

Greater  
Manchester

poverty  
commission

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***RESEARCH REPORT***

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## 1 INTRODUCTION

This report details the main findings emerging from the Greater Manchester Poverty Commission. The report is primarily statistical in nature and therefore provides an evidence base that outlines the geography, scale and nature of poverty within the sub-region. The statistical data is supplemented by other stands of evidence that have been collected by the Greater Manchester Poverty Commission. It therefore summarises the personal stories of residents, told via the local hearings, and builds upon the written submissions that were provided by residents, community groups, public agencies and academics from within Greater Manchester.

This report forms the technical reporting output from the Greater Manchester Poverty Commission. This detailed and technical report therefore underpins the associated recommendations document, which provides a series of suggested recommendations emerging from the evidence collected by the Greater Manchester Poverty Commission.

### 1.1 About the Greater Manchester Poverty Commission

The Greater Manchester Poverty Commission has been established to identify the key components of poverty within the sub-region and identify practical solutions that can improve the lives of those residents that live in poverty.

The Commission was initiated by a number of Greater Manchester's MPs and has representation from a broad cross section of stakeholders from the public, private and commercial sector. This includes representation from key stakeholders with expertise in: community and faith; advice and welfare; trades unions; social housing; business; the public sector; and the media.

The Greater Manchester Poverty Commission has undertaken an ambitious programme of evidence gathering to fully understand the extent of poverty and the experiences of residents that suffer from its effects. Evidence has been gathered through the following activities:

#### *Local hearings*

The Greater Manchester Poverty Commission has held hearings across Greater Manchester to hear the views of people with firsthand experience of poverty. These personal testimonies have focused upon the following four key questions:

- What does poverty mean to you?
- What, if anything, has changed for you to be in your current situation?
- What do you think it would be like not to be in poverty?
- What would you say are the barriers or obstacles that keep you in poverty?
- What would need to change for you to get out of poverty?

The hearings have therefore provided the quotes documented in this report unless otherwise stated.

A facilitated discussion has followed the personal testimonies to provide an opportunity for members of the Commission and representatives from local organisations (typically from the public and community sector) to discuss the issues raised and the local responses that are being adopted to tackle the issues.

#### *Written submissions*

The Greater Manchester Poverty Commission has invited written submissions as a way of collecting background evidence and information that is of relevance to the Commission. The submitted evidence was wide ranging, including personal experiences, reflections from service providers, and past research reports from both outside and within Greater Manchester. In total, over 120 pieces of written evidence were submitted to the Commission.

#### *Research strand*

The research strand of the Greater Manchester Poverty Commission is primarily a desk based stage of research focused upon analysing key datasets related to the geography, scale and nature of poverty within the sub-region. Following this analysis, the research strand has focused upon drawing together all elements of the evidence collected by the Commission to provide a complete picture of poverty in Greater Manchester.

## 1.2 Overview of this report

The remainder of this report is focused upon the nature of poverty in Greater Manchester and a series of topics areas that are the key causes and consequences of poverty within the sub-region. Each of these sections presents statistical data relevant to the theme in question, as well as evidence provided to the Greater Manchester Poverty Commission in the form of personal testimonies or submitted evidence.

<b>Section 2</b>	What is poverty?
<b>Section 3</b>	The nature of poverty
<b>Section 4</b>	Groups experiencing poverty
<b>Section 5</b>	The causes and consequences of poverty
<b>Section 6</b>	The design, responsiveness and availability of services to tackle poverty

## 2 WHAT IS POVERTY?

This section of the report brings together evidence from the personal testimonies and the documentation submitted to the Greater Manchester Poverty Commission to provide definitions and experiences of poverty. It is therefore based on the personal experiences of individual Greater Manchester residents with either firsthand experience of living in poverty or working to help support disadvantaged residents.

The evidence highlights the very personal nature of poverty and the realities of living on a low income. Poverty is described as being 'all encompassing', as providing little or no choice in pressing situations, and leading to feelings of frustration, boredom or having little hope of getting out of the current situation. Finally, feelings of fear, anxiety and uncertainty were found to characterise poverty as individuals struggled with the perceived stigma attached to poverty or having little control over their own destiny.

Poverty is complex and difficult to define as it affects people's lives in a wide variety of ways. Living standards and income levels typically increase over time; however this does not mean poverty no longer exists in society today. Given the fluid nature of poverty, the most commonly used definitions to define and measure poverty are relative in nature. As a result, the Joseph Rowntree Foundation states that poverty affects individuals that are considerably worse off than the majority of the population, meaning living standards are out of line with the majority of the population. Professor Peter Townsend defined poverty in 'Reporting Poverty in Britain'<sup>1</sup> as situations when:

'Resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities.'

The above quote is referring to relative poverty and the exclusion caused when accepted standards of living or access to resources cannot be met. The importance of the relative nature of poverty is reflected by accepted measures of poverty in the UK which use a relative income measure; this measure uses each household's income, adjusted for family size, compared to the median (middle) income. Households are defined as being in poverty if they have less than 60% of the median income; this approach is the agreed international measure used throughout the European Union. The poverty line therefore varies between countries to reflect the differing costs and expectations within each country.

The extent and geographical nature of poverty within Manchester are explored within this report and are clearly important factors in understanding poverty and in seeking to tackle it. However, the Greater Manchester Poverty Commission has sought to hear resident's experiences of living in poverty and their definition of it. These are real life experiences and highlight the subjective and multi-dimensional concept of poverty.

### 2.1 Poverty is about personal experiences

Testimonies provided to the Greater Manchester Poverty Commission show that, despite an internationally accepted statistical definition of poverty being in place, the understanding of people experiencing poverty is wide ranging and often too personal to capture in one statement. The testimonies provided by residents were very specific to their personal situation, but there are several recurring themes which emerge. These are presented below.

#### 2.1.1 Poverty is having a lack of choice

A lack of choice is a common factor, not being able to choose what you eat, where you live, what you buy, or where you go. A lack of options leads to frustration or boredom as people are forced to focus only on necessities, with no freedom to choose nicer food, to visit family and friends, to buy new things, or to have a social life:

<sup>1</sup> Source: Joseph Rowntree Foundation, 2009

*'Poverty is about boredom. It is groundhog day of poverty, the monotony of routine without variety of options.'*

*'Poverty means having to live hand to mouth and go through life without any luxuries.'*

*'We are left out of society. We live hand to mouth: we have no outings, no holidays, nothing.'*

### 2.1.2 Poverty is all encompassing

Poverty is evidently more than the suffering caused through the lack of basic requirements, such as food, clothing and housing; it is also the social isolation and feelings of shame which come as a result. Boredom, misery, fear, lack of choice, insecurity, lack of control, and lack of dignity can culminate in a downward spiral which is difficult to reverse. As one person described:

*'You know the Maslow hierarchy of needs? Poverty means having none of them.'*

*'Your confidence goes down the drain ... You feel less confident about yourself'*

*'You feel like ending it all sometimes, self-harming. Where's the light at the end of the tunnel?'*

The following case study is an example of how poverty can affect different aspects of a person's life; if someone moves out of poverty, the feeling of shame and lack of self-worth can take a very long time to fade. This highlights questions of social inequality and mobility which can make moving out of poverty especially difficult.

#### Case study – Sarah<sup>2</sup>

Sarah moved to Oldham as a child in the 1960s where she lived with her family on the Shaw Road Estate, which was seen as a good place to live. She was an only child and her parents sent her to ballet school; she was educated at a convent and then at Loreto College. Her family were poor and she had a limited diet of omelette and chips. They did not have a car and walked everywhere, usually in the rain.

When her father was in his 40s he developed dementia and became violent. Sarah's home life became unbearable and she felt the NHS failed to help her family because they were poor. They were locked in and their neighbours would not help them. Other children would throw stones at her because she wore a different school uniform. Unemployment hit the estate and people's hearts hardened; the sense of community solidarity fell apart. There were no more children's parties because there was nothing to share; people lost their dignity.

Sarah went on to do A Levels at Oldham College. Although many students from the Shaw Road Estate had aspirations for their futures and took A levels, most did not achieve the standard required to get a university place or leave Oldham for better opportunities. But with her Loreto background, the encouragement of her mother and the support of Oldham Council, Sarah achieved a place to study dance at the Rambert Academy in London.

She had elocution lessons to help her fit in but never felt the same as the other students because she hadn't read 'their' books and didn't understand 'their rules'. She rented a room with a wealthy family but she always felt different to them. She rarely returned to Oldham during this time. Sarah's father was taken into care and then her mother became ill too. She was misdiagnosed and died but Sarah, who was at university at the time, didn't find out until she called her mother to see how she was. Sarah returned to sort out her parents' house; it was winter and the pipes had burst, her father was ill in hospital and she only had one friend from university who she could turn to for help.

After her mother's death, Sarah suffered temporary sight loss that led to an MS scare. She has also suffered from depression and had counselling but her mental health is better now. She recognises that her education in London was important in teaching her about the arts and broadening her horizon, and she wants her own children to have the same. She only recently realised that she is no longer poor but stills feels the stigma of poverty. Despite her success, she feels like a fake and a fraud, and that her opinions don't matter as much as other people's.

She says she feels as though she 'stinks of poverty'.

<sup>2</sup> Pseudonym



### 2.1.3 Poverty is also characterised by insecurity and a lack of control

People living in poverty do not have the resources to cope with an unexpected event (e.g. meeting the demands of a bill or unexpected expense, a change in benefits or ill health). People talked of their vulnerability and fear that their benefits will change; this is particularly prevalent at the moment due to the changes to the welfare reform agenda and their potential impacts upon the lives of residents. Personal testimonies described how uncertainty prevents people from planning their futures, with many commenting that they live from hand to mouth, week to week:

*'I opened up the letters on Friday and found out we were being evicted on Monday. It took a lot of sorting. My partner throws brown envelopes in the drawer because she is terrified of them.'*

*'I have just had a letter: I have to reapply again. The constant uncertainty is not helping.'*

*'You can't think about the future. You think about survival from week to week.'*

### 2.1.4 Poverty is characterised by fear, anxiety and uncertainty

Feelings of fear and uncertainty can lead to depression and mental ill health, factors that were frequently mentioned by those living in poverty. Poor mental health or low self-esteem can aggravate poverty as people lose their social networks and the ability to seek help, find work or have an active lifestyle. A lack of dignity, self-worth and feeling stigmatised were common to all the testimonies given by people living in poverty. Whether or not the stigma attached to poverty is as severe as many people described is a matter for debate; however individuals having feelings of discrimination or shame is very real and can have consequences on their mental wellbeing:

*'I believe that we are undervalued and it is so difficult to escape poverty. Even though I am now a success in London, I stink of poverty.'*

*'You have to work very hard yet you are considered a less valued person. You have none of the kudos of a career – you are literally looked down on.'*

*'People don't realise the effect of poverty – you have no self-esteem, no self-confidence. You feel like a failure.'*

*'You feel stigmatised. The stigma I felt coming out of work and losing the house: I felt like the scum of the earth.'*

*'My family helps out by paying for me when we go out, but this robs me of my dignity because I can't pay for them. I feel a loss of pride, which makes me sad. How do I afford presents at Christmas?'*

### 3 THE NATURE OF POVERTY

This section of the report highlights the nature of poverty in terms of the demographic groups or household types that are most likely to experience poverty, based upon data that is only available at a national level. It therefore provides important contextual data that underpins the rest of this study. This section then goes on to present data relating to the geographical nature of poverty and deprivation across the Greater Manchester sub-region.

In summary, this section outlines that low incomes and therefore poverty are experienced by both in work and out of work households, with pensioners, part time workers, single parents or workless families being particularly vulnerable to poverty. In terms of moving in and out of poverty, it is most often the case that changes in earned income result in shifts to and from poverty while moves into or out of employment are also important.

Finally, this section also highlights how close to living in poverty most people are via the personal testimonies provided to the Greater Manchester Poverty Commission. These show that individuals often experience poverty due to unexpected life events, such as family breakdown, illness or losing their job, and demonstrate how quickly lives can be affected by poverty.

#### 3.1 Who experiences poverty?

Table 1 shows household income levels in the UK based upon the characteristics of the household. It therefore provides a profile of the types of households that are experiencing low incomes.

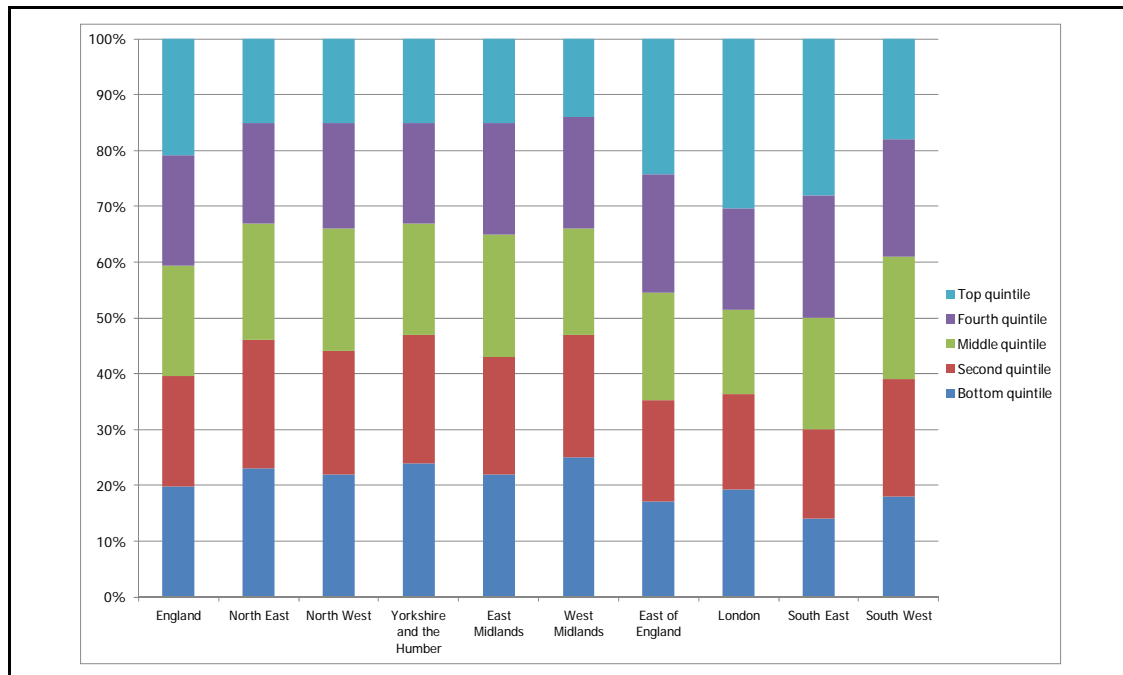
**Table 1: Quintile distribution of income by family and household characteristics (before housing costs), United Kingdom**

Median income before housing costs (£ p/w)	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
	£216	£318	£419	£551	£846
<b>Economic status</b>					
One or more full time self employed	24	17	17	17	25
Single/couple all in full time work	4	9	20	31	36
Couple, one full time, one part time work	6	16	26	28	24
Couple, one full time work, one not working	20	27	20	17	16
No full time, one or more in part time work	27	27	22	15	10
Workless, one or more aged 60 or over	27	28	23	14	9
Workless, one or more unemployed	64	19	8	6	3
Workless, other inactive	45	29	14	7	4
<b>Family type</b>					
Pensioner couple	19	23	23	17	17
Single pensioner	27	27	23	15	8
• Male	22	27	23	17	11
• Female	29	27	23	15	6
Couple with children	19	20	21	21	19
Couple without children	12	9	16	26	37
Single with children	31	36	19	9	4
Single without children	23	18	19	22	19
• Male	24	17	19	21	18
• Female	21	18	19	22	20

The median equivalised income in 2010/11 stands at £419 per week, meaning income levels at 60%<sup>3</sup> stand at £251. The table shows the following key trends:

- ❑ households containing one or more workless residents were the most likely to be in the bottom income quintile, ranging from 64% of workless households with one or more unemployed residents, to 27% of workless households that contain one or more residents aged over 60;
- ❑ households containing working adults also suffer from low incomes, such as houses with one or more working part time (54% within the bottom and second quintile), and those with either one or more full time self employed residents (41% within the bottom and second quintile);
- ❑ in terms of family types, households that contain children are most likely to experience incomes that are below the national average (67% of single parent households have incomes within the second or bottom quintile). Couples with children are more likely to experience low incomes compared with childless couples;
- ❑ as would be expected, pensioner households are also more likely to experience below average income levels. This is particularly the case for single female pensioner households (56% are within the second or bottom quintile, before housing costs).

**Figure 1: Household incomes by region in England<sup>4</sup>**



The information presented in Table 1 is not available at a regional level or Greater Manchester sub-regional level. Figure 1 shows the proportion of households within each income quintile by region. In the North West, 44% of households have incomes within the second or bottom quintiles compared to 40% in England.

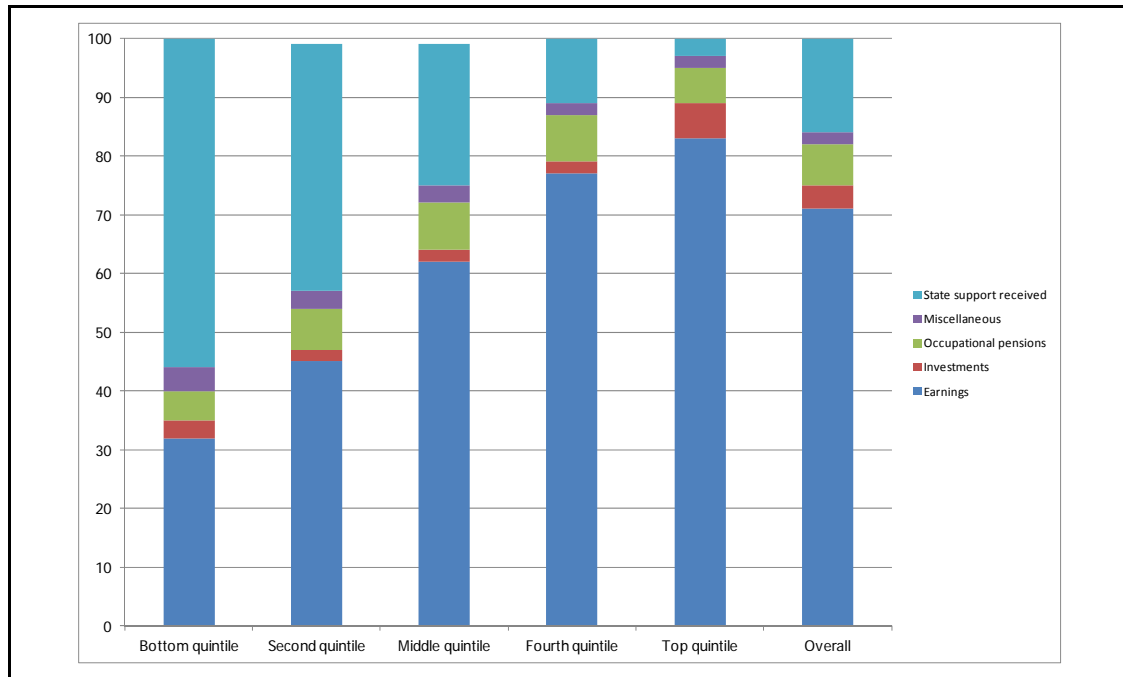
<sup>3</sup> The standard benchmark below which poverty is measured

<sup>4</sup> Source: DWP. Households Below Average Income Dataset – 2010/11

### 3.1.1 Sources of income for households below average income

The 'households below average incomes' dataset provides an indication of the income sources that households access. The results show the importance of welfare benefit payments in supporting the most vulnerable in society, accounting for over half of all income in households within the bottom quintile, while earnings account for just under a third of income within this group. The perpetuating effect of poverty is highlighted in the figures via the level of income generated from investments and occupational pensions. Both sources comprise only a small proportion of income for all households; this is particularly true within the bottom quintile. Living on low income or state support means little or no means of generating savings or pensions, which then leads to poverty continuing in old age.

**Figure 2: Household income sources by quintile, 2010/11<sup>5</sup>**



### 3.2 Moving in and out of poverty

It is important to briefly highlight the findings of national research into the causes of low income as a way of providing some context to this study. Information released by the Department for Work and Pensions from the low income dynamics data for Great Britain presents the characteristics of individuals that are persistently observed as living in low income households and presents transition rates: the likelihood of individuals to either enter or exit low income. Persistent low income is defined as spending three or more years out of any four year period in a household with below 60% of median income. The information identified the following trends.

<sup>5</sup> Source: Households below average income dataset, DWP, 2010/11

**Table 2: Composition of low income group by family or household type**

Population group	3 out of 4 years below 60% median income threshold	
	1991-1994	2005-2008
<b>Gender and adulthood</b>		
Children	36%	32%
Men	23%	27%
Women	42%	40%
<b>Family type</b>		
Pensioner couple	11%	16%
Single pensioner (of which)	15%	14%
• Male	2%	3%
• Female	13%	10%
Couple with children	39%	33%
Couple without children	5%	7%
Single with children	22%	18%
Single without children (of which)	7%	13%
• Male	4%	6%
• Female	3%	7%
<b>Educational qualifications</b>		
Above A Level	7%	21%
A Level or below	33%	35%
No qualifications	60%	44%
<b>Type of tenure</b>		
Owner occupier	41%	58%
Social rented	51%	36%
Private rented	8%	5%
<b>Economic status of household</b>		
All adults in employment	8%	8%
Couples, one employed, one workless	14%	22%
Workless	43%	29%
Pensioner	24%	27%
Self Employed	11%	13%

Table 2 shows the population groups experiencing persistent low income in Great Britain as defined by being below 60% of the median income threshold for three years out of the previous four. The table shows the following trends:

- couples with children are the most common family type to be suffering from persistent low income (33%), followed by single households with children (18%);
- there have been noticeable shifts in the characteristics of households experiencing persistent low income between 1991-94 and 2005-08, which may be a result of recessionary impacts (e.g. based on qualification types, residents with no qualifications account for 44% of those experiencing persistent low income, with 21% of those qualified above degree level; however these figures have changed from 60% and 7% respectively since 1991-1994);

- there has also been a shift in the profile of persistent low income by tenure. The highest proportion of persistent low income is within owner occupiers (58%), up from 41% between 1991 and 1994. Just over a third of households in persistent low income (36%) are social renters compared to 51% in 1991-1994;
- pensioners, the self employed and couples where one is employed and the other is workless, now make up a larger proportion of households in persistent low income compared to between 1991 and 1994. At the same time, there are now a much smaller proportion of households in persistent poverty (29% in 2005-08 compared to 43% in 1991-94).

### 3.2.1 Events associated with the movement into and out of consecutive persistent low income amongst all individuals<sup>6</sup>

Table 3 shows the main events that were associated with entry into consecutive persistent low income for all individuals; this information is again derived from the low income dynamic data released by the Department for Work and Pensions. The table shows that the main factors associated with entries into persistent low income for all individuals are:

- a fall in the head of household's earnings was associated with over four out of ten entries into persistent low income, the largest share of all entry events;
- a large proportion of all entries into persistent low income were caused by a change in household type (23%) and a fall in non-benefit, non-earnings income or benefit incomes (both 20%);
- changes to working patterns within a household also resulted in moves into poverty (18% of moves were caused by a fall in the number of workers, while 14% were a result of a fall in the number of full time workers).

#### *Personal experiences of moving in and out of poverty*

A number of the personal testimonies and discussions highlight how easily people slip into poverty, usually due to illness, family breakdown or losing their job. However, a job does not necessarily provide protection from poverty; other factors, such as poor health, family breakdown or caring responsibilities, are usually instrumental:

*'At present my family is not in poverty because I work in a well paid senior job – for 24 hours a week. But my life teeters on a knife edge because I have to be able to drop everything to go and be with my daughter if she needs me. I can only do this because I have a very sympathetic employer.'*

*'It is so easy and so quick to find yourself going from a job to nothing. I feel sorry for those losing their jobs now and having to live on JSA. It is so easy to fall into the poverty trap. Who helps you? You're redundant. Bye! Nothing.'*

Testimonies highlight how a period of poor health can plunge people into poverty as they have to rely on sickness benefits instead of a working wage. Keeping up with housing costs and bills then becomes impossible:

*'I had a job, but I had to give it up when I became a carer.'*

*'A specialist said to me 'I suppose you realise that you shall be blind.' The doctor told me I needed to be put on sick. I'd been working and earning all my life before, and earning a reasonable wage. Being on that income was very difficult, keeping a home together and paying bills was almost impossible, I began to panic as I was on sick for 12 months.'*

<sup>6</sup> The 'prevalence of event' refers to the percentage of those in low income who experience that particular event

Other common reasons for people moving into poverty are family or relationship breakdowns, with the resulting social isolation which can lead to mental illness and an inability to cope or access the necessary services:

*'I got divorced in 2007. I had a house. I have a daughter of ten. He left me with a lot of debt. I lost the house and fell into a spiral of depression. I had a nervous breakdown and physical ill health. I moved into a rented property. After three months I had no money and tried to claim benefits.'*

*'I was married for more than thirty years. My daughter is in her twenties. I lived in Stockport. I have been on my own for five years. It is hard to adjust to being single. It is lonely. I turned to drink and lost my job and my family.'*

*'I could no longer earn enough to keep the house going. I never turned down work but I could not make enough. We ended up skint and in the poverty trap. There was no way out.'*

The testimonies and discussions revealed why people can become trapped in poverty. Drinking can become a coping mechanism, and mixing with other people in desperate situations can lead to further problems and a weak social network. A constant lack of money means investing in your future is impossible as the cost of transport, education and suitable clothes can be barriers to accessing work and training:

*'I was forced to take a lodger, a drinker, who ended up attacking me. I was in hospital for six weeks. I could not go back home.'*

*'You can't have an education when you are in poverty. I wanted to do a course and couldn't; I had no money.'*

The difficulty of living on benefits was also described as a trap, as people become more and more dependent on the system. The lack of money and difficulty of getting crisis loans means people turn to short term high interest loans which can lead to a worsening spiral of debt:

*'One benefit triggers another and people cannot get out of the system.'*

*'I can't move on because I have no money. I have £119 a fortnight. If I borrow, I have to pay it back and it gets worse. The Government does not allow for anything other than food and electric. If I want an interview outfit, I would have to try to get a loan from the social.'*

An understanding of the characteristics associated with low income enables the geographical distribution of these patterns to be identified at a local level. However, understanding these characteristics provides a static picture of residents experiencing low income, meaning it is also important to understand the dynamics of persistent low income. Tables 3 and 4 present data relating to the factors associated with movements into, and out of, consecutive persistent low income for individuals in Great Britain.

**Table 3: Events associated with movement into consecutive persistent low income amongst all individuals 1991-2008<sup>7</sup>**

	Prevalence of event	Entry rate conditional on event <sup>8</sup>	Share of all entries <sup>9</sup>
Entry rate from all persistent poverty of all individuals in low income households = 1%			
<b>Labour events</b>			
Fall in household head's earnings	14	4	42
Fall in other household member's income	8	2	9
Fall in number of workers (same household size)	7	4	18
Fall in the number of full time workers (same household size)	7	3	14
Fall in number of workers (different household size)	6	3	16
Fall in number of full time workers (different household size)	5	3	14
<b>Non-labour income events</b>			
Fall in benefit income <sup>10</sup> (same household size)	11	2	20
Fall in non-benefit, non earnings income (same household size)	14	2	20
Fall in investment income (same household size)	12	1	9
Fall in private and occupational pension income (same household size)	3	2	6
<b>Demographic events</b>			
Change in household type	12	2	23
Change to lone parent household	1	8	6
Increase in the number of children	4	2	5
Change from couple to single status	3	4	9

<sup>7</sup> Source: Low Income Dynamics, DWP 2009

<sup>8</sup> The 'entry rate, conditional on event' refers to the likelihood of a particular event causing the low income household to **enter** low income

<sup>9</sup> The 'share of all entry rates' refers to the percentage of those who **entered** low income and who experienced a particular event and does not sum to 100% because the events are not mutually exclusive

<sup>10</sup> Benefit income includes tax credits and retirement pension



Table 4 shows the exits from consecutive, persistent low income for all individuals and the main events that were associated with these transitions. An event associated with an exit relates to a change in circumstances between the final year of a consecutive, persistent low income period, and the first year not in low income. The table shows that exits from conditional, persistent poverty are associated with the reversal of those factors that result in an exit from poverty:

- as would be expected, moves out of poverty are associated with a rise in household incomes, both as a result of a rise in the household head's earnings or an increase in benefit levels (both 34% of all exits). This highlights how a move out of poverty is not always a result of finding employment;
- exits out of persistent poverty are also associated with increases in a rise in the number of workers within the same household (18% of exits).

A breakdown of these results is not available for Greater Manchester; however the results do provide an insight into the dynamics of low income and the factors that create tipping points in and out of poverty across Great Britain.

**Table 4: Events associated with movement out of consecutive persistent low income amongst all individuals 1991-2008<sup>11</sup>**

	Prevalence of event	Exit rate conditional on event <sup>12</sup>	Share of all exit rates <sup>13</sup>
Exit rate from all persistent poverty of all individuals in low income households = 16%			
<b>Labour events</b>			
Rise in household head's earnings	14	39	34
Rise in other household member's income	7	29	13
Rise in number of workers (same household size)	10	28	18
Rise in the number of full time workers (same household size)	6	42	16
Rise in number of workers (different household size)	4	47	13
Rise in number of full time workers (different household size)	3	54	10
<b>Non-labour income events</b>			
Rise in benefit income <sup>14</sup> (same household size)	21	26	34
Rise in non-benefit, non earnings income (same household size)	11	27	18
Rise in investment income (same household size)	5	27	8
Rise in private and occupational pension income (same household size)	4	29	7
<b>Demographic events</b>			
Change in household type	9	37	20
Change from single to couple status	2	44	7

<sup>11</sup> Source: Low Income Dynamics, DWP 2009<sup>12</sup> The 'exit rate, conditional on event' refers to the likelihood of a particular event causing the low income household to **enter** low income<sup>13</sup> The 'share of all exit rates' refers to the percentage of those who **entered** low income and who experienced a particular event and does not sum to 100% because the events are not mutually exclusive<sup>14</sup> Benefit income includes tax credits and retirement pension

### 3.3 The scale and spatial nature of deprivation in Greater Manchester

This section of the report assesses the scale and spatial nature of deprivation in Greater Manchester, primarily based upon figures released as part of the Index of Multiple Deprivation. It shows that significant pockets of persistent and multiple deprivation are present within the sub-region even before the onset of the economic downturn and recession in 2007.

#### 3.3.1 The spatial scale of deprivation in Greater Manchester

Table 5 shows the level of deprivation across the ten local authority districts within the sub-region. In summary, deprivation is highly concentrated within Manchester, which is ranked as the fourth most deprived local authority in England and the second most deprived area in terms of income deprivation.

