Families are only halfway through a two-year cost-of-living squeeze

By Lalitha Try, Resolution Foundation

Britain is in the midst of a living standards disaster. Inflation reached its highest level in 41 years in 2022 – and remains at double-digit levels. Pay packets are shrinking rapidly in real terms. The Government has stepped in with a package of cost-of-living support that is set to cost £58 billion over the course of this year (2022-23). But even that isn’t enough to prevent typical household incomes from falling by 3%.

To deepen our understanding of where this crisis leaves Britain, our Living Standards Outlook 2023 uses a new YouGov survey of 10,000 adults to explore how households are coping. In addition, new RF modelling helps us to understand what the latest economic developments and planned government policy mean for household incomes and poverty this year and beyond.

We find that, as of last November, 23% of adults (equivalent to 12 million people in total) said they couldn’t afford to replace or repair major electrical goods (up from 8% pre-pandemic), while 11% (equivalent to six million people) said that they were hungry but didn’t eat because of a lack of money in the past month (compared with 5% pre-pandemic).

With the crisis currently being driven by the higher cost of essentials like food and energy, lower-income families are finding it hardest to cope. Among people in the poorest fifth of working families, 32% say they are not confident about their finances as a whole over the next three months (compared to 19% overall), while 34% say their health has been affected by the rising cost-of-living (compared to 21% overall). We will ask these questions again later this year, to see if people are faring any better or worse.

What about the wider outlook for living standards? We found that typical household disposable incomes for working-age families are on track to fall by 3% this financial year, and by 4% next year, with the two-year cost-of-living squeeze set to leave families £2,100 worse off. The scale of this fall is considerably tighter than the post-financial-crisis squeeze of 5% between 2009-10 and 2011-12.

This outlook is bleak, but government support has responded well to the nature of the cost-of-living crisis, by rightly prioritising support at those most in need. Because of this, and with the exception of the very richest households who have seen their savings income soar, the scale of income falls will be smaller for poorer families than richer ones.

But there is still more the Government can do more to protect households from the brunt of the crisis. The Government should look at the Cold Weather Payments, and consider whether the trigger temperature should be raised, so that they are paid more often, and eligibility extended to more working-age households receiving benefits. In the medium-run, better insulation is key to reducing household energy bills and easing the transition to net zero, but this requires a greater focus on UK’s homes’ inefficient walls.

Families with three or more children are heavily affected by the two-child limit, the benefit cap (the inflation increase this year is its first nominal increase since 2013), and the post-pandemic freeze in LHA rates. All of these policies should be reviewed. And linking cost-of-living payments to receipt of security benefits or the state pension makes it more important than ever that those entitled to those benefits claim them, and the Government (and other organisations) should be encouraging take-up of means-tested and disability benefits. The UK Government should also mandate a minimum provision of crisis support by local authorities, if necessary with ring-fenced funding.

The outlook for living standards is bleak, but uncertain. It could improve, or worsen. The government should be ready to respond to either of these outcomes.
Manchester City Council anti-poverty strategy

Following an open consultation which ended mid-December, Manchester City Council have signed off their new anti-poverty strategy which focussed on four priority areas:

**Preventing poverty**: Identify residents at risk of poverty and connect them to help and support, help residents on low incomes to manage their household expenditure and reduce debt, and avoid taking action that will push residents into poverty or debt.

**Mitigate the impact of poverty**: Make sure everyone has access to appropriate and good quality advice, meet people’s basic needs of food, warmth and shelter, ensure access to culture and leisure opportunities to make sure people experiencing poverty have a good quality of life, and make sure that the support available is respectful of people’s needs and operates in a way that is best for them

**Pathways out of poverty**: Help residents on low income to maximise their household income and increase the number of good quality employment opportunities in Manchester

**Inclusive and effective delivery**: Make sure that people with lived experience of poverty have a voice in anti-poverty work, sustain and increase funding and non-financial resources for anti-poverty work in Manchester, use data to help understand poverty in Manchester and design and target interventions accordingly and make sure that we consider inequalities and inequity in how poverty is experienced.

GMPA was involved in supporting the development of the strategy and we will feature a more extensive write up in the next couple of months.

