

Greater Manchester Combined Authority

Date: 15th December 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.

Recommendations:

The GMCA is requested to

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 RESIDENTS' SURVEY AND COST OF LIVING DASHBOARD

GM Residents' Survey Headlines

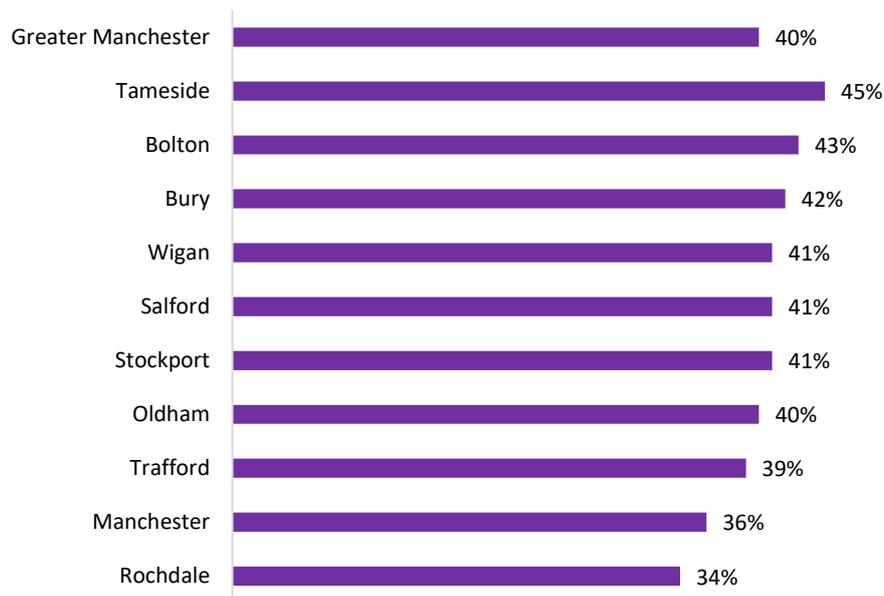
- 1.1 The Greater Manchester (GM) Residents' Survey collects data seeking to explore and understand cost of living pressures from the perspective of the day-to-day impacts on GM residents. Latest Residents' Survey findings are based, in the main, on fieldwork completed in June/July and September (Waves 8 & 9 respectively). Where appropriate, interim findings from fieldwork completed at the end of November (Wave 10) have been included. Full Wave 10 findings will be published in mid-December.
- 1.2 Recent survey results show some signs of improvement in cost-of-living impacts. In September 3 in 5 (58%) GM residents reported their overall cost of living had increased over the past month. This is an improvement since July (71%), however we anticipate that the November results will demonstrate that many residents across GM still feel impacted by a continued increase in cost-of-living month-on-month, and to a greater degree than elsewhere across Great Britain (GB). For example, data published by the Office for National Statistics (ONS) in early December shows that less than half (47%) of residents across GB say their household costs have increased in the last month. The latest picture in relation to debt and financial hardship, energy costs, food insecurity and rents/mortgages is summarised below.

Debt and financial hardship

- 1.3 As explained in the previous Cost of Living and Economic Resilience report, the ONS has devised a measure of financial vulnerability, based on four questions that have been regularly asked in national surveys and 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. **Around 3 in 10 Greater Manchester residents were considered financially vulnerable in September according to this definition, with November survey results expected to show a similar picture.**

- 1.4 Some groups are more likely to be experiencing financial vulnerability than others. For example, financial vulnerability was highest among parents with children under five with almost half considered financially vulnerable. Approximately 4 in 10 of those aged 35-44, those with a disability and those earning below the Real Living Wage were also likely to be considered disproportionately financially vulnerable.
- 1.5 **Consistently, a higher proportion of residents across Greater Manchester compared with residents of Great Britain in general report borrowing more or using more credit.** Around one-third (34%) of Greater Manchester residents surveyed in September reported a year-on-year increase in their borrowing or credit use. Although a slight decrease from the 37% reported in July, this remains substantially higher than the Great Britain average of 25% that ONS reported earlier in 2023, and a similar figure (33%) is expected from the November GM survey results.
- 1.6 **The proportion of residents reporting some level of difficulty in managing their debt has increased since the summer.** 70% of respondents in September and 65% of respondents in July reported either that things are 'getting harder'; things are becoming 'difficult to manage'; or they are 'unable to manage'. The November survey provisional figures suggest an unchanged position. Many households in this situation are seeking help, although September data showed that around 2 in 5 have not sought any form of help up to now (including from debt support organisations, charities and similar).
- 1.7 Various reasons for not seeking help are cited and remain similar to those reported in the previous summary of the Residents' Survey findings – 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). Local-level insight has been produced for the period May to September 2023, and Figure 1 shows how likely residents with debt issues are to seek help, depending on where they live. This analysis will be refreshed shortly with data collected in November and shared with districts.

