20 The reasons that have been cited for using the service are varied and include loss of benefits or waiting for benefit payments to come through, loss of income, care leavers, cost of living rises, redundancy and young people at risk of homelessness. For some families, life limiting illnesses means that funds are being spent on medical equipment rather than household essentials.
- 3.21 It is intended that the project will spread and scale from Wigan across GM, with project development and expansion being a key priority. Key considerations will be warehousing, logistics and resources. GMCA will be updated further as this work develops.

### **Roundtable Discussions with Utility Providers and Suppliers**

- 3.22 The Mayor has recently held a roundtable discussion with a number of utility providers and suppliers to see how residents can be supported. Even with the Government's Energy Price Guarantee and the Energy Bill Support Scheme, most people are paying energy bills that are double what they were last year, and this is on top of other upwardly spiralling housing and food costs. Responses from the most recent Resident Survey state that almost 3 in 5 (57%) respondents say they are having difficulties affording their energy costs and almost half of those with a prepayment meter (49%) say they are concerned about keeping it topped up and connected on a daily basis.
- 3.23 Through the roundtable discussion a number of practical actions were identified where there might be potential benefit to be unlocked for residents. The impact of the energy price increases on individuals that rely on heavy consumption medical devices was also highlighted in particular. An action-focussed working group has now been formed as a result of the roundtable discussion with representatives from utility providers and suppliers working with GMCA, GM NHS ICS and the GM Coalition of Disabled People to look at practical next steps.
- 3.24 The themes being explored as a result of the roundtable include data sharing and Priority Service Registration, potential 'social tariff' approaches, issues associated with customers being switched to pre-payment meters, strengthening awareness raising as to the support that is already available to customers, and how appropriate funds can be channelled to those individuals and families that are most in need.

### **Activity in the voluntary, community and social enterprise (VCSE) sector.**

- 3.25 The impacts of the cost-of-living crisis are being felt acutely by VCSE organisations who are particularly dependent on grants and public service contracts to carry out their activities.

- 3.26 VCSE organisations in Greater Manchester have been leading the way in terms of payment of the Real Living Wage and have set a target in the GM VCSE Accord ([Voluntary, Community and Social Enterprise Accord - Greater Manchester Combined Authority \(greatermanchester-ca.gov.uk\)](#)) that 100% of employees in the sector are paid at least the Real Living Wage by 2026. However, contract payments are staying level or having a very small uplift, and many funders are not able to increase the amount in an existing grant.
- 3.27 A survey of GMVCSE members found that the uplift in the Real Living Wage to £10.90 from April 2023 is unlikely to be affordable for many VCSE organisations. Furthermore, many grants and contracts were developed before the current period of inflation, and staff pay is far behind inflation. The sector is currently hit with low labour supply for customer facing roles as a buoyant jobs market means that people can receive higher salaries elsewhere.
- 3.28 This situation is compounded by reported energy bill increases of around 300% and volunteering being in long term decline ([State of the Sector \(10gm.org.uk\)](#)) – the growth in contributions from mutual aid was short-term around the pandemic, but many volunteers are now not able to dedicate the time to continue.
- 3.29 Overall, there is a growing risk to the delivery of services by VCSE organisations for the people of Greater Manchester which is caused by pressure on wages, front-line vacancies and increased costs that cannot be recovered by employers.
- 3.30 **Third Sector Trends** has been surveying the voluntary, community and social enterprise sector every three years since 2010. In December, they published a new report on labour market trends in the VCSE sector. <https://www.stchads.ac.uk/wp-content/uploads/2022/12/Third-Sector-Trends-in-England-and-Wales-2022-employees-volunteers-diversity-and-investment-in-people-December-2022.pdf>. This report contains regional data on labour market issues in VCSE organisations in the various parts of the North of England, and that there are staff retention problems across the sector with training and development budgets in decline. The worst levels of staff retention are seen in organisations delivering public service contracts. The report speculates that narratives in the sector about social impact have acted as a justification for lower pay in the past and may have motivated workers to commit to a role that they cannot now afford to stay in. This creates risks if incumbent providers are no longer able to viably deliver the contracts they win or opt to exit the market.

## 4. DEVELOPING RESONSE 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 continue to 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 has developed a suite of interventions to take a leading role in supporting businesses to manage the increasing costs of doing business. The creation of a dedicated website, the #HereForBusiness portal, provides businesses with a 'one-stop' central digital hub where they can find all the latest news, and resources to help them understand the current crisis, and to access practical support that is available. This support includes informing businesses of the Government's Energy Relief measure, energy related cost saving/ROI opportunities, along with wider cost of operations, access to finance, decarbonisation, restructuring, productivity, and leadership well-being support
- 4.3 The campaign includes a series of webinars and workshops to help companies develop a plan to respond to the current economic situation. The sessions focus on areas including energy management, financial planning, and people and cost management. A series of financial resilience workshops for businesses in the retail and foundational economy entitled 'Strive and Thrive' have taken place in January across Tameside, Oldham, and Rochdale, with future sessions due to take place in Salford, Wigan, Bolton, Trafford, Bury, and Manchester.

## Good Employment and real Living Wage

- 4.4 **Good Employment Charter and the real Living Wage Campaign.** Over 1,300 employers are engaged with the Charter Unit, with around 450 Supporters and 76 full Members. The Charter continues to deliver specific content and support to employers and have developed a useful resource on Leadership for Good Employment working in partnership with Gillian Drakeford ex-CEO of IKEA UK. The Charter is now focused on proactive engagement with sectors where low paid and insecure work is most prevalent and specific engagement work will be developed with the Health and Social Care Sectors through a 'Community of Practice' model.
- 4.5 There are close to 600 Living Wage accredited employers in Greater Manchester who have made the public commitment to pay all their staff and first line suppliers at least the real Living Wage. Over 20,000 employees in Greater Manchester have seen a pay rise to the real Living Wage as a result of the accreditation of their employer.

## Journey to Net Zero

- 4.6 Cohort 10 of the Journey to Net Zero programme has started in January 2023. The programme has so far delivered £372,752 of Cost Savings for participating clients, 704 tonnes of carbon savings. The programme is helping participating businesses to reduce their expenditure on energy bills and become more resilient in the face of macro-economic pressures.