**Table 5: Levels of deprivation across Greater Manchester, 2010<sup>15</sup>**

	Overall deprivation	Rank of income scale	Rank of employment scale
Bolton	48	35	25
Bury	119	92	77
Manchester	4	2	3
Oldham	46	44	48
Rochdale	29	47	39
Salford	26	42	28
Stockport	167	69	57
Tameside	34	58	43
Trafford	190	93	81
Wigan	85	40	12

The following key trends are apparent from the summary of deprivation presented in Table 5 above:

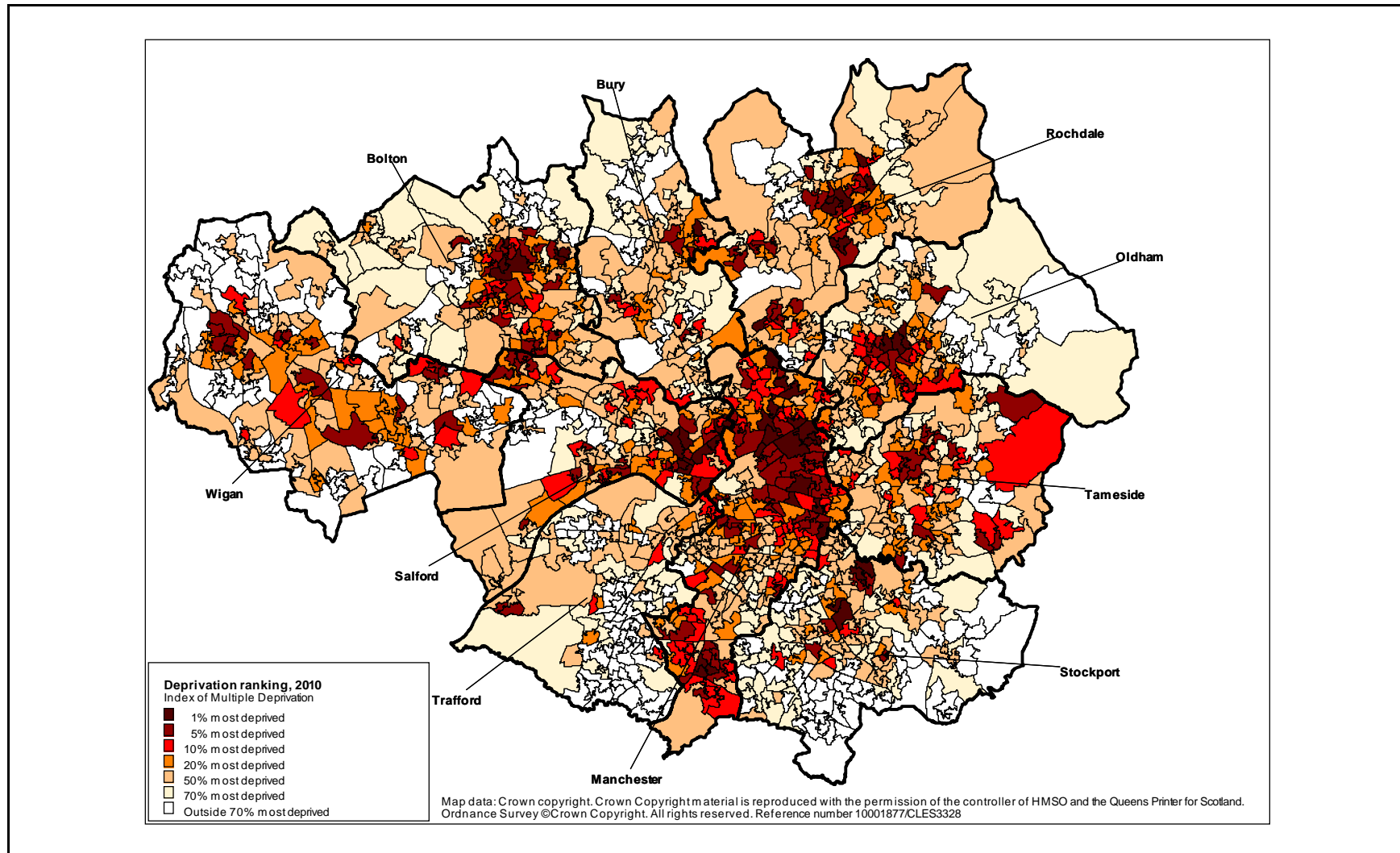
- ❑ three of the ten local authority districts in Greater Manchester are ranked within the top 10% most deprived nationally. Only Bury, Stockport, Trafford and Wigan are ranked outside the top 20% most deprived in England;
- ❑ disadvantage in Greater Manchester is most acute in terms of employment deprivation, highlighting the high levels of worklessness within the sub-region. Employment deprivation is more pronounced than overall deprivation in six out of the ten Greater Manchester districts, with Manchester and Wigan both being ranked within the top 5% most deprived nationally;
- ❑ Greater Manchester districts that are considered to be more affluent, such as Stockport, still rank within the top 20% most deprived nationally in terms of employment deprivation;
- ❑ income deprivation is also a severe problem within Greater Manchester driven by high levels of worklessness and low wage levels. Seven out of the ten Greater Manchester districts are within the top 20% most deprived nationally.

Figure 3 and Table 6 show the geographical nature of poverty within Greater Manchester at a small area level. Pockets of severe deprivation are concentrated in the following small areas of Greater Manchester:

- ❑ Central and Falinge (Rochdale) – ranked 9<sup>th</sup> most deprived nationally;
- ❑ Harpurhey (Manchester) – 10<sup>th</sup> most deprived;
- ❑ Balderstone (Rochdale) – 19<sup>th</sup> most deprived;
- ❑ Langworthy (Salford) – 26<sup>th</sup> most deprived;
- ❑ Central (Bolton) – 46<sup>th</sup> most deprived;
- ❑ Coldhurst (Oldham) – 52<sup>nd</sup> most deprived.

<sup>15</sup> Source: Index of Multiple Deprivation. Local authority areas ranked out of 326 local authority areas within England. 1 = most deprived area and 326 = least deprived area

**Figure 3: The geography of deprivation in Greater Manchester, 2010<sup>16</sup>**



<sup>16</sup> Source: 2010 Index of Multiple Deprivation, DCLG

**Table 6: The concentration of deprivation within local authority districts<sup>17</sup>**

	Within top 1%	Within top 5%	Within top 10%	Within top 20%	Within top 50%	Within top 70%	Outside 70% most deprived
Bolton	2.9%	15.4%	22.3%	39.4%	65.7%	87.4%	12.6%
Bury	0.8%	4.2%	9.2%	19.2%	54.2%	79.2%	20.8%
Manchester	7.3%	25.5%	45.6%	65.3%	91.9%	99.2%	0.8%
Oldham	2.1%	12.5%	22.2%	40.3%	66.7%	88.2%	11.8%
Rochdale	5.2%	19.3%	25.9%	43.7%	73.3%	90.4%	9.6%
Salford	6.9%	20.8%	32.6%	46.5%	79.2%	91.7%	8.3%
Stockport	2.1%	4.7%	7.4%	12.1%	40.5%	66.8%	33.2%
Tameside	0.0%	9.2%	19.1%	35.5%	73.0%	92.9%	7.1%
Trafford	0.0%	1.4%	6.5%	10.9%	34.1%	55.8%	44.2%
Wigan	0.5%	8.0%	13.0%	30.0%	60.0%	60.0%	40.0%

Table 6 presents the small area data in Figure 3 but in tabular form. Combined, these show the pattern and extent of deprivation within Greater Manchester local authority districts, such as:

- ❑ deprivation is more severe and concentrated within Manchester, where just over one in four small areas are within the top 5% most deprived and almost two thirds of areas are within the top 20% most deprived. Almost 92% of Manchester is within the top 50% most deprived areas nationally;
- ❑ Salford also suffers from significant pockets of deprivation, with one in five small areas within the top 5% nationally and almost a third within the top 10%;
- ❑ deprivation is least pressing in Trafford and Wigan where over four in ten small areas are ranked outside the top 70% most deprived areas nationally;
- ❑ the most deprived small area within Greater Manchester is located in Rochdale (the 9<sup>th</sup> most deprived LSOA area in England); Rochdale suffers from widespread deprivation, with just over one in four LSOAs being located within the top 10% most deprived.

### 3.3.2 How many residents are living in deprived areas?

A total of 2,629,400 people lived in Greater Manchester in 2010<sup>18</sup>. The considerable pockets of deprivation highlighted above mean that significant proportions of the sub-region's population live in areas suffering from deprivation.

**Table 7: Population living within areas of deprivation in Greater Manchester**

	Within top 1%	Within top 5%	Within top 10%	Within top 20%	Within top 50%	Within top 70%	outside 70% most deprived
Population	83,314	268,941	244,248	383,374	767,375	418,092	464,044
% of population	3.2%	10.2%	9.3%	14.6%	29.2%	15.9%	17.6%
Cumulative number	83,314	352,255	596,503	979,877	1,747,252	2,165,344	2,629,388
Cumulative %	3.2%	13.4%	22.7%	37.3%	66.5%	82.4%	100%

<sup>17</sup> Source: 2010 Index of Multiple Deprivation, DCLG. Based upon LSOA analysis

<sup>18</sup> Source: 2010 LSOA Mid-year population estimates, Office for National Statistics

Table 7 shows the population of Greater Manchester within areas of deprivation. The proportion of the population living in areas experiencing severe deprivation highlights how widespread disadvantage is across the sub-region:

- ❑ more than 0.3 million residents in the sub-region live in areas ranked within the top 5% most deprived nationally;
- ❑ almost 600,000 residents live in areas of Greater Manchester that are within the 10% most deprived nationally. This accounts for over one in five of all Greater Manchester residents;
- ❑ a higher proportion of residents in Greater Manchester live within the top 10% most deprived areas compared to the 30% least deprived areas.

It should be noted that not all individuals and families living in these areas will be experiencing poverty and deprivation within their own household. It does however mean they are likely to be suffering the area affects of deprivation, such as isolation and poor access to services, high levels of crime, or living in areas dominated by factors that provide deprivation of opportunity, such as high levels of worklessness, low educational attainment and poor employment prospects.

### 3.3.3 How are levels of deprivation changing in Greater Manchester?

Comparing the levels of deprivation presented in the 2007 and 2010 Index of Deprivation at small area level allows for an assessment to be made of whether levels of deprivation are increasing or decreasing across Greater Manchester. Table 8 shows the nature of change is mixed across the sub-region.

**Table 8: The change in relative deprivation across Greater Manchester, 2007-10**

	Deteriorated		Improved	
	LSOAs	%	LSOAs	%
Bolton	161	92.0%	14	8.0%
Bury	103	85.8%	17	14.2%
Manchester	118	45.6%	141	54.4%
Oldham	81	56.3%	63	43.8%
Rochdale	56	41.5%	79	58.5%
Salford	37	25.7%	107	74.3%
Stockport	104	54.5%	87	45.5%
Tameside	45	31.9%	96	68.1%
Trafford	41	29.7%	97	70.3%
Wigan	16	8.0%	184	92.0%
Greater Manchester	761	46.2%	885	53.8%

Table 8 shows the change in relative deprivation in Greater Manchester compared to the rest of England. The analysis is based upon the rank of each LSOA within Greater Manchester's ten districts. In summary, the following patterns can be observed:

- ❑ in total, 54% of small areas in Greater Manchester have seen an improvement in deprivation since 2007;
- ❑ the majority of small areas showed a relative improvement in their deprivation ranking in Manchester, Rochdale, Salford, Tameside, Trafford and Wigan;
- ❑ 92% showed relative deterioration in Bolton compared to the same proportion showing a relative improvement in Wigan. Significant deterioration in relative poverty was also recorded in Bury, where 86% of small areas recorded deterioration in their relative position.

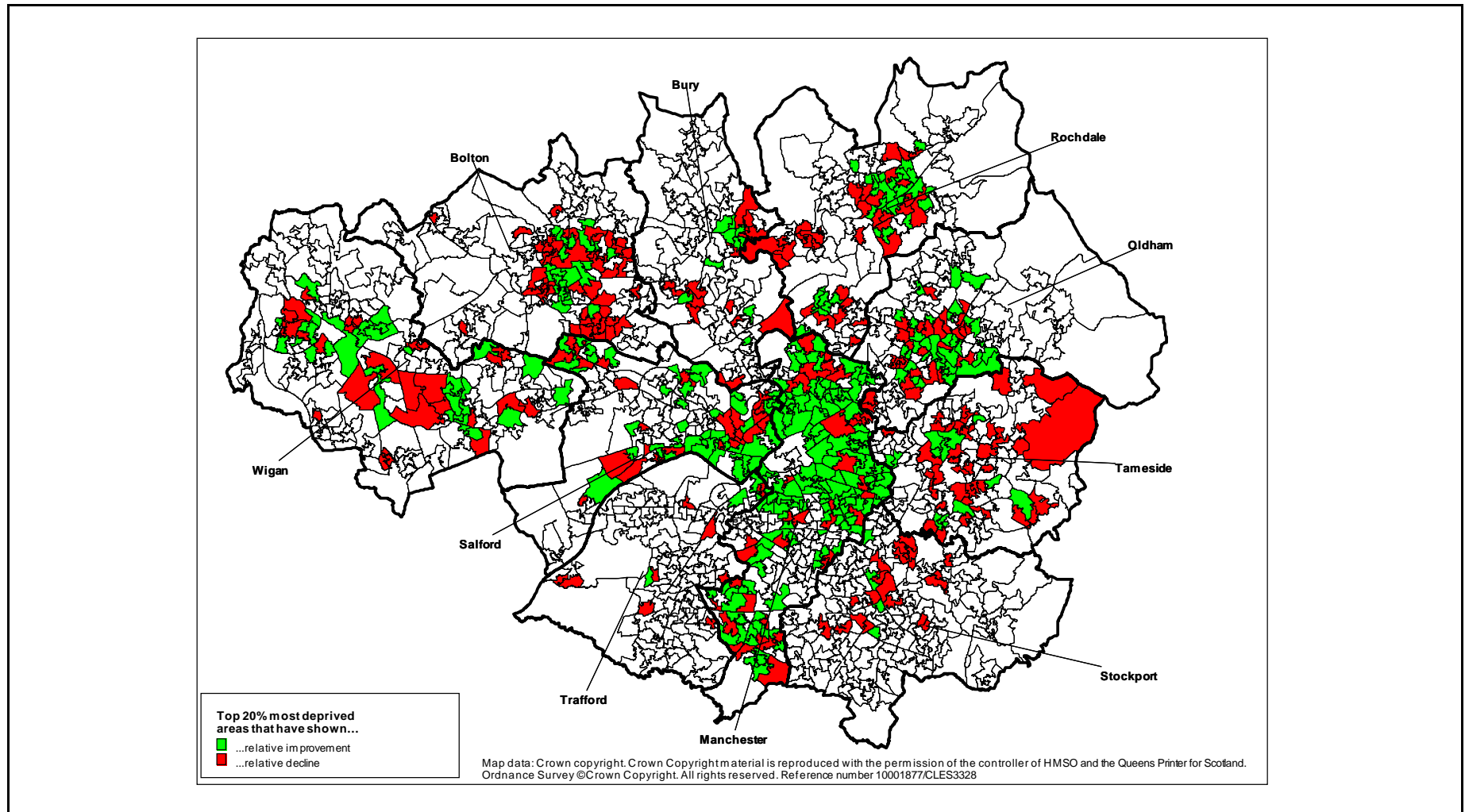
**Figure 4: Change in relative deprivation of areas within top 20% most deprived**

Figure 4 shows the change in relative deprivation for those small areas within the top 20% most deprived in 2010. The focus on areas experiencing severe deprivation shows that the most deprived areas in Manchester showed a relative improvement, while areas within Tameside have generally declined. The most deprived small area within Greater Manchester (Rochdale) has shown a slight decline in relative poverty, from the 11<sup>th</sup> to the 9<sup>th</sup> most deprived LSOA.

## 4 GROUPS EXPERIENCING POVERTY

This section of the evidence report outlines the size and geographical location of key population groups that have been identified, via the Greater Manchester Poverty Commission, as priority groups in terms of the extent to which they experience poverty. It then goes on to discuss the impact that poverty has upon these groups based upon the evidence emerging from the Greater Manchester Poverty Commission.

The data presented demonstrates that both in and out of work poverty are significant problems in Greater Manchester. In total over 260,000 residents are classified as workless, thus their incomes are dependent upon welfare benefit payments. In work poverty is also a problem, with an estimated 137,000 residents earning less than the Living Wage. This means low wage employment is a particular driver of poverty within the sub-region.

Some of the highest rates of child poverty nationally are found within the Greater Manchester sub-region, with 41% of small areas having at least one in three children living in poverty. This leads to problems in terms of poor health and education outcomes and low aspirations, while contributing to another generation of adults living in poverty.

Finally, this section of the report presents the scale of pensioner poverty and its impact. The particular impacts of pensioner poverty include isolation, living in unsuitable accommodation, poor diets and fuel poverty.

### 4.1 Out of work poverty

The welfare reform agenda has been the focus of much policy debate for both the Coalition Government and the previous Labour administration. There are a number of reasons for this, such as the profound impact that periods of unemployment and worklessness can have on individuals, families, communities and the economy; and the cost of supporting the welfare bill for government. The cost of supporting claims for working age benefits and tax credits was estimated to stand at £74 billion in 2009/10, which has risen from £52 billion in 1996/97<sup>19</sup>.

The drive to support residents into work is complex and has shifted in focus over the past twenty years. Policy attention during the 1990s focused upon reducing unemployment, while more recently there has been a drive to reduce worklessness, defined by the Department for Work and Pensions as:

'Detachment from the formal labour market in particular areas, and among particular groups. Workless include individuals who are unemployed and claiming unemployment benefits, individuals who are economically inactive and eligible for inactive benefits (who may or may not be claiming them), and individuals who are working exclusively in the informal economy (who may or may not be also claiming benefits). Worklessness is therefore made up of very diverse groups.'

Worklessness is typically classified as those residents claiming Incapacity Benefit, Jobseekers Allowance or Income Support. Living on an income constrained to welfare benefits means that worklessness is a key driver of poverty, with 57% of households with income levels below the accepted line of poverty (60% of median income) being workless. Being in a household without work clearly limits the household's income and also creates a cycle of dependency within disadvantaged communities, as highlighted by the National Audit Office:

'People are less likely to work if no one else at home works. Partners of people who do not work are less likely to work, and young people growing up in workless households are less likely to take part in employment, education or training.'

<sup>19</sup> Source: Universal Credit: Welfare that Works, DWP, 2010



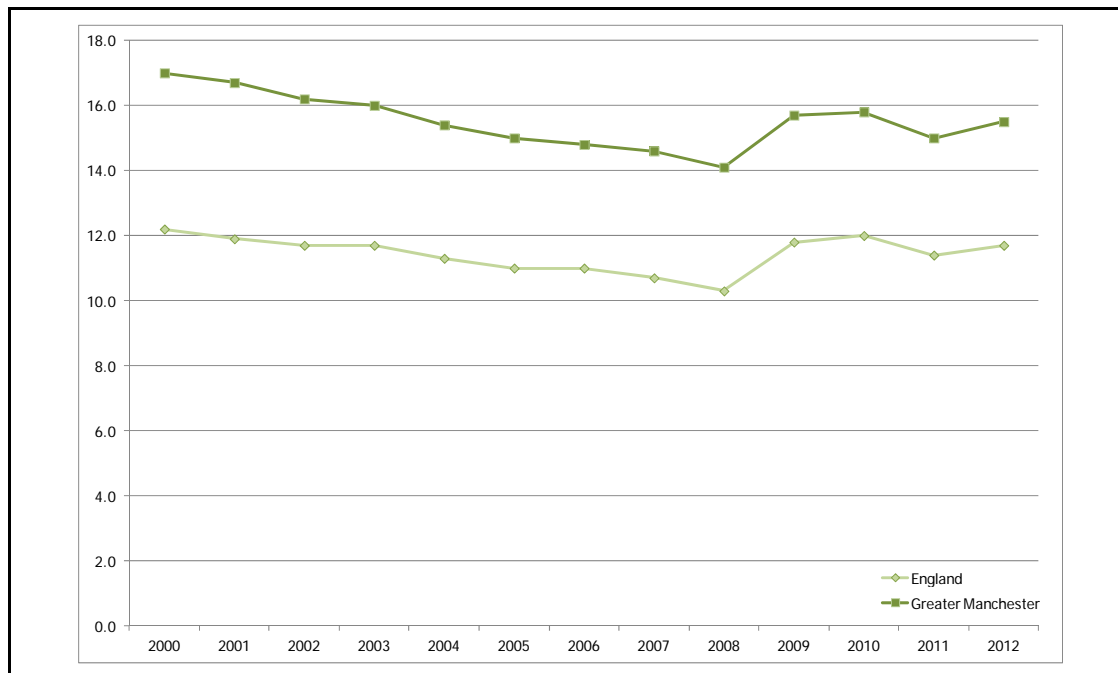
Unemployment and worklessness therefore have a significant effect upon poverty and the extent to which it is sustained within families and communities. Reducing these factors and supporting residents into work are considered the most important route out of poverty for working age people. However, it is important to realise that work does not guarantee that poverty will be alleviated<sup>20</sup>.

#### 4.1.1 Worklessness in Greater Manchester

**Table 9: Scale of worklessness across Greater Manchester**

	Number	Rate
Bolton	26,880	15.9
Bury	15,790	13.4
Manchester	62,160	17.2
Oldham	23,190	16.8
Rochdale	24,320	18.5
Salford	27,100	17.6
Stockport	20,000	11.1
Tameside	23,070	16.5
Trafford	15,000	10.8
Wigan	30,790	15.5
Greater Manchester	268,310	15.5

**Figure 5: Time series trends in worklessness**



The remainder of this section focuses upon the two main out of work benefits in the UK, Employment Support Allowance and Jobseekers Allowance.

<sup>20</sup> Source: Routes out of Poverty, Joseph Rowntree Foundation, 2004

### 4.1.2 Incapacity Benefit/Employment Support Allowance

Worklessness includes residents that are classified as too sick or disabled to seek work. The figures presented below show the scale of claims for Incapacity Benefit and Employment Support Allowance in Greater Manchester.

#### The move from Incapacity Benefit to Employment Support Allowance

Incapacity Benefit has traditionally been the main benefit paid to residents that cannot work as a result of a health condition or disability. In October 2008, Incapacity Benefit began to be replaced with Employment Support Allowance for all new claimants. Employment Support Allowance has a focus upon:

- placing greater emphasis on assessment of an individual's functional capabilities;
- providing support and encouragement to move claimants with health conditions towards employment.

The move to Employment Support Allowance involves the claimant completing a medical questionnaire (ESA50) and, if required, a face-to-face Work Capability Assessment (a medical assessment) is delivered by ATOS healthcare, a private sector occupational healthcare provider. The results of this assessment process determine whether a claimant is required to seek paid work or is eligible for Employment Support Allowance payments, as claimants are categorised as either 'fit to work' or placed within the 'support group' or 'work related activity group'.

Claimants deemed **fit for work** are moved onto other out of work benefits, typically Jobseekers Allowance, which provide greater conditionality and an emphasis on securing employment. The **work related activity group** is considered able to work with the right support in place to manage or overcome their health condition; therefore claimants placed in the work related activity group are placed on time limited Employment Support Allowance for one year to encourage progression towards work. Finally, **the support group** is considered too ill or disabled to work and is not required to make steps towards employment.

**Table 10: Incapacity Benefit and Employment Support Allowance claims in Greater Manchester, February 2012<sup>21</sup>**

	Number	Rate
Bolton	15,380	9.1
Bury	9,150	7.8
Manchester	33,350	9.2
Oldham	12,140	8.8
Rochdale	13,570	10.3
Salford	15,200	9.9
Stockport	11,320	6.3
Tameside	13,200	9.4
Trafford	8,540	6.1
Wigan	18,140	9.1
Greater Manchester	150,010	8.7

Just over 150,000 residents in Greater Manchester were in receipt of Incapacity Benefit/Employment Support Allowance in February 2012, accounting for 8.7% of the working age population; the corresponding figure for England stands at 6.2%. Rates across Greater Manchester are highest in Rochdale (where over one in ten are claiming Incapacity Benefit/Employment Support Allowance) and Salford, while Trafford is the only borough in the sub-region to have a claimant rate below the national average.

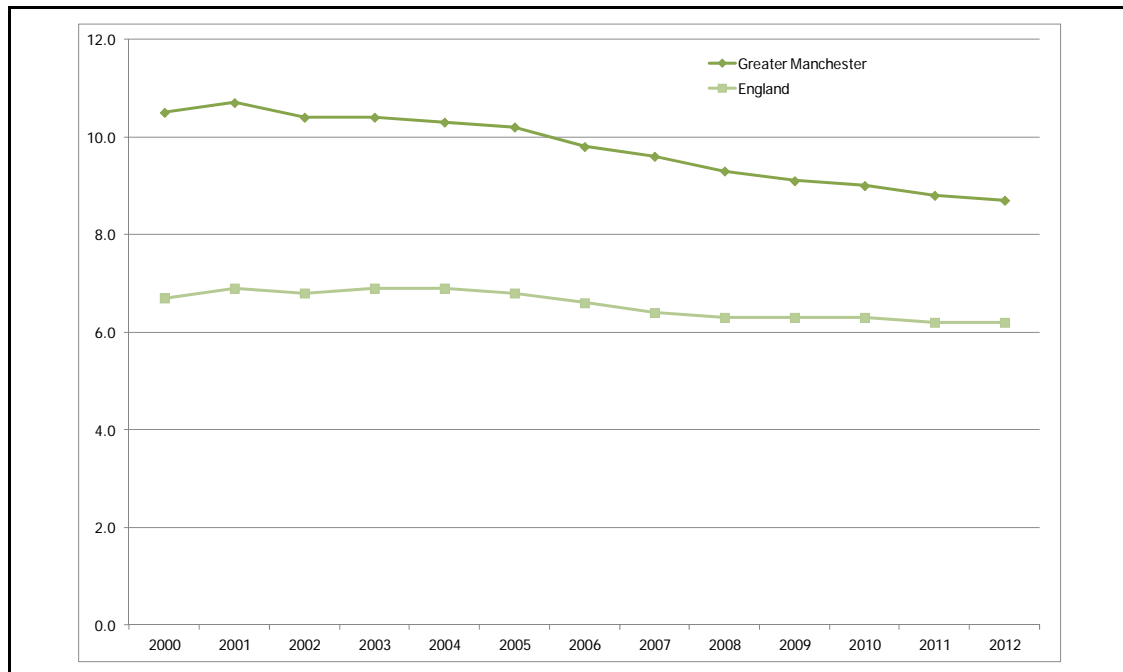
<sup>21</sup> Source: NOMIS, DWP

A more detailed geographical breakdown of Incapacity Benefit/Employment Support Allowance claims can be found in Figure 6. High concentrations of claimants across Greater Manchester areas (shaded in red on the map) have Incapacity Benefit/Employment Support Allowance claimant rates above the national average, while the two darkest shades of red are areas that have claimant rates above the Greater Manchester averages. The following patterns are of note:

- the highest rate of Incapacity Benefit/Employment Support Allowance claims is found in Falinge (Rochdale) where over a third of residents are claiming. This is the same area classified as the most deprived within the Index of Multiple Deprivation, highlighting the link between worklessness, poverty and deprivation;
- more than one in five residents claim Incapacity Benefit/Employment Support Allowance in 36 areas, while more than a quarter of residents in 11 small areas claim the same benefit. The highest claimant rates are found in: Falinge (Rochdale); Central (Bolton); Whelley (Wigan); Brinnington (Stockport); Coldhurst (Oldham); and Radcliffe North (Bury).

This therefore demonstrates that despite the largest number of Incapacity Benefit/Employment Support Allowance claimants living in Manchester, some of the most severe pockets of deprivation are spread across the sub-region and affect almost all districts of Greater Manchester.

**Figure 6: Percentage of the working age population claiming Incapacity Benefit/Employment Support Allowance, February 2000 to 2012<sup>22</sup>**



Although the level of claims for Incapacity Benefit/Employment Support Allowance is high in Greater Manchester, Figure 6 shows the claimant rates are declining and converging with the England average. This gap stood at 3.8 percentage points in 2000 and is now down to 2.5 percentage points.

<sup>22</sup> Source: NOMIS, DWP

**Figure 7: Incapacity Benefit/Employment Support Allowance claimant rates in small areas of Greater Manchester, February 2012**

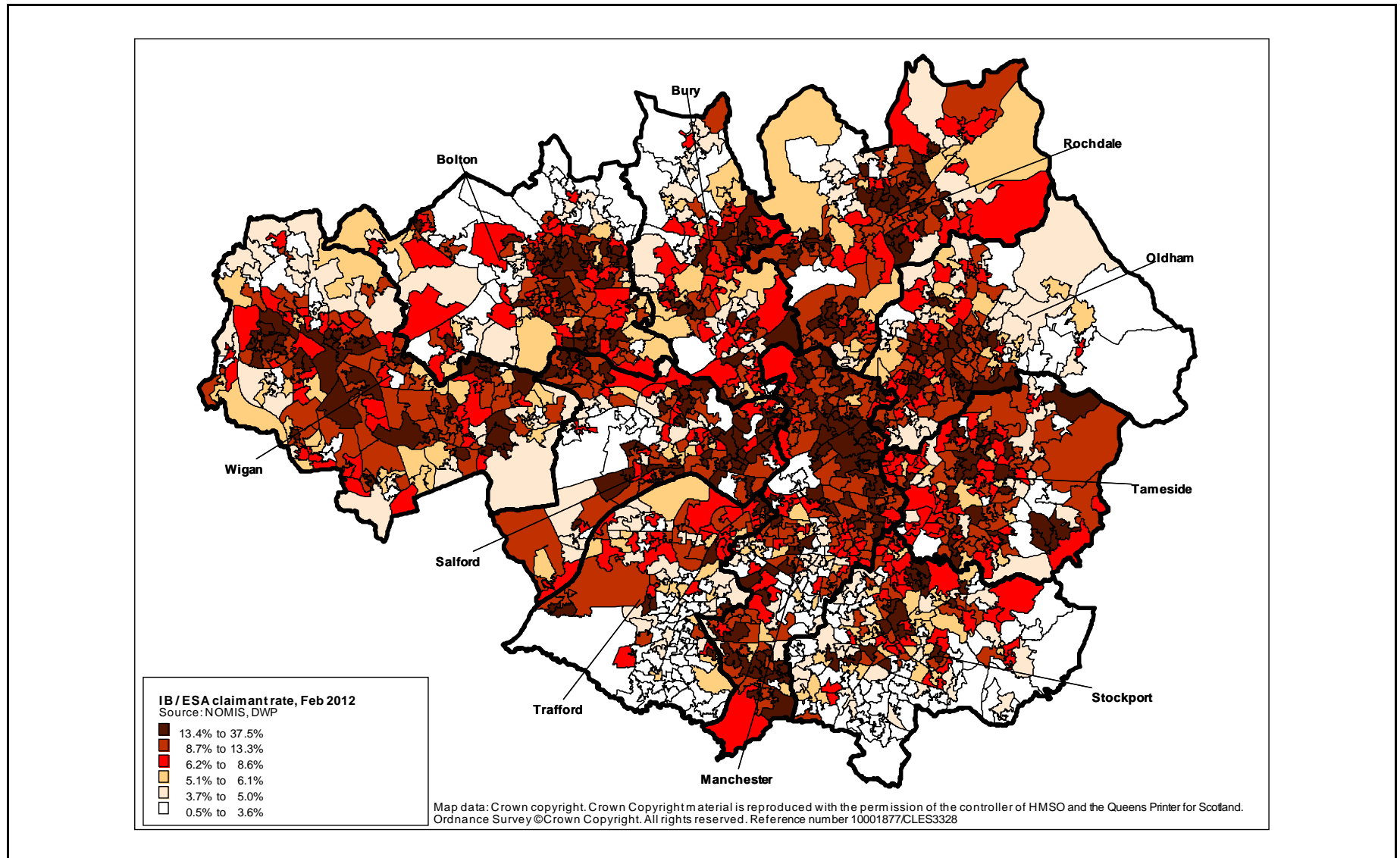


Table 11 shows the profile of Incapacity Benefit and Employment Support Allowance claimants in Greater Manchester. Claimants of the disability related benefits are typically in the middle or latter stages of their working life, with six in ten being aged 45 or over.

