

Greater Manchester Combined Authority

Date: 29th September 2023

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.

Please note, the structure of this report has been updated since the last iteration of these papers. The new structure first presents headlines from the Residents' Survey and Cost of Living Dashboard. This is followed by the policy response to the impact of the cost of living crisis on residents. The report then presents headlines from the Economic Resilience Dashboard, and this is followed by the policy response to economic resilience challenges.

Recommendations:

That the GMCA 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

Simon Nokes, Executive Director Policy & Strategy, GMCA

Simon.nokes@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. HEADLINES FROM THE RESIDENTS' SURVEY AND COST OF LIVING DASHBOARD

- 1.1 This section provides insights on how costs of living pressures are impacting Greater Manchester residents. It draws on headline findings from the Greater Manchester Residents' Survey and Cost of Living Dashboard.

GM Residents' Survey Headlines

- 1.2 The GM Residents' Survey collects data focused on exploring and understanding cost of living pressures from the perspective of the day-to-day impacts on GM residents. Latest Residents' Survey findings are based on fieldwork completed in May and June/July (Wave 7 & 8 respectively). The next tranche of fieldwork (September) will be published in the first week of October.
- 1.3 Cost of living impacts show relatively limited signs of improvement: **over 7 in 10 residents continue to say that their overall cost of living has increased over the past month.** This figure has fallen slightly since March, when figures were last featured in this report, but comparison to benchmarks across a range of metrics continues to suggest that GM residents are experiencing these impacts to a greater degree than elsewhere across Great Britain. The following summary describes the latest picture in relation to debt and financial hardship; energy costs; food insecurity; and rents/mortgages.

Debt and financial hardship

- 1.4 The Office for National Statistics (ONS) has devised a measure of financial vulnerability, based on four questions regularly asked in national surveys that are mirrored in the GM Residents' Survey. The questions relate to ability to cope with an unexpected expense; ability to save; borrowing behaviour; and affordability of energy bills. Bespoke analysis of the Greater Manchester data over the period from March to July 2023 suggests that **approximately 1 in 3 residents in Greater Manchester may be considered financially vulnerable according to this definition**. This is **high compared to the 1 in 4 for Great Britain overall, and has remained higher for almost 12 months**. Within localities, the prevalence of financial vulnerability ranges from 26% to 36% (See Table 1).
- 1.5 Although the overall proportion of residents presenting as financially vulnerable has remained broadly stable over the tracking period for which data is available (September 2022 – July 2023), **the proportion of GM residents reporting borrowing more money or using more credit than usual in the last month has steadily been increasing since Wave 5 of the survey in December 2022 (from 30% to 37% in June – July 2023)**. Data shows that residents across Greater Manchester are also more likely than Great Britain residents overall to be borrowing more or using more credit. In the most recent comparable period, **34% of GM residents reported a year-on-year increase in their borrowing or credit use, compared to 25% of Great Britain**. On a locality basis, there is a wide degree of variation. Within localities the proportion of residents borrowing money or using more credit than usual ranges from 26% to 44% (See Table 1).
- 1.6 Although the increase in borrowing does not automatically translate into financial hardship, **two thirds of GM respondents who are borrowing more money do report having some level of difficulty in managing their debt (that is: either things are “getting harder”; things are becoming “difficult to manage”; or they are “unable to manage”)**. Many households in this situation are seeking help from family or friends, but around half have not sought any form of help up to now (including from debt support organisations, charities and similar). Various reasons are cited – including a lack of clarity about the support that might be on offer,

embarrassment / stigma, and other specific concerns (e.g., worry about impact on credit records).

Energy costs

- 1.7 The most prevalent financial vulnerability for residents of Greater Manchester is affording energy costs, with **over half of those paying bills finding it ‘very difficult’ or ‘somewhat difficult’ to afford energy costs** across all six waves of the GM Residents’ Survey (around 13% ‘very difficult’ in the most recent wave). This is despite the fact that GM residents are already taking a range of measures because of increased cost of living: for example, 59% are using less gas and electricity in the home; while 34% are making energy efficiency improvements. There are some vital equalities components to this picture (e.g. higher proportions of disabled respondents report difficulties, as do those whose first language is not English). Previous surveys have also highlighted the specific challenges faced by residents with a pre-payment meter. There is little variation across localities with approximately 50% of residents within each locality reporting difficulty with affording energy costs (See Table 1).