Figure 1. Residents reporting difficulty with debt who say they have not sought help, by local authority of residence



Note: This relates to the respondents who say (I) that they are borrowing more or using more credit, compared to 12 months ago, and (II) that they are struggling with debt or things are getting harder.

Energy costs

1.8 Residents of Greater Manchester continue to report concerns around their energy costs. Around half (49%) of those paying bills found it 'very difficult' or 'somewhat difficult' to afford energy costs in September 2023. Early insights from the November survey suggest that this figure may have reduced slightly, and this is encouraging given that the equivalent figure in the July survey was 54%. However, the results are likely to show that the proportion of Greater Manchester residents finding it 'very difficult' to afford energy costs will remain substantially above the Great Britain figure (9%) reported by the ONS.

1.9 **The September survey showed that just over half of Greater Manchester residents are worried about heating their home this winter** (around 1 in 5 were 'very worried'). Worry is more common among those within racially minoritised communities, those with a personal disability and households with children.

Provisional figures from the November survey suggest these headlines remain unchanged two months on.

Food poverty

- 1.10 The GM Residents' Survey has regularly included questions on food security to obtain an overall sense of the issue and its impacts. Residents are asked a suite of questions on, but not limited to: skipping meals, worrying about food running out, and not having enough money to buy food. Residents are then categorised as experiencing 'very low', 'low', 'marginal' or 'high' food security.
- 1.11 The November edition of the Residents' Survey revisited the issue of food security in depth. Provisional findings suggest that **close to half (48%) of households with children should be considered food insecure, that is they have either 'low, or 'very low' food security (was 53% in Dec 2022; 49% in Apr 2023). For households with no children, a quarter (27%) are considered food insecure (was 32% in Dec 2022; 32% in Apr 2023).**
- 1.12 Although both households with and without children appear to have seen slight drops in proportions considered food insecure when compared to results from December 2022 and April 2023, these were not statistically significant. This suggests a continued impact of cost of living across households, particularly for those with children.

Rents and mortgages

Slightly less than half (44%) of renters surveyed in September said it is difficult to afford their rent, which represented an improvement from July (52%). However, the September survey showed an increase in residents who are actually behind on their rent, with 17% reporting rent arrears (was 13% in July). This increase was found to be driven by those renting from local authorities or housing associations, as opposed to the private rental sector. In relation to owner occupiers, meanwhile, 4% of survey respondents said in September that they are behind on the mortgage payments. Interim findings from the November survey point towards some improvements but are likely to show that the proportion of renters behind on their rent continues to track above the Great Britain average.

Cost of Living Dashboard Headlines

- 1.13 **Almost one quarter (23.8%) of Greater Manchester households claimed Housing Support** (a combination of housing benefit and the housing element of universal credit) in May 2023. This proportion has remained fairly consistent since a rise following the pandemic. In May 2019, 20.7% of households were claiming Housing Support, increasing to 23.5% of households in May 2020.
- 1.14 Whilst the proportion of households claiming Housing Support has stayed relatively stable, the lack of uplift in Local Housing Allowance since 2020 and rapid increases in private rented tenancy costs means that private rented housing has become unaffordable for many households receiving Housing Support. As part of the 2023 Autumn Statement, UK Government announced Local Housing Allowance will be reset at the 30th percentile of local market rents in April 2024. This is planned as a one-off increase after which the allowance will be frozen in cash terms, and so its value is expected to fall relative to market rates over future years.
- 1.15 National data from Citizens Advice shows that on average there is a monthly shortfall of £148 between Housing Support and rent costs for clients dealing with debt issues. This is the biggest gap seen on record, an increase of a third when compared with the gap recorded in 2022. **Locally, October 2023 saw the most housing related**

enquiries made to Greater Manchester Citizens Advice teams on record. Over 3,000 issues were reported related to housing, an increase of 50% when compared with October 2022.