Claimants of Incapacity Benefit/Employment Support Allowance also tend to have been claiming the benefit for a significant period of time. In total, 63% of all claims for Incapacity Benefit/Employment Support Allowance have been in place for over five years, with this figure rising to seven out of ten claims for those aged 45 and over, and 76% for claimants aged 60 and over. The long term nature of most claims is caused by a number of factors:

- many claimants will suffer from disabilities that mean they cannot work and thus are unable to move off disability benefits and back into employment;
- Incapacity Benefit has historically been an inactive benefit, meaning claimants were not required to make steps to manage their health condition to enable them to make steps towards work. However, this has changed recently, with the introduction of Employment Support Allowance which is proving to be a controversial change to the benefits system.

**Table 11: Profile of Incapacity Benefit and Employment Support Allowance claimants in Greater Manchester**

Age		
Aged under 25	8,630	5.8%
Aged 25-34	19,250	12.8%
Aged 35-44	32,190	21.5%
Aged 45-54	45,830	30.6%
Aged 55-59	25,760	17.2%
Aged 60-64	18,330	12.2%
Unknown age	10	0.0%
Gender		
Male	85,300	56.9%
Female	64,710	43.1%
Dependents		
No child dependants	41,700	27.8%
1 child	9,600	6.4%
2 children	5,480	3.7%
3 children	2,650	1.8%
4 or more children	1,650	1.1%
Unknown	88,930	59.3%
Duration of claim		
Up to 6 months	14,100	9.4%
6 months up to 1 year	8,240	5.5%
1 year and up to 2 years	10,320	6.9%
2 years and up to 5 years	23,410	15.6%
5 years and over	93,940	62.6%

### 4.1.3 The scale of unemployment in Greater Manchester

Unemployment is a sub-set of worklessness and is typically defined by those residents claiming Jobseekers Allowance (JSA). Unemployment currently affects just over 85,000 residents who were classified as unemployed in August 2012, accounting for 4.9% of the working age population. The unemployment rate in Greater Manchester is therefore higher than the England average (3.8%). Claimants of Jobseekers Allowance are particularly vulnerable to poverty, as benefit payments currently provide an income of £56.25 for under 25s and £71 for residents aged over 25 per week.

Table 12 shows the levels of unemployment currently recorded within each local authority area of Greater Manchester.

**Table 12: Total unemployment in Greater Manchester, August 2012<sup>23</sup>**

	Number	Rate
Bolton	8,440	5.0
Bury	4,969	4.2
Manchester	20,158	5.6
Oldham	8,065	5.8
Rochdale	7,658	5.8
Salford	8,259	5.4
Stockport	6,032	3.3
Tameside	7,111	5.1
Trafford	4,875	3.5
Wigan	9,471	4.8
Greater Manchester	85,038	4.9

The unemployment rate across Greater Manchester shows some degree of variation from the sub-regional average, ranging from 3.3% in Stockport to 5.8% in Oldham and Rochdale. Just two of the Greater Manchester local authorities (Trafford and Stockport) have unemployment rates below the national average of 3.8%, while rates in Oldham and Rochdale are the fourth and fifth highest within the North West region. Figure 8 shows the geographical pattern of unemployment within small areas in Greater Manchester.

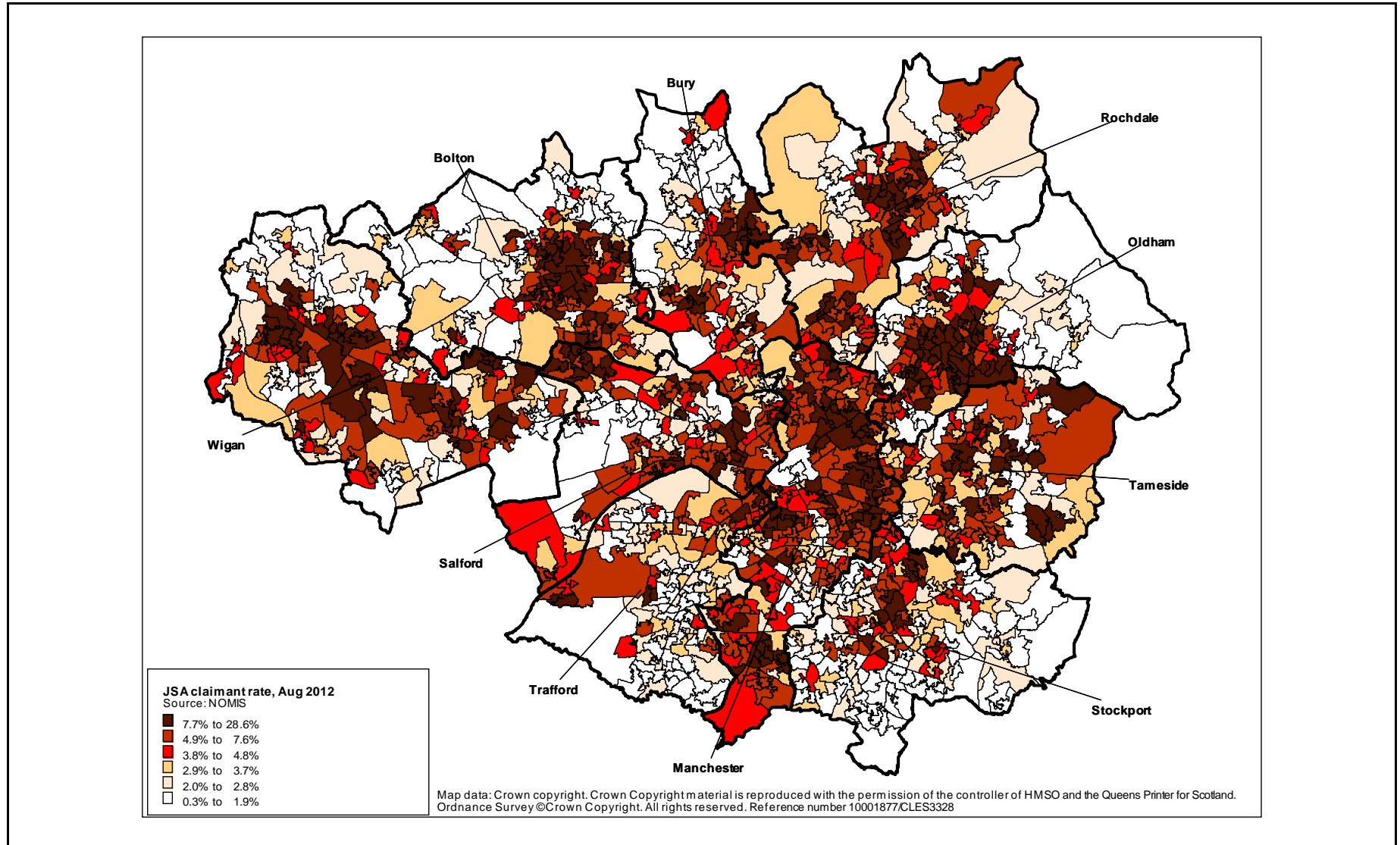
In Figure 8, the small areas shaded in red have unemployment rates above the national average; the map shows that virtually the whole of East and North Manchester falls into this category. Large parts of inner Salford, Oldham and Bolton also have unemployment rates above the national average. A similar pattern is seen for areas that have unemployment rates above the Greater Manchester average (shaded in the two darkest red colours), with the highest levels of Jobseekers Allowance claimants being found in:

- ❑ Falinge (Rochdale);
- ❑ South Reddish (Stockport);
- ❑ Coldhurst (Oldham);
- ❑ Brinnington (Stockport);
- ❑ St Mary's (Oldham);
- ❑ Norley (Wigan).

Many of the areas listed above also have the highest levels of working age Incapacity Benefit/Employment Support Allowance claimants, meaning over one in six residents are claiming out of work benefits in some small areas of Greater Manchester.

<sup>23</sup> NOMIS, August 2012

**Figure 8: Unemployment rate within small areas of Greater Manchester, August 2012**



*Who is unemployed within Greater Manchester?***Table 13: The profile of unemployed residents in Greater Manchester<sup>24</sup>**

Gender	
Male	56,869
Female	28,169
Age	
Under 18	80
18-20	3,455
20-24	12,820
25-34	16,060
35-44	11,075
45-54	9,280
55+	4,020
Duration	
< than 1 month	12,745
1-2 months	10,370
2-6 months	23,030
6 months to 1 year	16,830
1 to 2 year	15,120
2 to 4 years	5,900
4+ years	910
Ethnicity (July 2012)	
White	65,195
Ethnic minority	14,925
• Mixed	1,830
• Asian or Asian British	6,685
• Black or Black British	4,305
• Chinese or other ethnic group	2,105
Prefer not to say	3,005
Unknown	1,305

Table 13 provides a profile of unemployed residents in Greater Manchester and shows the largest proportions of unemployed residents are male, a rate of 6.5% compared to 3.3% for females:

- unemployment statistics suggest that just over 3,550 residents aged 20 and under are out of work; however Jobseekers Allowance data masks the level of youth unemployment due to the difficulty of claiming the benefit when under the age of 20. A more accurate picture of youth unemployment is found in Figure 12;
- over half of Jobseekers Allowance claims are less than six months old, while 15% of claims are less than a month old. Past research by the Joseph Rowntree Foundation and CLES has highlighted the problem of short term, temporary and low employment opportunities, and the difficulties these cause in making a permanent move from unemployment to work<sup>25</sup>;

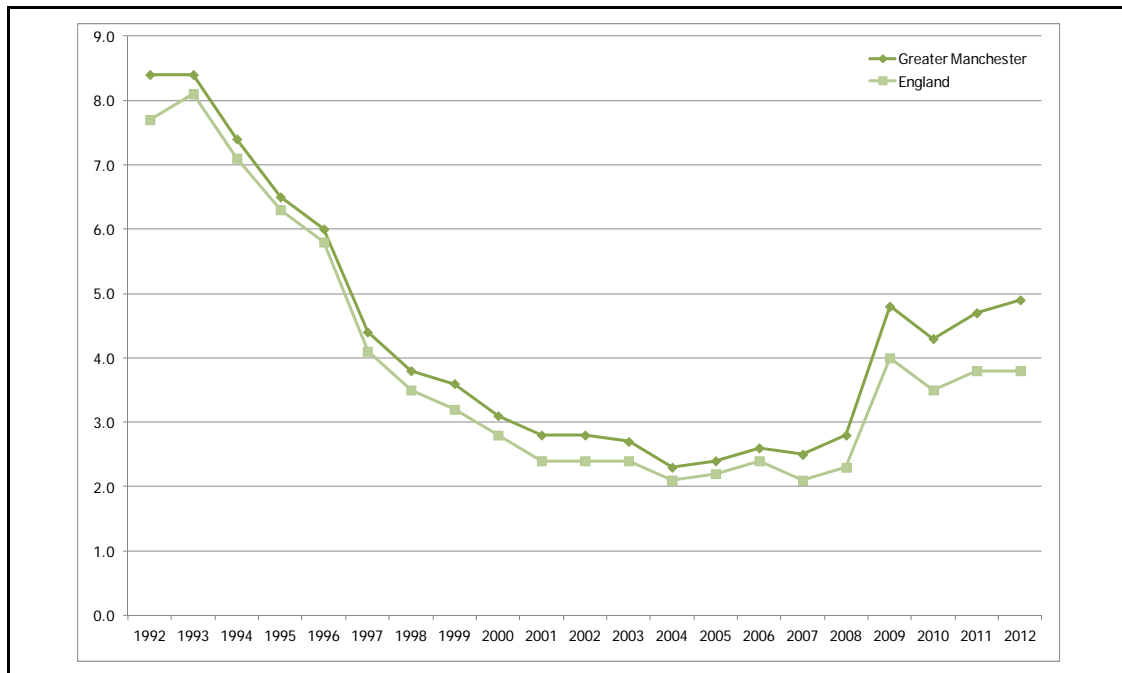
<sup>24</sup> Source: NOMIS, ONS, August 2012 unless otherwise stated

<sup>25</sup> Source: Low pay, no pay churning. The Hidden story of work and worklessness, 2012



- in terms of ethnicity, the majority of claimants are from White residents (81.3%). This is to be expected given the majority of residents (86.1%) are from a White background; however this suggests that some ethnic minority groups are over represented in terms of claiming Jobseekers Allowance. This is particularly the case for the Asian or Asian British group that accounts for 18.6% of claims and 8.3% of Greater Manchester's population;
- the number of male unemployed residents is approximately double that for females, with rates of unemployment standing at 6.5% and 3.3% respectively. There are a number of factors that will act to reduce the level of female unemployment such as the increased likelihood of females claiming Income Support as opposed to Jobseekers Allowance.

**Figure 9: Trends in Jobseekers Allowance claims, August 1992-2012<sup>26</sup>**

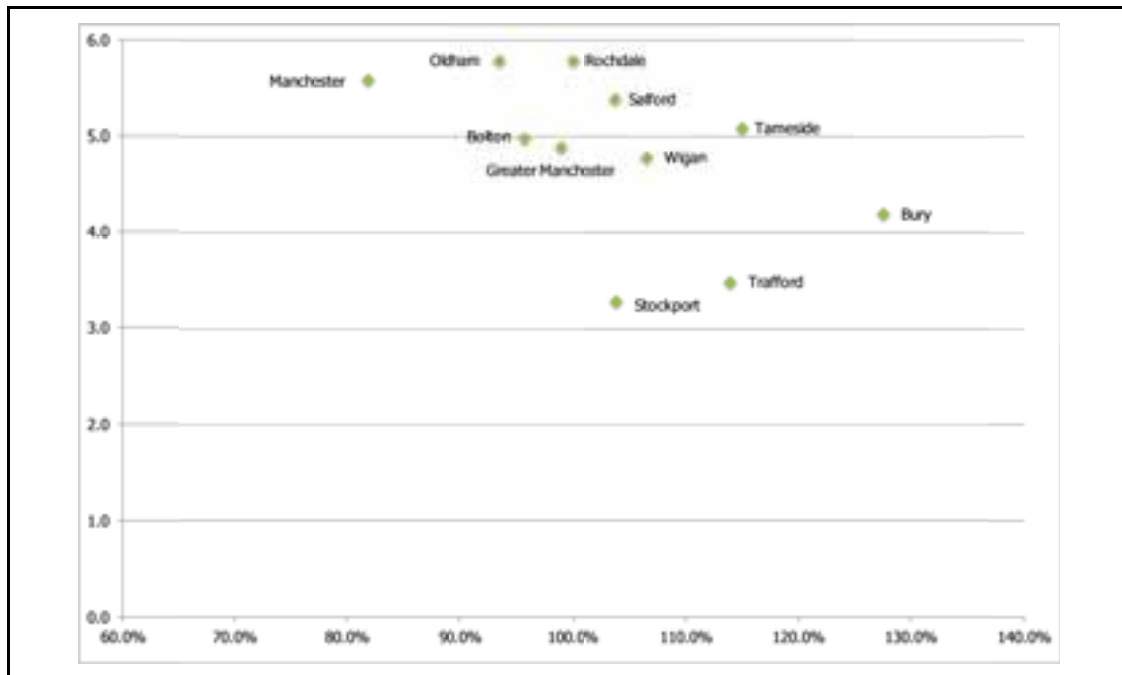


The level of unemployment, both nationally and within Greater Manchester, fell dramatically during the 1990's before reaching a low point in August 2004. In more recent years, the levels of unemployment have been affected by the onset of economic recession in 2008, which has led to levels of unemployment both nationally and in Greater Manchester reaching levels not seen since 1997. This recent rise in unemployment has seen the gap between the sub-regional and national average widening. The rate of change in unemployment between 2008 and 2009 was dramatic, rising from 48,068 to 81,622 within a year, an increase of 69.8%. Nationally, the recession led to an initial increase in unemployment of 71.4%.

Unemployment in Greater Manchester has fallen slightly since this point, but rose again between 2010-2012. Figure 10 shows the change in unemployment rates between August 2007 and 2012 for each district in Greater Manchester.

<sup>26</sup> Source: NOMIS, ONS

**Figure 10: Change in unemployment rates between August 2007 and 2012 for each district in Greater Manchester**



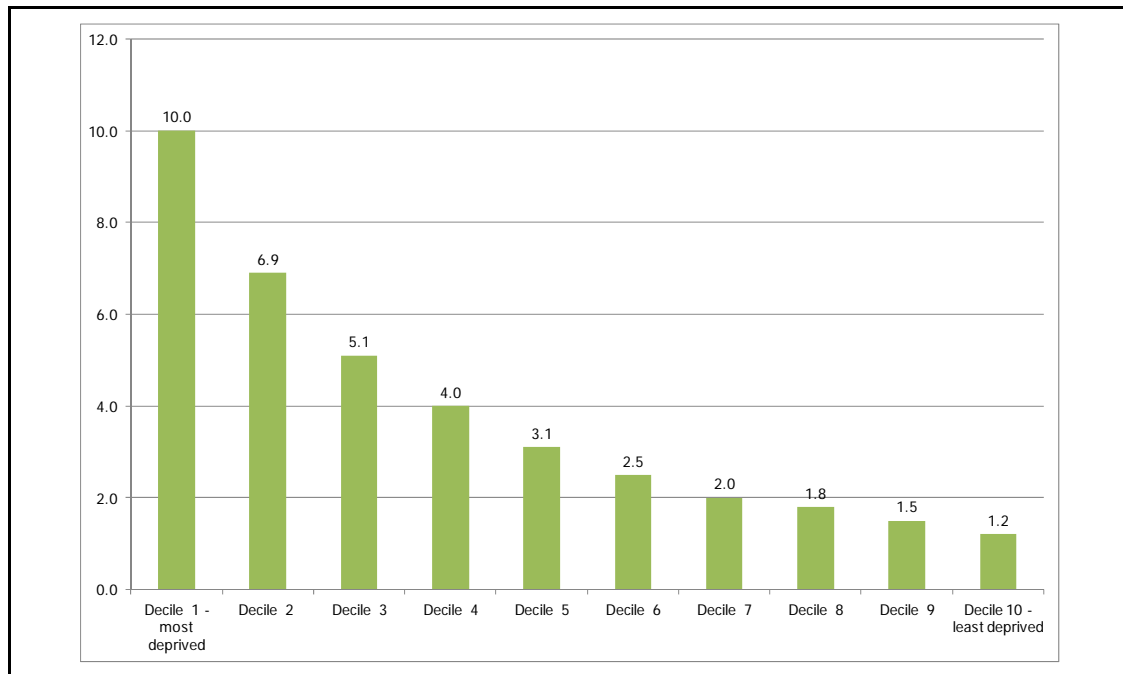
- ❑ All districts have seen dramatic increases in unemployment that are above the national average (79%).
- ❑ Six districts have seen unemployment double, with increases of over 110% being recorded in Bury (127%), Tameside (114%), Trafford (115%), Stockport (114%), Wigan (107%), Salford (104%) and Rochdale (100%).
- ❑ The large increases in unemployment within Stockport, Trafford and Bury have occurred from a relatively low 'stock' of claimants, whereas the increases in Rochdale, Salford and Tameside are on top of already high levels of unemployment. This highlights how these areas had relatively weak economies prior to the 2008 recession and have since seen dramatic increases in unemployment, which will in turn lead to increases in poverty.

### *Unemployment and poverty*

The link between unemployment and areas of deprivation is highlighted in Figure 11. This shows the unemployment rate split into deciles depending on their ranking within the Index of Multiple Deprivation. The graph shows a clear pattern, with unemployment rates decreasing as areas become less deprived, with one in ten residents within the most deprived decile claiming Jobseekers Allowance compared to just over 1% in the least deprived areas. In terms of the number of unemployed residents, over 562,300 claimants in England live within the 20% most deprived areas in the country.

*'I've got qualifications. There are no jobs. My friend's daughter is nearly seven, so she is looking for a job. She is looking everywhere, but there are no jobs.'*

Unemployment figures are presented separately from the wider worklessness figures because they are considered to be a slightly different cohort of residents, those who are seeking work within the challenging economic conditions within Greater Manchester and the UK as a whole.

**Figure 11: Unemployment by deprivation in England, August 2012<sup>27</sup>**

### *Youth unemployment in Greater Manchester*

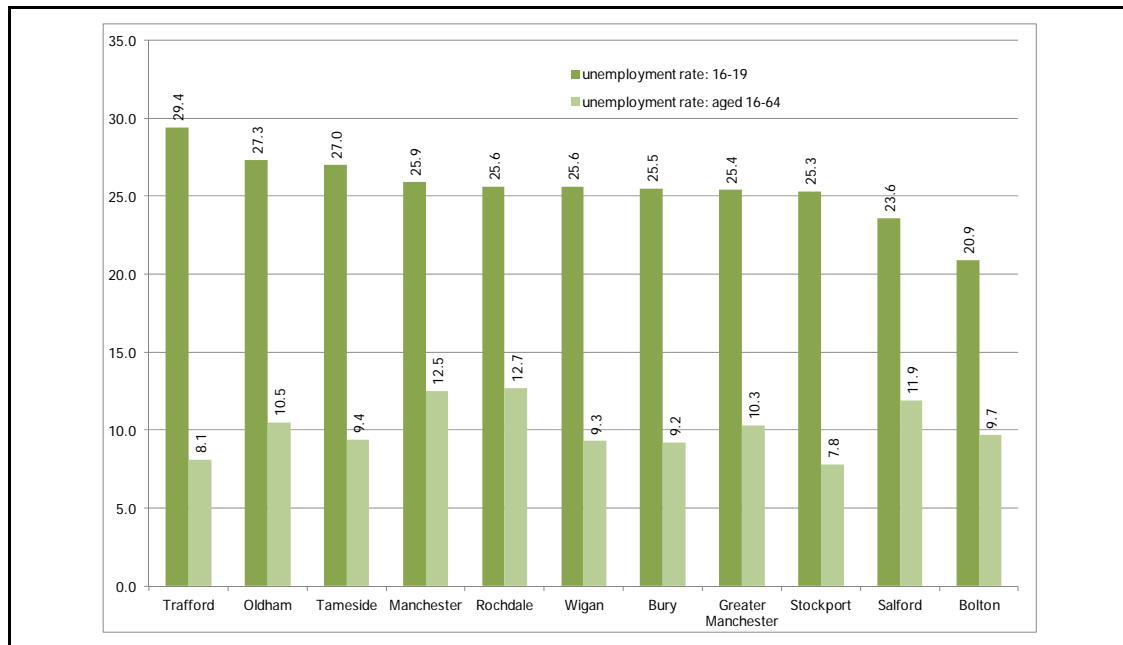
The onset of the recession has led to young people finding conditions in the labour market particularly difficult. Increased competition for jobs combined with having little work experience mean that younger members of the workforce have been adversely affected by the downturn in the economy. As a result, much policy attention has been given to increasing levels of youth unemployment and the social and economic challenge this is likely to bring in the future.

The most recent trends in Greater Manchester show that a total of 212,600 young people aged 16-24 were classified as out of work and seeking employment during the period April 2011 to March 2012. A total of 48,600 young people are seeking work in Manchester. The geographical pattern of youth unemployment, based on the ILO definition of unemployment<sup>28</sup>, is outlined below and in Figure 12:

- ❑ youth unemployment rates are much higher than the working age unemployment rate. Just over a quarter of young people (aged 16-24) are out of work compared to almost one in ten residents of working age;
- ❑ youth unemployment peaks in Trafford where almost three in ten young people are unemployed, three times higher than the rate of unemployment for working age residents in the local authority area.

<sup>27</sup> Source: NOMIS, August 2012

<sup>28</sup> ILO unemployment is defined as those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched for work

**Figure 12: Youth unemployment in Greater Manchester, April 2011-March 2012<sup>29</sup>**

The ACEVO Commission on Youth Unemployment<sup>30</sup> highlighted the profound impact that youth unemployment has upon both the young person that is out of work and the cost to the Exchequer. In terms of the impact upon the young person, the Commission highlights the ‘scarring effect’ of youth unemployment:

- ❑ young unemployed residents are more likely to be unemployed and welfare dependent later in life, with the average young unemployed person spending an extra two months per year out of work by their late twenties through the scarring effects of youth unemployment;
- ❑ they are likely to be paid less in later life, with the average young unemployed person earning £1,800 – £3,300 less per year by their early thirties;
- ❑ young unemployed residents are more likely to get involved in anti social activity, including burglary, theft, fraud and forgery;
- ❑ youth unemployment has a negative effect on mental health, both in the short and longer term.

Youth unemployment is therefore a key social policy issue and one which has the potential to condemn a new generation of adult and families into poverty. Much positive activity has been developed in Greater Manchester that contributes to tackling youth unemployment by developing sustainable apprenticeship opportunities. This includes the Greater Manchester Group Training Association (GTA) that employs apprentices within the construction sector. Central employment allows apprentices to be easily moved and the training is shared, eliminating the risk to employers and helping to ensure apprentices complete their training. Such schemes should continue to be promoted and if possible, expanded to other sectors.

#### 4.1.4 The impact of welfare reform changes

The Coalition Government has made tackling the welfare reform agenda one of its key policy priorities and is building on the changes already instigated by the previous Labour administration. The Welfare Reform Act seeks to make the benefits system more affordable, fairer and better able to tackle poverty, worklessness and welfare dependency. Tackling welfare dependency is a key aspect of encouraging individuals back to work with the reforms designed to make work provide a real difference to household incomes.

<sup>29</sup> Source: Labour Force Survey, ONS

<sup>30</sup> Source: Youth Unemployment: the crisis we cannot afford, 2011

Through a series of legislative measures, the Act seeks to reduce the UK's welfare benefit costs by £18 billion over the next five years and promote work as a more income beneficial approach than claiming benefits. Embedded in the Act is a range of measures designed to simplify and streamline a system that currently comprises thirty different benefits that are administered by a number of government departments and agencies. A key route of reducing the complexity of the current system is via the introduction of Universal Credit.

### *The introduction of Universal Credit*

Universal Credit is a working age benefit with additional elements for children, disability and caring. It will replace a raft of existing in and out of work benefits in an attempt to simplify the benefits system and make work affordable. The changes to Universal Credit are unprecedented in their scale and mean that by 2017 all existing in and out of work benefit claims for the following benefits will move onto Universal Credit:

- ❑ Working Tax Credit;
- ❑ Child Tax Credit;
- ❑ Housing Benefit;
- ❑ Income Support;
- ❑ income based Jobseekers Allowance;
- ❑ income based Employment Support Allowance.

The Government's aspiration for Universal Credit is a benefits system that mimics a working wage to make claimants more able to make the switch from benefits to work. The changes introduced include:

- ❑ Universal Credit will be paid monthly directly to the claimant meaning claimants will be responsible for budgeting and paying their rent;
- ❑ Universal Credit will be 'digital by default' meaning applications will be managed and run online;
- ❑ Universal Credit will be paid to one member of every household as opposed to an individual basis.

### *Housing Benefit reforms*

Changes to the welfare reform agenda are also leading to changes in Housing Benefit. The changes are wide ranging and complex in nature. The changes are summarised in the box below and will mean Housing Benefit claimants may face a shortfall in their rent and have to make up the difference themselves or consider moving home.

### A summary of Housing Benefit reforms

- The removal of the £15 a week 'excess' whereby residents could keep a maximum of £15 per week if their housing rent was below the level at which Housing Benefit was paid.
- Changing the basis for setting Local Housing Allowance rates from the median to the 30<sup>th</sup> percentile of local market rents from April 2011.
- A Local Housing Allowance cap based on the size of a claimant's property from April 2011: £250 per week for 1 bed; £290 per week for two bed; £340 per week for three bed; and £400 per week for four bed or more – the five bed rate was scrapped.
- Up rating Housing Benefit rates by the Consumer Price Index rather than the Retail Price Index from April 2013.
- An increase in the level of deductions for non-dependents over a period of four years. Deductions increased by 27% in April 2011 and a further 22% in April 2012.

Additional changes to Housing Benefit have also been legislated for which include:

- raising the age at which the Shared Accommodation Rate applies from 25 to 35. New claimants were affected from January 2012 while existing claims will be affected at the next review of their personal circumstances;
- Housing Benefit is to be capped at benefits of £500 per week from 2013;
- a reduction in Housing Benefit for social sector tenants of working age that exceed the Housing Benefit size criteria. Housing Benefit will be reduced by 14% for those who have one bedroom more than they need, and 25% for those that have two bedrooms more than they need.

Testifiers to the Greater Manchester Poverty Commission highlighted their fear of the impending reforms, particularly the Housing Benefit size criteria – or 'bedroom tax' as it is sometimes referred to.

#### **4.1.5 The impact of welfare reforms in Greater Manchester**

Submitted evidence to the Greater Manchester Poverty Commission highlighted the more negative potential impacts of the welfare reform agenda, with little commentary being offered in the increased incentive provided to find work as opposed to claiming state benefits. This key driver of welfare reform should not be forgotten when considering the responses below; it is unclear how many residents will be encouraged to return to work as a result of the changes. The responses provided have been summarised and are outlined below and suggest that action may be needed to address rent levels for those residents affected. Reducing rents will however, impact upon Housing Association's ability to deliver their services and so needs careful consideration. Such choices should build upon the findings of future research and analysis specifically focusing upon the impact of welfare reform on local centres.

#### ***A reduction in household incomes***

Submitted evidence to the Greater Manchester Poverty Commission demonstrates the scale of the lost income to households and areas as a result of welfare reform changes. Bolton at Home expressed grave concern at how the welfare reform will affect its tenants. In addition to being badly affected by the recession, Bolton at Home expects its financially vulnerable tenants to experience greater debt problems as their benefits are reduced and possibly an increase in anti social behaviour as people's circumstances become more desperate.

