

Greater Manchester Combined Authority

Date: 24th March 2023

Subject: Cost of Living and Economic Resilience

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:

The GMCA is requested to:

Note the latest assessment and emerging response and give views on the next steps in that response.

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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

None

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?

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. HEADLINES FROM THE COST OF LIVING DASHBOARD AND OTHER FEEDBACK

- 1.1 Consistently, when asked, the majority of Greater Manchester residents report that they have been worried about the rising costs of living. In the most recent wave of the Greater Manchester Residents Survey (conducted in December 2022), 71% of residents indicated that they were 'very worried' or 'somewhat worried' about rising costs over the previous fortnight. This does reflect a reduction in those who are worried about this issue, as this figure has previously stood at 81% when the survey was conducted in October. This suggests that rising costs are becoming the new norm and Greater Manchester Residents are more accustomed to this.
- 1.2 As well as health and wellbeing measures which relate directly to the cost of living crisis, the Greater Manchester Residents Survey also asks residents questions related to their general anxiety levels. Over half (54%) of GM Residents rank their anxiety levels as upwards of 4, on a scale of 0-10, where 10 is 'completely anxious.' We can see that this is consistent over time, through the multiple waves of the survey. When analysed by local authority, however, there are differences across Greater Manchester. For example, in Manchester and Salford almost one quarter of residents (24%) ranked their anxiety at higher than a 7, in comparison to Bury, Stockport, Tameside and Trafford where less than one fifth of residents ranked it so high.
- 1.3 Healthy start vouchers which support families and pregnant women on low incomes to access health food, milk and vitamins, have an uptake rate of 64% in Greater Manchester, which aligns with the average across England. Uptake is highest in local authorities such as Oldham, Rochdale and Trafford (at closer to 70%) and this has been consistent since the beginning of 2023, when the new prepayment card process came into existence.
- 1.4 The annual rough sleeping 'autumn snapshot' which is conducted nationally each November, saw a rise in the number of individuals experiencing rough sleeping, for the first time in Greater Manchester since the GMCA was formed. This was an annual rise of 13%, but local programmes such as A Bed Every Night have ensured that it is significantly lower than the national average of 26% or higher increases in other areas

such as London (34%) or the West Midlands (40%). The GM Cost of Living dashboard reflects the number of people experiencing rough sleeping for the first time in the recorded local authority, across Greater Manchester on a monthly basis. In line with the national 'autumn snapshot' the number of individuals experiencing rough sleeping for the first time rose in November 2022, to 43 people. This has not been a consistent trend however, as the data show that this number has fallen significantly since November. The increase seen in the national 'autumn snapshot' in November does not appear to be a trend that is continuing.

- 1.5 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 are 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.

1.6 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.

1.8.1 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)

2. HEADLINES FROM GM ECONOMIC RESILIENCE DASHBOARD

2.1 The UK economy narrowly avoided recession in 2022, according to the latest data from the Office for National Statistics (ONS). The UK economy saw zero growth between October and December, however, there was a sharp decline in economic output in December, partly due to strike action. The IMF has forecast the UK will be the only major economy to go into recession in 2023. It predicts the UK economy will contract by 0.6% in 2023, rather than grow as previously predicted. The IMF said it had downgraded its forecast because of high energy prices, rising mortgage costs and increased taxes as well as persistent worker shortages.

- 2.2 The Bank of England also expects the UK to go into recession in 2023 but expects it will be shorter and less severe than previously forecast. In response to the continuing cost of living crisis, the Bank raised interest rates to 4% in February. Andrew Bailey, the Governor of the Bank of England, said that interest rates will peak at 4.5%.
- 2.3 Economic Inactivity remains persistently high. Inactivity among 16-64 year olds (neither working nor looking for it) in the North West rose in the three months to December 2022. The rate was 23% - up from 22.8% on the previous period (about 5,052 people). Nationally, inactivity edged lower (by 58,500 people).
- 2.4 UK Consumer Confidence remains low as real wages are falling and high inflation continues to effect households. Consumer Confidence improved by 7 points to -38 in February, however, this score is lower than at any point during the pandemic or the financial crisis.
- 2.5 Growth Hub Survey findings for the 12 weeks to 3rd March found that the main risks facing GM businesses are high costs, supply chain issues and cashflow issues. 36% of firms reported rising costs for the second month in a row, while the number of firms reporting cashflow issues increased slightly from 19.5% to 21.3%. In addition, the latest survey showed an increase in the number of firms reporting late payments. The proportion of firms in the survey recruiting from last month has increased, however, three-fifths of firms report workforce skill gaps, in particular within sales, digital and team leadership / team working alongside a range of specialist technical skills.
- 2.6 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)

