

Greater Manchester Combined Authority

Date: 25th November 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.
- The intention to launch the Greater Manchester project with the National Family Centre and Amazon and to provide appropriate support to contribute to the success of this.

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

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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:

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 Cost of Living crisis is continuing to have significant impacts on residents, businesses and other organisations in Greater Manchester. The key findings from wave 4 of the Greater Manchester Residents Survey, conducted between 20th October and 3rd November show:

- The impacts of the crisis are now reaching far beyond 'disadvantaged' parts of the population: according to wave 3 of the Greater Manchester Residents Survey, 4 in 5 (82%) Greater Manchester (GM) respondents say their cost of living has increased over the past month and a similar proportion (81%) are worried about the rising cost of living.
- A third (33%) of GM households have borrowed more money or more used credit in the past month, compared with this time last year. This remains substantially higher than the national figure of 20%, but does represent a small decline from 35% of GM respondents in September. The most common ways of borrowing are credit cards (51%), loans from friends and family (44%), or bank overdrafts (33%).
- Some parts of the population are more likely to be worried about their costs of living than others. Whilst 81% of the population as a whole report being worried, this figure is higher among parents of children under 5 (89%), disabled respondents (86%) and those aged 25-34 (88%).
- Almost half of GM households would be unable to pay an unexpected but necessary expense of £850, suggesting many could now be substantially impacted, for example, by rapidly rising interest rates - 41% of GM households would not be able to afford to do so (compared to 43% in September), compared to 30% of households nationally.
- A third (34%) of GM homeowners are already finding it difficult to pay their mortgage, whilst almost half (47%) of renters are having difficulties with rent payments.

- 1.2 The Cost of Living dashboard now includes a further breakdown of Citizens Advice issues reported by Greater Manchester residents. The data here show an increase in the number of debt related enquiries made to Citizens Advice. There were 63,114 debt related enquiries made to Citizens Advice by GM residents in the period April – October 2022, this represents a 4% increase since the same period in 2021 and a 61% increase since the same period in 2020. In 2020, fuel debts accounted for 9% of all debt enquiries, in comparison with 2022 when fuel debts represented nearly one fifth (19%) of all debt enquiries made by GM residents to Citizens Advice.
- 1.3 When looking into demographic breakdowns of the data provided by Citizens Advice, around 60% of all those who make enquiries related to benefits and tax credits are disabled or have a long term health condition. This is consistent over time, when comparing October 2022 with October 2021 and October 2020, the proportion of those seeking advice for benefits and tax credit related issues stood between 58% and 62% of those seeking advice for these issues.
- 1.4 The Cost of Living dashboard also now includes a measure on shoplifting across Greater Manchester, as we aim to understand whether a rise in cost of living causes an increased level of shoplifting. This metric also covers the proportion of shoplifting offences committed by first time offenders. When comparing September 2022 with September 2021, there has been an increase of 280 shoplifting offences across Greater Manchester. There is also an increase in the proportion of these offences committed by first time offenders from 25.45% to 30.49%.
- 1.5 Enquiries related to personal independence payment, fuel, fuel debt and food banks have all risen since April 2020, these are all deemed to be Citizens Advice 'Cost of Living Indicators.' Fuel related enquiries were most common out of these categories in October 2022, with 4407 fuel related enquiries being made by GM residents. September 2022 was the first time this was the most common enquiry, as previously the most common cost of living related enquiry was consistently personal independence payments.

- 1.6 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.
- 1.7 The assessment is based on two dashboards: on the Cost of Living, and on Economic Resilience.
- 1.8 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.

1.9 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.

1.10 The latest version of the dashboard can be viewed live at this link (and is attached as a PDF report): [Workbook: Cost of Living \(gmtableau.nhs.uk\)](https://gmtableau.nhs.uk)

1.11 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.