Bolton Council has produced a review of how changes to welfare support have affected Bolton residents<sup>31</sup>:

- ❑ it is estimated that in Bolton around 200 people will be affected by benefit levels being capped. The average losses for these customers will be in the region of £70 per week, more in some cases. Many of those who will be affected are in temporary supported accommodation and are some of the most vulnerable Bolton residents, including the homeless, women fleeing domestic violence, and customers with alcohol and drug addictions. The estimated scale of loss in Manchester is £2.5 million a year;
- ❑ it is estimated that the annual reduction in LHA payments to existing customers in Bolton will be £1.4 million. An estimated £1.6 million will be lost in Oldham, with a higher loss estimated amongst Pakistani and Bangladeshi heritage communities due to their larger than average household sizes. The anticipated loss in Manchester is £3.9 million per year;
- ❑ restricting Housing Benefit for under 35s to the shared accommodation rate will affect 400 people in Bolton and 1,300 people in Manchester. The annual loss of benefit will be £660,000 and £1.5 million a year respectively;
- ❑ under occupancy will affect 44% of social housing tenants in Oldham. In Bolton, over 2,000 Bolton at Home tenants will see a reduction in benefit, with an overall annual loss of benefit estimated to be in excess of £1 million. Over 14,000 people will be affected in Manchester, meaning an £8 million reduction in benefit payments each year.

In summary, a report commissioned by Manchester City Council<sup>32</sup> concluded that personal and household incomes will be significantly reduced for many people. These cuts in benefits will particularly hit the poorest families in areas that suffer severe disadvantage.

### *Fear and anxiety*

The testimonies provided to the Greater Manchester Poverty Commission highlighted the fear felt by residents as they wait for the changes to their welfare benefits to begin. Fear and anxiety are being caused by individuals realising they can no longer afford to stay in their homes. Other individuals in studies conducted by CLES have expressed their fear of being forced to seek work, despite having a limiting illness or being hit by cuts to a number of different benefits at once. During the participatory events, people mentioned the changes to Working Tax Credit (eligibility changing from 16 to 24 hours), reducing the single room rate from 35 to 25, and cuts to legal aid leaving vulnerable residents with little access to legal representation. These are clearly issues which are causing people significant anxiety.

### *Debt and rental arrears*

A survey conducted by Manchester Citizens Advice Bureau assessed the impact of Housing Benefit reforms on individuals that had sought advice from the Bureau. Of the 120 individuals that replied:

- ❑ 60% of claimants had a shortfall ranging from £7 to £400 a month; the median rental shortfall was £60;
- ❑ 73% of respondents had rent arrears averaging £350; half of these respondents had never had rent arrears before;
- ❑ 80% of survey respondents are cutting back on food;
- ❑ 53% of survey respondents are cutting back on gas and electricity;
- ❑ 40% of survey respondents said they were in debt for the first time with catalogues and credit cards;
- ❑ 52% of survey respondents thought the only solution was to move house.

<sup>31</sup> Bolton Council, 2012, Bolton Council Revenues and Benefits Division Report to the Greater Manchester Poverty Commission

<sup>32</sup> CLES, The Cumulative Impact of Welfare Reform in Manchester, June 2012

The impact of the Housing Benefit changes was also highlighted by the following comments provided to Manchester Citizens Advice Bureau. These highlight the main responses to having a cut in income, namely to reduce the quantity or quality of food consumed, or to reduce the amount of money spent on heating bills:

*'My depression has worsened considerably, and the reduced amount I have to spend on food is affecting my diabetes and blood pressure. I also have more frequent panic attacks when thinking about our finances.'*

*'My rent is not fully covered but with Housing Benefit being slashed by £73/week from December I will be homeless again. I was moved into my current place as it was more suitable than the temporary studio flat I was in. I can't do homelessness again and can't live in shared accommodation for physical and mental health reasons.'*

*'I have to cut down on basic living expenses as it is. I stay in bed to keep warm, especially in winter as I can't afford to put the heating on. The bleakness of this week to week is having an impact on my mental/physical health. I'm trying to find somewhere else to live, but so far have not been able to find anywhere affordable in this area. I have had to get occasional food parcels from the food and support drop in service.'*

Levels of debt and rental arrears may also be affected due to the announcements in December's pre-budget statement that limited futures increases in welfare benefit payments to 1% per year, significantly below the rate of inflation.

#### **Increased vulnerability for women in abusive relationships**

A women's domestic abuse charity in Greater Manchester also expressed concerns about the reforms to Housing Benefit and the potential impact upon women living in abusive relationships. Feedback has highlighted concerns about the new under occupancy rules, in terms of women being afraid or unable to leave abusive relationships as it could lead to a reduction in benefit payments. In addition, concerns were also raised about paying benefit payments to the household rather than the individual. This may restrict the ability of women to leave abusive relationships and establish a new life on their own, if they have less control over their own finances.

#### **Community cohesion impacts**

Evidence submitted by Housing Associations in Greater Manchester points to a number of impacts anticipated from changes to Housing Benefit. These include:

- increases in homelessness as households struggle to meet rent payments;
- providing secondary impacts for social landlords via increases in void properties;
- central arrears as tenants struggle to meet rental demands;
- increased demand for emergency accommodation.

Housing Benefit reforms are also anticipated to provide challenges to community cohesion, with some residents having to move away from areas where they are settled and have social networks in order to live in affordable properties, creating an increased risk of social isolation and breaking up existing community structures. Moving to a new area can have a wide range of impacts such as having to find new schools for children and registering with a new set of health providers in an area.

The following case study is an example of the fear which many participants spoke of regarding the Housing Benefit reforms, particularly the 'bedroom tax'.



**Case study – Paul<sup>33</sup>**

Paul used to be a truck driver, travelling all over Europe, but he now suffers from various illnesses which mean he can't walk more than thirty yards. He receives Disability Living Allowance and has a car, without which he would be housebound. Paul currently lives in a two bedroom property; his children sometimes stay with him and help him around the house and with his personal needs. He is devastated that due to the imminent Housing Reform Act, he will have to move to a one bedroom property and there will no longer be space for his children to stay over.

Paul says he feels very vulnerable and frightened which makes his illnesses worse. He says '*don't feel like a person anymore*'. It is very unlikely that there will be a one bedroom property available in the same area so Paul will have to move away from his community. He is very concerned that the housing reform is destroying communities and will cause individuals to become isolated and lose their self-worth. Paul is terrified of being evicted and feels that people like him are '*such easy targets*'.

Paul is currently part of a community association which has recently won a bid to takeover and run the local community centre. He thinks running events for themselves will increase people's self-esteem. He talks about how neighbours help and support each other, and that the community centre builds relationships and increases self-worth. However, the housing reform means that Paul will most probably have to leave the area and will no longer be able to run the community centre.

***An increase in demand for community legal advice***

Changes to the welfare reform agenda are driving up demand for community legal advice services across the sub-region. Evidence provided by Bolton Citizens Advice Bureau show how the demand for advice services has changed between 2011 and 2012:

- ❑ overall demand for social welfare law advice up 38.2%;
- ❑ demand for welfare benefits advice up 57.5%;
- ❑ demand for immigration/asylum advice up 38.3%;
- ❑ demand for employment advice up 37.5%;
- ❑ demand for housing advice up 29.2%.

The uncertainty created by changes to benefits, particularly the reforms to Employment Support Allowance and the impact of the recession, are key demands for community legal advice services.

Local branches of the Citizens Advice Bureau are also reporting how the cuts to Legal Aid will act to intensify the impact of welfare reform changes. Legal Aid is currently provided to support cases that focus upon a wide range of issues such as welfare benefits, housing, employment and social welfare law. However, the scope of Legal Aid is changing as a result of the Legal Aid Sentencing and Punishment of Offenders Act, meaning Legal Aid will only be available for cases where an individual's personal safety or home is at significant risk. This means that support to appeal against decisions made by the Department for Work and Pensions in relation to Employment Support Allowance claims will no longer be supported.

Many residents, particularly the most vulnerable in society, will therefore not have access to legal support in the future. The impact of the changes to Legal Aid will also have a significant impact on services providers (e.g. Bolton Citizens Advice Bureau currently receives 70% of its budget from Legal Aid thus the change in scope provides a significant threat to its existence).

Other national providers of advice, such as Shelter, are also reducing their service offer, with a 50% budget cut potentially leading to eight of Shelter's offices closing. The evidence provided to the Greater Manchester Poverty Commission therefore highlights how residents that experience, or are particularly susceptible to experiencing, poverty will be negatively affected by the changes to the welfare reform agenda and will have much reduced access to free legal representation.

<sup>33</sup> Pseudonym

## 4.2 In work poverty

In recent years, in work poverty has received growing levels of attention from policymakers and commentators, primarily due to its close links with child poverty. Figures released by the Department for Work and Pensions<sup>34</sup> show that 61% of children experiencing poverty live in households where at least one adult is working. When considering all working age households, the figures show that, after housing costs, the majority of households (52%) living on an income that is 60% below the median income (the accepted measure of poverty) are working households.

Nationally, poverty is most common in working households where one or more adults are self employed or where adults are working part time. These figures therefore support the findings of research by the Joseph Rowntree Foundation<sup>35</sup>, underpinned by the data from the Department for Work and Pensions<sup>36</sup>, who found work alone does not prevent poverty nor does it guarantee a way out of poverty. Data released by the Department for Work and Pensions shows that in just 56% of moves out of poverty, a household member gaining a job is a common causal factor. Changes in household composition are more commonly associated with a move out of poverty. It is important to note that once in work, the opportunity to gain a wage increase provides a further opportunity to move out of poverty. This is clearly demonstrated in the available data, with nearly two thirds of moves out of poverty being associated with a rise in the household head's income.

There is no one dataset that provides a comprehensive picture of the scale of in work poverty at a local level; therefore the data presented below provides an indication of the scale of residents that are earning incomes below the Living Wage or are in receipt of benefits that are designed to supplement low incomes, such as Working Tax Credits.

### 4.2.1 The Living Wage

The Living Wage is promoted by the Living Wage Foundation and was set at £8.30 in London and £7.20 outside of the capital in 2011. This means the Living Wage is at least £1 per hour higher than the National Minimum Wage of £6.19 per hour for workers aged 21 and over and £4.98 for 18-20 year olds.

The Living Wage is calculated annually and is set at a level that can provide a basic standard of living. Support for a Living Wage is increasing. It has recently been adopted by Cardiff, Birmingham and Newcastle Councils. Preston City Council also adopts a Living Wage and is seeking to promote its uptake in its supply chain by promoting the Living Wage via its procurement practices. A number of local authorities within Greater Manchester have adopted their own model; Manchester City Council has adopted the Manchester Minimum Wage (£7.15 an hour from October 2012) while Oldham Council's Living Wage stands at £7.10 per hour.

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<sup>34</sup> Source: Households Below average income dataset, 2011

<sup>35</sup> JRF (2010) 'Monitoring Poverty and Social Exclusion Report' <http://www.jrf.org.uk/sites/files/jrf/poverty-social-exclusion-2010-full.pdf>

<sup>36</sup> Source: Low Income Dynamics, 1991-2008

### 4.2.2 Wage levels in Greater Manchester

Table 14 shows the average hourly wage paid to both full and part time workers in Greater Manchester and the ten local authority districts.

**Table 14: Average hourly resident wages in Greater Manchester, 2011<sup>37</sup>**

	All employees	Full time workers	Part time workers
Greater Manchester	10.42	11.63	7.62
Bolton	9.48	10.74	7.22
Bury	11.77	12.82	8.32
Manchester	9.96	11.37	7.27
Oldham	9.68	10.60	7.11
Rochdale	10.29	11.37	7.70
Salford	9.83	11.06	7.65
Stockport	11.63	12.70	8.43
Tameside	10.02	10.72	7.71
Trafford	12.78	14.84	8.56
Wigan	10.41	11.38	7.45

Table 14 shows a number of interesting trends, including:

- ❑ part time wage levels are significantly below those paid to full time workers across Greater Manchester. On average, they are 27% lower than full time wages, rising to over 33% lower in Salford. This is particularly concerning due to increasing availability of part time work and the concentration of part time work amongst groups such as women with caring responsibilities;
- ❑ on average, hourly wage rates are above the level provided by a Living Wage in all boroughs, with the exception of part time workers in Oldham (£7.11). However, the part time wage in Bolton is just one pence higher than the Living Wage at £7.22.

#### *Employees earning less than the Living Wage in Greater Manchester*

Table 14 shows that the median wage for full and part time workers across Greater Manchester is above that suggested by the Living Wage campaign; this does not mean that low pay within the sub-region is not a problem, as this figure also includes the small number of employees who earn significant sums of money. To overcome this problem, Table 15 provides an estimate of the number and proportion of resident employees in Greater Manchester earning an hourly wage level below the Living Wage.

<sup>37</sup> Source: Annual Survey of Hours and Earning (ASHE), ONS, 2011

**Table 15: Estimated proportion of employees earning hourly wage levels below the Living Wage in Greater Manchester<sup>38</sup>**

	Full time		Part time	
	Percentage	Number	Percentage	Number
Bolton	15.3%	12,700	49.5%	14,100
Bury	7.7%	5,000	36.3%	7,200
Manchester	15.3%	25,400	48.7%	24,700
Oldham	13.3%	9,000	50.9%	10,700
Rochdale	13.4%	8,200	43.1%	9,300
Salford	14.5%	11,700	44.2%	9,800
Stockport	8.3%	8,000	36.3%	12,000
Tameside	14.0%	10,000	41.1%	8,600
Trafford	9.3%	7,000	36.6%	9,000
Wigan	10.5%	11,300	43.6%	14,000
Greater Manchester	12.3%	18,000	43.2%	119,000

Table 15 shows the proportion of employees working both part time and full time that earn less per hour than the Living Wage. Across Greater Manchester, over 40% of part time workers are earning less than the Living Wage while the figure for full time workers is a little over one in ten. The combination of low wage levels and part time hours is particularly concerning for part time workers. In terms of the results at a local authority level:

- ❑ full time hourly wage rates are above part time rates in all boroughs. The largest proportions of full time employees earning less than the Living Wage are residents of Manchester and Bolton (both 15.3%); less than 10% of full time employees are earning less than a Living Wage in Trafford, Bury and Stockport;
- ❑ the extent of low wage levels for part time workers is a particular concern in all boroughs, with over a third of all part time employees in all boroughs working for less than £7.20 per hour;
- ❑ over half of all residents working part time in Oldham (50.9%) earn less than the Living Wage. Low part time wages are also prevalent in Bolton (49.5%) and Manchester (49.7%) who earn less than the Living Wage.

The estimates of hourly pay in Greater Manchester presented above show that resident based wage levels vary significantly across the sub-region. It is also clear that low wages are a particular problem in part time working; posts that are more commonly filled by female workers who seek to balance work with caring responsibilities. As a result of the patterns presented above, it is recommended that a more universal approach to adopting a Living Wage is developed in Manchester. The wage should initially be rolled out across public sector agencies in Greater Manchester and promoted in the private sector by using public sector procurement practices and by developing best practice case studies of private sector employers that have adopted the Living Wage.

#### 4.2.3 Claims of Working and Child Tax Credits

Tax credits are means tested benefits provided to individuals that are in low income employment or are responsible for at least one child. Tax Credits are therefore designed to promote work by providing additional financial support for individuals and families that are in low paid employment and/or have caring responsibilities.

<sup>38</sup> Source: Annual Survey of Hours and Earnings, ONS (2011), CLES analysis. Figures may not sum due to rounding

### Working Tax Credits

To qualify for Working Tax Credits, you must generally be working at least 30 hours a week, be 25 or older, and be earning less than a relatively low wage. However, if you are disabled and work or have children you may be eligible for Working Tax Credit if you work at least 16 hours a week. Working Tax Credit also includes a childcare element that provides up to 80% of the cost of registered childcare (up to £175 per week for one child and £300 per week for two children).

### Child Tax Credits

To qualify for Child Tax Credits you must be aged over 16 and have responsibility for a child. Child Tax Credits are means tested and the level of benefit paid is dependent on the household income, which comprises two elements:

- the family element, which is paid to any family responsible for at least one child;
- the child element, which is paid for each child or young person in the family; the child element may be higher if a child has a disability.

### *The geography of Working Tax Credit claims in Greater Manchester*

Across Greater Manchester, a total of 307,500 families are in receipt of Tax Credits<sup>39</sup> meaning 502,300 children benefit from Tax Credit support. Eligibility for Tax Credits is complex as the benefits are means tested and gradually taper away as earnings rise. The following key trends are recorded in Tax Credit data for Greater Manchester:

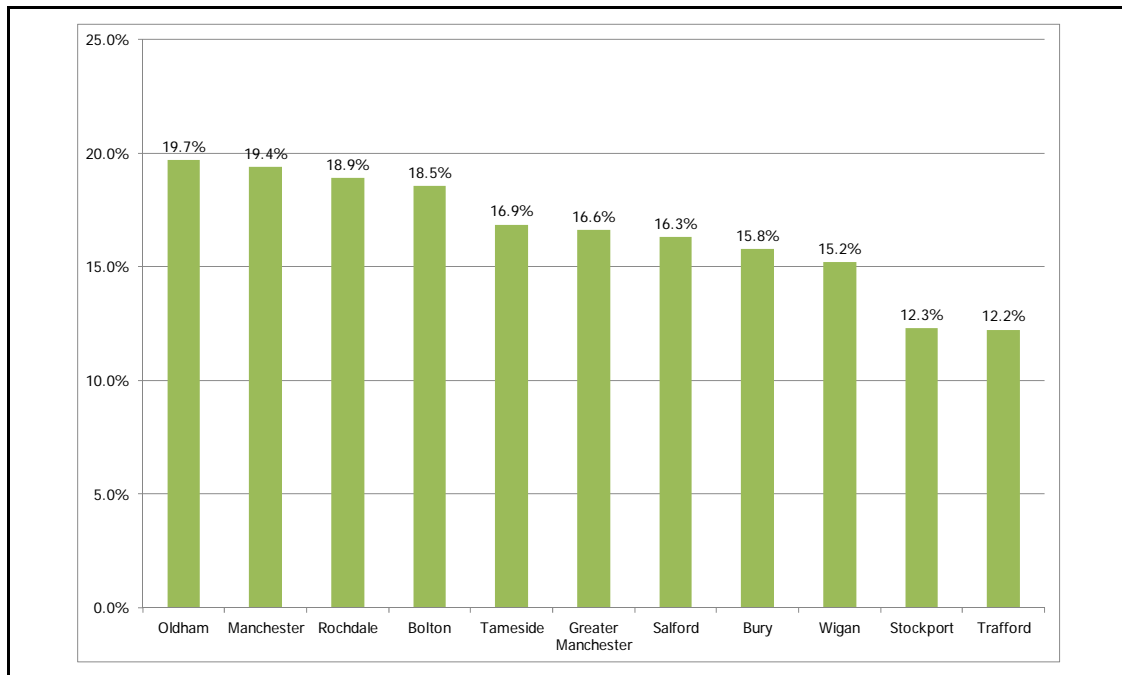
- just less than three quarters (74.9%) of Tax Credit claims are made by families, slightly lower than the regional and national averages (76.7% and 76.5% respectively). A fifth (20.2%) of claims in Greater Manchester are made by working lone parents, with the remaining claims being made by out of work families;
- across Greater Manchester, 28,000 claims (12.5%) by in work households are for Working Tax Credit only, providing an indication of the number and proportion of low income households that do not have children. This figure rises to 17% in Manchester and is lowest in Trafford (9%);
- 45% of families with children in Greater Manchester claim Working Tax Credit and Child Tax Credit (excluding the family element)<sup>40</sup>. This is the best indicator of low earning families with children; this rises to over half of children in Manchester (55.3%) and Oldham (50.9%).

Figure 13 shows the number of working age households claiming either Working Tax Credit or Child Tax Credit (excluding the family element). An estimated 16.6% of working households in Greater Manchester claim either Working Tax Credit or Child Tax Credit (excluding the family element); this rises to almost one in five working households in Manchester and Oldham.

The vast majority of in work benefit claims for working households provide support for households with children. Just 3.6% of working households claim Working Tax credit alone. Again, Manchester has the largest proportion of claims (4.6%) followed by Rochdale (4.0%).

<sup>39</sup> Source: HMRC, 2011

<sup>40</sup> Claims for the family element have been excluded to ensure only families with an estimated income of less than £44,000 are included in the analysis

**Figure 13: Estimated number of working households claiming Tax Credits (below the family element)<sup>41</sup>**

#### 4.2.4 Experiences of in work poverty in Greater Manchester

Testimonies and discussions with residents on low income as part of the Greater Manchester Poverty Commission have shown that many people in the sub-region are experiencing in work poverty. Low wage levels nationally are particularly concentrated in sectors such as hotels and restaurants; retail; and community services (e.g. caring). These echo the findings of studies conducted by the Joseph Rowntree Foundation, as they describe how wage levels and the minimum wage are not high enough to prevent some families experiencing poverty, despite working full time:

*'Two of the boys work. They struggle; they have kids of their own. They work all the hours god sends just to try to keep their heads above water. They barely survive.'*

*'We're also dealing with the NEST pension scheme: lots of people are saying that they'll opt out as they can't afford to put cash away. They've got kids that need to be fed and bills to pay now.'*

*'My daughter is on an apprentice wage of £2.60 an hour, for full-time work, with responsibilities. That is poverty.'*

*'We don't mind working. But it's not worth it. You lose your benefits, you have to pay childcare and you end up only about £18 a week better off.'*

Experiences of in work poverty are caused by a number of factors, such as the nature of the job, household composition and costs, and personal debt. Those in short term, intermittent work are especially prone to feeling financial strain<sup>42</sup>. Evidence submitted to the Greater Manchester Poverty Commission, from the Greater Manchester Pay and Employment Rights Advice Service (GMPERAS), supports this view. It found that it is not only low wages but poor employment contracts in general that is driving in work poverty<sup>43</sup>. Forced part time work, zero hour contracts and temporary employment means that individuals have to rely on Tax Credits and loans to survive.

The GMPERAS report states that many of their clients who are facing cuts to their wages or working hours are considering whether they would be any worse off if they chose to live on benefits instead. This highlights a common consideration for individuals in unstable or poorly paid employment, which

<sup>41</sup> Source; Tax and Child Credit claimant data, 2011. Rate of working households calculated using 2011 Census data as this is currently the most up-to-date figure available

<sup>42</sup> Source: Work, Poverty and Benefit Cycling. Joseph Rowntree Foundation, February 2010

<sup>43</sup> Submission to the Greater Manchester Poverty Commission, GMPERAS, July 2012

still attract the expense of travelling to work, childcare costs, and the need to buy work clothing and equipment.

The short case study below shows how easily an individual or whole family can fall into poverty without losing their job, but simply earning a lower salary. In this situation, many individuals face a choice between continuing to suffer in work poverty or deciding to give up work and suffer from out of work poverty instead.

### Case study

A family of five are struggling financially and on many occasions each month they have to rely on family members to provide them with food or money for gas and electricity. Two years ago, the father of the family was earning more than £26,000 a year which comfortably covered their expenditure. However, the couple then had their second and third children in quick succession and, at the same time, the father had to reapply for his job following a company takeover; he now earns £15,500 per year. The mother of the family is experiencing high levels of stress due to the financial situation which she feels has contributed to her suicidal thoughts, anxiety and panic. The family are struggling to pay for everyday necessities, and when one of the children had a stomach upset and more nappies were needed, this added an extra unexpected cost to the weekly budget.

Individuals or families surviving on low wages are facing particularly difficult times at the moment due to the continual increase in food and fuel prices. At the same time, recessionary impacts have led to many companies struggling to survive, meaning wage levels are stagnating and are not keeping pace with the cost of living. Evidence submitted to the Greater Manchester Poverty Commission by Unison North West<sup>44</sup> highlighted how in work poverty has become increasingly common during the recent recession:

*'I don't think there is much doubt that some of my workmates are living in poverty when they resort to substance abuse or pawn their wedding rings.'*

*'It's getting to the point where I just don't think we can afford to keep the car.'*

*'All we want is a decent wage so we can go to work, go out, go to the football, normal stuff.'*

*'I can't afford £7.40 for my prescription. So many people have to choose between different medications on their prescriptions and prioritise which one they need the most.'*

The quotes provided above highlight how individuals in paid employment have to make choices about which elements of their outgoings they can prioritise or cut. One of the quotes outlines how the individual is considering not running a car, a choice which in many instances would make accessing employment more difficult. Another quote highlights the choices individuals are making in terms of prioritising which prescription to buy, while many families can no longer afford any leisure time, something which is likely to have negative impacts upon mental health and wellbeing via increased stress and a lack of a release mechanism from the pressures of day-to-day life.

The vast majority of employees in Greater Manchester (75.8%)<sup>45</sup> are employed in full time jobs; however this figure has fallen from 79% in 2000. The findings from research commissioned by Unison North West highlights how work practices are deteriorating, in terms of the security they offer and how they act to prevent in work poverty. This is particularly the case for individuals that have caring responsibilities and where practices such as imposed rotas are adopted:

*'Now if someone is off sick everyone is just expected to cover. Not easy on a busy ward.'*

<sup>44</sup> Submission to the Greater Manchester Poverty Commission, Unison North West, September 2012

<sup>45</sup> Source: Annual Population Survey, 2012

Other employees spoke about how they are just surviving on a working wage and how the impact of the recession is leading to a reduction in working hours for many. This reduction is being exasperated by the current rise in living costs which is placing additional strain on household budgets. The quotes below highlight how many working individuals are struggling to survive financially as living costs rise. At this point, any change in personal circumstances, reduction in income levels, further increases in living costs, or an event that incurs considerable expense, become difficult to manage:

*'I also want to mention that I know many people who are being paid below the National Minimum Wage – at £6 per hour.'*

*'The majority of people who work for us are single parents. They told us that if they lose 4% they'll be better off staying at home on benefits.'*

*'I know a number of women who do cleaning whose hours have been cut from 30 to 20 per week as employers make economies.'*

### 4.3 Child poverty

Child poverty is clearly linked to the social and economic circumstances of their parents or carers. There is significant evidence from national and international research that poverty is closely linked to poor attainment, low aspirations, and negative health outcomes amongst children and young people<sup>46</sup>. Young people experiencing such factors are in turn more likely to experience poverty and disadvantage in later life.

Research findings highlighted by Save the Children provide a stark reminder of the impact of child poverty from a very early age (e.g. child poverty has a dramatic effect upon life expectancy at birth, the prevalence of low birth weight babies, and chronic diseases in later life). A child's development and educational attainment are also affected with slower development in early years and educational attainment at school leaving age.

#### 4.3.1 The scale of child poverty nationally

The importance of child poverty as a policy issue is highlighted by the previous Government's first Child Poverty Strategy<sup>47</sup> and the introduction of the 2010 Child Poverty Act. The Act seeks to eradicate child poverty by 2020 based on four key targets that focus upon the proportion of children living in households with:

- ❑ relative low income (this measures whether the incomes of the poorest families are keeping pace with the growth of incomes in the economy as a whole) – the target is less than 10%; 2.8 million children (22%) were in relative income poverty in 2008/09;
- ❑ combined low income and material deprivation (this is a wider measure of living standards) – the target is less than 5%; 2.2 million children (17%) were in both low income and material deprivation in 2008/09;
- ❑ absolute low income (this measures whether the poorest families are seeing their income rise in real terms) – the target is less than 5%; absolute poverty affected 1.6 million children (12%) in 2008/09;
- ❑ persistent poverty (this is defined by the Act as living in relative poverty for at least three of the last four years) – the target is to be set in regulations by 2015; approximately 12% of children lived in persistent low income between 2005 and 2008.

The Child Poverty Strategy has outlined a number of principles designed to meet the targets outlined above that provide a stronger focus upon:

- ❑ ensuring that families who are in work are supported to work themselves out of poverty;
- ❑ improving children's future life chances by intervening early to improve the development and attainment of disadvantaged children;
- ❑ delivering services as close to the family as possible, by empowering local partners and ensuring that local diversity can be recognised.

<sup>46</sup> Monitoring poverty and social exclusion, 2011, JRF

<sup>47</sup> A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives. DWP and DfE, April 2011



### 4.3.2 The scale of child poverty in Greater Manchester<sup>48</sup>

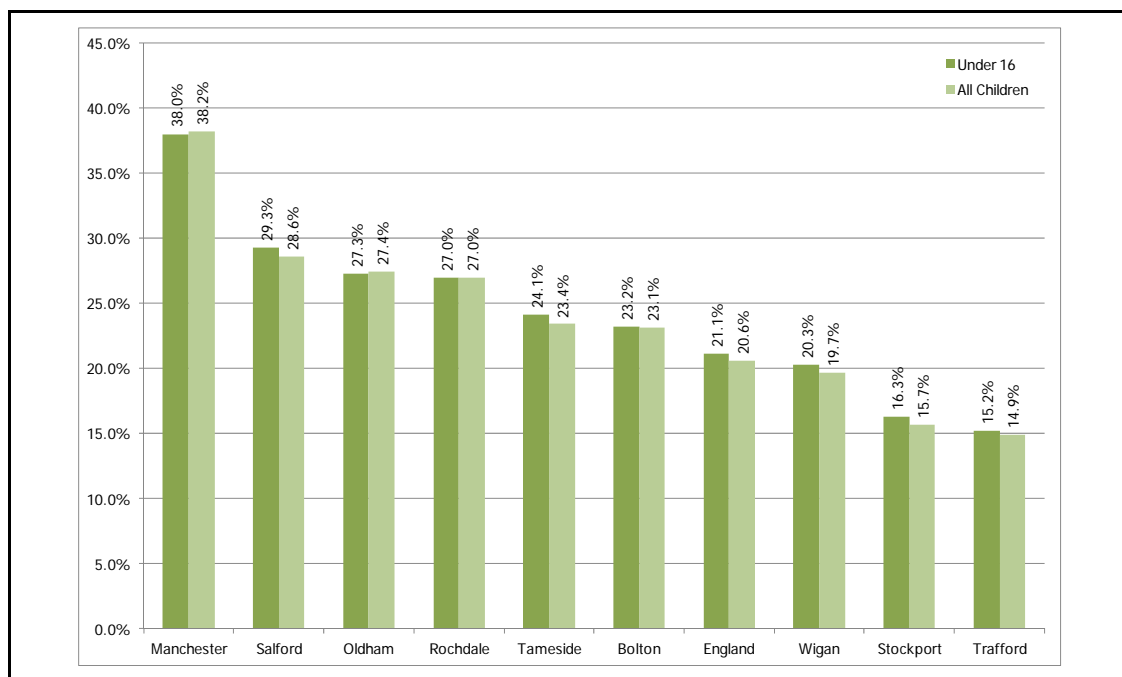
Given the high levels of deprivation and worklessness in Greater Manchester, it is unsurprising that the scale of child poverty in the sub-region is of concern. Data outlining the scale of child poverty is published by HMRC using the following definition:

#### Defining the local child poverty measure

The number of children living in families in receipt of out of work benefits or tax credits where their reported income is less than 60% median income, as a proportion of children in the area.

