

Written evidence submitted by the Greater Manchester Poverty Action (GMPA)

Background

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 regional level and sometimes at a national level to address the structural and systematic causes of poverty.

Over the last 15 months, much of our work has centred on the devastating impact of the COVID-19 pandemic on those experiencing poverty across Greater Manchester. Our work has spanned from assisting the design of local crisis responses, to working with local authorities and the VCSE sector to re-imagine how we tackle socio-economic disadvantage beyond the pandemic. We have championed the inclusion of those with lived experience of poverty in conversations about what a just and equitable recovery would look like and established a Poverty Reference Group to advise the Greater Manchester Independent Inequalities Commission, whose report *'The Next Level: Good Lives for All in Greater Manchester'*,ⁱ was published in March 2021. Based on our unique insight into poverty in Greater Manchester, GMPA welcomes the opportunity to share our analysis of the greatest challenges in the road ahead to the Treasury Committee's 'An Equal Recovery' Inquiry.

Poverty and the impact of the COVID-19 pandemic

On the eve of the pandemic, 1 in 5 people in the UK were living below the poverty line. Child poverty was on the rise, and pensioner poverty had increased to pre-financial crisis levels. Poverty was more likely to affect certain groups, including those from Pakistani and Bangladeshi ethnic groups, those living in households where someone is disabled, and renters.ⁱⁱ When the COVID-19 pandemic hit the UK, some said that it would be a 'great leveller', but the reality could not have been further from this. Instead, pre-existing inequalities were exacerbated with tragic consequences, as those from Black and South Asian ethnic groups,ⁱⁱⁱ and those living in the most deprived areas,^{iv} suffered disproportionately high rates of mortality. Financial resilience was also severely impacted by the pandemic with certain groups disproportionately likely to suffer financial hardship, including those who are young, living with a disability, from Black and Asian ethnic groups, in a lone parent family, or receiving Universal Credit.^v

The Greater Manchester Independent Inequalities Commission report reveals a city region that, even before the pandemic, was beset by deep inequalities in *"health, wellbeing, employment and pay, skills, school readiness, child poverty and more, cutting across localities, ethnic groups, age and gender."*^{vi} The signs are that these inequalities have worsened as a result of the pandemic. In October 2020, GMPA's Poverty Monitor revealed a 93% rise in the number of people claiming unemployment-related benefits between March and August 2020, and a sharp increase in the number of people claiming Universal Credit across the city region.^{vii} An additional 4,500 children became eligible for a Free School Meal in the period January to October 2020, according to the Greater Manchester Independent Inequalities Commission report.^{viii}

While GMPA welcomed a number of measures introduced by the government to mitigate the most severe economic consequences of the pandemic, including the Coronavirus Job Retention Scheme, an increase in support through Universal Credit and Working Tax Credit, ending the benefits freeze, and the extra funding to councils to meet increased demand for support with paying council tax, we do not believe these interventions go far enough, given the longstanding and entrenched nature of poverty in Greater Manchester. IPPR North's research concluded that:

Ten years after it was first introduced...austerity has had a disproportionately damaging impact upon the North of England's resilience and its capacity to deal with the social and economic impacts of the Covid-19 pandemic.^{ix}

Against the backdrop of a decade of austerity, and in the absence of any overarching strategic agenda at the national level to address socio-economic disadvantage, an equal recovery from the pandemic is currently a distant prospect.

Tackling child poverty

In the five years leading up to the pandemic, half a million children fell into poverty, according to research from the End Child Poverty Coalition, bringing the total number of children in poverty in England to a staggering 4.3 million.^x Manchester was among the local authorities to see the greatest rise in child poverty over this period. There are now around 200,000 children living in poverty in Greater Manchester, with the boroughs of Bolton, Oldham and Manchester seeing the highest child poverty rates.^{xi} Our analysis shows that rates of child poverty in Greater Manchester tend to be higher in areas with higher Black and ethnic minority populations, pointing to the intersection between socio-economic disadvantage and ethnic background.^{xii}