- 1.16 As noted above, the majority of respondents (53%) in the September wave of the Greater Manchester Residents' Survey stated that they found it very difficult or somewhat difficult to afford their energy costs. This is as high as 60% in some boroughs, such as Rochdale. As well as variation across Greater Manchester localities, there is disparity between residents. **National data from Citizens Advice shows 61% of disabled people are unable to top up their prepayment meter, compared to 39% of the general population.** In October 2023, Citizens Advice teams supported over 5,000 people with practical energy efficiency advice, over half of those helped had a disability or long-term health condition.
- 1.17 Residents' own perception of their financial status is captured through the Policing and Community Safety Survey, which surveys 3,250 members of the public each quarter across Greater Manchester. The most recent survey undertaken in June 2023 showed that 51% of residents can 'afford essentials and occasional luxuries'. This has consistently been the most common answer given since the survey began in September 2019.
- 1.18 The proportion of survey respondents reporting that they could afford 'essentials but nothing else' remained around 15% of all responses for the first two years of the survey. During that time, the proportion reporting that they could 'afford luxuries as well as essentials' consistently accounted for around 20-25% of all responses. However, the most recent data shows that **the proportion reporting being able to 'afford essentials but nothing else' has risen to 18%, while the proportion reporting they could 'afford luxuries as well as essentials' fell to 17%.**
- 1.19 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 To mitigate the impacts of the cost of living crisis experienced by GM residents (as outlined in Section 1), the GMCA is developing a policy response including activities described below.

GM Cost of Living Response Group

- 2.2 The GM Cost of Living Response Group met in October with a focus on the impact of the cost of living crisis on Traveller Communities. GMCA is now convening a Gypsy & Roma Traveller Task and Finish Group to specifically focus on issues impacting on these communities and will include cross-sector partner representation.
- 2.3 The GM Coalition of Disabled People also gave an update on recent information obtained through a Freedom for Information request that showed that in GM there was a wide variance across Local Authorities in the proportion of Household Support Fund (HSF) allocated to disabled people. Further work is being undertaken to identify if this data reflects a real disparity in allocations or if it highlights an issue in which the national data is captured. As reported in the GM Residents' Survey findings, disabled people are disproportionately disadvantaged by the cost of living crisis. The most recent government guidance was amended to ensure that Local Authorities consider the needs of disabled people when allocating HSF.

Establishment of Warm Spaces Winter 23/24

- 2.4 A network of Warm Spaces is being established across GM this winter in recognition that the colder months will once again be challenging for many residents facing rising cost of living pressures. All Warm Spaces are free to access and designed to be a safe, warm, inclusive, and friendly environment. All Warm Spaces providers are encouraged to sign up to the National Warm Welcome Spaces website which provide useful resources and funding opportunities.

- 2.5 These spaces will also be used to provide wraparound support for those that use them. This includes encouraging charitable organisations to sign up with the Good Things Foundation to distribute sim cards to residents providing free data to deliver the “Local Energy Advice Demonstrator” (LEAD).
- 2.6 The Good Things Foundation are also working to sign up charitable organisations to help deliver the “Local Energy Advice Demonstrator” (LEAD). LEAD is a £2.14m initiative funded by the Department for Energy Security & Net Zero and the North West Net Zero Hub. The project will look at how energy saving advice can be made clearer and easier to access, helping Greater Manchester residents understand the support and funding available to them and encouraging the uptake of domestic energy saving measures in turn. It will focus on providing advice in-person, with support also available over the phone and online, with a particular goal of reaching residents who might not otherwise be supported.

