

Greater Manchester Combined Authority

Date: 12th July 2024

Subject: Cost of Living and Economic Resilience

Report of: Councillor Bev Craig, Portfolio Lead for Economy & Business and Councillor Arooj Shah Portfolio Lead for Equalities and Communities.

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.

Contact Officers

Andrew Lightfoot, Deputy Chief Executive, GMCA

Andrew.Lightfoot@greatermanchester-ca.gov.uk

John Wrathmell, Senior Director, Strategy, Research & Economy, GMCA

John.Wrathmell@greatermanchester-ca.gov.uk

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. THE IMPACT OF COST OF LIVING PRESSURES ON RESIDENTS – LATEST INSIGHTS

- 1.1 The latest Greater Manchester (GM) Residents' Survey was undertaken between 13 and 25 May 2024. Detailed cost of living themed questions have been included in the surveys since September 2022, meaning that we can reflect on both changes and continuities over an 18-month period.

Overall sense of cost-of-living pressures

- 1.2 The latest survey shows that residents in GM continue to feel cost of living pressures in their daily lives, but the overall picture is improving compared to previous months. **The majority (55%) of respondents felt their cost of living had increased in the last month, as is seen across GB (55%).** This proportion is 4 percentage points (pp) lower than in February 2024 and 6pp lower than reported in the previous survey wave results in November 2023. Food and energy costs remain the most common reasons for cost of living increases (86% and 67% respectively).
- 1.3 Despite a positive direction of movement in some areas, the cost of living pressures continue to be felt for GM respondents. Respondents reported feeling a significant increase in the price of fuel (55%, was 46% in February), home broadband or mobile data plans (48%, was 39% in February), and rent or mortgage prices (35%, was 28% in February).

Actions taken due to the cost of living

- 1.4 **It is encouraging to see that, for some, the pressures have lifted slightly around the actions taken in response to cost of living pressures over the past 18 months.** For example, fewer respondents reported cutting back on non-essential journeys on public transport (now at 17%; was as high as 26% in September 2022); and non-essential journeys in the car (25%; was as high as 46% in September 2022). Slightly fewer respondents also reported cutting back on mobile plans and broadband

deal arrangements (11% in most recent survey, was as high as 16% in September 2022).

- 1.5 Whilst the pressure has reduced for some, GM respondents continue to take actions to counter cost of living pressures especially around shopping and spending actions. For example, just over half of GM respondents are spending less on non-essentials (53%), 40% are spending less on food and essentials and 43% are using less fuel such as gas or electricity in their home.
- 1.6 The Policing and Community Safety survey provides further insight in this area. This survey has been conducted quarterly since July-September 2019 and surveys 3,250 residents across Greater Manchester. In the quarter ending March 2024, **7% of all respondents indicated that they sometimes could not afford all essentials**, a marginally larger proportion than that seen at other points in the cost of living crisis. Similarly, **5% of respondents reported rarely being able to afford essentials**, one of the largest proportions to do so since data collection began. This additional data highlights that whilst some pressures have slightly lifted in this area, those most in need across the city-region continue to struggle.

Rent or mortgage payments

- 1.7 **Around a half of GM renters (46%) and a third of mortgage holders (33%) continue to report difficulties with affording their payments.** There has been little change since February for those saying they are behind on their rent (12%, was 13%) and mortgage payments (5%, was 6%).

Energy costs

- 1.8 **Around 4 in 10 GM respondents (43%) find it difficult to afford their energy costs, with 1 in 10 (10%) finding it very difficult.** This metric continues to track higher than the GB average (31% finding it difficult to afford their energy costs, 7% finding it very difficult).
- 1.9 Energy costs continue to be an issue raised with Citizens Advice teams across the city-region. **7% of all unique issues reported in May 2024 related to fuel and energy.** Issues that are likely to be more expected, such as debt, welfare support

and housing, were among the most common queries raised. Fuel and energy related issues included concerns around smart meters, switching providers and fuel vouchers. When comparing against the period prior to the cost of living crisis, less than 2% of unique issues raised in May 2020 were related to fuel and energy in Greater Manchester.