Food poverty

- 1.8 The July survey found **1 in 3 (37%) respondents with children in the household were feeling worried about feeding their family, heading into the recent summer holiday period. This was almost 2 in 3 (62%) amongst respondents earning below the living wage, with particular challenges also reported by respondents who have younger pre-school aged children, and single parent households.** Taking a broader (and retrospective) view of food insecurity over the last twelve months, food insecurity has been intermittently, but persistently reported as an issue for around a third of families without children, and around half of those with children. For a minority, the reality of food security remains acute: in July 13% said there had “often” been times over the past year when the food they bought didn’t last and they didn’t have money to get more. Disproportionate pressures have been noted to varying degrees in relation to householder with caring responsibilities, those with disabilities, and households within racially minoritised communities (with notable variations between the 10 GM localities also seen).

Rents and mortgages

- 1.9 There continue to be striking differences observed between GM results and those reported through national and wider surveys. **Over half of renters (52%) surveyed in July said it is difficult to afford their rent, with 13% confirming they are behind on their rental payments.** We await latest national comparators, but these figures have been consistently much higher than GB benchmarks over multiple fieldwork periods. Amongst these renters who say they are having difficulties affording their payments, 2 in 5 (44%) have contacted someone for advice with their rental payments (friends & family; landlord; letting agent; Citizens Advice; local council housing advice etc) - but half of those experiencing difficulties have not sought advice – somewhat echoing the finding above regarding residents' proclivity to seek advice and support when struggling with debt. In relation to owner occupiers, meanwhile, 7% of survey respondents say they are behind on the mortgage payments and the picture remains of concern. Within localities, the proportion reporting difficulty with affording their rent over the latest period (March – July 2023) ranged from 46% to 61% (See Table 1).

TABLE 1. Estimated levels of financial vulnerability by local authority (ONS definition)

Question	Bolton	Bury	Manchester	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan
% financially vulnerable	36%	32%	36%	34%	32%	29%	26%	35%	26%	30%
% borrowing more money or using more credit than usual	36%	28%	44%	35%	40%	35%	26%	39%	31%	29%
% finding it 'very' or 'somewhat' difficult to afford energy cost	53%	50%	55%	51%	55%	49%	51%	52%	49%	50%
% finding it 'very' or 'somewhat' difficult to afford rent*	61%	56%	54%	54%	58%	50%	46%	51%	51%	50%

Notes: Estimates are modelled based on data from the most recent three Residents' Survey waves combined (March – July 2023)

**represents proportions for those who are renting.*

Cost of Living Dashboard Headlines

- 1.10 The Cost of Living Dashboard presents further metrics which offer insight on the experiences of GM residents over a longer timescale. The key finding resonates with that of the Residents' Survey; Greater Manchester residents continue to be subject to significant cost pressures.
- 1.11 Wages adjusted for inflation demonstrate how persistently high inflation rates are putting pressure on residents. Median monthly pay in May 2023 was reported to be £2,134, an increase compared with the previous year when median monthly pay was recorded as £1,979 across Greater Manchester. However, **once adjusted for inflation the data shows a reduction in median monthly pay between these two periods, from £2,164 in May 2022 to £2,138 in May 2023.**
- 1.12 The impact of rising costs of living across Greater Manchester is represented in data relating to universal credit claims. **Over 328,000 Greater Manchester residents claimed universal credit in June 2023, representing 18% of the city-region's total working-age population.** In June 2019, the proportion of the city region's working-age population claiming universal credit stood at 7%. Whilst some of this difference is accounted for by the roll-out of universal credit, it also reflects an increase in residents with no work requirements.
- 1.13 Data from Citizens Advice Greater Manchester shows the primary issues reported to teams focus on benefits and tax credits, universal credit and debt. Collectively these issues account for 68% of all issues raised in August 2023 across Greater Manchester Citizens Advice teams. **When comparing with August 2022, this year's data shows an increase of 3,000 enquiries into these issues, highlighting the severity of the current situation and the requirement for benefit and debt related support.**
- 1.14 The latest version of the dashboard can be viewed live at the following link (and is attached as a PDF report): [Cost of Living Dashboard](#)

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

2.1 Responses to mitigate the impacts of the cost of living crisis experienced by GM residents (as outlined in Section 1), include the activities described below.

