

Written evidence from the Greater Manchester Poverty Action (GMPA) CLP0020

About GMPA

Greater Manchester Poverty Action (GMPA) is a not-for-profit organisation that works to address poverty across Greater Manchester. We convene and network organisations from public, private, and VCSE sectors, and people with lived experience of poverty, to foster collaboration and innovation and to maximise the impact of efforts to address the underlying causes of poverty across Greater Manchester. We equip stakeholders with the knowledge they need to tackle poverty. We carry out research and advocate for changes in policy at a local and city-region level and sometimes at a national level to address the structural and systematic causes of poverty.

GMPA is unique in bringing learning from local and regional responses to poverty into national policy debates. We would be pleased to provide further assistance or evidence to the committee should this be useful in the exploration of this subject.

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Summary

- The Cost-of-living Crisis is deepening poverty levels, with households facing increased uncertainty and financial hardship. While the short-term Cost-of-living support payments have provided some relief to low-income households, they are not a sufficient response to protect people from the devastating impact of the crisis.
- To make a meaningful difference, the government needs to further invest in the social security system, setting nationally administered benefits at a level that affords people a decent standard of living to ensure people are adequately protected from hardship and providing long-term funding to resource local welfare provision properly.
- The government needs to develop a long-term national anti-poverty strategy, bringing citizens, voluntary sector organisations, service providers, local governments, and businesses together to help tackle poverty and build a fairer and more inclusive society.

1. To what extent have the cost of living support payments been sufficient at helping eligible households meet the cost of essentials such as food and electricity?

At GMPA, we welcome the support payments in providing some short-term relief for low-income households. However, one-off payments are not a sufficient response to protect households from the devastating impact of the crisis.

Households continuously face difficult daily spending choices, deciding between paying bills, buying food, or using gas and electricity. A YouGov poll, carried out in February on behalf of Christians Against Poverty highlights the severity of the situation, with half of adults (25.9m) going without heating at some point during the winter, with over 6 million people going without heating dailyⁱ.

Furthermore, the latest figures from the Trussell Trust reveal that almost 3 million emergency food parcels were provided to people facing hardship between April 2022 and March 2023, with more than a million of these parcels delivered for childrenⁱⁱ.

The impact of the Covid-19 pandemic and the Cost-of-living Crisis is accelerating pre-existing trends of poverty and inequality in the UK. Greater Manchester is home to some of the highest levels of poverty and deprivation in the country with poverty a significant issue in all ten boroughs. Our Greater Manchester Poverty Monitor (2022) highlights there are an estimated 620,000 people, out of a population of 2.8 million, living below the poverty line in the city region, and around 145,000 children are living in relative poverty (before housing costs)ⁱⁱⁱ.

The support packages introduced are a sticking plaster and do not address the underlying causes of rising poverty.

In September 2022, GMPA undertook focus groups with people with lived experience of poverty from different boroughs in Greater Manchester to understand experiences of poverty in their community, and their views on how local authorities can improve support, services, and programmes to reduce poverty. Participants expressed that the current crisis is worsening people's circumstances, but poverty is a long-standing problem that continues to be ignored by the government. They emphasised that one-off payments do not go far enough; instead, there needs to be a focus on long-term investment in preventive measures.

"I think preventative work should be the order of the day and whenever possible early intervention should be a top priority".

"I think the most important thing is... to prevent rather than do the firefighting...."

"Handing out little pockets of money here and there doesn't help in the long run so there needs to be solutions"

"It's alright helping people out with the financial difficulty when they're in financial difficulty but it's important to be thinking about lifting people out of poverty and giving people meaningful work".

A strategic response to tackling poverty

The economic outlook remains challenging, with real household disposable incomes in 2027-28 expected to be lower than their pre-pandemic levels^{iv}. The continued use of short-term support is not a solution to prevent more people from being pulled into poverty.

To make the most meaningful difference, the government needs to further invest in the social security system, ensuring that people are adequately protected from hardship by setting benefit levels at a level that affords people a decent standard of living.

In addition to a robust social security system, there needs to be a long-term funding settlement to properly resource local welfare provision, building on the foundation of the Household Support Fund (HSF). Since the onset of the Covid-19 Pandemic, we have supported local authorities to maximise hardship funding provided by the government. We continue to work closely with local authorities and their partners to maximise the effectiveness of local welfare assistance schemes to support people in a financial crisis^v.