Figure 14 highlights the scale of child poverty in each of Greater Manchester's ten local authority districts. Across England, just over a fifth of children (21.1% of under 16's and 20.6% of all children) are classified as living in poverty – where the family income is less than 60% median income.

**Figure 14: Child poverty in Greater Manchester, 2010<sup>49</sup>**



- ❑ Six of the ten Greater Manchester districts have higher levels of child poverty than the England average.
- ❑ The rates peak in Manchester when approaching four in ten children are living in families with less than 60% median income levels. This means that Manchester has the third highest level of child poverty out of all the local authorities in England.
- ❑ More than a quarter of children in Salford, Oldham and Rochdale also live in poverty, meaning they are ranked 33<sup>rd</sup>, 38<sup>th</sup> and 41<sup>st</sup> out of 204 English local authorities.
- ❑ Data published by Save the Children highlighted the levels of severe child poverty<sup>50</sup> figures for all top tier local authority areas in Great Britain. Manchester had the highest levels of severe child poverty of all English local authorities.

<sup>48</sup> Source: HMRC Child poverty statistics - [http://www.hmrc.gov.uk/stats/personal-tax-credits/child\\_poverty.htm](http://www.hmrc.gov.uk/stats/personal-tax-credits/child_poverty.htm)

<sup>49</sup> Source: HMRC, 2010

<sup>50</sup> Severe child poverty is defined as: a household with an income of below 50% of the median (after housing costs), and where both adults and children lack at least one basic necessity, and either adults or children or both groups lack at least two basic necessities

**Table 16: Estimates of severe child poverty in Greater Manchester, 2011<sup>51</sup>**

	National rank (out of 204 areas)	Regional (North West) rank (out of 23 areas)	Greater Manchester rank	No. children in severe poverty (rounded total)	Rounded percentage of children in poverty
Manchester	1	1	1	25,000	27%
Salford	26	6	2	8,000	20%
Oldham	31	7	3	9,000	19%
Rochdale	41	8	4	8,000	18%
Bolton	55	11	5	8,000	17%
Tameside	58	12	6	7,000	17%
Wigan	79	14	7	9,000	15%
Bury	83	15	8	5,000	15%
Stockport	114	18	9	7,000	14%
Trafford	135	22	10	5,000	12%

At ward level, over half of children are living in relative poverty in the following four wards. Three of these wards are in Manchester and one in Salford. Moss Side has the 12<sup>th</sup> highest level of child deprivation out of more than 7,600 wards across England.

**Table 17: Wards with child poverty rates of over 50%<sup>52</sup>**

	Under 16	All children
Moss Side (Manchester)	54.1%	54.1%
Irwell Riverside (Salford)	53.1%	51.3%
Ancoats and Clayton (Manchester)	51.0%	50.6%
Hulme (Manchester)	49.9%	50.1%

- ❑ Across the whole of Greater Manchester, 99 out of 215 wards (41.4%) have at least one in three children living in relative poverty.
- ❑ Over half of the sub-region wards (54.9%) have at least one in five children living in poverty.

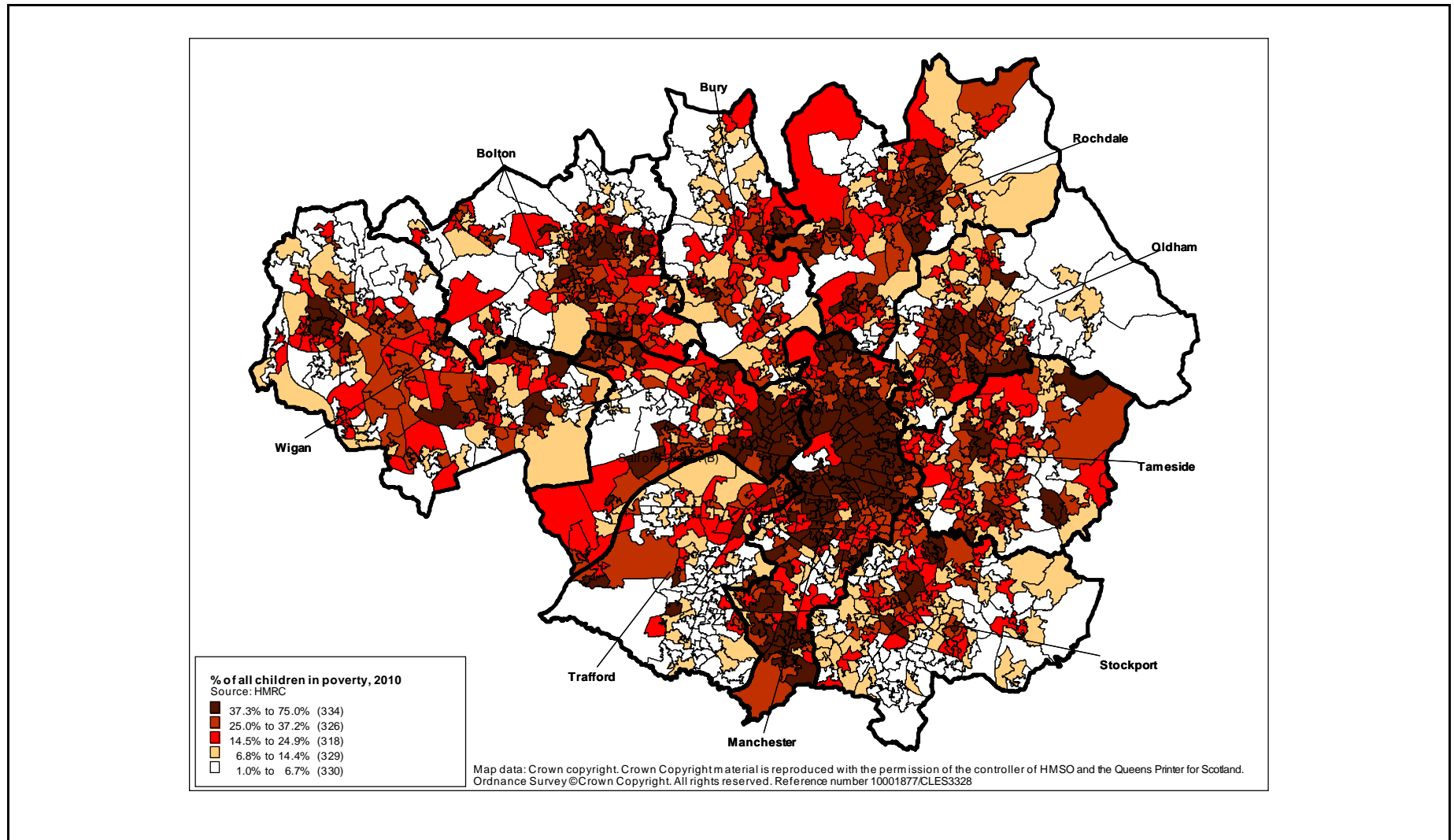
Small area concentrations of child poverty are presented in Figure 15 which shows high concentrations of poverty in:

- ❑ Central (Manchester) – 75.0% and 62.5%;
- ❑ Blackfriars (Salford) – 66.9%;
- ❑ Pendleton (Salford) – 63.4% and 63.2%;
- ❑ Langworthy (Salford) – 62.6%;
- ❑ Hulme (Manchester) – 61.8%.

<sup>51</sup> Source: Save the Children, 2011

<sup>52</sup> Source: HMRC, 2010

**Figure 15: Percentage of children experiencing poverty, 2010<sup>53</sup>**



<sup>53</sup> Source: HMRC, 2010

The highest and lowest rates of child poverty in each district of Greater Manchester are presented in Table 18, which shows severe pockets of child deprivation in each local authority area. All districts, with the exception of Bury, have a ward where over a third of children live in relative poverty. There is also a stark disparity between the areas with the highest and lowest concentrations of child poverty. Wards with the smallest concentration of child poverty often have less than 5% of children living in relative poverty, although all wards in Tameside have more than 10% of children in poverty.

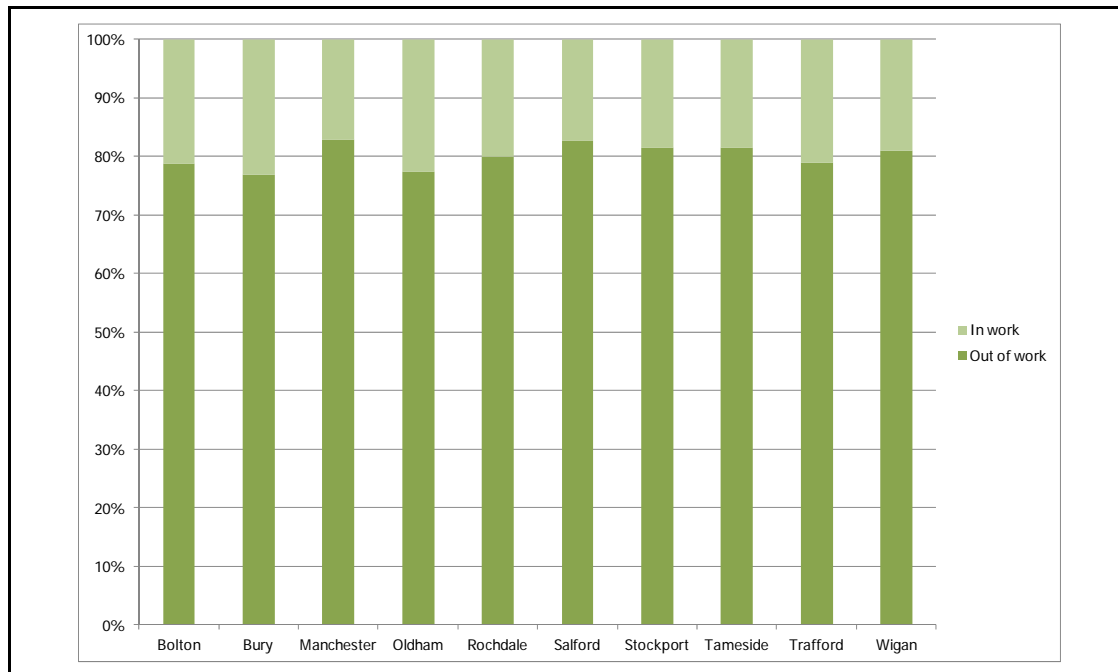
**Table 18: The highest and lowest concentrations of child poverty (all children) in Greater Manchester districts, 2010**

District	Area	% of all children
Bolton	Farnworth	36.4%
	Bromley Cross	5.3%
Bury	East	29.3%
	Tottington	5.7%
Manchester	Moss Side	54.1%
	Didsbury West	8.8%
Oldham	Coldhurst	47.2%
	Saddleworth South	4.2%
Rochdale	Central Rochdale	41.1%
	Norden	5.0%
Salford	Irwell Riverside	51.3%
	Worsley	2.8%
Stockport	Brinnington and Central	43.3%
	Bramhall South	2.7%
Tameside	St Peter's	34.4%
	Denton West	10.3%
Trafford	Bucklow St Martins	36.9%
	Timperley	2.5%
Wigan	Ince	35.1%
	Winstanley	4.1%

#### 4.3.3 In and out of work poverty amongst families with children

Nationally, 60% of children experiencing poverty live in working households. Similar data is not produced locally and the best estimates available point towards the family unit as opposed to the household<sup>54</sup>. It should be noted that this dataset shows much lower rates of in work poverty than the national figures generated from the 'households below average income' dataset.

<sup>54</sup> The family does not include, for example, non-dependent children. A family living in the same household as one or more non-dependents will have higher income needs for their whole household than just for the 'family', and if the non-dependents are not working, this can mean that the household income does not reach 60% median, adjusted for household size, even though the family income is enough to reach this threshold adjusted for family size only

**Figure 16: In and out of work poverty, 2010<sup>55</sup>**

The vast majority of children experiencing poverty (80.7%) are living in out of work families, slightly above the national average of 79.7%; this means that one in five children experiencing relative poverty lives with a working family. The highest proportion of children experiencing in work poverty reside in Bury (23.2%) and Oldham (22.6%), while out of work poverty amongst children peaks in Manchester (82.8%) and Salford (82.6%). Again, these figures highlight the need for a drive to reduce worklessness and increase wage levels if poverty is to be tackled across Greater Manchester.

#### 4.4 Pensioner poverty

The scale of poverty amongst older residents is highlighted nationally by data released by the Department for Work and Pensions<sup>56</sup>. As outlined in Section 4 of this report, single pensioner households are the second most common to be within the bottom quintile of household incomes behind single parent households. Low levels of income are also common amongst pensioner couple households, with one in five having an income level within the bottom quintile nationally.

Indicators of pensioner poverty at a more local level typically focus upon claims for the guaranteed element of Pension Credit. The guaranteed element tops up a pensioners weekly income to a minimum amount, typically £142.70 a week for a single pensioner and £217.90 for pensioner couples. The scale and trend of claims for Pension Credit across Greater Manchester are outlined in Table 19.

<sup>55</sup> Source: HMRC, 2010

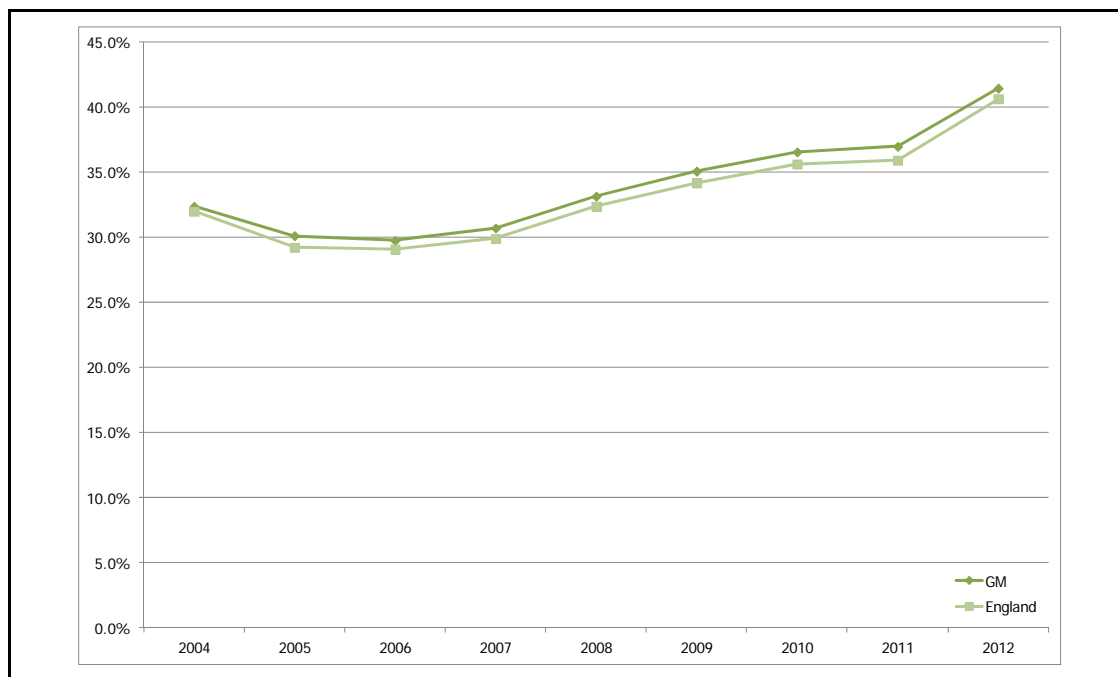
<sup>56</sup> Source: Households Below Average Income dataset

**Table 19: Number of claims for the guaranteed element of Pension Credit<sup>57</sup>**

	Male	Female	Total	% of all pensions
Bolton	2,450	3,140	5,600	39.9%
Bury	1,240	1,820	3,060	38.7%
Manchester	5,830	7,470	13,300	53.2%
Oldham	1,820	2,620	4,440	40.8%
Rochdale	1,960	2,650	4,600	42.2%
Salford	2,160	2,970	5,130	39.7%
Stockport	1,780	2,680	4,460	38.4%
Tameside	1,770	2,510	4,280	38.0%
Trafford	1,300	1,980	3,280	40.5%
Wigan	2,050	3,110	5,160	32.3%
Greater Manchester	22,360	30,950	53,310	41.5%
England	366,050	526,740	892,790	40.6%

Table 19 shows the number of claims for the guaranteed element of Pension Credit across Greater Manchester:

- across Greater Manchester, just over 53,300 claims for the guaranteed element of Pension Credit were made, accounting for 41.5% of all pensions in the sub-region; this proportion is slightly higher than the national average of 40.6%;
- claims for Pension Credit are highest (as a proportion of all pensions) in Manchester where over half of claims are for the guaranteed element only. Oldham and Rochdale are the only two other boroughs in the sub-region that have a higher proportion of pensions than the national average.

**Figure 17: % of pension claims for the guaranteed element only, 2004-12<sup>58</sup>**

<sup>57</sup> Source: DWP via NOMIS, February 2012

<sup>58</sup> Source: DWP via NOMIS, 2012

The trend in the proportion of claims for the guaranteed element of Pension Credit (Figure 17) shows there has been a steady increase in claims since 2006, increasing from 29.8% in 2006 to 41.5% in 2012. Small area trends in the proportion of the guaranteed element of Pension Credit show the highest concentrations of claims are found in small areas located within the following wards<sup>59</sup>:

- ❑ Central (Manchester) – 86.2%;
- ❑ Coldhurst (Oldham) – 85.7%;
- ❑ St Mary's (Oldham) – 84.2%;
- ❑ Smallbridge and Wardleworth (Rochdale) – 81.8%;
- ❑ Fallowfield (Manchester) – 80.0%;
- ❑ St Pauls (Oldham) – 80.0%;
- ❑ Werneth (Oldham) – 80.0%.

Pensioner poverty is a particular problem due to the often limited means that retired residents have of raising their income levels. The case study below highlights some of the impacts of pensioner poverty, such as being unable to afford a healthy and balanced diet, and the high prevalence of fuel poverty amongst elderly residents as fuel prices continue to increase.

#### Case study – Linda<sup>60</sup>

Linda lives off her state pension. She didn't have a pension with Rochdale Council and had to cash in her life insurance policies due to personal circumstances, leaving her with no other source of income. Beyond her family she has no other support; and since there are so many people in financial difficulty, she doesn't see how the voluntary sector can really help her.

Linda finds surviving on a basic state pension frightening. If anything goes wrong, she still has to live within her weekly budget. Although she has an overdraft, she doesn't want to use it because it takes so long for her to pay it back. When her cooker broke, it cost £95 to fix and so she could only eat eggs, soup and bread for the rest of the week. Normally, she eats eggs four times a week; she can afford to eat but can't buy new shoes. She has no money to spare.

Having very little money is taking away her dignity and causing Linda to isolate herself. If she goes out with her family, they pay for everything but this makes her feel ashamed. Sometimes her pride stops her from taking part in family gatherings because she can't afford to pay. She feels sad because she can't afford to buy her family presents at Christmas. She knows others are worse off and feels like a fraud to say she lives in poverty but then there are times when she can't afford to eat properly.

As a pensioner, Linda knows that her situation is unlikely to improve. She used to have a good life with her family but knew that she would become poor when she retired. She says she's grateful for state help and doesn't expect anything more, even though she's paid national insurance all her life. Although Linda is coming to terms with her situation, she says an extra £50 a week would make a vast difference to her quality of life. It still doesn't seem right to her that she's now so poor that she can only eat eggs and has to think about surviving from week to week.

The case study above resonates with the findings of a study assessing the impact of low income and poverty in Oldham<sup>61</sup> which found that, in many cases, the impact of poverty amongst older people is similar to working age residents – impacts upon the affordability of fuel and food, and negative health and wellbeing outcomes. However, a further impact for older residents is that social isolation becomes compounded as leisure spending is reduced.

<sup>59</sup> It should be noted that areas with less than 10 claimants have been excluded from this analysis

<sup>60</sup> Pseudonym

<sup>61</sup> Source: From causes to solutions. Low income, poverty and worklessness in Oldham, CLES, 2009

The study in Oldham also found that particular housing worries were also a concern for older people living on low incomes, particularly amongst owner occupiers. Fears about struggling to maintain their properties and having to move home as their mobility reduced were particular concerns, acting to increase the vulnerability or isolation of older people.

Finally, increasing moves of public services to online modes of delivery or access has a more severe effect on older people than other age groups given the lack of internet access amongst older population groups, which has the effect of adding another dimension to the isolation felt by many older residents.



## 5 THE CAUSES AND CONSEQUENCES OF POVERTY

This section of the evidence report assesses the causes and consequences of poverty, focusing upon the key issues emerging from the evidence submitted to the Greater Manchester Poverty Commission<sup>62</sup>. Wherever possible, data has been presented that outlines the scale of the cause or consequence and the impact upon individuals experiencing disadvantage.

The personal testimonies submitted to the Greater Manchester Poverty Commission provide a rich narrative on the causes of poverty at an individual level. These include experiencing life events that mean household incomes fall, such as changes to wages or benefit levels caused by relationship breakdown, ill health or taking on additional caring responsibilities. The key causes and consequences of poverty emerging from the Greater Manchester Poverty Commission relate to issues of low pay, debt, fuel and food poverty, digital exclusion and access to public transport. Poor health and well-being was also a significant factor and one that cut across all the other causes and consequences of poverty resulting in poor mental and physical health, difficulty participating in society and accessing health services.

Levels of debt and the scale of short term lending in the UK have risen dramatically in recent years, with a rise in high street lending outlets and increases in mortgage and landlord possession claims. This study has found that debt and poor health are closely linked and often cyclical in nature. The causes of debt are wide ranging and often personal in nature but rises in unemployment, stagnant wage levels and increased costs of living are all playing their part. Similar factors are also leading to an increase in fuel and food poverty, with reports of increasing demand being placed upon food banks.

Poverty has further impacts in terms of access and affordability of internet access. This is particularly important given the continued shift of services to online methods of delivery such as the introduction of Universal Credit as a 'digital by default' benefit payment. Such moves are placing increased importance upon internet access for individuals living on low incomes.

Finally, transport and accessibility issues were raised via the personal testimonies provided to the Greater Manchester Poverty Commission, related to the cost and frequency of public transport to shops, public service providers and employment. Such factors were found to reinforce food poverty and a deprivation of employment, although there is also a need to broaden travel horizons in disadvantaged areas.

### 5.1 Debt and informal lending routes

An inevitable consequence of people experiencing poverty is that they look for other sources of finance to pay bills, rent and daily essentials. This includes using credit cards, short term high interest loans (payday loans, doorstep lending and loan sharks), informal lending or credit unions.

Payday loans are usually small loans of between £100 and £1,500, which are taken out to bridge the gap until the borrower's next payday. Payday loans are usually for a few weeks or months and have a very high interest rate. The high rates charged by payday loan companies is the focus of the Government's attention by giving the new financial regulator – the Financial Conduct Authority (FCA) – the power to cap the interest rates charged by payday lenders.

Doorstep loans, like payday loans, are generally taken out by people on a low income and may offer more flexible terms than other lenders. Other forms of alternative finance include using pawnbrokers and informal lending. Informal, unregulated lending schemes may be most common among ethnic minority communities<sup>63</sup>.

#### 5.1.1 The scale of debt and informal lending in the UK

A number of sources of evidence suggest debt and informal lending routes are becoming more of a problem in the UK:

<sup>62</sup> It should be noted that the causes and consequences are not presented in order of their priority of scale across Greater Manchester

<sup>63</sup> <http://www.guardian.co.uk/money/2012/oct/02/minority-communities-financial-support>

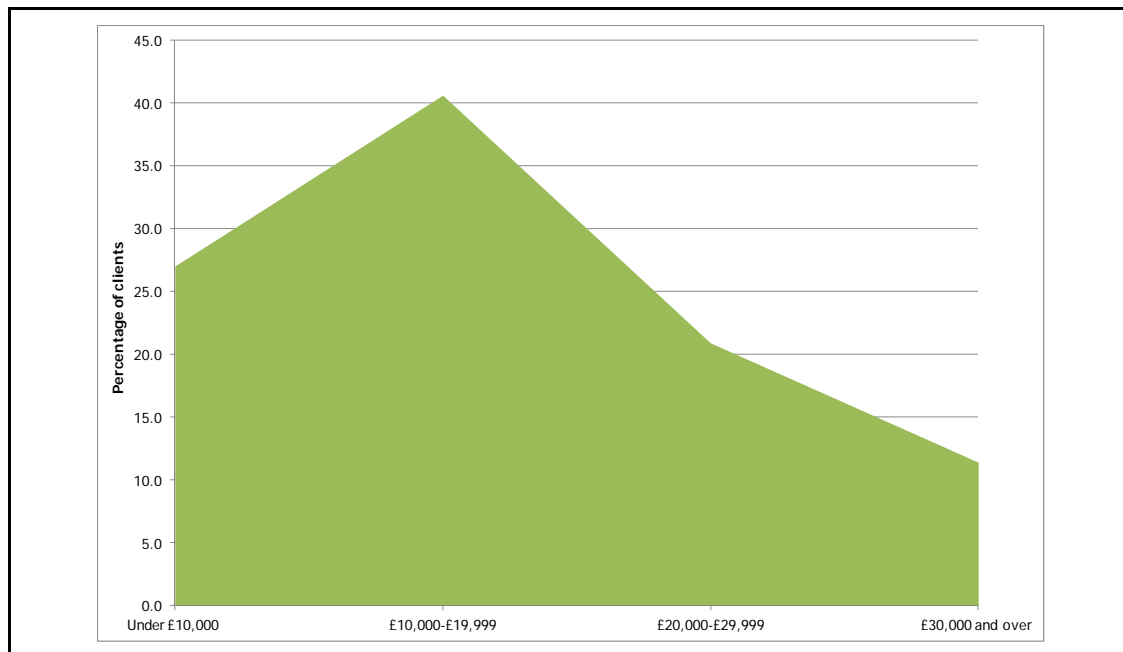
- ❑ over the past ten years, personal debt in the UK has doubled to £1.6 trillion and is set to rise to £2.1 trillion by 2015, with the average household debt rising to £84,365<sup>64</sup>;
- ❑ according to Consumer Focus, the number of people taking out a payday loan has increased from around 0.3 million in 2006 to 1.9 million in 2010<sup>65</sup>;
- ❑ research by the Consumer Credit Card Counselling Service (CCCS)<sup>66</sup> demonstrates that payday loans are an increasingly common source of credit used by people contacting CCCS for help. Since January 2009, there has been a six fold increase in the number of people seeking payday loan advice, to 1,500 people a month;
- ❑ CCCS' average client owes payday lenders £1,267, four and a half times the average loan size of approximately £275, and had an average of 2.3 debts to payday loan companies as well as credit card debt and overdraft facilities.

### 5.1.2 Users of informal lending routes

Gaining an accurate picture of the demographic groups using informal lending routes and experiencing indebtedness is difficult at both a local and national level. Indications of the most vulnerable groups are provided by the profile of individuals that seek help with debt problems, with past research pointing to the following trends:

- ❑ the CCCS report found that over indebtedness is prevalent among those with low incomes (see Figure 18), and is often caused by unemployment rather than irresponsible spending;
- ❑ people that have payday loans are most likely to be single, male and under the age of 25; 42% of CCCS clients aged under 25 were unemployed. However, debt is a particular problem for women as a result of divorce or separation;
- ❑ older age groups appear to be struggling increasingly with debt problems. Since 2009, the number of people aged over 60 who were counselled by CCCS has increased by 15%. Single parents are also disproportionately struggling with debt problems.

**Figure 18: Profile of clients seeking support from the Consumer Credit Card Counselling Service<sup>67</sup>**



<sup>64</sup> The Smith Institute 'A Nation Living on the Never-Nevers: policy solutions to reduce Britain's debt mountain' (2011)

<sup>65</sup> Business Industry and Skills Committee (2012) Report on Debt Management, para 33

<sup>66</sup> Consumer Credit Counselling Service, 2012, CSSS Statistical Yearbook 2011

<sup>67</sup> ibid

Research by Which? and Unite point to payday loans and informal lending routes being used to support day-to-day living costs as opposed to one off purchases. This suggests that low income households are taking out short term credit to cover the cost of everyday expenses:

- ❑ 60% of people who took out a payday loan used it to pay bills or buy essential items, such as food, nappies or petrol<sup>68</sup>;
- ❑ a survey of Unite members' use of payday loans<sup>69</sup> found that between April 2011 and February 2012, members were experiencing a significant drop in their wages and were borrowing on average £200 a month. Almost 40% of this money was borrowed to pay for food and housing costs.

These findings highlight the growing use of payday loans to cover basic living costs and suggest many residents are trying to survive with unsustainable costs given their current circumstances. At the same time, lending rates are increasing and debt problems are exasperated by hidden lending costs such as incurring high fees for reminders. These lending practices then lead to a cycle of loan dependency. Which? found that 45% of payday loans had rolled over at least once, while a third experienced greater financial hardship as a result of taking out their loan.

### 5.1.3 Debt and payday loans in Greater Manchester

As stated above, there is very little data available at a local level relating to the uptake of payday loans and informal lending routes; however information that points to wider issues of debt and housing repossession is available for local authority areas. Using data from the Centre for Responsible Credit<sup>70</sup>, Figure 19 shows that in 2011 the highest number of mortgage possession claims per 1,000 households was in the North West at 4 per every 1,000 households.