We are delighted to welcome two new members to the GMPA team.

**Michelle Hewitt** - Finance and Administration Officer

Before joining GMPA, Michelle worked for over 20 years for large corporate law firms. She held various roles in finance and worked as a PA. Michelle is responsible for all things finance and administration for the organisation.

Outside of work, Michelle enjoys hiking and spending time with her two daughters.

**Laura Burgess** - Senior Policy and Research Advisor

Prior to working for GMPA, Laura worked for nearly a decade as a Researcher at Usdaw with a focus on trade union policy, industrial relations, collective bargaining, and rights at work, particularly for some of the lowest paid workers in the country.

As GMPA’s Senior Policy and Research Advisor Laura is responsible for the organisation’s policy and research outputs.

Laura lives in Manchester and most of her time outside work is spent with her young children. She volunteered for 10 years with Girlguiding UK, helping young girls to enjoy their childhoods and experience new adventures. She is now a qualified breastfeeding peer supporter, supporting mothers with their infant feeding goals.

Job opportunity with GMPA

**Communications and Media Officer – deadline February 9th, 2023.**

We are seeking a Communications and Media Officer to deliver GMPA’s communication, media and social media outputs. You will have existing communications skills, with an ability to apply creative, engaging and innovative approaches to our website, newsletter and social media content. You will have excellent attention to detail and the ability to work well as part of a small but growing team. **Full details, job description, and person specification.**
Submission to UN Committee on Economic, Social & Cultural Rights

Are you interested in the state of human rights (poverty, food, housing, health, education, social security and work) in the UK? If so, then read this new report by Just Fair UK which over 70 organisations (including GMPA) contributed evidence to on the state of human rights in England & Wales.

“Many families technically don’t fall under the poverty line therefore don’t get financial support but are living in conditions in which it’s difficult to flourish. They are systematically kept in poverty.” The Kids Network

GMJokers- Celebrate System Change through Creative Coproduction
By Philippa Iwnicki, GMHAN Manager

Greater Manchester Homeless Action Network & GMJokers

Legislative Theatre project for GM Homelessness Prevention Strategy won the International Observatory for Participatory Democracy’s Award for Best Practice in Citizen Participation. This is a really exciting achievement as it was the first time the award has ever been won by a project from the UK.

Working alongside GMCA and the GMHAN, the GMJokers have built a model for creative systems change that has now been recognised across boards. We want to take this opportunity to look back and celebrate all the amazing work that went into this piece of coproduction, as well as looking forward and planning for the future: how can we continue to ensure that the voice of Lived Experience is central to policy and decision making? Let’s explore the possibilities that 2023 offers us together! Sign up on Eventbrite

Free first aid courses

These free first aid courses are open to all and delivered by fully qualified and experienced trainers. Everyone is welcome to come to learn how to save a life, however these courses are especially for people who wouldn’t have access to them elsewhere, or where cost is a barrier to learning first aid.

If you are part of a community or voluntary group, get in touch and Cookson can arrange for their trainers to come to deliver the course at your venue. Courses are designed to be around 60-90 minutes long, depending on your group size. They recommend groups of 8-20 people per course. Courses are delivered across Greater Manchester. Get in touch to find out more or sign up here. More information is available on the website

You can become a life saver.
Policy and Research updates

We are providing a summary of the latest news and policy developments to keep you up to date with what is happening across the UK.

Half of workers looking for a new job with better pay and benefits amid cost-of-living crisis. [Read more.]

Research from the Resolution Foundation found people with disabilities had an available amount to spend that was about 44% lower than that of other working-age adults, exposing them hugely to the rising cost of essentials. [Read more.]

Social deprivation in the UK is increasingly affecting children’s health. [Read more.]

Around £1.2 billion was borrowed on credit cards in November, marking the highest amount since March 2004. [Read more.]

A third of Brits are saving less than £100 a month due to cost of living crisis. [Read more.]

UK Universities could see rise in dropouts due to cost-of-living crisis, chief executive admits. [Read more.]

New mums are ‘first to lose their jobs’ in cost-of-living crisis. [Read more.]

