

Greater Manchester Combined Authority

Date: 26th May 2023

Subject: Cost of Living and Economic Resilience

Report of: Councillor Bev Craig, Portfolio Lead for Economy & Business.

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.

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

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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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 Through collaboration across the GMCA Research team and NHS GM, the GM Cost of Living dashboard now includes further metrics related to health and wellbeing of Greater Manchester residents in relation to rising cost of living, including a focus on mental health and on excess deaths.
- 1.2 National mental health charity [Mind speak of the two way link between money and mental health](#), the notion that poor mental health means managing money is harder and that simultaneously worrying about money can make an individuals' mental health worse. This link led to the inclusion of mental health related metrics into the GM Cost of Living dashboard.
- 1.3 Firstly, the number of calls made to the Greater Manchester Mental Health Crisis Line is consistently around 4,000 calls per month, across all GM boroughs going back to April 2021. When looking at particular periods of interest in relation to the cost of living crisis, we can see that there are peaks in calls at these times. For example, in Spring 2022 (when the energy price cap rise was announced and discourse around rising cost of living became more prevalent), there is a simultaneous increase in the number of calls to the Mental Health Crisis Line. There were 5,444 calls made to the crisis line in May 2022, the highest number calls made in one singular month on record, and this represented an increase of more than 1,000 from the previous month and a 28% increase when comparing with May 2021.

- 1.4 There was an average of 21,000 referrals made into secondary mental health services per month in the pre-pandemic period. As would be expected, there is a drop in the number of referrals made in the first year of the pandemic, but by March 2021 the number of referrals had steadily risen culminating in a peak of over 28,000 referrals made in March alone. Between March 2021 – July 2022 the average number of referrals made per month was over 25,000 (an increase from the pre-pandemic period).
- 1.5 As well as the number of referrals made per month increasing, on average over this period. The proportion of those made for GM residents under the age of 18 also increased. In the pre-pandemic period 19% of all referrals made were for those under the age of 18, in comparison to the March 2021 – July 2022 period when this had risen to 23%. This aligns with [research conducted by national charity Young Minds](#), who found that in August 2022 concerns over money and the cost of living were prevalent amongst young people. The research found that the cost of living was a major worry for over half of young people (56%), causing disruption to daily life, particularly their diet and sleep. The findings also showed that this was not confined to older children, with 21% of 11 year olds stating that money worries caused them stress, anxiety, unhappiness or anger.
- 1.6 Whilst the increases seen in mental health crisis calls and mental health referrals cannot be attributed directly to rising cost of living, [recent findings by the Resolution Foundation](#) show that nationally, not only is there an increase in those reporting a decline in their health due to the cost of living crisis, the ways in which they have coped with the crisis also influence the extent to which they have experienced a deterioration in health. For example, 14% of respondents reported feeling unhappy or depressed much more than usual between December 2022-March 2023. This increases to 19% among those who used their savings during the crisis, 29% for those that fell into bill arrears and 45% for those in severe food insecurity. Similarly, 30% of all respondents stated that their health had been negatively affected by rising cost of living but this rises to 71% among those who report that their financial situation is a lot worse than it used to be and 77% among those finding their debt a heavy burden.
- 1.7 As well as reflections on mental health to understand the rising cost of living, research by the [Marmot Review Team explores the effects of cold housing and fuel poverty on](#)

[excess winter deaths](#). Excess winter deaths are understood to be a direct impact of cold housing and fuel poverty, key factors in the cost of living crisis. The Marmot Review Team state that around 40% of excess winter deaths are attributable to cardio-vascular diseases and 33% are attributable to respiratory diseases, both of which have strong relationships with cold homes. In relation to excess winter deaths in Greater Manchester, there were 555 deaths categorised as excess deaths in December 2022 and 483 in January 2023, considerably higher than seen in either of the previous December-January periods, despite these being periods of peak Covid-19 activity.

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.