As highlighted by the Manchester-born footballer Marcus Rashford's high profile campaign against the scandal of 'holiday hunger', too many families struggle to provide children with the basics for a healthy start in life, and during the pandemic these struggles have been even more acute. GMPA welcomes the government's decision to provide £220 million in funding to the Holiday Activities and Food programme, covering food provision, and activities for children during the Easter, Summer and Christmas holidays in 2021. But these measures still fall short of the long-term, holistic solution that we need, if we are to see an end to families having to rely on food handouts and vouchers. We must see a commitment to tackling the root causes of child poverty that leave parents unable to feed their children in the first place. GMPA believes the government must:

- launch an ambitious, nation-wide plan to end child poverty. The plan must be based on an understanding of the systemic causes of child poverty, including low income;
- address high rents and the high cost of childcare;
- increase child benefit by £10 a week;
- end the benefit cap, and the two-child limit;
- end the five week wait for Universal Credit;
- extend Free School Meals to all families in receipt of Universal Credit and those with No Recourse to Public Funds; and,
- provide payments to low-income families during school holidays equivalent to the value of Free School Meals.

A strong social security system

The seismic increase in the number of foodbanks across the UK in the last decade has become emblematic of a threadbare social security system, eroded by a decade of austerity and reforms to

the welfare system. In Greater Manchester alone, the number of foodbanks increased from around 11 in 2012,^{xiii} to the 134 that GMPA has mapped to date.^{xiv} Our 2020 Poverty Monitor shows that the effects of the pandemic have pulled even more people in Greater Manchester into financial hardship.^{xv}

A good social security system should provide a lifeline for people when things go wrong. But in recent years, cuts and freezes to levels of support have left families living with constant insecurity, unable to meet their everyday needs. The £20 increase to Universal Credit introduced in April 2020 is an acknowledgement by the government that the safety net was not adequate. If the government goes ahead with the scheduled cut to Universal Credit in September 2021, more families in Greater Manchester, and across the UK, will fall into poverty. Instead of weakening the social security system, the government should support a system that protects people when they need it, enables families to escape from poverty and opens up options. The government must:

- make permanent the £20 increase to Universal Credit; and,
- extend the uplift to legacy benefits so that those people, many of whom are disabled or carers, are no longer excluded from this vital improvement to support.

Strengthening the role of local welfare assistance

Local welfare assistance can also provide an important safety net when people find themselves in financial hardship. In 2013, the central government transferred responsibility to local authorities for the provision of financial assistance and crisis loans. However, huge year on year reductions in funding to local authorities over the last decade, and the absence of any statutory requirement to provide local welfare assistance, has led to significant variation in the kinds of welfare assistance people can access. GMPA's 2018 briefing traced the collapse of crisis support in England, highlighting that in Greater Manchester, spending in 2017/18 was over £15 million lower than spending under the Crisis Loan and Community Care Grant provision in 2010/11.^{xvi} In addition, there was a significant reduction in the number of successful applications for support, from 123,220 awards made under Community Care Grants and Crisis Loan provision in 2010/11, down to just 10,077 awards made through local schemes in 2017/18. According to recent research by the Children's Society, 1 in 7 upper tier local authorities has no local welfare assistance scheme at all.^{xvii} Crisis support has never been more important, yet families who urgently need financial help find themselves in a postcode lottery.

Several government initiatives, including the Local Authority Emergency Assistance Grant for Food and Essential Supplies and the COVID Winter Grant scheme, provided local authorities with emergency ring-fenced funding to assist vulnerable households with the costs of essentials over the last year. Research by the Trussell Trust shows that local welfare assistance was a real lifeline for people during the pandemic, but the findings also suggest that councils that already had a good local welfare assistance scheme in place were better able to make use of the funding than those whose welfare support infrastructure was weaker.^{xviii}

GMPA has supported local authorities throughout the pandemic to use the extra funding in ways that maximise positive outcomes for vulnerable households, including by calling for a 'cash first' approach,^{xix} and payment of cash during the school holidays instead of vouchers for families in receipt of Free School Meals.^{xx} Our recent research identified good practice in the provision of local welfare,^{xxi} and we will continue to work with local authorities to ensure that local welfare assistance schemes support vulnerable people as effectively as possible as we emerge from the pandemic.