We welcome that the HSF has been extended for the fourth time, with improvements that allow local authorities to deliver the scheme in a more flexible, innovative way beyond providing a one-off transactional piece of support^{vi}. However, the level and ad-hoc nature of the funding are insufficient to address the scale of the challenges facing local authorities and residents. The government should also provide greater guidance on the operation and requirements for local welfare support, including ensuring local authorities adopt 'cash-first' and 'advice-based' approaches to support.

To tackle poverty, the government must move beyond the 'sticking plaster' approach and take a systemic and structurally informed perspective.

Our research exploring best practice and effective approaches from across the UK in designing and implementing local anti-poverty strategies has shown a determination to address poverty within communities^{vii}. However, there is considerable variation in what is being done due to a lack of support, direction, and limitations in what can be done, as the main drivers for change lie with the government. An overarching strategy must be developed to address the persistent issues facing low-income households, such as inadequate benefit levels.

At GMPA, we believe the government needs to develop a long-term national anti-poverty strategy. Bringing together citizens, voluntary sector organisations, service providers, local governments, and businesses to help tackle poverty and build a fairer, more inclusive society.

Recommendation

- Devise and launch an ambitious, nationwide anti-poverty strategy that is committed to building a stronger social security system that protects people when they need it.
- 2. What role have the following factors played in access to the cost of living support payments:**
- a) Passporting: Not already being in receipt of certain means-tested benefits, despite being eligible, and consequentially being prevented from accessing emergency support;

Non-take-up is a significant issue that has undermined the effectiveness of the support payments. New analysis by Policy in Practice finds that the total amount of unclaimed income-related benefits and social tariffs is now £18.7 billion a year^{viii}. They estimate that £7.5 billion of Universal Credit is unclaimed by 1.2 million eligible households.

It is more important than ever that people receive their full entitlements. The government must improve the administration and increase awareness of benefits to maximise take-up. Our Money Matters Programme provides debt and benefit advice to families accessed through primary and secondary school settings, and a further education colleague in Trafford and Manchester has demonstrated that a lack of awareness about benefit entitlements is a key barrier to benefit uptake. Since June 2022, we have achieved more than £100,000 in gains for household incomes, with most of this total coming from ongoing benefits income^{ix}.

- b) Cliff-edges:** Not being in receipt of a certain means-tested benefit, because households failed to meet certain qualifying thresholds.

Cliff edges mean that earning just £1 too much can cause recipients to become ineligible for the support payments. As a result, 551,000 Universal Credit claimants were denied the first support payment as their earnings had reduced their Universal Credit to £0 for the qualifying period^x. This is unjust and penalises those who have increased their earnings slightly by working more hours when they are within the assessment periods for eligibility.

Households can also find themselves ineligible due to how wages are paid, receiving five weekly pay packets in one month, for instance^{xi}. An evaluation of the impact of the first round of support payment on recipients highlights this as an issue that can unfairly disadvantage particular groups or individuals^{xii}.

- c) Qualifying period anomalies:** issues relating to the timing of benefit payments

Individuals whose Universal Credit claim begins just after the payment cut-off date will receive no support. Analysis by the Resolution Foundation highlights that in the last year, the number of people on Universal Credit claiming for less than three months had been between 400,000 to 470,000. Through providing support to recipients in one-off payments, between 130,000 to 160,000 claimants, a month may miss out on support because they start a claim after eligibility for the second one-off payment passes^{xiii}. This is unfair and wrongfully restricts those in need of help.

- d) Receiving a nil reward on a Universal Credit payment, due to reasons such as sanctioning; or**

Sanctions can result in a reduction or a complete loss of benefits, leaving claimants without the financial resources they need to meet their basic needs. This can lead to increased hardship, debt, and reliance on food banks and other forms of support. By denying support payments to those who are sanctioned, individuals are subject to a double penalty for what is often a minor misstep^{xiv}. An estimated 7,000 households will not receive the first award 2023 support payment due to sanctions^{xv}.

- e) Any other technicality you believe the Committee should investigate?

Coverage

The support payments do not reach all low-income households, 4 in 10 of the poorest fifth of households do not receive means-tested benefits^{xvi}. This has left many households without any buffer to fall into, people are being forced to simply go without as the criteria for receiving means-tested benefits are still too low. The government has also failed to take into consideration that there are different levels of needs across household sizes and circumstances. Moreover, as discussed in the previous question, flat one-off payments are not a substitute for a strong social security system.

3. How has the Department's ad-hoc payment system and its design and use benefitted or limited the delivery of cost-of-living support?

GMPA welcomes the targeting of support to those on benefits delivered via the national social security system through tax-free, direct cash payments. A cash-based response is the most effective and dignified way to support individuals in financial crisis^{xvii}. Furthermore, a 'cash-first' approach removes the stigma associated with seeking help and enables greater choice and control than in-kind support, alongside being simple and efficient in its distribution.

