

Greater Manchester Combined Authority

Date: 30th September 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 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 rapidly rising cost of living is having significant impacts on residents and businesses in Greater Manchester. Prices are now rising at 9.9% per cent, which is a slight fall in the rate of growth from the previous month but still at historic highs. This is mainly being driven by rapid increases in energy prices.

1.2 The impacts of this include:

- **Increasing food poverty** – for example, That Bread and Butter Thing, a food provision organisation offering 3 bags of food to households at a heavily discounted rate across 5 of the 10 Greater Manchester local authorities, have seen higher transaction levels in 2022 than ever before, even during the pandemic period. Between January 2022 and August 2022, there were 49,687 TBBT transactions, compared to 39,886 in the same period in 2020 and 38,703 in the same period in 2021.
- **Increasing housing insecurity** – for example, data collected for Bury, Manchester, Oldham, Salford and Trafford shows that the number of households in temporary accommodation has increased to 18,182 in the period January – July 2022, which is a 9% increase from the same period in 2021.
- **Increasing costs of doing business** – for example, 25.1% of respondents to the Growth Hub's Business Survey reported rising costs of raw materials, staffing and other inputs in the 12 weeks to 2nd September 2022. In addition, 16.8% of businesses reported cashflow issues over the period.

1.3 These impacts can also be particularly significant for people with protected characteristics. The Greater Manchester Residents' Survey found that younger respondents and those from a racially minoritised background are significantly more likely to be affected financially, while among those without children in their household, respondents from low income households (47%), minority ethnic groups (44%), those aged 16-44 (43%), and those with a disability (38%) are more likely to be food insecure. 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%).

- 1.4 Local authorities are stepping up support for residents and businesses in the face of these significant pressures. The GMCA is providing additional support where possible, including the setting up the 'Helping Hand' website, an information, signpost advice repository. This brings together advice and support available locally and nationally linking to pensions, childcare, travel, home safety, energy, food, digital inclusion and mental health. Transport for Greater Manchester have delivered reduced bus fares, introduced at the start of September. Over 500 employers in Greater Manchester are now accredited with the Living Wage Foundation, covering over 120,000 employees. The GM Population Health Board is also linking the impact of poverty on health and inequalities in GM, and identifying opportunities for action, for example sign posting opportunities to access benefits and debt advice, improving uptake of free prescriptions and patient transport, and action to address cold homes.
- 1.5 Some Voluntary, Community and Social Enterprise organisations are facing significant increases in demand due to the crisis, but are also themselves being hit directly by rising costs. For example, the Social Investment Forum have carried out a survey of organisations in the sector and found that 45 per cent of respondents had seen their turnover decrease compared with the same period last year, while 93 per cent had experienced an increase in the prices of the goods and services they had bought.
- 1.6 At a national level, the Prime Minister has announced a new package of measures in response to rising energy costs. The 'energy price guarantee' will place a cap on the unit cost of electricity and gas so that average household bills do not exceed £2,500 over the next two years. The equivalent scheme for businesses, charities and public sector employers, will be limited to an initial six months of support during which the

Government will make up the difference between the new cap and what energy retailers would otherwise charge businesses. After six months, the government plans to switch to a more focused plan for vulnerable industries although more detail on the nature of this support is not available at the time of writing.

1.7 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.

1.8 The assessment is based on two dashboards:

1.9 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.

1.10 As the Dashboard continues to develop, relevant health data will also be considered for incorporation.

1.11 The GMCA Research Team have also been working closely with Greater Manchester Poverty Action (GMPA) on their annual poverty monitor. The poverty monitor has been created to highlight the scale and nature of poverty in GM and includes 60 indicators across child poverty, educational attainment, fuel poverty, food poverty and the poverty premium, health, housing, social security and the labour market. The

2022 Poverty monitor can be found at: <https://www.gmpovertyaction.org/poverty-monitor-2022/>

- 1.12 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:CostofLiving)

- 1.13 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.

- 1.14 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/GMEconomicResilienceDashboard:About)

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

- 2.1 Inflation remained high in August after reaching its highest level since 1982 in July. The widely used CPI measure of inflation fell to 9.9% a decrease of 0.2 percentage points on the previous month. The largest contribution to the month-on-month reduction was a decrease in the cost of motor fuel. Average petrol prices decreased by 4.9% to £1.69 per litre in the month to 5 September. Diesel prices decreased by 3.0% across the same period. However, there were rises in other categories, most markedly in the cost of food and non-alcoholic beverages. Respondents to the Growth Company's survey of businesses continued to report rising costs as amongst the most prominent issues for their businesses.
- 2.2 Two out of three sectoral PMIs decreased in August 2022 meaning that Manufacturing and Construction PMI's are now below the 50.0 threshold that indicates growth. This is the first time that two of the three PMI measures have been below this threshold since early in the pandemic suggesting a weakening in business confidence.
- 2.3 UK Consumer Confidence continued to decrease in August 2022 falling by three points to -44, reflecting the worsening state of household finances amid high inflation and economic uncertainty. Consumer confidence is now at the lowest level since records began in 1974.
- 2.4 Recent figures show that there has been a 11.2% increase in the number of employed people that have been referred to 'A Bed Every Night' for emergency accommodation and support (179 employed individuals referred in the period Jan-Aug 2021 compared to 199 in the period Jan-Aug 2022).
- 2.5 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 20.8% increase in the volume of acquisitive crime recorded across GM (62,480 recorded crimes during Jan-Jul 2022 compared to 51,716 recorded during Jan-Jul 2021).