1.9 The data are divided into eight sections:

- Housing and Homelessness provides data on housing support, rough sleeping 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.
- 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. This section also has a direct focus on mental health for Greater Manchester residents, in relation to calls made to the Greater Manchester Mental Health crisis line and the number of referrals made into secondary mental health services across Greater Manchester. Finally, the Health and Wellbeing section also includes a metric relating to excess deaths

in the city region, i.e. the number of deaths considered to be in excess of the expected number had the Covid-19 pandemic not occurred.

1.10 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.

1.11 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 saw no growth in February, following growth of 0.4% in January according to the Office for National Statistics (ONS). The ONS said growth in construction and retail activity had been offset by the impact of strike action by teachers and civil servants. High energy prices and rising interest rates have also had an impact on growth.

2.2 The IMF has predicted the UK economy will shrink by 0.3% in 2023 and grow by 1% in 2024. The UK's economic performance is predicted to be the worst among G20 countries in 2023, however, the forecast is slightly better than the IMF's previous prediction of a 0.6% contraction. The IMF said high energy prices, rising interest rates and poor trade performance are the key reasons for the UK's weak economic performance. The Office for Budget Responsibility (OBR) predicts the UK economy to contract by 0.2% this year but avoid a recession.

2.3 The IMF has also predicted that increases in borrowing costs are likely to be temporary once high inflation is brought under control but did not say when it

believes interest rates will begin to fall again. Interest rates are currently at 4.25% in the UK and the Bank of England has previously predicted they are likely to peak at 4.5%

- 2.4 The fall in economic inactivity appears to be consolidating. The inactivity rate in the North West was 22.6% in the three months to March 2023. Data for the three months to March 2023 shows that although the inactivity rate declined nationally, there was a very small increase in the North West (NW) of England. This disrupts the recent pattern of declines over recent months. However, further data releases will establish a clearer view.
- 2.5 There were more Universal Credit claimants in Greater Manchester (GM) than ever before in April 2023 (just over 327,000). Some GM districts – notably Bolton, Salford and Stockport – have witnessed increases in claims that are above both national and GM averages.
- 2.6 UK Consumer Confidence remains low as real wages are falling and high inflation continues to effect households. Consumer Confidence improved by 8 points to -30 in March.
- 2.7 The Economic Resilience Dashboard aims to provide up to date intelligence on the conditions in the Greater Manchester economy.

The data is divided into five sections:

- Labour Market provides leading indicators on employment and economic activity.
- Cost Pressures provides data on pay, debt and inflation.
- Business Outlook provides data gathered by GM based organisations on business sentiment and confidence.
- 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.

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

Evaluation of the GM Warm Spaces Initiative Completed

- 3.1 A network of Warm Spaces was established across GM in recognition that the colder months would be challenging for some residents as we continue to tackle the rising cost of living. All Warm Spaces were free to access and designed to be a safe, warm, inclusive, and friendly environment.
- 3.2 During the period Oct- 2023 – March 2023, there were 481 participating venues across Greater Manchester provided by VCFSE, public and private sector organisations. A wide range of support and services were made available in the Warm Spaces ranging from Digital Skills, Benefit Advice, Free SIM cards, Hot Showers and Vaccinations.
- 3.3 The majority of venues were funded through the Household Support Fund and a number were bolstered with specific local grants. No standardised quantitative data was collated due to the Warm Spaces ethos of being a 'Dignified Space', The evaluation therefore focussed on qualitative insights drawing on experiences from those involved in the set-up and use of Warm Spaces across GM.
- 3.4 The most popular venues were those that provided food and drink and it was the gathering of a number of people in a community location that was referenced as a particular attraction. The best outcome cited by many organisations was the impact this offer had on tackling social isolation especially for older men and women. In the large majority of instances, the heat of the warm space was incidental to the social connectedness that they provided.
- 3.5 Localities are scaling back their offer over the Spring & Summer months with plans to review and potentially relaunch in the Autumn. However all of GM's Libraries, The Bread and Butter Thing and several other VCFSE organisations will continue to provide a welcoming and supportive space to sustain the positive impact they have seen on tackling social isolation.