Two-thirds of UK consumers plan to cut non-essentials in 2023. [Read more.]

Research from YouGov for the Warm This Winter campaign shows 18% of the population (9.02 million adults) are living in cold and damp homes this month. [Read more.]

UK’s lowest earners still struggling, with 4.7 million behind on bills, says report. [Read more.]

2.5 million pre-retirees to delay retirement due to cost of living crisis. [Read more.]

In a survey of 2000 parents and carers of children under 18 in the UK, carried out in November, most respondents (86%) reported being under financial strain. [Read more.]

Valuing and redesigning care will help solve poverty – and benefit all of us. [Read more.]

Deductions to universal credit loans and bills will cause destitution as families struggle to keep up with fuel payments. [Read more.]

Research developments

The fall in incomes in 2023-24 is set to be largest single-year fall since 1975, and the two-year fall of 7% (or £2,100 for a typical household) is bigger than in the Financial Crisis, where there was a two-year decline of 5%. This decline will take typical incomes in 2023-24 to where they were in 2018-19 – and lower than they were in 2016-17 – and would mean that this becomes the worst Parliament on record for living standards. [Read more.]

Employers have limited experience hiring young people who experience disadvantage. A quarter of employers have no experience of hiring younger workers who face one or more forms of disadvantage, such as physical or mental health conditions, low qualifications, lack of work experience, a history of unemployment, or caring responsibilities (25% on average). [Read more.]

The cost-of-living crisis will continue to intensify as inflation soars and government support lags. Organisations and campaigners must continue to call on the government to do more to tackle the harsh economic realities for the most vulnerable. More articles are available on our website.
UK Poverty 2023: The essential guide to understanding poverty in the UK

**Zoom webinar**

*** Thursday January 26th 2023 from 11:00am to 12:00pm ***

What is the picture of poverty in the UK at the start of 2023, as the UK faces a profound cost of living crisis less than three years after the start of the COVID-19 pandemic? Who is more likely to experience poverty, and how does this effect their lives? Who is facing deep and persistent poverty? Who was helped by the temporary support introduced during the pandemic, and who is most at risk in the cost-of-living crisis?

Join JRF for this event to hear about their perspective on what has happened to poverty and living standards since the start of the pandemic, as well as what the future prospects are. Book [here](#).

**Forthcoming events**

February 2nd 2023, 11am -12pm Online:
'State sanctioned hunger': Sanctions, deductions, and rising food insecurity.
Worsening poverty and food insecurity has led to food aid teams seeing unprecedented levels of demand over the past few months. The current conversation on the cost of living demands a reassessment of the structural inequalities that produce and maintain food insecurity in our society.
Book your place [here](#).

February 8th 2023, 2 - 3.30pm Online
Building Cash First: Sharing local lessons on reducing the need for charitable food aid.
As the UK’s poverty crisis worsens, it’s more important than ever to work together to build a cash first approach to escalating food insecurity both locally and nationally.
Book your place [here](#).

February 23rd 2023, 11am - 12pm Online
'A route out of poverty?': Low wages, insecure work, and food insecurity.
This webinar will consider how low-paid work, insecure hours and job security affect food insecurity and the reforms needed to prevent people from going hungry due to low income.
Book your place [here](#).

**GMCVO Workshops**

GMCVO has a number of events coming up over the next few months including a series of workshops looking at different ways to raise investment for your building, marketing for social enterprises, an introduction to social enterprise finance, a workshop on diversifying income streams, growing your social business and many more.

All the events are available online. To find out more and to book your places please visit the [website](#).

**For more information about Greater Manchester Poverty Action**

please visit our [website](#), follow us on [Twitter](#) or visit our [Facebook](#) page.

We want to find new ways of working together, share the network’s successes and provide a voice for the people living in poverty in our region but we can only do this with your help and support.

Copies of previous newsletters are available on our [website](#) If you would like to submit an article please [get in touch](#).

NB GMPA does not have full-time dedicated administrative support so please do not expect an immediate response.

Views expressed in this newsletter are not necessarily the views of GMPA. We try to fact-check all articles and events, but if you notice an error please [let us know](#) so we can correct it in a future newsletter.