GMPA also welcomes the support payments being paid incrementally (in three instalments of £301, £300, and £299 across 2023)^{xviii} instead of lump sum payments which get swallowed more quickly and result in individuals struggling to budget effectively^{xix}. However, it is recommended that the government establishes weekly or monthly payments to provide further consistency and ease in budgeting for claimants.

However, the design of the system creates considerable limitations based on the one size fits all approach to payments. For example, it fails to consider the increased costs faced by those with disabilities^{xx}, particularly through the reduced support payment (of £150, in comparison to £900) given to those solely on certain disability benefits such as Personal Independence Payment or Disability Living Allowance^{xxi}. The design also fails to consider family size; for example, a single adult and a lone-parent, both claiming means-tested benefits, will receive the same £900 support payment despite lone-parent households facing higher costs and a greater risk of being in poverty, with 44% of children living in lone-parent families being in poverty^{xxii}.

4. Are there any examples of international best practice in relation to the delivery of emergency cost of living support that the UK can learn from?

There is considerable evidence in international literature highlighting the effectiveness of taking a cash-first approach, in comparison to in-kind support, in delivering emergency Cost-of-living support when aiding vulnerable households facing financial crises.

The CALP Network – a global network of over 90 organisations engaged in the critical areas of policy, practice and research in humanitarian cash and voucher assistance and financial assistance –highlighted how the delivery of emergency support assistance across various developing nations during the Covid-19 pandemic, can be positively transformed via cash^{xxiii}. Cash was shown to address specific (to the local context) and immediate needs more rapidly than in-kind support due to its suitability and adaptability for remote delivery, enabling new target groups (facing financial hardship) to receive assistance quickly and safely.

In Canada, food insecurity was found to have declined significantly among families between 2009 and 2012 after the 2007 introduction of the Ontario Child Benefit^{xxiv}. Similarly, in South Africa during the Covid-19 pandemic, the national emergency food parcel system got overwhelmed due to high demand. The government recognised the inadequacy of the emergency food system and announced a rollout of cash transfers as a more efficient way to assist food-insecure households^{xxv}.

Recommendation

GMPA welcomes the cash-based nature of the support payments and the latest Household Support Fund guidance that recommends cash as an option for providing support to households. However, we call on the government to design and fund locally delivered welfare support that complements the social security system placing a statutory duty on local authorities to take a cash-first approach.

ⁱ CAP UK (2023) *Cost of living: Two thirds of local communities see an increase in...* Available at: <https://capuk.org/news-and-blog/cost-of-living-two-thirds-of-local-communities-see-an-increase-in-poverty-national>.

ⁱⁱ Trussell Trust (2023) *Record number of emergency food parcels provided to people facing hardship by Trussell Trust food banks in past 12 months*, *The Trussell Trust*. Available at: <https://www.trusselltrust.org/2023/04/26/record-number-of-emergency-food-parcels-provided-to-people-facing-hardship-by-trussell-trust-food-banks-in-past-12-months/>.

ⁱⁱⁱ GMPA (2022a) *Poverty Monitor 2022*. Available at: <https://www.gmpovertyaction.org/povertymonitor-2022>.

^{iv} *Office for Budget Responsibility (2023) Economic and fiscal outlook - March 2023* Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2023/> (Accessed: 08 May 2023).