Financial resilience and future outlook

- 1.10 **Taken in context over the past 18 months, findings from the recent GM Residents' Survey suggest an improving picture on multiple fronts but still highlights some challenges.** On a positive note, the challenges around debt and borrowing money appear to be improving. The most recent survey saw a drop in the proportion of respondents borrowing more money than last year (26% in the latest survey, down from 29% when asked in February, down from a high point of 37% last summer). However, it is still the case that GM respondents continue to show less financial resilience when compared to GB respondents. **2 in 5 (38%) GM residents said they could not afford an unexpected, but necessary, expense of £850 compared to 24% across GB.**
- 1.11 Please note, the Cost of Living Dashboard has been decommissioned. This decision has been taken following reduced engagement from districts with this project due to other priority work, as well as a consultation with stakeholders at the GM Cost of Living Response Group. The data underlying the dashboard continues to be gathered and relevant insights will continue to be included.

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

GM Cost of Living Response Group meeting

- 2.1 At the GM Cost of Living Response group meeting in April discussions focussed on income maximisation. This follows recent analysis estimating that there is currently £367 million in unclaimed Attendance Allowance, Carer's Allowance and Pension

Credit entitlements in GM. A team from Wigan Council presented on the approach used to increase the uptake of benefits in Wigan, which used existing data and targeted interventions to ensure benefit maximisation.

- 2.2 A separate meeting was arranged with Local Authority colleagues to discuss in more detail the experiences, challenges and best practice to implement the latest round of Household Support Fund (HSF). There were some great examples of innovative approaches to delivering HSF and all localities confirmed they were providing additional wrap around support for anyone submitting an application to ensure they were maximising incomes. There was also a commitment to link into any regional and national campaigns to lobby Central Government for a longer term solution to support financially vulnerable households.

GMCA / GM Housing Provider Group Financial Inclusion Partnership role

- 2.3 GMCA and GM Housing Provider Group (GMHP) have agreed to fund a new post over the next 2 years. The Financial Inclusion Partnership role builds on the collaboration with the GM Tripartite Agreement 2021 - a unique partnership between GMHP, Greater Manchester Combined Authority, and the Greater Manchester Health and Social Care Partnership to deliver positive change across the city region. The GMHP Financial Inclusion Group has been reconfigured as a space for Financial Inclusion Leads across GMHPs to come together and understand shared challenges, share best practice and collaborate on Financial Inclusion opportunities across the GMCA.

Emergency Food Cards

- 2.4 Following the success of the Emergency Food Card Initiative, which has already seen over 15,000 cards distributed over the past 3 years to support children and young people who need immediate access to good quality food, the Mayor has pledged an additional £50,000 from the Mayoral fund over the next 12 months. The funding will provide 200 pre-paid cards to each council area for every school holiday until March 2025. Each card, which can be used in a range of supermarkets or PayPoint

Networks, will be charged with £5 credit to enable young people in need to access to emergency food, fuel, or mobile top-ups over the school holidays.

Money Advice Referral Tool

- 2.5 GMCA through Deputy Chief Executives group has recently agreed to support Greater Manchester Poverty Action to roll-out their Money Advice Referral Tool (MART). The tool supports people to access advice and maximise their income by improving referral and signposting between different agencies within a locality. The aim is to help people get all the money that they are entitled to, and to reduce the need for referrals to food banks, by increasing access to other kinds of support. The Money Advice Referral Tool has already received positive feedback from front line workers operating in public and VCSFE sector organisations with some describing the tool as empowering, at the point when residents are in need of support.

Credit Union and Transport for Greater Manchester - Travel Pass Loan

- 2.6 The GM Consortium of Credit Unions have been working collaboratively with GMCA and Transport for Greater Manchester (TFGM) and are pleased to announce that all their members will now be able to take advantage of the 10% corporate discount scheme by virtue of being a member of a credit union in GM. Work is ongoing to develop a pilot scheme to offer an interest free loan for people on low incomes to purchase a Metrolink annual travelcard through their local credit union.

GM Disabled People's Panel and GM Law Centre – Specialist Welfare Advice Service

- 2.7 GM Law Centre in collaboration with GM Disabled People's Panel have been successful with a bid to the Three Guineas Trust to provide a small, specialist Welfare Rights Advice service to GM Disabled People's Organisations. The GM Disabled People's Panel members who were involved in the British Gas Energy Trust fund work will now be meeting with colleagues from the GM Law Centre to implement this service. This opportunity originated from the Mayor's Energy Providers Working group and the challenges identified in the GM Disabled People's Panel Survey of

2022. This a great example of partnership working, emphasising the value of the GM Equality Panels and the system listening to the voice of lived-experience.