Increasing Debt

- 3.6 The GM Money Advice Group Spring Survey has highlighted that debt is increasing considerably amongst residents. Of the Debt Advisors responding to the survey, 93% reported an increase in the number of people who cannot get their debt problems resolved with the top reason being no disposable income or a deficit household budget once essential bills have been paid.
- 3.7 The issue of debt was also highlighted in the 6th Wave of the GM Residents survey, particularly in relation to the mental health and wellbeing impacts of borrowing: around half (47%) of respondents who have borrowed more money are very or somewhat worried about being able to pay this back.

Parliamentary Inquiry on the Reach of Cost of Living Support Payments to those in Need of Help

- 3.8 The Parliamentary Work and Pensions Committee has launched a new inquiry into cost of living support payments. The aim of the inquiry is to explore whether these payments have met their intended policy objective of supporting the most vulnerable households, and whether the adequacy of support made available to eligible households was sufficient in helping them meet the basic cost of living.
- 3.9 The inquiry is predicated on concerns that the design and delivery of the support packages is unfair and may not provide sufficient support for all low-income families who need it. By linking cost of living support to existing benefits, the emergency measures risk missing those who aren't already claiming benefits they are entitled too. It can also act as a 'cliff-edge' where those who narrowly fail to meet eligibility criteria for a benefit will miss out on support entirely. This means that those earning £1 above the qualifying threshold lose out on hundreds of pounds of support.
- 3.10 The systems and processes used to make payments can also result in people missing out on payments, for example, people subject to sanctions for Universal Credit may effectively be punished twice by missing out on emergency support as a result.
- 3.11 A GM response to this inquiry is being collated through the GM Cost of Living Response Group and will be submitted as evidence.

Impact on Local Housing Options Services

3.12 Pressures have continued to mount on Local Authority Housing Options services, which manifest in a number of gradual, but significant ways. Data for 2022/23 shows:

- A steady rise in the number of families accommodated in Bed and Breakfast accommodation for 6 weeks or more. Measures are in place to reverse this trend, including mobilising a £9 million leasing scheme to provide 500 long term homes for families across GM
- On average, an increase of 30 people per month approaching Local Authorities in Greater Manchester for homelessness support as a result of a Section 21 eviction.
- A gradual increase in the number of children housed in Temporary Accommodation.

3.13 Notably, these trends do not appear to be as a result of a significant increase in the number of people presenting to their Local Authority for support to prevent or end their homelessness. The main challenge seems to be the growing difficulty in moving families and individuals out of Temporary Accommodation and other forms of emergency provision, due to the unaffordability of the housing market and lack of other available accommodation. A key driver of this trend is the diminishing number of properties in the private rental sector which are at or below Local Housing Allowance. This affordability bottleneck is not new, but its grip on homelessness services appears to be tightening as a result of the cost of living crisis and the wider economic impact.

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. As part of the suite of activity, a series of drop-in clinics are being held in May across Greater Manchester, including in Salford, Oldham, Bury, and Trafford.

Good Employment and real Living Wage

- 4.4 Over 1,300 employers are engaged with the Charter Unit, with around 500 Supporters and 90 full Members. The Greater Manchester Good Employment Awards have been created by the Greater Manchester Good Employment Charter to celebrate employment excellence and were held on Thursday 27 April at Whitworth Hall. The awards saw eight winners recognised for their achievements over the last year and was hosted by Michael Taylor, editor of The Business Desk North West attended by business leaders from around Greater Manchester and local politicians.
- 4.5 There are close to 650 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. The national annual Living Wage Awards are due to be hosted in Greater Manchester this July, taking place at the National Football Museum.

Foundational Economy Innovation Fund

- 4.6 The 40 projects receiving the first tranche of funding from the Foundational Economy Innovation Fund were announced in May. The Fund is targeted at businesses and innovators operating in the foundational or everyday economy and starts with four sectors: Health and Social Care, Early Education and Childcare (0-5

years), Retail and Personal Services, and Hospitality and Leisure. The fund supports projects that aim to lower carbon emissions and contribute to net zero, delivering more effective services, and support the workforce. Activity supported via the fund is due to take place across Greater Manchester.