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

Household Support Fund Extension

- 3.1 On 21st February 2023, the government announced an extension of government funding to help households with essential food and energy costs. This is the fourth allocation of the Household Support Fund (HSF).
- 3.2 The funding, from the Department for Work and Pensions, will be allocated to councils from 1st April 2023. The distribution of the funding is targeted at the areas of the country with the most vulnerable households. All councils in England have the flexibility to decide how best to spend their allocation to support people in their local area.
- 3.3 The table below shows the HSF4 allocations across Greater Manchester for 2023/24 and total allocation since the scheme started.

Local Authority	HSF4 Allocation	Total HSF Allocation (1-4)
Bolton	£5,560,633	£13,901,583
Bury	£3,068,400	£7,671,000
Manchester	£12,906,326	£32,265,816
Oldham	£4,838,738	£12,096,846
Rochdale	£4,674,768	£11,686,919
Salford	£5,467,798	£13,669,496
Stockport	£4,326,259	£10,815,649
Tameside	£4,449,373	£11,123,432
Trafford	£2,916,149	£7,290,372
Wigan	£5,636,469	£14,091,172
Total	£53,844,914	£134,612,284

- 3.4 The Greater Manchester Cost of Living Response Group has highlighted examples of good practice in the use of the HSF across the city region. For example, the Disabled People's Panel have highlighted work in Stockport to introduce a Trusted Partner Scheme, which is a collaboration between the council and local VCSE organisations that make payments to locally identified priority groups. The underlying principle is that Trusted Partner organisations are best placed to understand the individual needs of the people they work with and use their professional judgement to provide appropriate discretionary support. A practical example of this is how the Council has worked with Disability Stockport to ensure that support is provided to disabled people in the borough. Other examples of good practice in the use of the HSF include Manchester City Council's partnership with the Post Office, which enables direct cash payments to people in targeted groups

through the use of Post Office Payout Vouchers and weekly direct payments to all Care Leavers living in their own tenancies.

Claimant Delays for Pension Credit

- 3.5 Pension Credit is awarded to people over State Pension age on low incomes and can be worth more than £3,300 per year by itself and can also be a gateway to up to £8,000 in additional support. Despite this, there is an estimated 36,000 eligible households in GM that are not claiming Pension Credit – this equates to a third of those who are eligible. The average value to households of unclaimed Pension Credit is estimated at £34 per week, this means there is around £70m per year unclaimed across the city region in Pension Credit alone.
- 3.6 Since January 2021, the Greater Manchester Ageing Hub have coordinated a series of campaigns to encourage greater uptake of benefits and entitlements for older residents, primarily centred around Pension Credit (Pension Top Up and Winterwise campaigns)
- 3.7 DWP aims to process and clear Pension Credit claims within six weeks. However, welfare rights advisers in Greater Manchester and elsewhere have reported severe delays in claims being processed. A recent survey of advisers and claimants conducted by Greater Manchester Law Centre (GMLC) and the National Association of Welfare Rights Advisers (NAWRA) found that
- 98.7% of respondents said that they are waiting more than six weeks on average for claims or changes to be processed.
 - 58.4% said they are waiting between 12 weeks and six months on average for claims or changes to be processed.
 - 15.6% said that they are waiting more than six months on average for claims and changes to be processed.
- 3.8 The issue of delays has been raised with DWP by a range of GM partners and stakeholders. Department officials have acknowledged the delays and have said that Pension Credit are currently experiencing unprecedented demand within the service; this includes increased volumes of claims received which they in part

ascribe to the success of the take up campaign. DWP officials advise that due to the nature of Pension Credit, the time it takes for applications to be processed can vary due to the complexity and information required. They advise that DWP is working rigorously to process applications as quickly as possible, and that successful claims and arrears will be backdated and paid accordingly to ensure those that are entitled don't miss out.