3. LATEST INSIGHTS ON ECONOMIC RESILIENCE IN GM

- 3.1 In Q1 2024, the UK economy moved out of a technical recession. According to the Office for National Statistics (ONS), **UK GDP grew by 0.6% in Q1 2024**, following consecutive contractions of 0.1% in Q3 2023 and 0.3% in Q4 2023. The supply side growth in Q1 2024 was led by the output of the service and production sectors which grew by 0.7% and 0.8% respectively. The construction sector contracted by 0.9%. The GDP estimate for the first month of Q2 2024 shows there was no growth in April. While the service sector grew modestly (0.2%), the construction sector continued to contract (1.4%), and production output also fell (0.9%).
- 3.2 Forward looking indicators also remain cautious about the state of the UK economy. **The Consumer Confidence Index has returned to a peak not seen since before January 2022 of -17** but remains negative. Business confidence has improved but does not consistently indicate expected growth. **All three Purchasing Manager Indices (PMI's) increased between January and April, although the Manufacturing PMI still does not indicate expected growth (49.1).**
- 3.3 The Chamber of Commerce's measure of the strength of the GM economy, **the GM Index fell from 19.3 in Q4 2023 to 3.7 in Q1 2024**. This in part reflects the lack of growth in the UK economy throughout 2023. **Chamber of Commerce data on GM business confidence in profitability also shows a fall in the index from 18.1 in Q4 2023 to 8.6 in Q1 2024**. These findings are supported by the Business Growth Hub's Business Survey. **The proportion of businesses reporting less than six months sustainability rose to 26% in the 12 weeks to May 2024**. This is the highest proportion since this measure was added to the dashboard in September 2020. This is likely in part due to continued rising costs. **Most businesses surveyed (52%) reported rising costs in the May 2024 reporting period.**
- 3.4 **The UK inflation rate was 3.0% in the 12 months to April 2024, down from 4.0% in January**. The largest downwards contributions to the inflation rate were gas and

electricity prices, while the largest upwards contribution was from motor fuels. **Petrol prices were 7.6p higher in May than in February and diesel prices were up 5.9p.** Fuel costs are likely impacting the rising costs reported by GM businesses responding to the Business Growth Hub survey.

- 3.5 **Accounting for inflation, median monthly pay in Greater Manchester has improved slightly since January by £26.** Additionally, the gap between GM and UK inflation adjusted median income narrowed by £15 to £103. Despite improvements in pay, there are still signs of a struggling labour market. **Comparing latest GM data with the previous year, job postings are down 26%, the claimant count is up 1%, and the number of universal credit claimants are up 7.6%.** The North West economic inactivity rate remains higher than the UK rate by 0.8 percentage points.
- 3.6 The latest version of the dashboard can be viewed live at this link (and is attached as a PDF report): [Workbook: GM Economic Resilience Dashboard \(gmtableau.nhs.uk\)](https://gmtableau.nhs.uk)

4. DEVELOPING RESPONSE TO THE IMPACTS ON BUSINESSES

- 4.1 In response to the economic climate outlined in Section 3, partner organisations across Greater Manchester continue to support GM businesses to grow. Recent updates on these activities are outlined below.

Growth Company and Business Growth Hub Services

- 4.2 The Growth Company (GC) and GM Business Growth Hub (BGH) continue to provide a range of business support programmes commissioned by the GMCA, UK Government and others. This includes a comprehensive offer of business support to March 2025 funded by £7.5m from the UK Shared Prosperity Fund. Examples of key business support programmes delivered by GC and the BGH are highlighted below.
- 4.3 Innovation Navigator is funded by the UK Shared Prosperity Fund and supports innovation across three technology clusters (AI, Data and Advanced Computing; Diagnostics and Genomics; and Sustainable Advanced Materials). Businesses are

supported to accelerate their ideas into commercial products and access specialist support from across Greater Manchester's innovation ecosystem, including the city region's universities. Local Innovation Connectors work across all GM local authorities to identify and engage innovative businesses and entrepreneurs.