- 2.6 A more positive development is that healthy start voucher uptake is at the highest level seen on record in Greater Manchester with 73% of those eligible now claiming vouchers. Driving uptake of healthy start vouchers has been a key priority for the Greater Manchester Food Security Action Network.
- 2.7 'That Bread and Butter Thing' (TBBT) are a registered charity that provides a mobile food club to various locations within GM, aimed at making life more affordable for people on low incomes. In June 2022 TBBT undertook their annual survey which included responses from 2,350 households in GM. A presentation of the survey findings to the GM Food Security Action Network showed that of the GM respondents to the survey:
- 56% reported that their health is worse this year compared to last year.
 - 90% are finding it more difficult to find the food they need at an affordable price locally.
 - 67% state that using the TBBT service means they don't have to use a food bank.

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

- 3.1 **Bus Fare Cap.** Greater Manchester has become the first major conurbation outside London to cap bus fares with reduced fares introduced at the start of September. Adults will pay no more than £2 for any single bus journey and children no more than £1. This will mean a saving of around 50% on many trips and is intended to ease transport costs as more than two thirds of households confirm money worries.
- 3.2 **Real living wage campaign.** Increasing inflation is reducing real wages, making payment of the Real Living Wage all more important for those in work. However, for employers who are facing rising costs, significant increases in pay are also a challenge. The campaign is developing to support employees and employers in the face of these challenges. There are now over 500 Living Wage accredited employers

in Greater Manchester who have made the public commitment to pay all of their staff and first line suppliers at least the real Living Wage. The new rate was announced in September that is calculated to reflect and cover the living costs of an individual in full time employment. Plans have begun for Living Wage Week in November where a series of events and workshops will be run across the conurbation to raise awareness of the campaign and make the business, moral, and ethical case to employers. The launch event for the week will be held on Monday 14 November.

- 3.3 **Good Employment Charter.** The Real Living Wage is a core aspect of the Good Employment Charter, but other employment standards embedded in the Charter are also crucial for supporting people facing falling living standards. Over 1,300 employers are now engaged with the Charter Unit, with c.400 Supporters and some 67 Full Members. In September, the Charter hosted a leadership reference group on leadership for good employment which reviewed and validated the work undertaken by Gillian Drakeford (Ex-CEO of IKEA UK). Other activity is planned to deliver events including an Ageing in the Workplace Masterclass, events on disability, race as well as workshops on Human Trafficking and also the Early Years sector.
- 3.4 **Launch of Helping Hand.** An information, signpost advice repository has been launched on the GMCA website under the 'Helping Hand' brand. This brings together advice and support available locally and nationally linking to pensions, childcare, travel, home safety, energy, food, digital inclusion and mental health. It is anticipated that this resource will grow over time.
- 3.5 **Pension Top Up Campaign.** There is an estimated £70m unclaimed pension credit in GM per year. In addition there are associated unclaimed and unquantifiable amounts in passported benefits such as attendance allowance, housing benefit and council tax benefit. The second phase of the GM awareness campaign has been launched in partnership with GM Housing Providers and the national charity. Over 100,000 leaflets, guides and posters have been distributed via local authorities and housing providers as well as campaign messaging printed on 250,000 pharmacy bags. In excess of 200 frontline staff have booked onto online training sessions to receive an overview of pension credit and attendance allowance, online benefits calculator and to understand strategies for speaking to older people.

- 3.6 **Engagement with Retailers.** Options are being explored for how retailers could support residents, for example through the recycling of unwanted stock so that it can be passed on to residents who need it.
- 3.7 **GM Cost of Living Response Group.** Building on good practice and joint working through-out the pandemic a GM Cost of Living Response Group has been formed. The primary purpose of the group is to provide a space for local leads and partners from across GM to come together to share good practice, discover and escalate common issues, and consider associated trends and impacts linking to the ongoing 'cost of living crisis'. During the first meeting of the group in August a comprehensive picture was captured of the emerging plans in each locality in response to the cost of living. One of the key issues highlighted was the recognition of an increase in the number of individuals that are new to finding themselves in a position where they are having to seek help and support.
- 3.8 **Digital Inclusion.** Work continues to address the widening divides of digital exclusion and to support locally-led coordinated impact that is embedded in communities. For example, GM has now launched the UK's biggest connectivity in social housing pilot. Galvanising 5 of the leading Internet Service Providers Social, Housing Providers, and associated Local Authorities this will pilot a model of working for accessible, affordable internet connectivity and community access for up to 5,000 homes and nearby community hubs before scaling across GM.
- 3.9 **GM Resident survey.** To help guide the response, the range of questions in the GM Residents survey is being expanded to capture further insights, particularly linked to behaviour change, as a result of the rising cost of living.

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 to respond to the current pressures. This collective response will develop over the

coming months, informed by the macroeconomic context and any further announcements from the government following the fiscal event in September.

4.2 **Cost of Doing Business.** The Business Growth Hub is developing a plan of activity to take a leading role in supporting GM 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 terms. Other activity will include:

- **A series of workshops** to help companies develop a plan to respond to the current economic situation looking at areas such operational costs including energy, efficiencies, reducing waste, achieving better returns on investment, staff productivity, payments etc.
- **Pivoting one to one support** - as part of the diagnostic process, all advisors address current and future challenges. Advisors will concentrate activity on supporting businesses with practical solutions to the immediate challenges they are facing, along with longer term planning.
- **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.
- **Business Growth Hub #HereForBusiness microsite.** A dedicated landing page to provide information on the support available from the Business Growth Hub, case studies, blogs and other useful information from government channels and our partners.
- **#HereForBusiness Campaign.** A dedicated campaign including a social media campaign, digital marketing, and PR on the support available to GM businesses and sharing practical solutions business can undertake.
- **Business Growth Hub Business Intelligence** continued production of the monthly SitRep report which informs around business confidence, cash levels and other metrics.