After years of de-prioritisation by central government, it is time to re-invest in local welfare assistance. GMPA is calling on the government to:

- allocate £250 million a year in funding for local welfare assistance, which would bring spending in England in line with equivalent schemes in Scotland, Wales, and Northern Ireland; and,
- ensure local authorities adopt a ‘cash first’ approach, which maximises flexibility, choice and dignity for individuals, while also creating administrative efficiencies for councils.

Decent Jobs

A ‘real living wage’ and ‘living hours’ are vital to ensure that workers can afford the essentials for a good life. Yet recent government statistics show that the proportion of children in poverty living in households where at least one person was in work was 75%.^{xxii} In-work poverty was on the rise before the pandemic, and according to analysis by the Joseph Rowntree Foundation, the situation could worsen in its aftermath.^{xxiii}

In 2020, GMPA’s Poverty Monitor revealed that 20% of all jobs in Greater Manchester are paid less than the ‘Real Living Wage’,^{xxiv} and the Greater Manchester Independent Inequalities Commission report revealed the stark reality of regional, gender and ethnic disparities in pay:

Median gross weekly pay for all workers (full and part-time) living in Greater Manchester in 2020 was £456, £26 per week less than the England average... Women’s pay in GM was £125 per week lower than men’s pay, and the majority of GM workers paid less than the Real Living Wage in GM in 2020 were women... Although there has been some reduction in low pay over the period charted (largely down to the introduction of the National Living Wage), this has benefited Black and Black British workers less than others.^{xxv}

Reducing barriers to employment, tackling stigma and bias in recruitment and in the workplace, improving job quality and increasing access to education and training were among the top priorities of our Poverty Reference Group, a group of individuals with lived experience of poverty, set up to advise the Greater Manchester Independent Inequalities Commission. While progress is being made at the city region level to improve employment opportunities, the central government can also make a positive contribution to redressing the disadvantages people in Greater Manchester face in the labour market. GMPA believes that the government should:

- adequately fund public bodies, to ensure that they are able to pay the Real Living Wage to in-house and third party staff;
- give local and combined authorities more devolved decision-making over budgets to help support people into good employment; and,
- work with local government to test and fully evaluate a Minimum Income Guarantee within the city region.

Enacting the Socio-Economic Duty

While the Equality Act 2010 contains a socio-economic duty, there is no legal requirement on public bodies to give due regard to socio-economic factors when making strategic decisions and designing services, since the duty has not been enacted. However, the need to recognise and address this form of inequality alongside others is clear, following the grave consequences of socio-economic inequality laid bare by the pandemic. GMPA worked with the Greater Manchester Combined Authority and the ten Greater Manchester boroughs throughout the pandemic, ensuring

consideration of socio-economic status was included in the equality impact assessments of community responses to the pandemic.

We are now calling on local authorities in Greater Manchester to adopt the socio-economic duty voluntarily, as we believe that an equal recovery from the crisis is impossible without a transformation in the way that socio-economic inequalities are considered in decision making and service design by public bodies. Adopting the socio-economic duty, not only in Greater Manchester, but across the UK, and at all levels of government, as we emerge from the pandemic, would provide a powerful foundation for the equal recovery we all want to see. GMPA is calling on the government to:

- enact the Socio-Economic Duty of the Equality Act 2010.

Conclusion

The cost of inaction on inequality has been made devastatingly clear by the COVID-19 pandemic. Less than 1 in 5 among the British public now think that the government is doing everything it possibly can to tackle child poverty,^{xxvi} and the majority feel that the government has not successfully addressed income inequality.^{xxvii}

Building back better must mean our government leading from the front to address the root causes of poverty and inequality. It must mean a focus on ending child poverty, raising incomes to levels at which people can live in dignity, and ensuring the voices of those with lived experience of poverty are at the heart of policy decisions that affect their lives. It is time for a step change in how the government addresses socio-economic disadvantage if it is to truly fulfil its promise to 'build back better'.

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