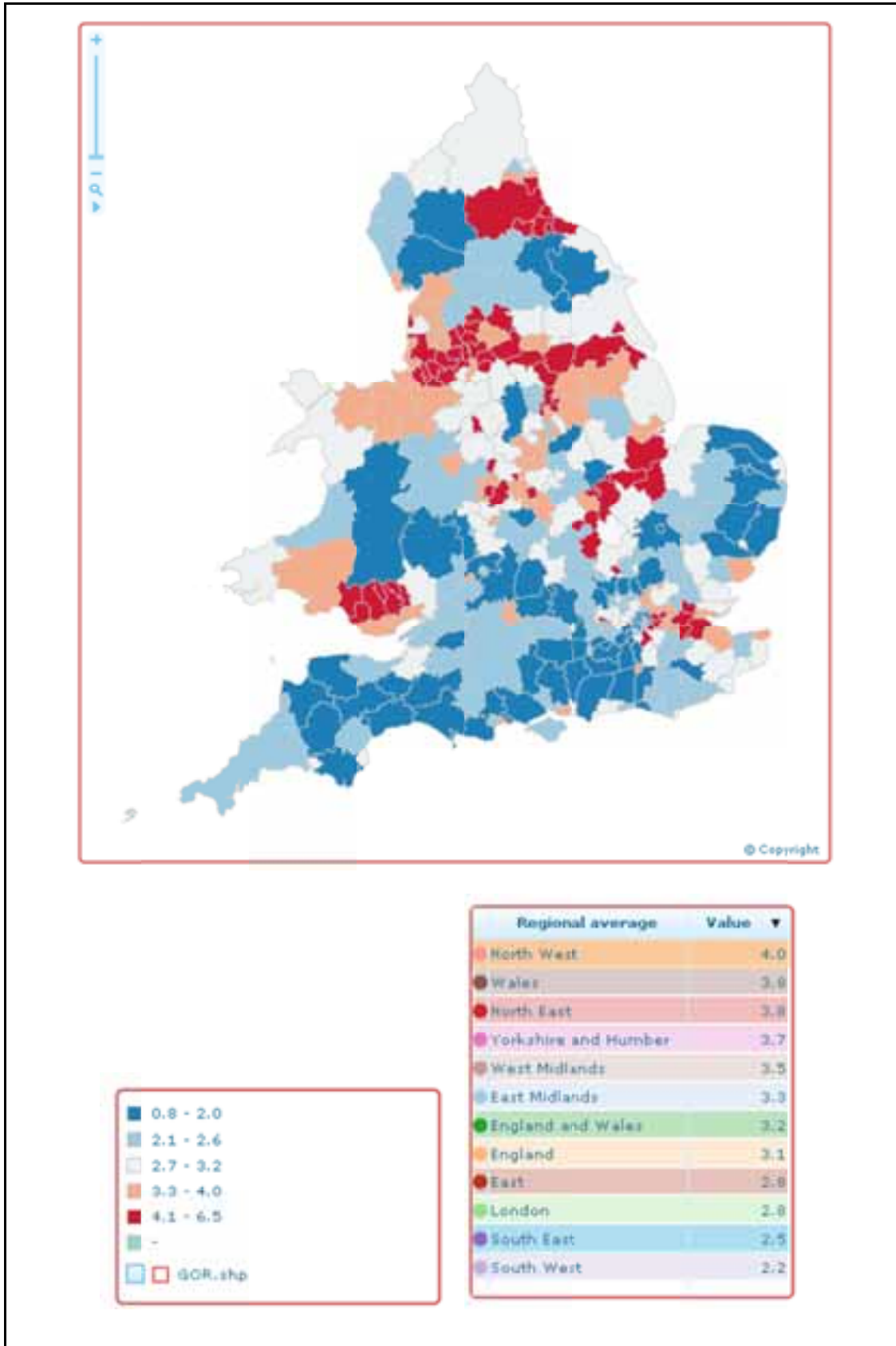
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<sup>68</sup> <http://www.which.co.uk/news/2012/05/new-which-research-exposes-payday-loan-failings-286258/>

<sup>69</sup> [http://www.unitetheunion.org/news\\_events/latest\\_news/unite\\_warns\\_wonga\\_week\\_a\\_month.aspx](http://www.unitetheunion.org/news_events/latest_news/unite_warns_wonga_week_a_month.aspx)

<sup>70</sup> <http://stats.cesi.org.uk/CfRCAtlas4/atlas.html>, accessed 19/10/12

**Figure 19: Number of mortgage possession claims per 1,000 households (2011)**



Based on data from the Ministry of Justice<sup>71</sup>, Table 20 shows that in 2011, across Greater Manchester, the borough with the highest number of mortgage possessions per 1,000 households was Rochdale with a figure of 5.4, and that seven of the ten Greater Manchester boroughs have rates which are higher than the North West average (4.3).

**Table 20: Number and rate of mortgage and landlord possession claims (2011)**

	Mortgage possession claims, 2011		Landlord possession claims, 2011	
	Number	Claims per 1,000 households	Number	Claims per 1,000 households
<b>Greater Manchester</b>	<b>4,690</b>	<b>4.3</b>	<b>8,290</b>	<b>7.5</b>
Bolton	500	4.5	655	5.9
Bury	380	5.0	370	4.9
Manchester	765	3.8	2,830	14.0
Oldham	410	4.6	610	6.9
Rochdale	450	5.4	610	7.3
Salford	480	4.9	920	9.9
Stockport	380	3.1	845	6.9
Tameside	425	4.6	660	7.7
Trafford	280	3.0	385	4.1
Wigan	610	4.7	405	3.1

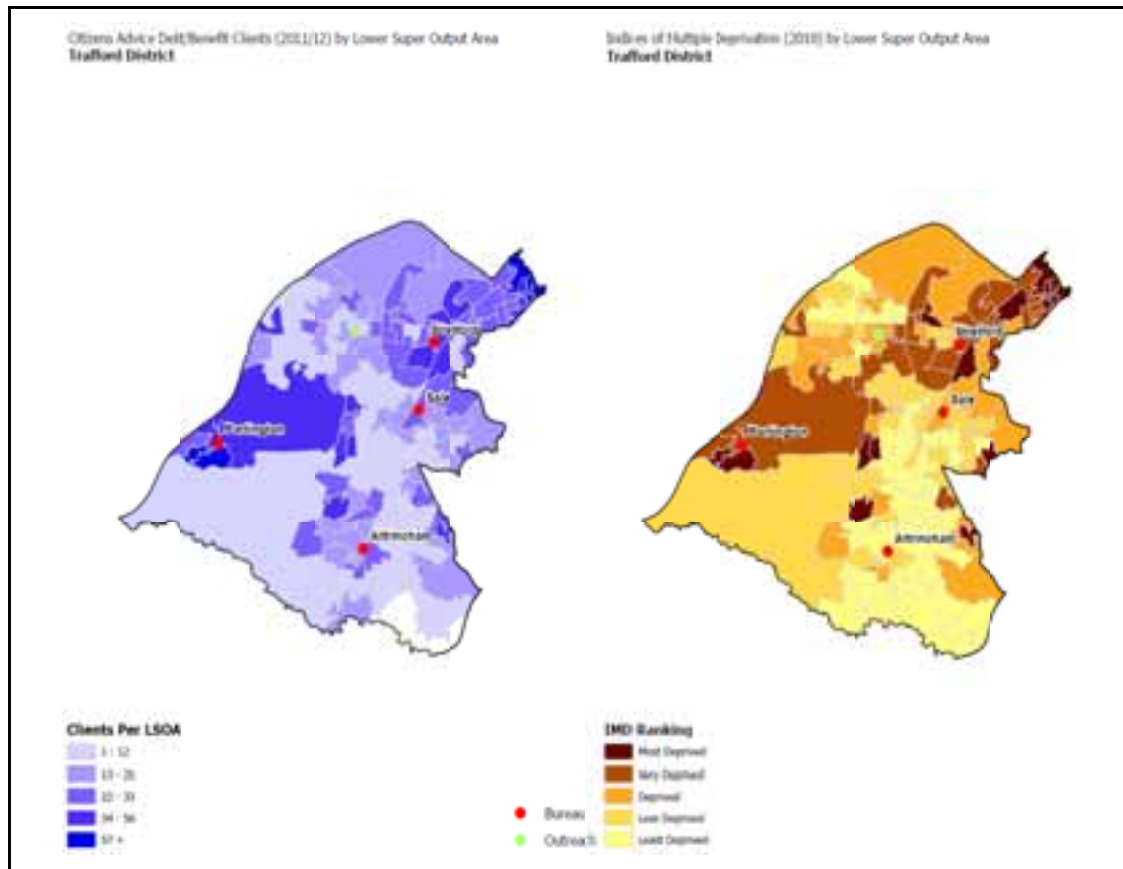
Landlord possession claims in Greater Manchester affect a larger number of people than mortgage possession claims (8,290 people in total), a rate of 7.5 households per 1,000. By far, the highest number and rate of landlord possessions is in Manchester, which is more than double the North West average of 5.9 claims per 1,000. A total of 6.3 claims per 1,000 households are made across England, meaning just Bolton, Bury, Trafford and Wigan have rates below the national average.

The high level of mortgage and landlord possession claims in Greater Manchester coincides with evidence submitted to the Greater Manchester Poverty Commission, particularly from the community legal advice sector that points to an increasing number of residents struggling with debt. The scale of debt across the borough is reflected in the demand for legal advice by the Citizens Advice Bureau. Between 2011 and 2012, the Citizens Advice Bureau advised a total of 60,836 clients living in Greater Manchester about money related matters concerning debt and/or benefits, of which 22,792 were recorded as disabled and/or aged sixty or over.

Evidence from Trafford Citizens Advice Bureau shows a similar trend, having advised 1,232 about debt matters in 2011/12, accounting for 33% of the total number of clients seen over the year. Their specialist service deals with more complex debt issues and has dealt with £3,604,101 in 2011/12. The average level of debt was £11,894 per client and the average individual debt was £2,463. According to the Bureau, the clients they advise have a huge range in their level of debt, from hundreds, to tens of thousands of pounds.

Figure 20 shows the areas where the Bureau's clients live and how this coincides with the areas of Trafford with the highest levels of deprivation. Unsurprisingly, this indicates that there is a strong link between low income and debt problems.

<sup>71</sup> <http://www.justice.gov.uk/statistics/civil-justice/mortgage-possession>

**Figure 20: Debt/benefit claims and multiple deprivation in Trafford**

The findings from Trafford Citizens Advice Bureau are mirrored by that of Bolton Citizens Advice Bureau. The following are examples of the range of debt problems which the Bolton Bureau addresses in a typical day. Debt problems appear to affect all groups of people, both in work and out of work, with many of the loans having been taken out to cover daily living expenses:

- ❑ lone father with child aged two is working but for low pay. He has been topping up his earnings by taking out loans. He has been struggling to pay these back and is now facing bankruptcy;
- ❑ mother with five children under the age of 10. Recently separated from her abusive partner. Has a number of debts and is being harassed by creditors. One firm of bailiffs is using illegal and particularly aggressive tactics;
- ❑ young man who got involved with loan sharks when made to leave home aged seventeen. Has now reconciled with parents and moved back home. Is now facing excessive and unlawful charges for loans taken out which he is trying to pay;
- ❑ twenty six year old man is working but only earning £25 per week. Lives with elderly parents. Household is on the verge of serious debt. He wants to know if it is legal to pay him this much and how to manage his debts;
- ❑ sixty four year old man recently widowed is being pursued by creditors and is struggling to meet basic living costs. This is making him depressed. Is there anything anyone can do to help?;
- ❑ thirty nine year old father with two children (ages 9 and 6). Lost his job just before Christmas. Wife is very ill with intestinal failure. Being pursued for secure loan that was used to convert the loft to ensure there was enough space in the house for the children. Needs employment advice concerning dismissal, debts, benefits, and risk to house through arrears on secured loan.

Furthermore, a report into poverty in Oldham<sup>72</sup> found that people on low income and people who were out of work took out high interest loans to temporarily ease their financial situation, to pay for another loan or fund activities that other people may not deem essential when in a tight financial situation. Participants who took out high interest loans felt they were in immediate financial need, usually as a result of needing to pay off another debt. In this situation, additional credit alleviated the immediate situation but had severe longer term consequences:

*'I have always been careful not to get into debt. We have saved a bit but it is getting less and less. Anything you need in a crisis, it is getting scary because the money is disappearing. We used to have a few hundred put by. Not now.'*

*'People are not getting crisis loans and are having to appeal; they are living on nothing, they have no access to credit and they are forced to go to loan sharks.'*

A report by Panorama in October 2012 highlighted the downward spiral of debt of high interest loans. It also showed how the income of the doorstep loan agents is dependent on collecting repayments and on selling further loans to existing customers. There were clear signs that people who were targeted for doorstep loans were often vulnerable and had numerous high interest loans to pay off.

Many of the organisations which provided submissions for the Greater Manchester Poverty Commission commented that they expected debt problems to increase when the Social Fund is reformed in March 2013. The figures presented here underline the importance of debt advice services in helping people to overcome situations of bad debt.

#### 5.1.4 Debt and poor health

Bad debt is more than just a financial problem and often leads to breakdowns in personal relationships and poor health outcomes. Being in debt can particularly cause mental health problems through the stress caused from being unable to meet monthly payments for bills and food. The link between debt and poor mental health is highlighted by the following research findings:

- ❑ one in four people with a mental health problem are in debt<sup>73</sup>;
- ❑ one in two people in debt have a mental health problem<sup>74</sup>;
- ❑ the CCCS<sup>75</sup> reported that up to 58% of people who contacted the charity for advice in 2012 were suffering from severe depression;
- ❑ 50% of individuals seeking debt advice from Trafford Citizens Advice Bureau suffered from mental ill health.

There is clearly a cycle of debt and poor mental health which affects individuals as they struggle to cope financially. Feedback from advice agencies and CLES' previous research in Oldham suggests that individuals tend to be reluctant to face their debt problems; leave letters and bills unopened; and avoid seeking advice or help. Such experiences were conveyed via personal testimonies at the Greater Manchester Poverty Commission and show that general day-to-day tasks, such as opening letters or fearing a knock on the door, become significant points of stress and anxiety when debt gets out of hand:

*'Creditors were bombarding me with letters. I could not interact with anybody and I hid away.'*

*'I got a CPN worker who opened the letters for me. I was physically ill from them.'*

*'They have the shopping vouchers with them, and the cash. You get into a vicious cycle. They make it sound so cheap and so easy. Then you read the small print and it's very different. They are knocking a lot, especially on our estate. Sometimes when they come to collect the money, and it's just before payday, you hide, and they are proper hammering on the door.'*

<sup>72</sup> CLES, 2009, From Causes to Solutions: Poverty, Income and Work in Oldham

<sup>73</sup> Jenkins, R, Bhugra, D, Bebbington, P, Brugha, T, Farrell, M, Coid, J, Fryers, T, Weich, S, Singleton, N and Meltzer, H 'Debt, Income and Mental Disorder in the General Population' in Psychological Medicine vol 38 (2008)

<sup>74</sup> Jenkins, R, Bhugra, D, Bebbington, P, Brugha, T, Farrell, M, Coid, J, Fryers, T, Singleton, N and Meltzer, H 'Mental Disorder in People with Debt in the General Population' in Journal of Public Health Medicine vol 6 (2009)

<sup>75</sup> Consumer Credit Counselling Service, 2012, CSSS Statistical Yearbook 2011

The process of trying to meet repayments from informal lending routes also leads to poor health outcomes, such as anxiety or depression. Debt collectors and doorstep lenders sometimes adopt practices that harass or intimidate debtors. A common response when seeking to meet repayments is to save money elsewhere by not paying a different bill, going without food, or eating a cheap, low nutrition diet which, again, leads to poor physical and mental health outcomes.<sup>76</sup>

### 5.1.5 Addressing debt issues in Greater Manchester

The Citizens Advice Bureau and other community legal advice services provide free legal access to residents suffering from debt and meeting repayments on loans. However, the community legal advice sector nationally is facing significant changes due to the reforms to Legal Aid, meaning the sector is likely to lose significant funding to tackle the most pressing cases. Similarly, other voluntary and community sector organisations offering advice are likely to face funding cuts as public funds are focused on crisis cases at the expense of services for early prevention. Despite the high demand for debt advice, organisations are likely to be less able to meet the demand thus people could face escalating debt problems as the system of legal advice moves to support only the most severe cases, such as those where an individual's life or home is at risk.

There are however a number of projects being instigated across the sub-region that seeks to tackle and offer an alternative to doorstep lending and payday loans (e.g. City West Housing Trust is currently considering joining the My Home Finance Scheme<sup>77</sup> as a means of helping people who need to borrow small amounts regularly to cover daily expenses). My Home Finance is a not-for-profit social enterprise which aims to offer affordable loans, money advice, bank accounts and linked savings accounts to people who cannot access credit or other financial services from mainstream sources. City West recognises that it is in its interest to ensure its tenants can access affordable credit and is looking to My Home Finance as a way of responding to the increasing numbers of people taking out short term high interest loans.

In Salford, Unite is backing a new credit union which will offer its members emergency loans<sup>78</sup>. Unite hopes to establish a UK wide network of credit unions based on this model to help people on low incomes access cheap credit and finance as an alternative to using payday loan companies. Unite intends to seek links with existing credit unions as well as establishing its own new credit unions. The Government has relaxed restrictions around credit unions so organisations, such as community groups and local authorities, can join.

The scale and increasing nature of personal debt and use of informal lending routes nationally suggests that action, both locally and nationally, is required. On a national level, lending practices should be regulated to address some of the practices and lending rates offered by payday loan or doorstep lenders. More locally, solutions similar to those being considered by City West in Salford should be adopted, with the aim of competing alongside established lending providers based upon more competitive lending rates.

## 5.2 Fuel poverty

The struggle to afford heating and living in fuel poverty are key issues that have emerged from the personal testimonies and documented submissions provided by residents to the Greater Manchester Poverty Commission.

A household is in fuel poverty if in order to maintain a satisfactory heating regime it needs to spend more than 10% of its income on all household fuel use, and is typically a product of three factors<sup>79</sup>:

- the energy efficiency of the house which determines how expensive it will be to heat;
- the cost of heating fuel;
- the household income, which determines how much a 10% spend on heating would be.

<sup>76</sup> Mind In the Red – Debt and Mental Health (2008); Fitch, C, Chaplin, R, Trend, C and Collard, S 'Debt and Mental Health: The Role of Psychiatrists' in Advances in Psychiatric Treatment vol 13 (2007)

<sup>77</sup> <http://www.myhomefinance.org.uk/index.html>

<sup>78</sup> <http://www.manchestertuc.org/news/1518-unite-plans-credit-union-network-.html>

<sup>79</sup> Source: the Health Impacts of Cold Homes and Fuel Poverty. The Marmott Review Team, 2011

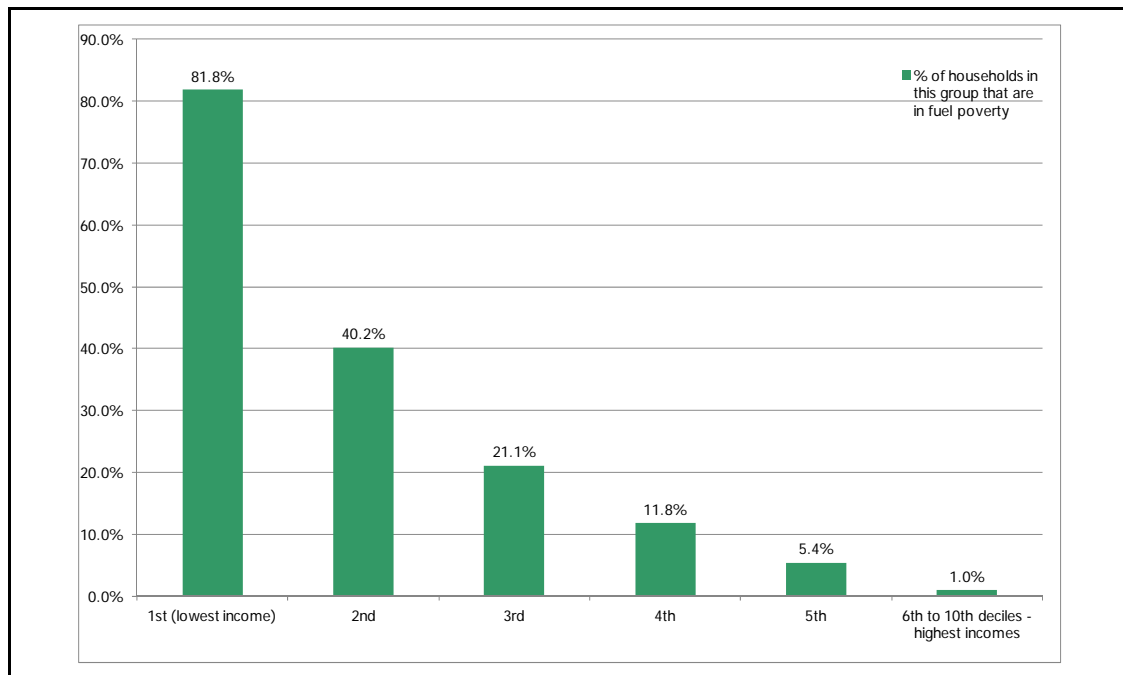


The Marmott Review highlighted the importance of fuel poverty, which should be considered distinctly to deprivation for a number of reasons:

- ❑ not all who are income poor are also fuel poor;
- ❑ factors other than income can be tackled to reduce fuel poverty;
- ❑ the effects of fuel poverty are distinct from the effects of income poverty and lead to specific poor health outcomes which are more immediate than those caused by income poverty;
- ❑ fuel poverty is more amenable to change than income poverty.

Despite the fact that not all households living with low income experience fuel poverty, data released by the Department of Energy and Climate Change shows they are much more likely to suffer from fuel poverty.

**Figure 21: Households in fuel poverty by income level, 2012<sup>80</sup>**



Over eight out of ten households with the lowest 1% of incomes are experiencing fuel poverty compared to just 1% of households with the highest incomes. Data from the Department of Energy and Climate Change shows that fuel poverty is most prevalent within households with the following characteristics:

- ❑ houses that pre-date 1919 (24.9%);
- ❑ houses that are not owner occupied – local authority owned (18.9%) or private rented (18.4%);
- ❑ single person households aged over 60 (34.9%) and under 60 (25%);
- ❑ houses occupied by unemployed residents (51.9%);
- ❑ houses that are heated via a back boiler (30.8%) or have no boiler at all (29.5%).

Personal testimonies of people experiencing poverty reflect these findings, as people cannot afford to heat their homes and, as such, avoid using energy for cooking and washing. This inevitably has negative consequences for people's health and nutrition as well as mental wellbeing:

<sup>80</sup> Source: Annual report on fuel poverty statistics 2012, DECC

*'The rented house had an old boiler system and was single glazed: my gas bill went from £40 to £172 per month. I would not have the heating on and had a bath once a week. I was living hand to mouth.'*

*'I have my gas use capped at £30 per fortnight, so I can't heat my home properly in the winter. My only heating in winter is a small electric fire.'*

### 5.2.1 Paying for domestic energy

There are a number of ways in which domestic customers can pay their energy bills, each of which provides different levels of flexibility and prices. The three main energy payment mechanisms in the UK are<sup>81</sup>:

- standard credit customers pay on receipt of their bill which is usually payment three months in arrears. Bills can then be paid using cash, cheque or credit cards;
- direct debit transfers offer an agreed or variable amount directly from the customer's bank account to the energy supplier. This is generally the cheapest payment type;
- pre-payment requires the customer to make advance payment before fuel can be used. This payment type tends to be the most expensive due to its nature and added costs.

Ofgem suggest that despite the higher costs of using pre-payment meters, some customers prefer to buy energy in this way as they provide a useful mechanism for budget management and debt avoidance. Research commissioned by the Department for Energy and Climate Change also supports this view, with pre-payment meters being more commonly used by residents with limited household incomes. When asked about their views on energy bills and consumption, users of pre-payment meters typically had the lowest level of engagement with energy bills or annual statement as their focus was on the week-to-week use and expenditure. This highlights how households on low incomes are forced to make decisions that either cost more or are less advantageous in the long run.

One testifier to the Greater Manchester Poverty Commission explained this commonly cited problem:

*'Most of the time you have to go on pre-pay meters and then they charge you more for that. You're trying to make your money so you're robbing Peter to pay Paul and they charge an extra 6% because you've got this meter. It's ridiculous. You can't go on a direct debit. What if you can't meet the direct debit? Then the banks will charge you £20 for missing that. It's a joke.'*<sup>82</sup>

Fuel poverty is also linked to digital inclusion; an Oldham Council report found that those with little or no possibility of accessing the internet cannot access online energy tariffs which are considerably cheaper than other alternatives<sup>83</sup>. According to research by the Fuel Poverty Action Group, the average difference in pre-payment and online tariffs for customers paying for two fuels was £250 a year<sup>84</sup>. Avoiding debt by only using the energy that can be afforded and the need to pay higher tariffs means pre-payment customers are more likely to experience fuel poverty and be unable to maintain their household's temperature in line with guidance from the World Health Organisation<sup>85</sup>, which is advised to prevent ill health from cold living conditions.

The link between the energy payment methods and fuel poverty is demonstrated by data released by the Department of Energy and Climate Change which states that, in total, 16.4% of households nationally live in fuel poverty. Levels of fuel poverty vary by payment type, with 23.5% of pre-payment gas and 23.0% of electricity customers living in fuel poverty. This compares to 12.5% and 11.1% of direct debit customers respectively.

<sup>81</sup> Source: Department of Energy and Climate Change

<sup>82</sup> From causes to solutions: poverty, income and work in Oldham: Final report, CLES Consulting

<sup>83</sup> Fuel Poverty and the Poverty Premium in Oldham, Oldham Council, 2009

<sup>84</sup> Sixth Annual Report, Fuel Poverty Advisory Group (for England), 2007 <http://www.berr.gov.uk/files/file45365.pdf>

<sup>85</sup> The World Health Organisation (WHO) recommends that indoor temperatures are maintained at 21 degrees in living rooms and 18 degrees in bedrooms for at least 9 hours a day

Table 21 shows residential energy users in the North West by payment type. It shows that pre-payment customers account for only a small but growing proportion of energy users in the region.

**Table 21: Payment methods of residential energy users within the North West<sup>86</sup>**

	Gas			Electricity		
	Credit	Direct debit	Pre-payment	Credit	Direct debit	Pre-payment
2012 (q1)	30	54	16	31	54	15
2011 (q1)	30	54	16	33	52	15
2010 (q1)	32	54	14	34	52	15
2009 (q1)	35	52	13	36	50	14
2008 (q1)	38	50	12	38	49	13
2007 (q1)	41	46	13	40	47	13
2006 (q1)	39	48	13	40	47	13

Combining data from the Department of Energy and Climate Change and the Department for Communities and Local Government provides estimates of the number of households with pre-payment meters in Greater Manchester, as displayed in Table 22.

**Table 22: Estimates of Greater Manchester households with pre-payment meters, 2011<sup>87</sup>**

	Estimates of pre-payment meters 2011	
	Gas	Electricity
Greater Manchester	185,739	174,131
Bolton	19,120	17,925
Bury	12,979	12,168
Manchester	33,645	31,542
Oldham	15,005	14,067
Rochdale	14,251	13,361
Salford	17,189	16,115
Stockport	20,370	19,097
Tameside	15,739	14,756
Trafford	15,539	14,568
Wigan	21,904	20,535

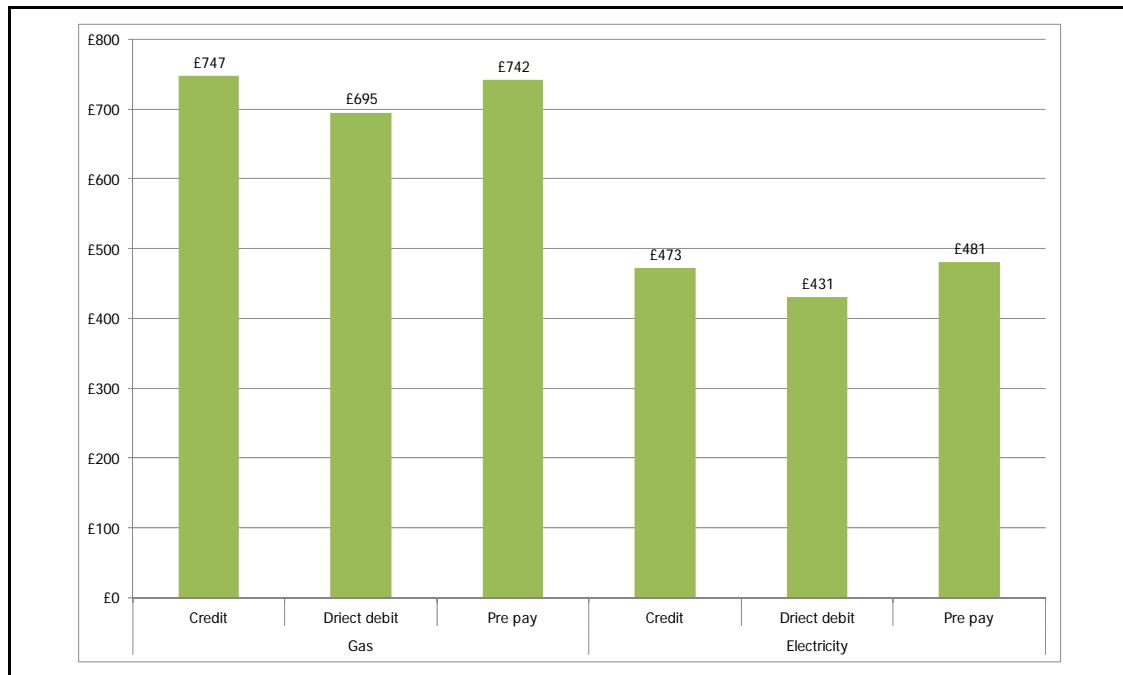
### 5.2.2 The price of fuel for Manchester residents

The Department of Energy and Climate Change collect and publish quarterly statistics directly from the main energy companies that supply electricity and gas across the UK via a quarterly survey. The suppliers provide figures for each tariff (unit costs, standing charges, split levels, discounts, dates of tariff changes and number of customers). Table 22 provides an extract from this dataset, highlighting the average annual cost of gas and electricity for customers in Manchester based upon different payment methods.

Energy bills for those customers that can afford tariffs available to direct debit customers can, on average, save just less than £100 per year, amounting to a significant saving for a household reliant on a low working wage or welfare benefit payment. **This equates to a 'poverty premium' on fuel prices of 9% in Manchester.**

<sup>86</sup> Source: DECC, 2012

<sup>87</sup> Source: DECC and DCLG estimates of dwellings within local authority areas

**Figure 22: Average annual domestic standard gas and electricity bill in Manchester, September 2012<sup>88</sup>****Table 23: Average annual cost of gas and electricity by payment type in Manchester, September 2012**

	Credit		Direct debit		Pre-payment	
	Gas	Electricity	Gas	Electricity	Gas	Electricity
2007	539	376	489	336	580	389
2008	636	435	595	390	658	459
2009	709	431	659	388	740	443
2010	684	417	642	378	681	428
2011	747	473	695	431	742	481
2007-11 % change	38.6%	25.7%	42.1%	28.1%	27.8%	23.7%

It is clear that average energy bills have increased dramatically over recent years, with both gas and electricity tariffs by all payment mechanisms increasing by at least 23%, meaning average combined energy bills standing at over £1,100 per year.

The increase in energy prices is particularly significant at a time when unemployment has increased dramatically and the average full time wage in Greater Manchester has increased by 6.3% over the same time period; therefore wages are not keeping pace with the cost of energy prices, placing increased pressure on household budgets.

Social tariffs should be available to people who energy companies identify as being 'vulnerable'. These are special low tariffs which the six largest energy companies – British Gas, EDF Energy, E.ON, N-power, SSE and Scottish Power – offer as part of their commitment to social programmes. However, an investigation into social tariffs carried out by the Manchester Citizens Advice Bureau<sup>89</sup> highlighted numerous barriers which people face in accessing these tariffs.

<sup>88</sup> Quarterly Energy Prices, DECC, September 2012

<sup>89</sup> Cold Comfort: Manchester CAB's experience of advising clients on social tariffs for gas and electricity, August 2010

A key problem was a lack of knowledge of the existence of social tariffs. People who should be eligible for social tariffs are not aware of them and energy company staff do not always know they exist either. This leads to difficulties in being accepted for social tariffs as staff sometimes give incorrect information to customers. Furthermore, since each energy company has its own eligibility guidelines, people living in fuel poverty are not necessarily granted social tariffs.