3.9 The GM Ageing Hub has requested the support of Greater Manchester MPs to raise Pension Credit delays in Parliament and have called for the following to better understand the experiences of residents:

- DWP to make best use of available data to produce an updated estimate of take up, and to publish Pension Credit uptake statistics annually thereafter;
- DWP to provide details on the practical steps they are taking to improve their service;
- DWP to publish a strategic action plan around Pension Credit uptake, including targeted action for specific groups.

Community Fridges Launch

3.10 A Community Fridge is a space that brings people together to eat, connect, learn new skills and reduce food waste. It is a site where local people can share food, this includes surplus from supermarkets, local food businesses, producers, households and gardens. Fridges are run by community groups in shared spaces such as schools, community centres and shops, their main purpose is saving fresh food from going to waste.

3.11 The journey for the Community Fridge initiative in GM began with the Co-op and the environmental charity Hubbub supporting the 'In Our Nature' programme which is a partnership between Manchester Climate Change Agency, Hubbub, Groundwork Greater Manchester, Amity, the Tyndall Centre for Climate Research and Manchester City Council. The purpose is to work with communities across the city to connect the climate crisis to practical actions everyone can take to make a difference, reduce our carbon emissions and save money.

3.12 Following the success of the Community Fridges through the In Our Nature programme, Hubbub and the Co-op were asked if they could pilot and fund a cluster

of Community Fridges in a GM locality which would provide one in each 30-50,000 neighbourhood area footprint. They agreed to undertake this pilot in Oldham as there was already a Community Fridge based at the Failsworth Co-op Academy. This neighbourhood cluster pilot is a first and Hubbub, the Co-op and Action Together have worked collaboratively to identify suitable locations and host organisations in communities to ensure there is equal coverage across the district. Following an evaluation of the work in Oldham, the aim is to extend this initiative to other districts where this aligns with local activity.

GM Consortium of Credit Unions and 'SoundPound'

- 3.13 Insights from the GM Resident Survey on the cost-of-living impact shows that almost one third of Greater Manchester respondents (30%) say they have borrowed more money or used more credit in the past month (December 2022), compared to this time last year: This is substantially higher than the proportion for Great Britain (22%). The most common ways of borrowing are credit cards (51%), from friends and family (43%) and bank overdrafts (31%) – although there has been a significant increase in those borrowing more on store cards since October/November (14%, from 8%). Over half of those who have borrowed more money or taken out more credit (58%) are worried about being able to pay back this money.
- 3.14 Credit unions have been active in Greater Manchester for more than 30 years and there are now 14 based across the city region. Of these, the 8 community-based credit unions joined together in 2016 to form a consortium which is now known as Greater Manchester Credit Unions (GMCU).
- 3.15 Creating this consortium has allowed them to amplify their existing financial services offer and work together across the city region. The consortium is unique in England. Together they hold more than £48m of assets which have been built up from deposits and borrowing by 66,000 GM residents. These same residents have together accumulated £6m in financial reserves and in the last year, the consortium lent over £28million to GM residents.
- 3.16 Credit unions across the UK have an appetite to scale up by a factor of ten over the next 10 years, as evidenced through engagement with the work of Fair4AllFinance.

Here in GM, their combined membership currently represents less than 2.5% of the city region compared to 25% in Glasgow.

- 3.17 The ambition in Greater Manchester is for all GM residents to have the opportunity to access credit union services and receive the benefits that brings. This includes encouraging all GM Employers to partner with a local credit union and offer this as part of package of benefits for their employees.
- 3.18 On 7th February the Mayor supported the launch of the #SoundPoundChallenge which signalled the introduction of new loan product to support our GM response to the current Cost of Living crisis. This loan is for £200-£1000 and is open to applications from people with squeezed finances, new to credit unions.

4. DEVELOPING RESPONSE TO THE IMPACTS ON BUSINESSES

- 4.1 In response to the increased costs for businesses, partner organisations across Greater Manchester have mobilised activity and pivoted existing interventions in response, focused on helping businesses to manage increased costs and reduce their energy bills.

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 since the new year, the most recent held in Manchester this month following sessions in Bury, Oldham, Rochdale, Salford, Tameside, Trafford and Wigan.

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 475 Supporters and 75 full Members. The Charter continues to deliver specific content and support to employers and 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 over 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.