GM Cost of Living Response Group

2.2 The GM Cost of Living Response Group is now convening bi-monthly with the August meeting focusing on local Winter Planning for 2023/24. The cross-sector group shared good practice and learning from last year and received inputs from representatives of some of GM's most vulnerable cohorts on what could be improved this winter. The following components were identified to assist in undertaking local planning for this winter:

- Household Support Fund - Approaches to targeting allocation and distribution
- Local Financial Allocation - Additional local investment into hardship schemes, community funds, discretionary support schemes etc.
- Other Emergency Assistance
- Food deliveries and cards, energy top-ups, household essentials, coordination with food banks/offers etc
- Helplines and Points of Support
- Phone advice/help lines, additional staffing, Welfare Rights teams, face-to-face drop-ins in the community
- Warms Spaces/Hubs - Use of estate, supporting community groups, incorporating wider offers and support
- Information Sheets, Leaflets, Engagement - Support booklets, money advice referral tool, targeted to specific communities
- Wider Comms Campaigns - Social media, messaging alongside council tax bills, roadshow events (additional targeted activities would be developed should budget become available)

- Collaboration between Public Services, VCFSE and Housing sector - Joint working with community groups, coordinating with infrastructure organisations and housing providers
- Other Innovative Approaches - Wrap around support, early intervention and prevention, smart use of tech/data

Food Poverty

- 2.3 A Roundtable event hosted by the Mayor took place on Monday 4th September with representatives from major supermarkets and GM food manufacturers. There was a commitment to support the increase in the uptake of Healthy Start Vouchers which included local promotions and a commitment to work collectively on developing a case to Central Government for auto-enrolment of residents in the scheme. Representatives also committed to actively participating in the GM Food Security Action Network.
- 2.4 As captured in the overview of Residents' Survey findings in Section 1 of this report, holiday hunger clearly remains a big concern for families across the city region. One in three families stated they were worried about feeding their children over the summer holidays, rising to one in two for single parent families, or parents with a child under 5. During the school holidays, the Greater Manchester Mayor committed £20,000 to support this summer's No Child Should Go Hungry Campaign through the Emergency Food Card Initiative. This was boosted by a donation of £2,000 from a private company in Greater Manchester, enabling each Local Authority to receive £2,200 which provided 440 £5 food vouchers.

Joint Work with Energy Providers

- 2.5 Work with energy providers has focused on winter planning including comms and engagement and a drive to ensure all GM residents that are dependent on medical equipment are sent a personal letter to ensure they are signed up to the Priority Service Register. The Register is a free support service that makes sure extra help is available to people in vulnerable situations. The letter also includes information of

the support available through the ECO4 Energy Company Obligation Scheme which can provide fully funded home energy efficiency measures available through approved installers for residents who are vulnerable and/or on a low income with a health condition.

Welfare and Debt Advice

- 2.6 A mapping exercise is currently underway to understand the availability of welfare and debt advice across Greater Manchester including the level of advice offered and gaps in existing provision. It is anticipated that the exercise will evidence considerable variation in welfare and debt advice across GM.

- 2.7 In June the Mayor attended the re-launch of the GM Welfare Rights and Advisors Group. Whilst the majority of welfare rights support is delivered and/or commissioned at a local level, it would appear that there is an increasing pan-GM role to play in supporting residents from escaping or avoiding financial hardship.

3. HEADLINES FROM GM ECONOMIC RESILIENCE DASHBOARD

- 3.1 Similarly to the GM resident experience outlined in Section 1, data on the experiences of GM businesses shows a persistently challenging economic situation.

- 3.2 The UK's macroeconomic headlines for the past quarter show persistently low growth of the economy (0.2%, Q2 2023) and persistently high inflation (6.8%, July 2023). In response, the Bank of England raised its base interest rate to 5.25% placing further upward pressure on businesses servicing debt.