- 4.4 The North West Made Smarter Adoption programme is funded by the Department for Business and Trade. The programme supports the region's small and medium-sized manufacturers to adopt Industrial Digital Technologies and realise their benefits in reducing inefficiencies, increasing sales growth, boosting competitiveness, resilience, agility and innovation.

Real Living Wage

- 4.5 In partnership with the Living Wage Foundation (LWF), organisations across the private, public and VCFSE sectors participate in the GM Living Wage Action Group and continue to work towards the goal of Greater Manchester becoming the first city-region to pay all employees the Real Living Wage (RLW). As of April 2024, there were 774 Living Wage accredited employers who have made the public commitment to pay all their staff and first line suppliers at least the RLW. This exceeds the original November 2024 target by 124 employers.
- 4.6 The deadline to implement the new RLW rate of £12 per hour passed on 1st May. The Action Group heard from employers how the 10% increase in rate would be more challenging to implement compared to previous years and employers may revert to paying the National Living Wage of £11.44. Whilst there has been a slight uptick in the number of organisations not re-accrediting with the LWF, roughly 5 per month since the rate announcement in October 2023, the number of new organisations accrediting has remained consistent with the past two years of the campaign.
- 4.7 Since the start of the year, the GM RLW campaign has also increased its emphasis on good and secure employment with increased promotion of the [Living Hours](#) scheme. In recognition that a person's income is determined by the security of work as well as the pay received, the Living Hours accreditation requires that an organisation provides at least four weeks' notice of a shift, a contract that reflects the

hours regularly worked and a guaranteed minimum of 16 hours a week (unless the worker requests otherwise).

- 4.8 There are now 33 Living Hours accredited organisations in GM, up from just two in 2020, and they cover 60,000 employees. Two GM employers have been nominated for the Living Wage Champion Award for their work on Living Hours, and GM has employer representation across the 'Industry Trailblazer', 'Iconic Champion', 'Campaign of the Year' and 'Advocate of the Year' award categories.

Investment Zone Programme

- 4.9 GMCA continues to develop growth plans for the advanced materials and manufacturing sector. These plans were reviewed and signed-off by government in March via a Memorandum of Understanding with GMCA. The Department for Levelling Up has since transferred the funding allocation for 2024/25 to GMCA.
- 4.10 Within the Investment Zone programme, GMCA is proposing to establish new business support programmes, to increase the level of innovation in SMEs, attract inward investment, and develop supply chains into new businesses. GMCA is working with partners to begin these activities in 2025/26 and has begun work with Marketing Manchester and MIDAS on a comprehensive communications campaign for the Investment Zone.

Greater Manchester Innovation Accelerator

- 4.11 Greater Manchester's allocation of £33m from the Innovation Accelerator project pilot fund, was awarded to a strategically linked portfolio of 10 projects. The projects are focused across the GM Local Industrial Strategy's four frontier sectors and selected to support innovation-led inclusive growth across the city region.
- 4.12 With all 10 of Greater Manchester's [Innovation Accelerator projects](#) in delivery, there has been strong early engagement from SMEs and large corporate businesses across the whole portfolio. As part of one project, the Centre for Digital Innovation online skills portal, [Know Digital](#), has now launched, providing residents' and local businesses access to curated digital training materials.

Enterprising Communities Fund

- 4.13 In January 2024, a £4.1 million social investment fund, the Enterprising Communities Fund (ECF), was officially launched. The ECF is being delivered by GMCVO and is funded by GMCA, the Greater Manchester Credit Union Consortium, Access – The Foundation for Social Investment, and Esmée Fairbairn Foundation. The ECF represents the first time, a group of credit unions are joining up with social investors, funders and local government to lend money to social enterprises across GM.
- 4.14 Open to any organisation or business trading for social good in GM and looking to grow their trading activities, the Fund can provide an unsecured investment of £20,000 to £100,000. An average grant element of 20% of the investment is available to support applicants with specific issues identified in the application process, and for them to consider 'net zero' implications and energy efficiency as part of their idea. The aim is to make a large proportion of investments in communities where the need is highest. By April 2024, already £350,000 has been awarded to five organisations across GM.