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- ^v GMPA (2020) Strengthening the role of local welfare assistance. Available from: <https://www.gmpovertyaction.org/wp-content/uploads/2021/03/Strengthening-the-role-of-local-welfare-assistance-March-12-2021.pdf>.
- ^{vi} GMPA (2023) Household Support Fund: best practice briefing for local authorities. Available from: <https://www.gmpovertyaction.org/wp-content/uploads/2023/04/GMPA-HSF-briefing-April-2023.pdf>.
- ^{vii} Whitham, G., Rimmer, P., and Lopez, A. (2023) Local-anti poverty strategies: Good practice and effective approaches. Greater Manchester Poverty Action. Available from: <https://www.gmpovertyaction.org/local-antipoverty-strategies/>.
- ^{viii} Clegg, A. et al. (2023) *Missing out: £19 billion of support goes unclaimed each year*, *Policy in Practice*. Available at: <https://policyinpractice.co.uk/wp-content/uploads/Missing-out-19-billion-of-support.pdf>.
- ^{ix} GMPA Money Matters Programme. <https://www.gmpovertyaction.org/money-matters/>.
- ^x The Secretary of State for Work and Pensions gave details about how many Universal Credit claimants were ineligible for the first cost of living payment (HC Deb 8 September 2022 UIN 49672). Available from: <https://questions-statements.parliament.uk/written-questions/detail/2022-09-08/49672>.
- ^{xi} *The Guardian* (2022) *Cost of living crisis: Some low-paid workers miss out on £326 help* Available at: <https://www.theguardian.com/business/2022/aug/12/cost-of-living-crisis-low-paid-help-universal-credit>.
- ^{xii} Griffiths, D.R. (2022) *Universal Credit, Working Claimants and the Government's Cost of Living Support*, *University of Bath*. Available at: [https://www.bath.ac.uk/publications/universal-credit-working-claimants-and-the-governments-cost-of-living-support/attachments/Universal Credit Working Claimants and the Govt s Cost of Living Support.pdf](https://www.bath.ac.uk/publications/universal-credit-working-claimants-and-the-governments-cost-of-living-support/attachments/Universal%20Credit%20Working%20Claimants%20and%20the%20Govt%20s%20Cost%20of%20Living%20Support.pdf).
- ^{xiii} Bell, T. et al. (2022) *Back on target* Resolution Foundation. Available at: <https://www.resolutionfoundation.org/publications/back-on-target/>.
- ^{xiv} *Olejniczak, J. (2023) Cost of living payment - sanctioned UC claimants face double punishment* . *Public Law Project*. Available at: <https://publiclawproject.org.uk/blog/cost-of-living-payment-sanctioned-uc-claimants-face-double-punishment/>.
- ^{xv} The Secretary of State for Work and Pensions gave an estimate of the number of claimants who will not receive the first Cost of Living payment in 2023 following application of sanctions to their Universal Credit. (HC Deb 27 March 2023 UIN 174379). Available from: <https://questions-statements.parliament.uk/written-questions/detail/2023-03-27/174379>.

^{xvi} Bell, T. et al. (2022) Help today, squeeze tomorrow , Resolution Foundation . Available at: <https://www.resolutionfoundation.org/app/uploads/2022/11/Help-today-squeeze-tomorrow.pdf>.

^{xvii} Whitham, G. (2020). 'Cash First' – Responding to the Needs of Low Income Residents through the Provision of Local Welfare Support. [pdf.] Greater Manchester Poverty Action. Available at: <https://www.gmpovertyaction.org/wp-content/uploads/2020/08/GMPA-Briefing-%E2%80%98Cash-first-August-2020.pdf>

^{xviii} GOV.UK. (2023). *Cost of Living Payments 2023 to 2024*. Available at: <https://www.gov.uk/guidance/cost-of-living-payment>

^{xix} Cotton, C. (2022). *One-off Bonuses: Are They the Best Way to Support People Through the Cost-of-living Crisis?* Available at: https://community.cipd.co.uk/cipd-blogs/b/cipd_voice_on/posts/one-off-bonuses-are-they-the-best-way-to-support-people-through-the-cost-of-living-crisis

^{xx} Scope. (2023). *Disability Price Tag 2023: The Extra Cost of Disability*. Available at: <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

^{xxi} Major, M. and Preston-Ellis, R. (2023). *DWP Explains if PIP Claimants Get New £900 Cost of Living Payments*. Available at: <https://www.bristolpost.co.uk/news/uk-world-news/dwp-explains-pip-claimants-new-8401330>

^{xxii} Child Poverty Action Group. (2023). *Official Child Poverty Statistics: 350,000 More Children in Poverty and Numbers Will Rise*. Available at: <https://cpag.org.uk/news-blogs/news-listings/official-child-poverty-statistics-350000-more-children-poverty-and-numbers>

^{xxiii} Lawson-McDowall, J. and McCormack, R. and Tholstrup, S. (2021). *The Use of Cash Assistance in the Covid-19 Humanitarian Response: Accelerating Trends and Missed Opportunities*. Disasters, 45: S216-S239. <https://doi.org/10.1111/disa.12524>

^{xxiv} Tarasuk, V. and Li, N. and Dachner, N. and Mitchell, A. (2019). *Household Food Insecurity in Ontario During a Period of Poverty Reduction. 2005–2014*, Can. Public Policy 45 (1), 93–104. <https://doi.org/10.3138/cpp.2018-054>

^{xxv} Ellis, E. (2020). *Some Relief for 13 Million People as Ramaphosa Announces Increase in Child Support Grant*. Available at: [Some relief for 13 million people as Ramaphosa announce... \(dailymaverick.co.za\)](https://www.dailymaverick.co.za)

May 2023