- 3.3 **High inflation is clearly still an issue for GM businesses.** A survey of businesses by the GM Business Growth Hub (BGH) shows that as of August 2023:
- the proportion of businesses with less than six month's sustainability is at its highest level in almost two years (21.3%, **since September 2021**),
 - 43% of businesses reported rising costs up from 25% a year earlier.
- 3.4 In addition to these short-term risks, there are also potential longer-term effects. A period of sustained high interest rates may stifle productivity in GM by increasing costs of borrowing and discouraging investment. These longer-term effects do not yet appear to be evident for GM businesses. According to the BGH business survey:
- the proportion of businesses reporting cashflow issues has fallen continuously since March to 14%,
 - the proportion of businesses suspending business investment has fallen to its lowest level this year, 4%.
- 3.5. Going forwards, the economic outlook is weak according to the latest data on forward looking measures. The UK Consumer Confidence Index remains negative at -25 and the UK Purchasing Managers Index shows an expected contraction in the manufacturing sector and low growth in the construction and service sectors. At the local level, the GM Index (an indicator of business confidence) dipped in Q2 2023 to 22.1 despite having risen in all previous quarters since Q3 2022. This reflects falls in domestic sales; domestic and export advanced orders; confidence in profitability; and confidence in turnover in manufacturing and service sectors.
- 3.6. For more information, the latest version of the dashboard can be viewed live at this link (and is attached as a PDF report): [GM Economic Resilience Dashboard](#)

4. DEVELOPING RESPONSE TO THE IMPACTS ON BUSINESSES

- 4.1 In response to the increased costs for businesses outlined in Section 3, partner organisations across Greater Manchester are mobilising activity and pivoting existing interventions to focus 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 government.

Growth Company and Business Growth Hub Services

- 4.2 The Growth Company (GC) and GC Business Growth Hub (BGH) provide a range of core business support programmes commissioned by the GMCA, UK Government and others to support: start-ups and business growth; access to talent and finance; innovation and adoption of productivity-boosting technologies; and upskilling of leaders and managers.
- 4.3 The Growth Company offer includes Greater Manchester's flagship leadership and management programme for SMEs, '**OPEN SME**'. The programme offers free, short-course online learning from the business schools of University of Manchester, Manchester Metropolitan University, University of Salford, and University of Bolton to help small business leaders improve profitability, sustainability and increase business growth. The GMCA is currently looking at options to extend this programme into autumn 2025.
- 4.4 The Growth Company are preparing for the launch of a new investment portal, '**Simplifi**'. Designed and developed with support from GC BGH, GC, GC Business Finance and GC Angels, the new online portal aims to help business owners to navigate the complex funding landscape and to get a better understanding of the finance and investment options available to them and how to access the right products and services.

Good Employment and the Real Living Wage

- 4.5 GM has been recognised as the first Living Wage City Region in the UK, working alongside the Living Wage Foundation. There are now over 500 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. The overall target is for at least 650 employers in GM to be accredited by November 2024. The real living wage currently stands at £10.90, in contrast to the National Living Wage (minimum for over 23s) at £10.42 and the Minimum Wage (for those under 23 but over 21) at £10.18.
- 4.6 The Good Employment Charter was co-designed with employers, trade unions, campaigners, and academics to raise employment standards and help employers of all sizes succeed in all sectors. Over 2,000 employers are now engaged with the Charter Unit, with 544 supporters covering 250,000 workers and 93 full members. There are seven key characteristics of good employment that supporters have to make a commitment to improving practice around: secure work; flexible work; pay (including the real living wage); employee engagement & voice; recruitment; good management; and health & wellbeing.

Foundational (or “Everyday”) Economy

- 4.7 The foundational economy is the part of the economy that supplies everyday but essential goods and services that provide the majority of the jobs in the city-region and keeps our economic and social systems working. Phase 1 of Greater Manchester's Foundational Economy Innovation Fund has now gone live. The fund is providing 40 grants valued at £10,000 to organisations in Greater Manchester's “foundational” or “everyday” economy to trial innovative new ideas and improved ways of working. The grants are accompanied by a programme of innovation support and the development of a community of practice between participants. Grant recipients can pitch for additional funding of up to £60,000 following six months of project delivery.