Food Poverty

- 2.7 A roundtable event hosted by Rev. Ian Rutherford (Chair of the GM Food Security Action Network) took place on Wednesday 15th November with representatives from major supermarkets and GM food manufacturers. There was a commitment to support the increase in the uptake of the Healthy Start Scheme with supermarkets agreeing to a range of initiatives including displaying information near to eligible products and using their internal radio broadcast system to promote the scheme to customers.
- 2.8 Work is ongoing through the GM Food Security Action Network to overcome the logistical challenges for smaller food charities to access food from supermarkets and food manufacturers at wholesale prices.

Joint Work with Energy Providers – GM Disabled People’s Panel and British Gas Energy Trust Fund

- 2.9 The Greater Manchester Disabled People’s Panel is convened by the Greater Manchester Coalition of Disabled People (GMCDP) in partnership with GM Mayor

Andy Burnham and the GM Combined Authority (GMCA). There are 18 disabled people's organisations on the panel drawn from across the city region.

- 2.10 In summer 2022, the panel undertook the Greater Manchester Big Disability survey to quantify what they were already hearing from member organisations about the extent of increasing poverty. The survey identified a gap in provision of accessible independent advice.
- 2.11 As a consequence of the panel's attendance at the Mayor's energy round table event last year, they were approached by British Gas Energy Trust (BGET). BGET have now provided funding to develop a proof of concept for a delivery model for the provision of advice by disabled advisers to disabled residents in Greater Manchester. The areas of advice included will be part of this scoping exercise and could be money, energy, welfare benefits, social care, and/or housing.
- 2.12 The principal objective of this proof of concept will be to define a recommended advice provision model that could be used for future funding bids. A stakeholder engagement event is scheduled for 29th November to seek views on how to best design this model, and explore how it would complement existing service provision and work effectively within the current advice ecosystem.

Household Support Fund

- 2.13 During the recent Autumn Statement there was no mention of the DWP administered Household Support Fund (HSF). This fund has been made available to councils across England in response to the cost of living crisis, supporting residents to pay for energy bills, groceries or other essentials. The fund allowed flexibility in how local authorities spent their allocation to support local people, and has been used to support communities across GM.
- 2.14 The fund was allocated based on a combination of population size and relativity with regards to the indices of multiple deprivation. Since the inception of the HSF in October 2021, GM local authorities have received a total of £134.6m with £53.8m of that amount received in 2023/24.

- 2.15 In the weeks following the Autumn Statement it has become apparent that Government is unlikely to be extending the HSF beyond March 2024. Through the GM Cost of Living Response Group, the GMCA is seeking to anticipate the inevitable impact of this funding being withdrawn, and is sharing insight with the Local Government Association who are coordinating a national response on behalf of local government.
- 2.16 To date, local authorities have used the fund to support a range of local measures including extending Free School Meal provision, warm spaces, dedicated support to specific communities (in particular families with young children entitled to free school meals, older people entitled to pension credit and disabled people) and providing an important safety net for families facing the greatest hardship. The HSF has played an important role in bolstering existing local crisis support, and the withdrawal of circa £50m fund per annum from GM's local authorities is seen as significant.

3. HEADLINES FROM GM ECONOMIC RESILIENCE DASHBOARD

- 3.1 The UK economy is showing signs of stagnation with no growth in Q3 2023 after only slight growth in the second quarter (0.2%). Looking forwards, the UK Consumer Confidence Index remains negative at -30, and the UK Purchasing Managers Index shows expected contractions in the manufacturing, construction, and service sectors. **At the local level, the GM Index, which measures business sentiment across a range of metrics, fell for the second consecutive quarter to 20.4.** This was particularly driven by falls in manufacturing, construction and export sales, and advanced export orders.
- 3.2 More positively, **inflation dropped to 4.6% in the year to October** partly as a result of interest rates set by the Bank of England remaining at 5.25% since August. This lower inflation is likely to have contributed to the proportion of local businesses experiencing rising costs as surveyed by the Business Growth Hub which fell by 5 percentage points from August to October.