1.12 The latest version of the dashboard can be viewed live at this link (and is attached as a PDF report): [GM Economic Resilience Dashboard: About – Tableau Server \(gmtableau.nhs.uk\)](https://gmtableau.nhs.uk)

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

- 2.1 In response to rising inflation, the Bank of England raised interest rates to 3% in November. Inflation rose to 11.1% in October, an increase of 1 percentage point on the previous month. The Bank said higher energy prices and higher prices on imported goods have been the greatest contributors, however, there are domestic pressures too. The 11.1% rate of inflation recorded in October is the highest since October 1981. The Bank expects inflation to remain above 10% for the remainder of 2022 and Q1 2023, before declining sharply from the middle of next year.
- 2.2 In addition, the Bank of England now believes UK economy went into a downturn in the summer and expects it to continue for around two years. Gross Domestic Product (GDP) contracted by 0.5% in Q3 and is projected to decline by 0.3% in Q4. The downturn is projected to continue throughout 2023 and the first half of 2024. The weakness in GDP partly reflects the squeeze on real incomes from higher global energy and tradeable goods prices.

- 2.3 The Bank of England's forecasts are broadly consistent with the findings of CIPS/Markit Purchasing Managers Index for October. Both Manufacturing and Services PMI's are below the 50.0 threshold that indicates growth (46.2 and 48.8 respectively). Construction PMI improved slightly to 53.2 October.
- 2.4 Furthermore, UK Consumer Confidence remains low. Consumer Confidence improved by two points to -47 in October, however, this score is lower than at any point during the pandemic or the financial crisis.
- 2.5 The latest labour market data shows that the volume of claimants for both unemployment benefits and Universal credit remained steady in the last month in Greater Manchester (albeit at levels well above those prior to the pandemic). However, rates of economic inactivity have begun to rise again in the North West and are now equivalent to the highest inactivity rates reached during the pandemic.
- 2.6 The latest Growth Company survey highlights the rise in the proportion of businesses reporting cash reserves that can support activity for over six months. This declined from 75% last month to 69% this month. The Growth Company report that micro-size firms and those in leisure related industries are reporting the most risk.

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

- 3.1 **Local Responses to the Cost of Living.** A wide range of measures are being put in place by Greater Manchester's local authorities to respond to cost of living impacts on residents, businesses and other organisations. It is at the local authority level where the greatest understanding of local need lies and indeed where much of the financial assistance, support and advice is based.

- 3.2 As the impact of the increased cost of living has been realised, a number of local packages of support are being put in place. For example, Oldham Council have developed and approved a comprehensive package of support for residents, including a £3 million investment in local services, support and funding to help reduce the impact of the cost-of-living crisis on all of Oldham's households but also to widen the safety net for those residents most vulnerable to financial crisis. The report can be found here: [Decision - Oldham's Cost of Living Response](#). Manchester City Council have agreed a support package of over £8m to support residents, as part of a Cost of Living Action Plan, as well as continuing support for children on Free School Meals during the holidays and an expansion of the Local Welfare Fund to provide emergency hardship support and continuing the city's emergency food response. The agreement at Full Council can be found here: [Agenda for Council on Wednesday, 5th October, 2022, 10.00 am \(manchester.gov.uk\)](#).
- 3.3 Through the GM Cost of Living Response Group the full range of locality level responses is being drawn together so that other good practice can be highlighted, both in terms of what action is being taken and how this is being delivered. This will be collated in an easy read format so that each of the ten localities can quickly identify what each is doing, or planning, as well as key contacts to connect with.
- 3.4 **Greater Manchester Project with the National Family Centre and Amazon.** The National Family Centre and Amazon are developing plans which bring together the hyper-local knowledge and networks of small and medium sized charities and the logistics expertise of business to support people at this time of need. These are based on the Big House project, coordinated in Fife, Scotland, by The Cottage Family Centre and their patron former Prime Minister Gordon Brown. Using logistical expertise, warehouse staff and donations of surplus goods from Amazon, the project provided a logistical bridge between retailers with surplus goods and thousands of families who need them.
- 3.5 Building on the experience and expertise gathered from The Big House project, there is an opportunity to expand this service across the UK, with a pilot in GM,

starting small, and building towards a national programme that is sustainable and scalable. Following scoping work, The Brick in Wigan has been identified as the coordinating charity organisation and the base from which the project will start.

3.6 Inspired by the work of the Cottage Family Centre, an umbrella organisation called the National Family Centre will provide support and learnings and will campaign on issues of poverty and pollution and build a coalition of businesses who want to give back to their community this winter. The National Family Centre is in the process of being set up. The intention is for this to be the first step in establishing a UK-wide network of hubs.