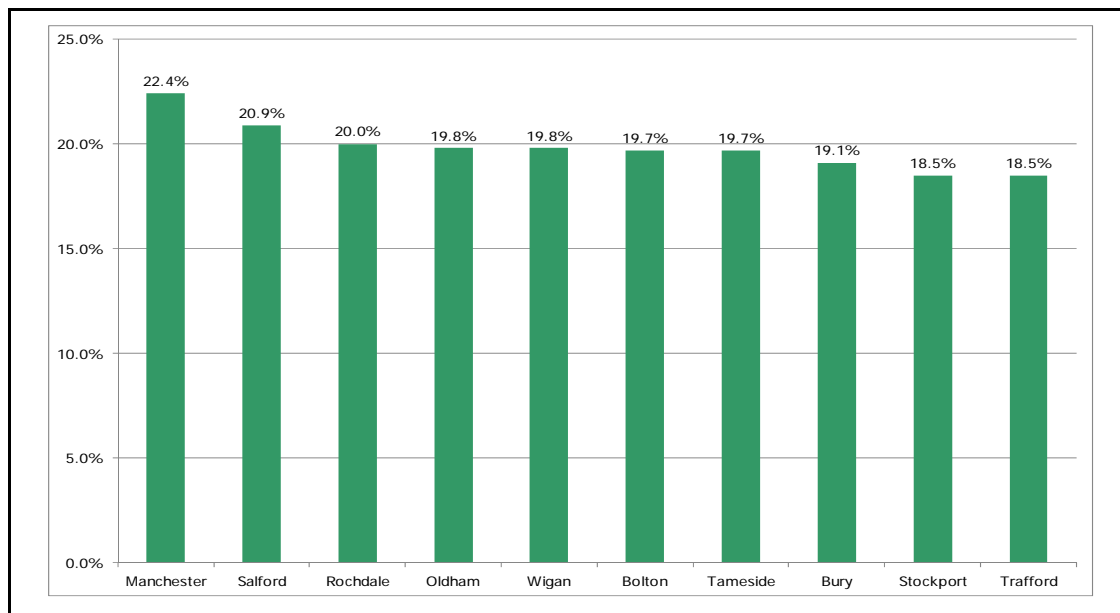
A further barrier to accessing social tariffs is the cost of telephone calls to energy companies and, even if these numbers are free of charge, they are not usually free for calls from mobiles. Given that many people on low incomes rely on pay as you go mobile phones because they cannot afford contracts or landlines<sup>90</sup>, they may not be able to contact their energy company to apply for a social tariff.

The report also found that some people living in social housing paid a fixed amount for gas and electricity as part of their rent. However, although this meant they did not have to restrict their fuel use, for those on very low incomes or benefits, this represented more than 10% of their income and thus they were automatically in fuel poverty.

### 5.2.3 The scale of fuel poverty in Greater Manchester

The extent and geography of fuel poverty in Greater Manchester is outlined in Figure 23. Across the sub-region, a total of 20% of households are classified as fuel poor, accounting for over 220,100 households. Levels of fuel poverty are relatively consistent across Greater Manchester, peaking in Manchester (22.4%, 41,874 households) while being at their lowest in the three most affluent boroughs of Bury (19.1%, 14,857 households), Stockport (18.5%, 22,875 households) and Trafford (18.5%, 17,422 households).

**Figure 23: Proportion of households in Greater Manchester that are fuel poor, 2010<sup>91</sup>**

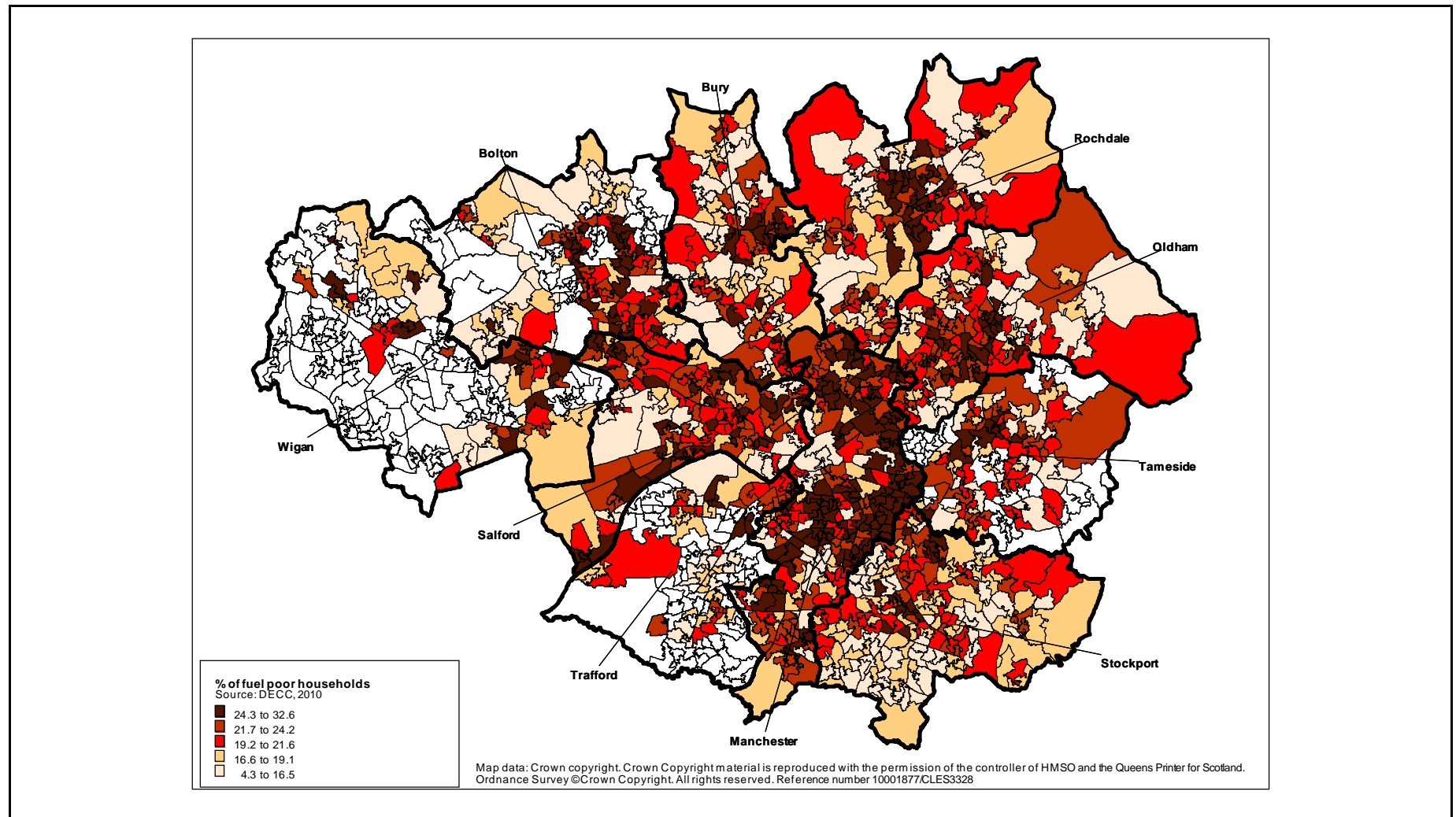


<sup>90</sup> Hung Up, Leeds Citizens Advice Bureau, 2009

<sup>91</sup> Source: DECC, 2010

The geography of fuel poor households by LSOA can be found in Figure 24. The map shows that hot spots of fuel poor households are particularly found along the eastern edge of Manchester, throughout Salford, and within the central areas of Oldham, Rochdale and Bury.

**Figure 24: The geography of fuel poor households in Greater Manchester**



Research conducted by Oldham Council in 2007<sup>92</sup> adds to the data, indicating that areas of Oldham suffer severe fuel poverty. The proportion of households in fuel poverty in Oldham was estimated to be 6.4%, higher than the England average (5.5%), with fuel poverty being concentrated in the central wards:

- ❑ two LSOAs, one in Coldhurst and one in St Mary's/Alexandra, have estimated proportions of households in fuel poverty greater than 17.6%;
- ❑ Coldhurst has no LSOAs where fuel poverty is below the England (5.5%) or Oldham (6.4%) estimated average;
- ❑ Werneth has five LSOAs where the estimated proportion of households in fuel poverty is greater than 10% while St Mary's has four.

The small areas of Oldham (Super Output Areas) with the highest estimated proportions of households living in fuel poverty are also severely affected by other forms of deprivation:

- ❑ in one area of Coldhurst, over 20% of households are estimated to live in fuel poverty. This SOA is ranked the third most deprived of England's 322,482 SOAs (the 2007 ID income domain) and nineteenth for income deprivation affecting older people, making it within the top 1% most deprived SOAs in England with respect to income deprivation affecting older people;
- ❑ in the SOA that straddles St Mary's and Alexandra, over 17% of households are estimated to be in fuel poverty. This SOA is currently ranked within the most deprived 1% for both income deprivation and income deprivation affecting older people. It is also within the 5% most deprived for income deprivation affecting children.

The figures presented above show that fuel poverty is a significant problem in some areas of Oldham and that this is strongly related to income deprivation. As Figure 24 shows, Oldham is not the only borough experiencing areas of severe fuel poverty, and the patterns found in Oldham are likely to be true of other areas with high rates of fuel poverty.

The Oldham Clinical Commissioning Group, the Oldham Housing Investment Partnership and Oldham Council consider fuel poverty to be a serious issue in Oldham and have recently joined together to commission a fuel poverty project. The project aims to lift members of Oldham community out of fuel poverty in the next twelve months.

Oldham and Rochdale Councils have also just launched a bulk buy energy scheme<sup>93</sup> based on energy cooperatives run by the councils. All ten councils from Greater Manchester have joined the scheme which aims to use the collective bargaining power of their tens of thousands of residents to negotiate better energy deals. The scheme was pioneered in Belgium but Greater Manchester is driving the scheme in the UK. The Department of Energy and Climate Change is backing the scheme and it is hoped that other local authorities will join up too<sup>94</sup>. This scheme and the Oldham fuel poverty project reflect the growing awareness and seriousness of fuel poverty in the Greater Manchester area.

#### 5.2.4 The impact of fuel poverty

Previous research studies highlighting the impact of fuel poverty have typically focused upon the health and wellbeing impacts. Some of the key health impacts resulting from fuel poverty are outlined in the following sub-sections.

<sup>92</sup> From causes to solutions: poverty, income and work in Oldham: Final report, CLES Consulting

<sup>93</sup> [http://www.oldham.gov.uk/fuel\\_coop](http://www.oldham.gov.uk/fuel_coop)

<sup>94</sup> [http://menmedia.co.uk/manchestereveningnews/news/s/1592604\\_greater-manchester-councils-team-up-in-bulk-buy-bid-that-could-slash-200-a-year-off-fuel-bills](http://menmedia.co.uk/manchestereveningnews/news/s/1592604_greater-manchester-councils-team-up-in-bulk-buy-bid-that-could-slash-200-a-year-off-fuel-bills)

### Health impacts

Fuel poverty leads to poor health outcomes and particularly a high level of excess winter deaths<sup>95</sup>. Excess winter deaths are almost three times higher in the coldest quarter of housing than in the warmest quarter, the vast majority of which are caused by cardio vascular (40%) and respiratory diseases (33%). Living in fuel poverty also leads to an increased likelihood of catching colds and flu as well as asthma, bronchitis, rheumatism and arthritis<sup>96</sup>. Poor health and living in cold housing has a negative impact upon mental health, with more than 1 in 4 children in cold houses being at risk of multiple mental health problems compared to 1 in 20 for those that have always lived in warm houses.

One individual in Oldham commented:

*'I nearly froze to death last winter. My house was that cold I literally had icicles on the thingy. I begged the gas board to come and put some electric on – this was at Christmas – and they wouldn't. To me that seems absurd. It's not surprising but absurd. If it was an older person like my grandmother she would have died. It was literally that cold that I got acute bronchitis.'*

Low income is a particular problem due to households incurring necessary living costs, such as fuel bills, that account for a disproportionate amount of a household's income. There is also a likely relationship between household income and the affordability of implementing energy efficiency measures in the home. Those who are out of work are also likely to suffer from fuel poverty, since being workless means a greater proportion of time is spent in the house thus energy use at home increases.

### Wellbeing impacts

Research by Save the Children<sup>97</sup> has highlighted the impact of fuel poverty on young residents. Summarising existing studies, the report highlights negative impacts such as increased visits to hospitals or health professionals, while they were also 29% more likely to be underweight. This was a result of burning additional calories in order to keep warm and due to the fact they consumed 10% fewer calories than children not in fuel poor households. The study also summarises the wellbeing impact experienced by elderly residents who are moved out of fuel poverty, such as improved moods and outlook, better domestic relationships as a result of being less crowded in one or two rooms, a greater interest in social and community engagement, and more frequent contact with their families.

Participants in a study<sup>98</sup> by Oldham Council described the behaviour they developed in order to keep fuel bills to a minimum, which ranged from turning off all available plugs and appliances to cutting back on energy use wherever possible and not using the heating. One elderly resident suggested going out every day, either shopping or meeting friends, to avoid spending money on fuel bills. Many participants adopted such behaviour (e.g. one family described how they coped by wearing extra clothing and using duvets to keep warm instead of paying for fuel). Participants from all age groups talked about cutting back on fuel bills and not using the heating; this behaviour was described as demoralising and depressing for the individuals concerned.

Other participants reported making a different choice and used the heating to keep their family warm even though they could not afford to pay for this level of energy consumption. The need to prioritise was a common issue and this took different forms (e.g. the consultee below suggested they had stopped paying the gas bills altogether). They felt that the gas bill could be avoided as there were other energy providers to turn to once the current provider refused to supply any more fuel. This approach to coping with fuel poverty did however cause the family greater stress as they were living with the threat of court action and possible bailiffs:

*'I'm in so much debt. I don't even pay my gas anymore. I just get the letters, the letters come through the post and I see it says British Gas... Now I don't even open them.'*

<sup>95</sup> Excess Winter Deaths - The Office for National Statistics calculates excess winter deaths as the difference between the number of deaths in December – March and the average of deaths in the preceding Aug – Nov and the following April – July

<sup>96</sup> Chief Medical Officer annual report 2009, DoH 2010

<sup>97</sup> The impact of fuel poverty on children, Save the Children, 2008

<sup>98</sup> From causes to solutions: poverty, income and work in Oldham: Final report, CLES Consulting



Other wellbeing impacts have also been identified via the testimonies provided by Greater Manchester residents. Negative impacts particularly result from having to make decisions about whether to spend money on food or fuel, which in turn generate poor health and wellbeing outcomes by increasing stress and worry. In some cases, the decision not to spend money on fuel also means they do not eat cooked food; for some this does not seem like a decision so much as an unavoidable aspect of their poverty:

*'We don't heat the house – just the bathroom – and we sit wrapped in blankets.'*

*'I can't afford to keep the freezer on all the time. I freeze pop bottles full of water, and turn the freezer off at night, and it acts like a cool box.'*

*'To try to stay out of fuel poverty I wash up less often.'*

### 5.3 Food poverty

Food poverty refers to the inability to obtain healthy food. This has been defined as those households that:

*'Do not have enough food to meet the energy and nutrient requirements of all their members.'*<sup>99</sup>

As Tim Lang, Professor of Food Policy at City University, London, describes:

*'Food poverty is worse diet, worse access, worse health, higher percentage of income on food, and less choice from a restricted range of foods. Above all, food poverty is about less or almost no consumption of fruit and vegetables.'*<sup>100</sup>

According to the Joseph Rowntree Foundation<sup>101</sup>, 4 million people are estimated to be living in food poverty in the UK meaning around 7% of the UK population cannot afford to buy fresh food and vegetables or two meals a day. Food poverty can be caused by a range of factors, such as difficulty in accessing food shops, limited healthy food available in local shops, low income and high prices, knowledge of what constitutes a healthy diet, and how to prepare healthy meals.

Food poverty is likely to have worsened by rising food prices in the UK. According to a recent government report<sup>102</sup>, food prices in the UK rose by 32% between 2007 and 2012 compared with 13% in France and Germany. The price of processed food has risen the most, with a 36% rise since 2007, and fruit prices also rose significantly, increasing by 34% since 2007.

Accessibility is a key concern related to food poverty, with food deserts being identified as:

*'Areas where people have to walk more than 500 metres to reach a shop selling a good amount of fruit and vegetables.'*<sup>103</sup>

Food deserts can be analysed in terms of the physical distance between fresh fruit and vegetable outlets and residential areas, but also the psychological, financial and physiological distance<sup>104</sup>. This takes into account the difference in effort which different people from the same residential area may experience in accessing food outlets (e.g. psychological distance may vary according to feelings of safety; financial distance may vary if a person has their own transport or has to use public transport; and physiological distance may vary depending on a person's fitness and health).

<sup>99</sup> DeRose L, Messer E, Millman S. Who's hungry? And how do we know? Food shortage, poverty and deprivation. New York: United Nations University Press; 1998

<sup>100</sup> [http://www.sustainweb.org/foodaccess/what\\_is\\_food\\_poverty/](http://www.sustainweb.org/foodaccess/what_is_food_poverty/), accessed 17/10/12

<sup>101</sup> Joseph Rowntree Foundation 'Poverty and Social Exclusion in Britain', September 2000

<sup>102</sup> Food Statistics Pocketbook 2012, published by Defra, October 2012

<sup>103</sup> <http://www.independent.co.uk/news/uk/home-news/food-deserts-depriving-towns-of-fresh-fruit-and-vegetables-764804.html>, accessed 17/10/12

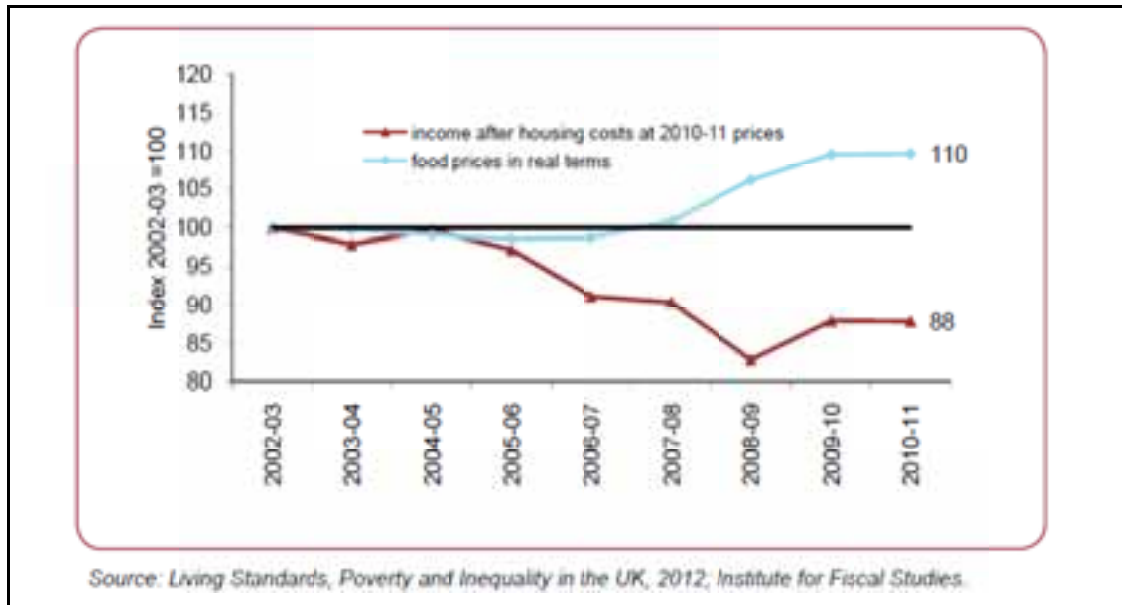
<sup>104</sup> <http://www.fooddeserts.org/images/MetricsFoodDeserts.htm>, accessed 17/10/12

### 5.3.1 The scale of food poverty

A 2012 report by Defra<sup>105</sup> found that rising food prices and the economic downturn have disproportionately affected low income households. Households on low incomes spend a greater proportion of their income on food, thus a rise in food prices has a greater effect on the money available to spend on other products, than it does on higher income groups. It was found that in May 2012, 63% of respondents stated that their main food related concern was price, which is an increase from 60% in November 2011.

Figure 25 shows that while people's available income after housing costs has been decreasing, the food prices in real terms have been rising, leaving low income households with difficult decisions to make about how they spend their money.

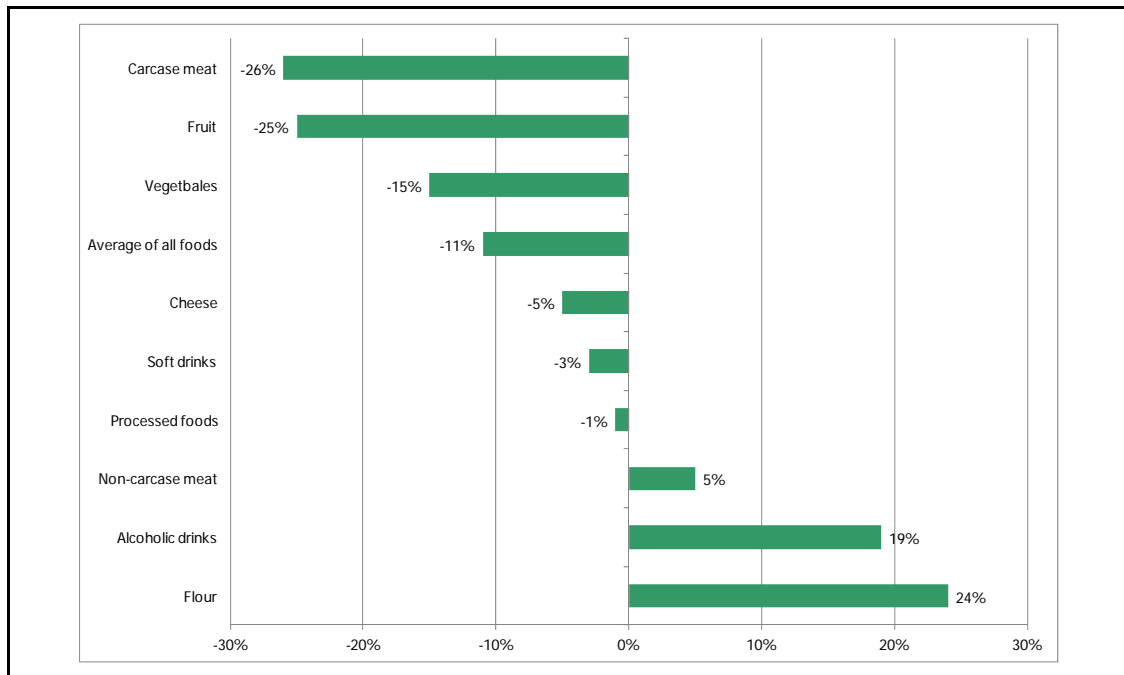
**Figure 25: Income after housing costs and food prices**



On average, the households in the lowest income decile responded to the price rises by buying less food rather than trading down. Their purchases of fruit and vegetables fell by 20% between 2007 and 2010 and the energy content of their food fell by 8.7%. Figure 26 shows that between 2007 and 2010, households in the lowest 10% income bracket bought 26% less carcass meat, 25% less fruit and 11% fewer vegetables. This indicates that with rising food prices and falling incomes, low income households are consuming less nutritious food. Of more alarm is the increase in expenditure on alcohol (19% increase). The reasons for this increase are likely to be wide ranging but could be a result of increased stress resulting from the current economic circumstances.

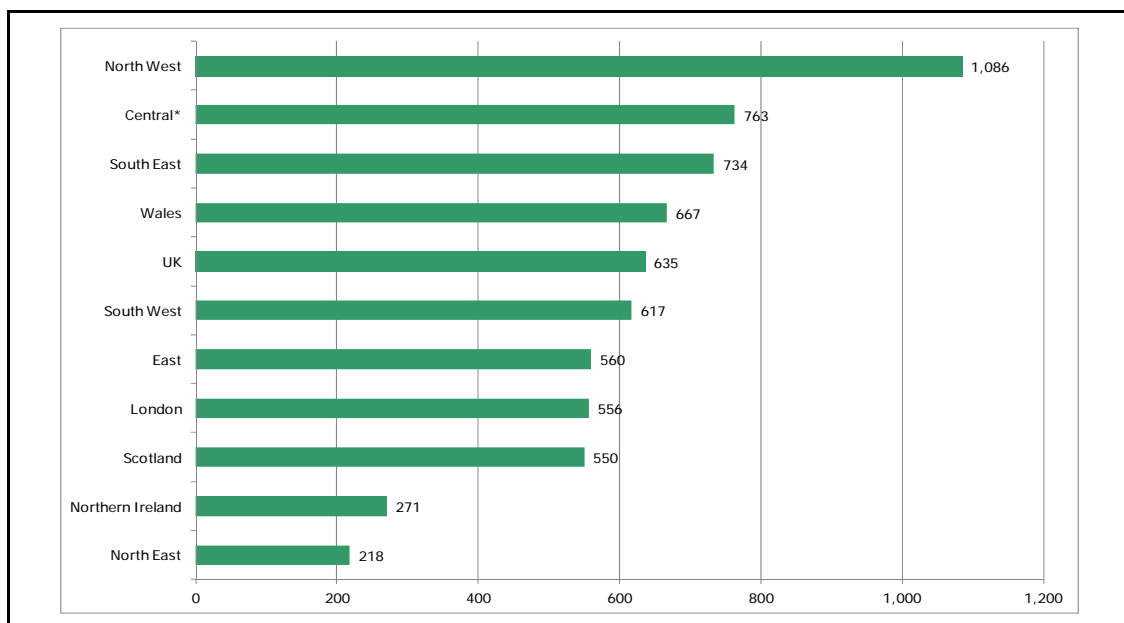
<sup>105</sup> Food Statistics Pocketbook 2012, published by Defra, October 2012

**Figure 26: Percentage change in food purchases 2007-10 within households in the lowest 10% income bracket<sup>106</sup>**



One proxy for measuring food poverty is the number of people using emergency food banks. According to data released by the Trussel Trust<sup>107</sup>, which has 172 food banks across the UK, between April and September 2012, 109,294 people received emergency food aid. This figure is forecast to rise to over 200,000 by April 2013, a 56% increase on the total number of referrals to food banks last year. The average number of people using each of the Trussel Trust’s food banks was 635, although some regions had a far higher demand per food bank. The busiest food banks were in the North West, an average of 1,085 people used each food bank, as Figure 27 shows.

**Figure 27: The average number of people using food banks per region**

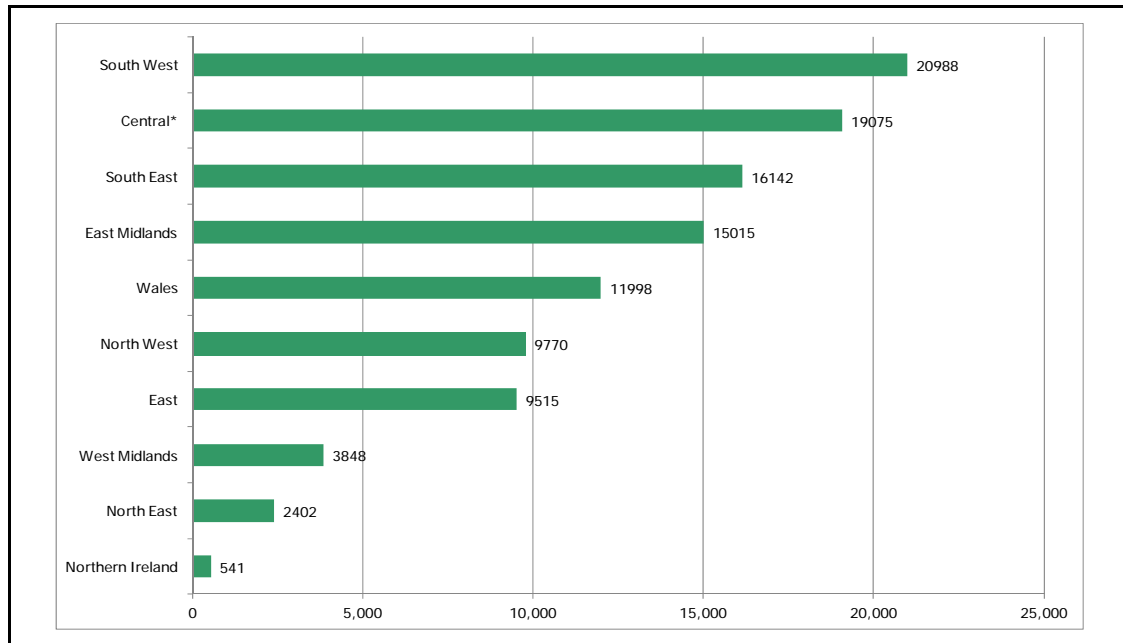


<sup>106</sup> Source: Family food in 2010

<sup>107</sup> <http://www.guardian.co.uk/news/datablog/2012/oct/16/food-banks-trussel-trust-uk-data>, accessed 17/10/12

In comparison to other regions, the North West did not have the highest total number of people accessing food banks (Figure 28), which suggests that there is a particular shortage of food banks for the number of people in food poverty in this region.