- 3.3 The largest downward contribution to the UK inflation rate came from housing and household services, which fell to 1.9% in the year to October down from 5.7% in September. This was driven by decreases in prices of gas and electricity by 31.0% and 15.6% respectively. There were also downwards contributions to inflation from food and non-alcohol beverages prices, which fell to 10.1% down from 12.2% in September.
- 3.4 Despite the fall in the inflation rate over the past year, prices remain high compared with two years earlier. **Compared to October 2021, the price of gas is 60% higher, electricity 40% and food 30% higher.**
- 3.5 The falling rate of inflation appears to be positively impacting business cashflow at the Greater Manchester level. The Greater Manchester Chamber of Commerce Quarterly Economic Survey finds that **over Quarter 3 2023 cashflow improved for manufacturing, construction and services businesses in Greater Manchester.** This is supported by the Business Growth Hub survey which has shown falling rates of businesses experiencing cashflow issues since March 2023 (from 21.3% to 14.4%). The Business Growth Hub survey indicates potentially positive implications for business growth as **the proportion of businesses suspending business investment almost halved between March and August 2023 (from 7.9% to 4.2%).**
- 3.6 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

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

Growth Company and Business Growth Hub Services

- 4.1 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. GC BGH was recently awarded £7.5m from the UK Shared Prosperity Fund to deliver a comprehensive offer of support to Greater Manchester businesses until March 2025. As well as supporting with day-to-day queries and promoting growth, businesses will be offered practical and specialised support based on their needs and ambitions in areas such as accessing finance, innovation, and decarbonisation. A team of advisers will also be allocated to work closely with each local authority to ensure support aligns with local provision and is accessible for all.
- 4.2 GC has also recently launched the new investment portal, 'Simplifi'. This online portal aims to help business owners to get a better understanding of the finance and investment options available to them and how to access the right products and services.

Real Living Wage

- 4.3 With GM recognised as the first Living Wage City Region in the UK, there are now over 700 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. This number of accredited employers exceeds the original target for at least 650 employers in GM to be accredited by November 2024 by 76 employers.
- 4.4 The real living wage currently stands at £12.00, 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. The UK Government has accepted the recommendations of the Low Pay Commission and will be raising the national minimum and national living wages for those aged 21 and over to £11.44 from 1 April 2024.

Investment Zone Programme

- 4.5 GMCA is working with government to agree an investment zone package for the city region. The Investment Zone programme invites city regions around the UK to

develop growth plans for a priority sector: Greater Manchester's will focus on advanced materials and manufacturing.

4.6 Investment Zones are sector development plans which grant city regions:

- Flexible funding for interventions to support growth. Places can select their incentives from a set of direct funding support for projects or tax incentives. GM has chosen to draw down all of the resource as direct funding, with no tax incentives.
- Two sites of up to 600 hectares in total where Greater Manchester can retain the growth of business rates for 25 years.

4.7 UK Government announced Greater Manchester's Investment Zone programme within the 2023 Autumn Statement. It was also announced that the wider Investment Zone programme will be extended in all eligible places from 5 to 10 years and the available funding will be doubled.

4.8 GMCA, Districts, universities and other partners are developing the funding proposals across the policy areas determined by Government: infrastructure, planning & development, skills, local business support and research & innovation. £5m has been allocated to business support programmes, working to increase the level of innovation in SMEs, attract inward investment, and develop supply chains into new businesses. GMCA is working with partners to finalise the detail of this package to be spent from 2024/25 to 2028/29.

Innovation Ecosystem Navigation Service

4.9 The procurement of the Innovation Ecosystem Navigation Service, funded under intervention E19 of the UK Shared Prosperity Fund, has been completed and the contracting process is underway. The service will support businesses to bring innovative ideas to market faster, through focused help on identifying parts of the ecosystem which can move them towards commercialisation. This is backed by a flexible grant fund, that can be used to enable access to innovation assets, specialist

services and other support if it can demonstrably accelerate the journey to a marketable product or service.

Greater Manchester Innovation Accelerator

4.10 Greater Manchester was selected as one of three Innovation Accelerators by UK Government in the Levelling Up White Paper in February 2022. The project will pilot proof of concept solutions working towards the vision of the Greater Manchester Innovation plan. All 10 of Greater Manchester's [Innovation Accelerator projects](#) have now signed their grant offer letters and moved into delivery. Several of the GM projects are focused on supporting SMEs from across GM's frontier sectors to bring innovations to the market, with a mixture of part and fully funded support and direct grant awards in place to help SMEs bring forward new product and service offerings.