3.7 As the project moves forward in GM, Amazon have agreed to donate logistics support including:

- Expertise to set up a warehouse facility;
- Provision of warehouse staff for between 9-12 months and support to train service users to become warehouse operatives;
- Reliable donations of surplus goods;
- Support with 'last mile' delivery of packaged goods to collection sites; and
- Cash donation to the lead local charity partner.

Additionally, the National Family Centre network will provide:

- Communications and fundraising support;
- Support to develop a robust referrals process that works in Greater Manchester;
- Guidance to develop a network of coordinating charities to share learning and continually improve the service; and
- Promotion of the work going on in Greater Manchester through its networks and events.

3.8 GMCA is asked to provide support and leadership to make this project successful across GM. This would include collaboration to:

- Drive the ambition for it to be a successful project, scaling across the city-region once the initial system is working;
- Help connect a network of local VCSE organisations who could become referring partners;
- Help to bring on board other corporate partners to donate goods or other services;
- Support the development of plans to ensure that the project can become a self-sustaining model after 9-12 months

3.9 **Expansion of ‘A Bed Every Night’ Provision across Greater Manchester.**

Additional funding to further accommodate and support people at risk of rough sleeping is being committed from Mayoral funds and will expand and compliment local authority provision. ‘A Bed Every Night’ provides critical capacity to ensure that no one needs to sleep rough in Greater Manchester. £460,000 additional funding will support a further 86 bed spaces, to the existing 520, across Local Authorities provided year round. It will also provide flexible funding for an additional 800 bed nights to be used on a flexible basis in response to demand.

3.10 The additional capacity will cover the winter months and be available from the end of November. Despite huge progress in reducing rough sleeping in Greater Manchester over recent years the Cost of Living crisis makes further progress challenging given further unaffordability of housing, alongside other basic utilities which continues to rise faster than welfare support. This not only pushes people into homelessness but traps them there, unable to move on form temporary settings. This is especially affecting larger families (benefit capped to 2 children) and single adults under 35 (single room allowance).

3.11 **Warm Spaces Network across Greater Manchester.** The cost-of-living crisis is already affecting millions across the UK, with many reporting they will be unable, or are simply too worried, to switch on their heating in the coming months. In Greater Manchester everyone should have a warm and welcoming space to go to this winter, which is why a network of community organisations, libraries, businesses

churches and other faith groups across the UK have opened their doors to provide exactly that.

- 3.12 There are currently 306 Warm Spaces confirmed across the city region and it is expected that this number will grow over the next few weeks as further grant funding applications from community-based organisations are processed.
- 3.13 A GM Warm Spaces Network has been established that comprises of Local Authority, Health, VCSE, and other key stakeholders. The aim of this network is primarily to share good practice, identify additional support requirements and share data and useful insights.
- 3.14 The inaugural Warm Spaces Network meeting took place on Friday 11th November with all attendees providing a comprehensive update. Headlines included:
- All GM libraries have signed up to be Warm Spaces and they have also signed up to be Databanks.
 - Training packages have been developed to support staff/volunteers which include Safeguarding and “How to have an empathetic conversation.”
 - Some Warm Spaces especially those provided by the Faith Sector are also providing a hot meal.
 - Some localities have allocated specific budgets to provide small grants to community-based organisations to support the establishment of a Warm Space or to provide an extension to an existing offer.
 - In contrast other localities highlighted the need for funding to support this initiative with many smaller organisations already struggling to keep their community buildings open due to the rise in energy bills.
 - There is a diverse range of support and activities provided at each Warm Space and this is dependent on the provider and the needs of the local community. Examples include: money & debt advice; CAB Navigators; Illegal Money Lending Team; GMFRS Home Safety Visits; Signing visitors up for flu/covid vaccines; Digital Skills; Income Maximisation.

- Partners specified that all their Warm Spaces have to ensure they are providing a dignified offer therefore, data and insights will be captured anonymously and will be reliant on staff/volunteer/partner observations and anecdotal evidence.

3.15 TFGM and GM Community Transport have offered to support this initiative and local leads have been advised to connect with their Community Transport Lead.

3.16 The GM Warms Spaces Network is encouraging all partners to register their Warm Spaces on the Warm Welcome website which provides an interactive location-based mapping tool that allows residents to find Warms Spaces near them along with a description of the facilities available.

3.17 **Health Impact and the Cost of Living.** The increase in the cost of living can have a detrimental impact on resident's physical and mental health. To better understand this a number of indicators are being considered to inform the Cost of Living dashboard, for example Mental Health Referrals. A range of actions are also underway across localities and sectors in the health and care system to respond. Examples of actions already in progress include:

- NHS GM broadening representation, to include clinicians, at the GM Cost of Living response Group to ensure a whole system response
- NHS GM and the wider health care system working with GMCA to strengthen the Helping Hand online platform and to increase awareness of it across the entire health and care system. A public information campaign highlighting issues across mental health & wellbeing and the cost of living is also planned in coming weeks.
- Provider Trusts engaging with NHS GM Place Based Leads to explore what further action can be taken to increase awareness and utilisation of hospital transport offers to ensure people do not miss appointments due to of travel costs.

- NHS GM utilizing its channels and networks to amplify ongoing work aimed at connecting people to additional support that they are eligible for with a particular focus on Pension Top Up and Healthy Start vouchers and ensuring that practitioners working with the eligible cohorts are systematically seeking to support people to maximise their income.
- NHS GM self-assessing the extent to which it is a 'good employer' as set out in the GM Good Employment Charter, including progressing ongoing work around becoming a Real Living Wage employer and applying this standard to its supply chain
- The GM System Operational Response Taskforce (SORT) group is coordinating a mapping exercise with localities on responses to the cost-of-living crisis. As part of this process, localities have requested a GM level analysis of medical devices used at home that may be impacted by rising energy prices along with the average costs of running these.
- The GM NHS Workforce Wellbeing Programme is delivering a range of workshops and masterclass sessions to support individual financial wellbeing, focusing on financial housekeeping, food use, debt management and fuel costs.
- NHS GM has also co-invested in the production of a GM "Winter Wise" guide aimed at providing advice and guidance to older adults and those who support them around staying well, staying warm and staying safe this winter. This includes a significant amount of advice and guidance around the cost-of-living impacts.

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, including the impacts of the Autumn Statement.
- 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 ongoing programme on decarbonisation continues to support businesses to adopt and implement energy efficiency measures to reduce costs in both the short and longer term. Other activity in support includes the following:
- **A series of workshops called Strive and Thrive** to help companies develop a plan to respond to the current economic situation, looking at areas such as operational costs including reducing waste, achieving better returns on investment, staff productivity, and payments etc.
 - **Events, Drop-in Clinics and Seminars** – all future ‘Match’ networking events will focus on current business challenges. The last event in October focused on the energy crisis, with the next two focusing on finance & costs and leading in challenging times. All Account Managers are hosting drop-in clinics within their dedicated local authority areas and a series of seminars aimed at micro businesses and those in the foundational sectors will be delivered across the Local Authorities.
 - **Access to Finance.** The team have developed a cohort programme which works with businesses to understand their costs, their cashflow and their income patterns with the aim of helping business owners understand where efficiencies can be made and where costs can be reduced, enabling the finance cycle to work in the best way for the business.

- 4.3 **Good Employment Charter.** Over 1,300 employers are engaged with the Charter Unit, with close to 500 Supporters Members. In November, the Charter hosted an event titled 'Financial Wellbeing: The Cost of Living Crisis and Talk Money Week', focused on how Good Employment Charter employers can support their people through challenging times, run in collaboration with the Money and Pensions Service
- 4.4 **Real living wage campaign.** There are over 530 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. A series of events were delivered during Living Wage Week to raise awareness and encourage employers to adopt the rate, with a mix of online and in person events hosted across the city region. Each event was tailored to a different audience, making the business, moral, and ethical case to employers to the real Living Wage. Manchester City Council announced their Living Wage City Status at their Full Council Meeting on 5th October, and organised a celebration event during Living Wage Week to celebrate over 200 accredited employers.