**Figure 28: Total number of people using food banks per region<sup>108</sup>**



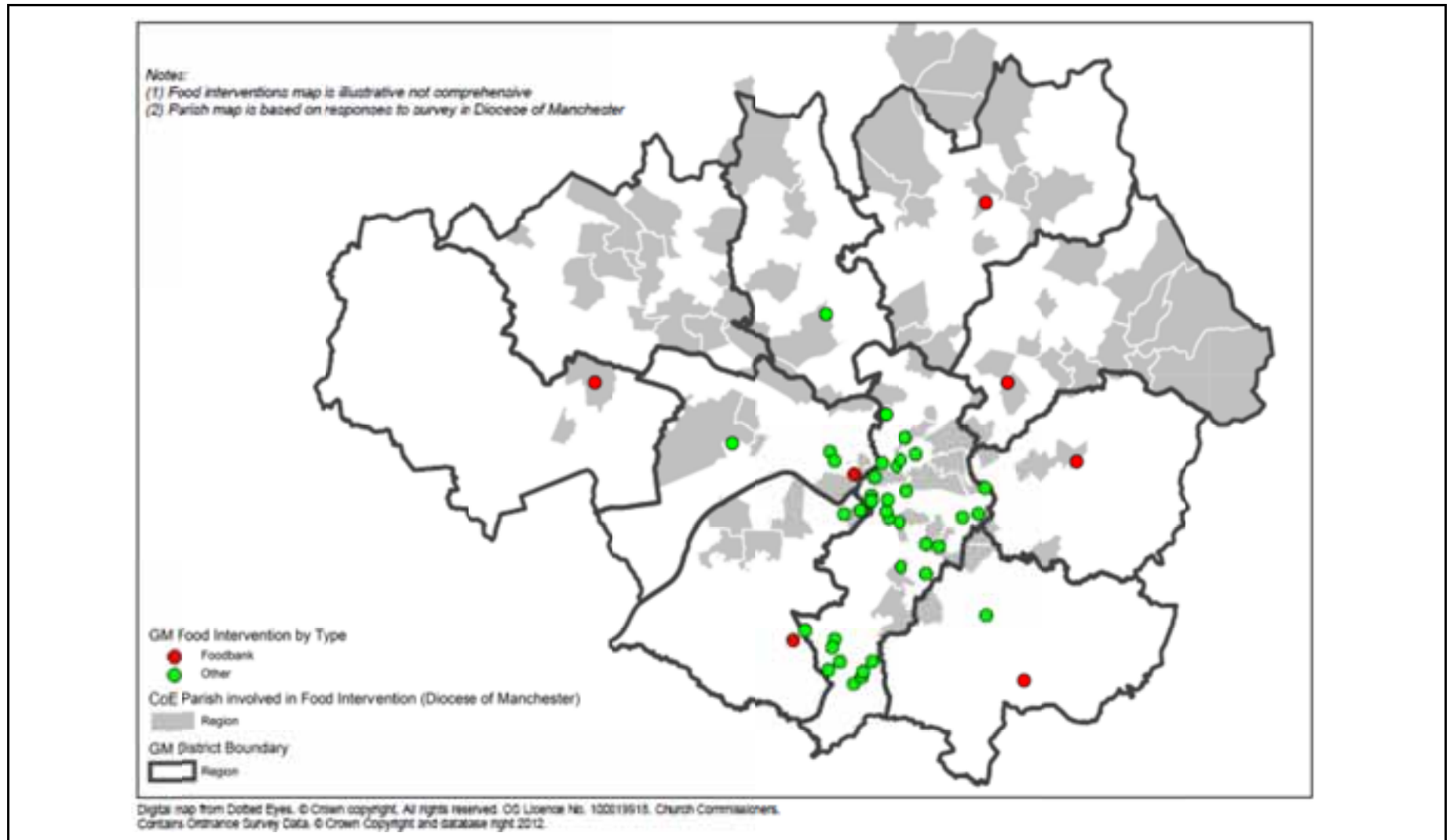
In the North West, the data showed that a total of 9,770 people used food banks over the six month period, of which 64% were adults and 36% were children under the age of 16. This amounts to 0.14% of all people living in the North West, 0.11% of all adults, and 0.28% of all children in the region. This translates as 1 in every 909 adults and 1 in every 357 children, which clearly indicates that children in particular are experiencing food poverty in the North West.

### 5.3.2 Food poverty across Greater Manchester

There is currently no central directory of food banks in Greater Manchester but there are many organisations working to provide food parcels to people experiencing food poverty. The Diocese of Manchester has conducted research into the number and location of food banks and other organisations distributing food to those in need of support. The results can be found in figure 29 below. A total of 85 parishes across Greater Manchester are involved in a food intervention including food bank activity in Rochdale, Oldham and Bolton while 45 organisations have been identified that provide support in the form of food banks or other support such as breakfast clubs. Although the research is still developing, the initial findings point towards a concentration of food banks and similar initiatives in the Manchester district.

<sup>108</sup> <http://www.guardian.co.uk/news/datablog/2012/oct/16/food-banks-trussel-trust-uk-data>, accessed 17/10/12

**Figure 29: Greater Manchester food banks and other food initiatives, November 2012<sup>109</sup>**



<sup>109</sup> Source: Diocese of Manchester

A number of other data sources and service providers also provide a picture of the scale of provision and need for food banks. Fareshare North West, a social redistribution enterprise, provides quality food to organisations working with disadvantaged residents. The Trussel Trust has a food bank in Oldham and another in Stockport, and is currently developing seven more across Greater Manchester.

Other organisations which support people living in poverty, such as the Tree of Life Centre in Wythenshawe, Lifeshare, the Booth Centre in Manchester, and Urban Outreach, have reported an increase in the number of people requesting emergency food:

- since November 2011, the Tree of Life Centre has provided food parcels to 21 families, where they would usually only supply two or three per year;
- Urban Outreach reported that they provided:
  - May to September 2011 = 103 food hampers per month;
  - April to August 2012 = 242 food hampers per month.

Given that this is an increase of 134%, they would struggle to meet demand if it continues to grow at the current rate;

- Amanda Croome from the Booth Centre in Manchester recently surveyed food provision in the area and found that, on average, 400 food parcels are given out every month to the Mustard Tree, Beacon, Cornerstone, Lifeshare and the Booth Centre, which are organisations supporting people living in poverty;
- in February 2012, Lifeshare reported that the number of food parcels they are providing had doubled, from 10 food parcels per week to 20;
- the number of people being regularly fed at the Lifeshare breakfast club was also increasing, up from an average of approximately 60 people to 80.

Table 24 shows a significant increase in the number of people attending the Lifeshare breakfast club since 2005, with the greatest increases between 2009 and 2012, which suggests that the economic recession may have increased the number of people in food poverty.

**Table 24: Attendance at Lifeshare breakfast clubs, Manchester**

Year	Breakfast club attendance figures
2005	4065
2006	4770
2007	5171
2008	5369
2009	5060
2011	6207
2012	6967

Lifeshare also reported that the amount of food being donated to make up food parcels was simultaneously declining. This is thought to be because the general public increasingly purchase food that is due to go out of date from shops and supermarkets, thus the retailers are finding they have less surplus food to donate to Lifeshare.

In terms of accessibility and healthy diets, food mapping and research projects carried out in Oldham, Trafford and Bolton reveal problems with the availability and cost of healthy food in deprived areas. Key findings showed:

- ❑ in Oldham, a study by Oldham Primary Care Trust<sup>110</sup> of two deprived SOAs, Hathershaw and Fitton Hill, found that the areas are dominated by Chinese takeaways, fish and chip shops (17.3% of shops selling food), newsagents, general stores, corner shops and wine shops (26%). There is good access to basic food items, such as wholegrain cereal, wholemeal bread, milk, cheese, eggs and tinned vegetables, but poor access to fresh salad items, fruit and vegetables, and fresh or frozen meat and fish, meaning residents must travel out of their area to access healthy food;
- ❑ a 2009 study of deprivation in Oldham<sup>111</sup> found that the availability and cost of local food was a serious problem for people on low incomes. Focus groups showed that access to quality food will not be solved by just improving employment situations, as many individuals suffering from low income are not able to work. Local food availability was a key concern as most of the local food shops are takeaways, and the shops which sell fresh fruit and vegetables are either expensive or perceived to be of poor quality;
- ❑ in Trafford, a study by Trafford Council<sup>112</sup> into dietary habits across the borough, found that people living in the most deprived areas were most likely to lack cooking facilities and have a poor quality diet. BME groups were found to be the most likely to lack money, facilities and skills to prepare healthy food at home, and less likely to achieve their five a day;
- ❑ a 2011 report by Bolton NHS Public Health Intelligence Team<sup>113</sup> found a clear positive correlation between people on low incomes and people eating unhealthy diets. Low income Asian families stood out as having a less healthy key foods score than others, along with large families and single parents on low incomes. Single elderly people living in council flats were healthier on this measure than their position in relation to deprivation would suggest.

### 5.3.3 Impact on health and wellbeing

The people using food services appear to be those who live in supported accommodation and hostels where no food is provided. However, community organisations are also providing emergency food to people in private tenancies who are struggling to afford to buy food since the housing benefit reforms and people whose benefits have been stopped or sanctioned<sup>114</sup>. The community organisations expect demand to increase in March 2013 when the Social Fund reforms are implemented.

Food poverty clearly has an inevitable impact on people's health as they cannot afford enough food or healthy food. According to research conducted by Unison<sup>115</sup>, several respondents spoke of struggling to afford enough food, but a more common problem was accessing healthy food. Nearly every respondent said that their income did not allow them to buy fresh fruit and vegetables or fresh meat to cook their own meals:

*'We can't afford to get things like fresh fruit and veg, no chance!'*

*'Sometimes I might feel like splashing out on something like a nice joint of lamb but I can't because I know it will affect my budget for the week if I do.'*

*'I like to try to cook from scratch but there is no way you can afford all the fresh ingredients.'*

The cost of healthy food was found to be the main cause of a poor diet among people on a very low income, not a lack of concern for nutritious food. Many respondents rely on 'cheap calories' from snacks, ready meals and tinned food. Although such a diet prevents people from going hungry, these foods are usually high in fat, salt and calories, and low in important nutrients which can have serious medium and long term health risks, such as obesity, diabetes and heart disease<sup>116</sup>:

*'The easy option is junk food, you know microwaveable meals, they are cheap and convenient. If you don't have the money the only thing you have got is the cheaper option.'*

<sup>110</sup> Brown Louise (producer), 2008, Community Food Mapping Research Project: report April 2008, Oldham: NHS Oldham

<sup>111</sup> CLES, 2009, From Causes to Solutions: Poverty, Income and Work in Oldham

<sup>112</sup> Trafford Council, (2009) Dietary Habits, Health and Lifestyle Characteristics: Survey of Trafford Borough Residents

<sup>113</sup> Bolton NHS Public Health Intelligence Team, 2009, Food Preparation and Consumption in Bolton, Bolton NHS

<sup>114</sup> Rawling, A., 2012, Mapping Food Poverty and Food Deserts in Greater Manchester, GMCVO

<sup>115</sup> Pattison, V., 2007, The experience of working poverty in Manchester, Unison's submission to the Low Pay Commission 2007, <http://www.unison.org.uk/acrobat/lpc92007supplementary.pdf>

<sup>116</sup> *ibid*

People living on low incomes also spoke of having to make difficult decisions over how they spend their money; whether to pay bills and rent or to buy food. Some people choose to pay bills before buying food to avoid the risk of eviction or being cut off; however this can result in people missing meals because they cannot afford enough food. The Tree of Life Centre in Wythenshawe reported that even if they provide food parcels, some people cannot pay for gas or electricity to cook the food they receive:

*'I always have to cut back on food because of rent and bills. I mean it's important to get your rent and bills paid... By the time I've paid my bills, I'm left with £20 a week for food.'*

*'Sometimes you'll look in the fridge and you think I should have gone shopping but you haven't got the money to go until pay day.'*

*'I can't afford to keep the freezer on all the time. I freeze pop bottles full of water, and turn the freezer off at night, and it acts like a cool box.'*

Unison research<sup>117</sup> also found that people on a low income who live near a supermarket experience further difficulties in obtaining enough healthy food. These people face the choice of either walking or using some of their food money to pay for public transport to get to cheap, large supermarkets, or pay higher prices in small, local shops. Those who walk or use public transport to get to a supermarket are limited in the amount they can carry and may not be able to benefit from offers such as 'buy one get one free', which could help them to maximise the amount of food they can buy:

*'Public transport can be a bit of a hassle; to get to Sainsbury's it's two buses so I'm always swapping and changing buses to do my shopping.'*

*'We have to use public transport. We shop in Wythenshawe centre so it's a bus there and back but the cost is going up all the time; it's expensive, it's like £3 return which means you can't buy as much.'*

## 5.4 Digital inclusion

Personal testimonies and evidence provided to the Greater Manchester Poverty Commission highlight the increasing shift of services and resources to online methods of delivery. Online delivery provides a more cost effective method of communication and delivery than face-to-face services, while also allowing individuals to access information at a time that is convenient to them. This increasing use of online modes of delivery does however raise concerns for those that do not have the means to access the internet, creating an increasing fear of isolation and poverty – digital exclusion.

Digital exclusion has a number of impacts, such as restricting access to the most competitive energy tariffs, meaning the cost of living increases. The introduction of Universal Credit will also see a shift in the benefit system to an online delivery method, causing problems for individuals who do not have access to the internet. However, digital technology also provides the opportunity to reduce certain aspects of poverty by providing access to services in remote areas.

### 5.4.1 What is digital inclusion?

The previous Government's Digital Inclusion Action Plan highlighted the powerful benefits that digital technology can bring:

*'Technology supports every aspect of our lives – at home, at work, in the community, in how we communicate and in the services we use. There is growing evidence that digital technology can greatly enhance both quality of services and quality of life – particularly for the most disadvantaged citizens and communities.'*

The digital inclusion agenda has traditionally been concerned with increasing the accessibility to, and of, the internet, with the aim of ensuring residents are not excluded by the move to digitally delivered services. Digital inclusion has also focused upon realising and promoting the benefits that digital technology can bring.

<sup>117</sup> Pattison, V., 2007, The experience of working poverty in Manchester, Unison's submission to the Low Pay Commission 2007, <http://www.unison.org.uk/acrobat/lpc92007supplementary.pdf>



The Action Plan highlights a wide range of benefits that result from promoting digital inclusion, such as providing access to:

- ❑ employment and skills;
- ❑ social, financial, informational and entertainment benefits of the internet;
- ❑ improved services, including public services;
- ❑ wider choice and empowerment around the major areas of their lives.

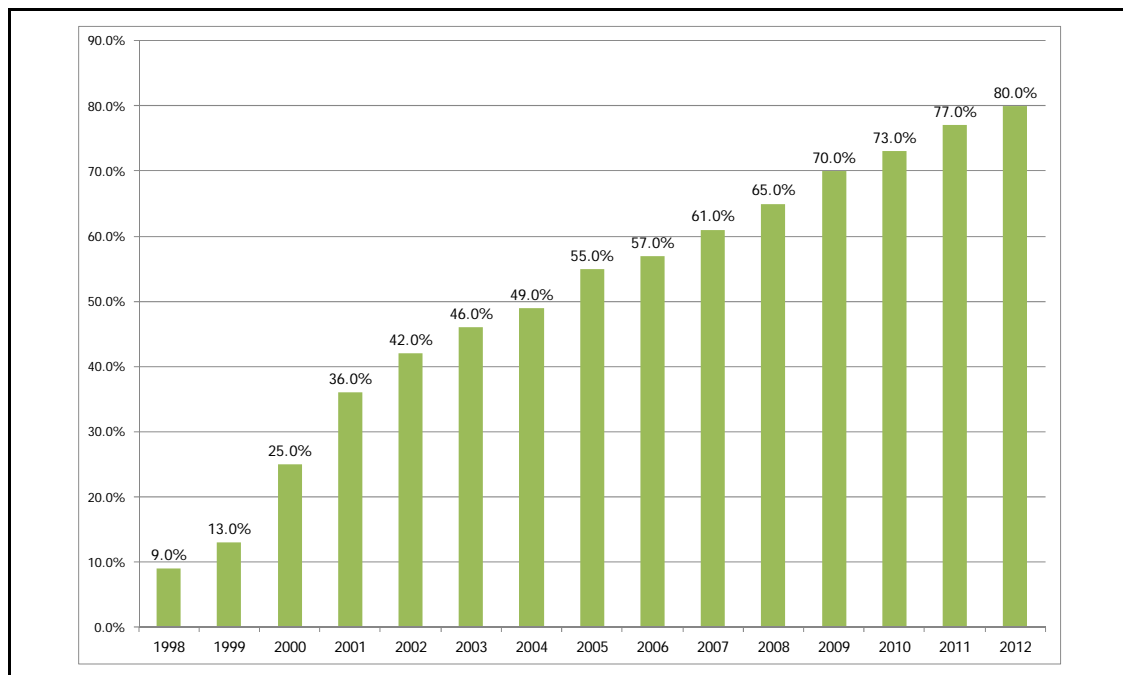
Importantly, digital inclusion can also provide benefits for providers of public services. The points below are particularly relevant to improving the coordination of services in order to tackle poverty and social exclusion:

- ❑ better service integration so that multiple services across sectors work together;
- ❑ better and quicker service planning (through better mapping of overlapping services, needs, and tackling problems in deprived communities, including crime and security);
- ❑ equipping frontline staff to support complex needs (e.g. using mobile networked technology which can provide immediate access to information and allow an immediate delivery of services while in the field).

#### 5.4.2 Digital inclusion in the UK

The push to get households in the UK online is now led by Go On UK which is seeking to bring the benefits of the internet to every household and organisation in the UK. Internet access has increased dramatically over the past decade as the cost of equipment and access continually becomes more affordable, while the amount of information, resources and aspects of life that can now be easily managed online continues to increase.

**Figure 30: Households with internet access, 1998-2012<sup>118</sup>**



Figures published by the Office for National Statistics, highlighted in Figure 30, show how levels of household internet access have changed in the past fourteen years. In 1998, just less than 10% of households were online; over half of households were online by 2005; while the figure now stands at eight in ten households.

<sup>118</sup> Source: ONS, 2012. 1998-2004 figures relate to the UK. 2005-2012 data relate to Greater Britain

### 5.4.3 Estimates of internet use in Greater Manchester

Estimates of household internet access at a sub-regional level are not widely available; instead data is collected by the Office for National Statistics. The data demonstrates the proportion of residents that have previously used the internet; the most recent data shows that 83.7% of Manchester residents aged over 16 have previously used the internet, the same as the national average.

Research conducted by Ofcom<sup>119</sup> in 2008 found the following take up of communication services in Greater Manchester and other primary urban areas in England.

**Table 25: Take up of communication services in Greater Manchester and other primary urban areas in England**

		England	Greater Manchester
Voice telephony	Fixed line	87%	72%
	Mobile	85%	82%
Internet	PC	69%	56%
	Total internet	66%	51%
	Broadband	58%	44%

Ofcom research shows that Greater Manchester residents have lower access to all forms of communication technology. The gap between the sub-region and national average is highest for internet as opposed to voice telephony, although it is likely that lower uptake of landlines is a key contributing factor to the low levels of web access.

Data specific to digital inclusion in Oldham is available, thanks to a report produced by Oldham Council<sup>120</sup>. The report found that in Oldham, using the UK Online Centre model for defining levels of digital inclusion<sup>121</sup>:

- ❑ around one in twenty (4%) are digitally determined (they have access to the internet but have to travel or pay on each occasion to use it);
- ❑ around one in eight (13%) are digitally dismissive (they have access to the internet but do not use it);
- ❑ around one in five (19%) are digitally excluded (they do not have access to the internet).

These figures cannot be directly compared to Greater Manchester or England averages, since the definitions used for digital inclusion are different; however within the Oldham population, it was found that digital inclusion rates decrease with age (from 82% among 25-44 year olds to 32% of those over retirement age) and that they are related to levels of affluence.<sup>122</sup>

Research in Oldham<sup>123</sup> found that digital inclusion is worse in several of the borough's wards, which also contain SOAs with high levels of deprivation and fuel poverty, reinforcing the finding in the previous section relating to high energy tariffs to digital exclusion:

- ❑ less than half (45%) of Coldhurst respondents were digitally included and one in five (22%) were digitally dismissive;
- ❑ just over half (53%) of Alexandra respondents were digitally included and one in four (25%) were digitally excluded;
- ❑ just over half (54%) of St. Mary's respondents were digitally included and one in four (23%) were digitally excluded.

<sup>119</sup> Source: Internet access, use and attitudes, Ofcom 2008

<sup>120</sup> Fuel Poverty and the Poverty Premium in Oldham, Oldham Council, 2009

<sup>121</sup> Source: 'UK online centres: Transformational Government for the Citizen – Research report', Ufi Ltd 2006

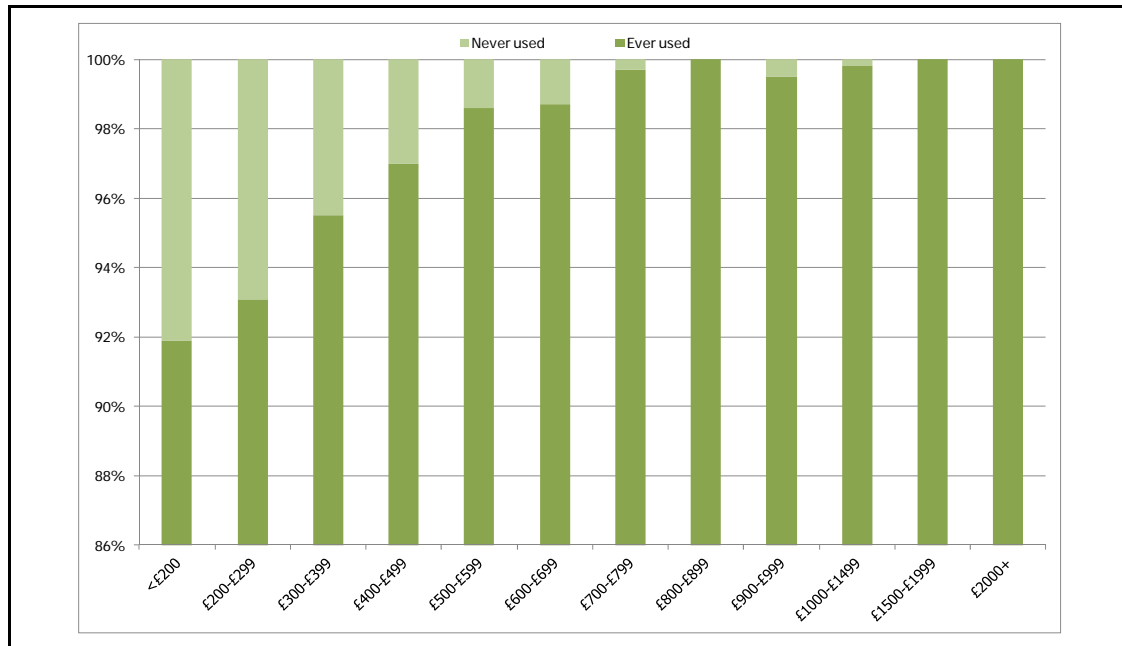
<sup>122</sup> Ipsos-MORI North, You and Your Community Survey (2008)

<sup>123</sup> Fuel Poverty and the Poverty Premium in Oldham, Oldham Council, 2009

#### 5.4.4 Differing access and use of the internet

Use and access to the internet varies across socio-economic and demographic groups within the UK. As would be expected, data published by the Office for National Statistics shows that internet use is higher for younger members of society and decrease sharply for elderly residents. This pattern is a likely consequence of low levels of IT literacy amongst older residents, a factor that will lead to increasing levels of exclusion from sources of information and public services.

**Figure 31: Internet use by level of income, 2012<sup>124</sup>**



Evidence that highlights differing uses of internet access within deprived and more affluent areas is limited and not available at a Greater Manchester level; however the figures outlined above indicate that digital exclusion would be higher in deprived areas where incomes are lower. Research conducted by Ofcom<sup>125</sup> in 2002 also supports this assertion. At this point in time:

- ❑ internet access was only established in 21% of homes within areas defined as high deprivation compared to 53% in low deprivation areas;
- ❑ in terms of PC ownership, homes within low deprivation areas were found to be more likely (63%) to have a PC compared to those in areas of greater deprivation (30%).

These patterns are reinforced by testimonies from people living in poverty. None of the people in the Wigan participatory event had internet access at home; one person has a modem, but no longer has a computer. Consequently, they all have to visit a library to gain online access, and with library hours being cut or shut down completely, this emerged as a serious concern. Several participants mentioned problems which had arisen due to their digital exclusion, often resulting in worsening money problems:

*'I always managed to pay the red bills, but I don't do online or phone banking, and by the time I went into the bank I had already accumulated many charges. The bank could have been better at realising I was racking up these charges and doing something. I lost thousands of pounds because I was too ill to make payments.'*

*'One participant had entered into a contract with BT for a modem to enable her daughter to complete school work. This costs £34 per month. She cannot afford this and has been trying to terminate the contract, but she did not know there would be a cancellation fee of £100 and cannot pay this; therefore she remains trapped and gets further into debt.'*

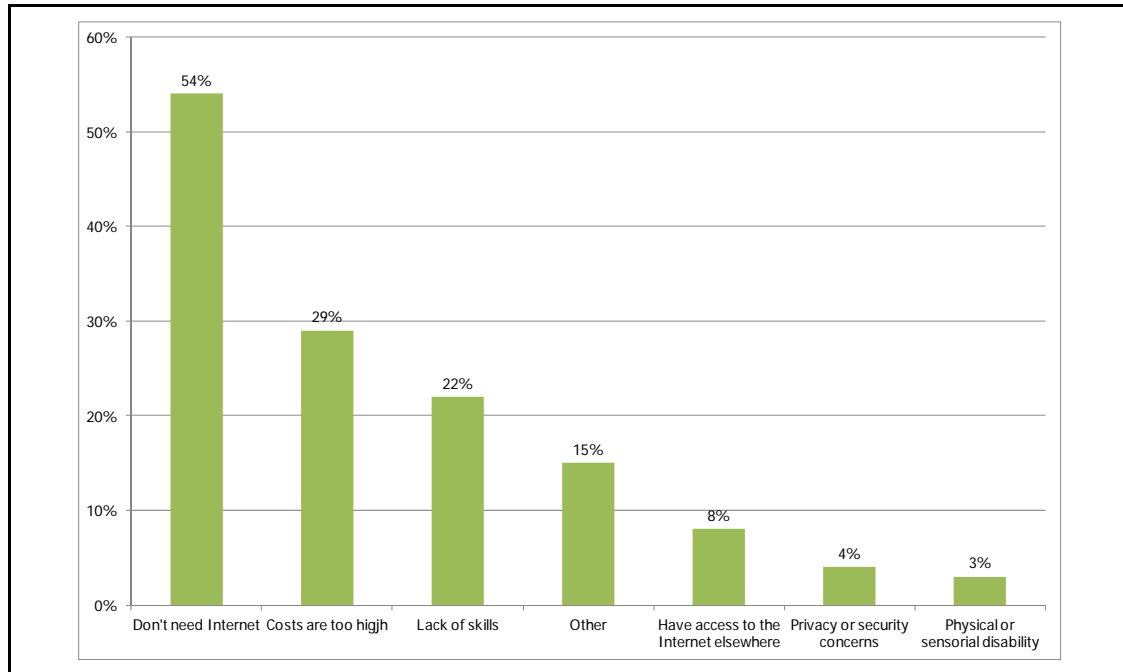
<sup>124</sup> Source: ONS, 2012

<sup>125</sup> Source: Consumers' use of Internet Ofcom residential survey

### 5.4.5 Reasons for not accessing the internet

Reasons for not having access to the internet are outlined in Figure 32. National data shows that the vast majority of households do not have access to the internet because they feel they do not need it.

**Figure 32: Reasons for not having internet access**<sup>126</sup>



Of more importance to policymakers is the proportion of households that do not have access to the internet through experiencing a form of disadvantage. A total of 36% of households nationally do not have internet access because of the costs involved (either the costs of equipment or access costs); and over a quarter of households (27%) do not have internet access due to a lack of skills.

The way in which individuals access the internet is changing and, as a result, almost one in ten households is not online because they can access the internet in another way. This will include the ability to access the internet via a mobile phone, a method that will continue to increase in the future. However, it will provide a further element to digital exclusion as individuals experiencing disadvantage are less likely to be able to afford monthly contracted tariffs that provide access to the internet.

## 5.5 Transport and accessibility

Personal testimonies provided to the Greater Manchester Poverty Commission raised a number of issues related to transport and connectivity across the sub-region. Transport costs and problems with connectivity affect individual's lives in a number of ways, restricting access to employment opportunities, support from public agencies, large food retailers offering affordable and fresh produce, and access to family, friends and leisure facilities.

Testimonies and discussions with people experiencing poverty in Greater Manchester revealed how transport costs affect different aspects of their lives, with costs representing a significant proportion of a low income families' expenditure<sup>127</sup>. According to the Unison report on poverty in Greater Manchester, many Unison members cannot afford to run a car and rely on public transport which means cuts to public transport create new difficulties in their daily lives:

*'In my Trust they do have a monthly payment scheme [for a public transport pass] for staff but it is not available to contractor staff working alongside us. It's simply discrimination.'*

<sup>126</sup> Source: Internet users quarterly update, q1 2012

<sup>127</sup> Submission to the Greater Manchester Poverty Commission, Unison North West, September 2012

*'It costs me £26 per week to get to work on public transport; two years ago it was only £20. That's a big difference for me.'*

*'A friend had a stroke and had to pay his own costs to get to Bolton Hospital. People cannot afford to get to their appointments in Manchester or Bolton.'*

*'There is one bus goes near where we live. It used to be £1.50 to the precinct. Now [company] have taken it over and it is £2.50.'*

*'I had to take my little one to Bolton Eye Hospital for early morning appointments. It was too early for the bus, so it was costing me £40 a day for a taxi for stuff that could have been done at my GP, preliminary stuff, not treatment. And you get no help.'*

The high cost of public transport is currently compounded by one universal ticket for transport across the sub-region not being available. It should be noted that a system similar to London's Oyster Card is currently being developed in Greater Manchester, which will mean a single ticket can be used on journeys involving multiple transport providers. However, the introduction of an Oyster Card system will also need to address the cost of daily travel if transport usage is to be increased, as CLES' previous research in Oldham found that the £4.50 cost of a daily bus ticket was considered unaffordable and restricted access to key services.

The consequences of high public transport costs are that some individuals decide not to travel at all or walk long distances, an option that is not viable for individuals that suffer from poor health. Transport costs can clearly be a barrier to accessing opportunities, such as work or training, which could help people to move out of poverty as well as having a significant impact on access to important public services.

The cost of transport for young people in Greater Manchester was also raised in the personal testimonies:

*'Where I live is isolated and to get about you have to spend £1.50 on the bus, which is a lot of money, so lots of kids just hang around on the estate.'*

The Greater Manchester Transport Research Unit found that when child fares rose in 2008, 65% of parents surveyed said that this increase had affected their disposable income<sup>128</sup>. This suggests the cost of transport for young people is also affecting their access to services and opportunities, which could have an impact upon their aspirations and travel horizons in future years. For young people that have left school, the cost of transport can affect their ability to access education and employment opportunities.

Finally, a further element related to accessibility raised via the Greater Manchester Poverty Commission feedback, highlighted the issue of low travel horizons in disadvantaged communities, meaning residents appear reluctant to access services or education and employment opportunities that are relatively close and easily accessible to areas of disadvantage. This suggests there is a need to raise aspirations and confidence within such areas so individuals feel able to travel to opportunities within close proximity to their homes, and potentially move themselves out of poverty.

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<sup>128</sup> Greater Manchester Transport Research Unit (2008) 'Food or education – the impact of the rise in the concessionary bus fare in Greater Manchester'

## 6 THE DESIGN, RESPONSIVENESS AND AVAILABILITY OF SERVICES TO TACKLE POVERTY

This section discusses the design, responsiveness and availability of services to tackle poverty in Greater Manchester. This includes services provided by public agencies and the third sector but also support provided by community members for their neighbours and the extent to which social capital exists within Greater Manchester.

The evidence provided to the Greater Manchester Poverty Commission demonstrates the difficulty services have in reacting fast enough to help tackle poverty. Personal testimonies also show that the way in which public agencies operate can sometimes lead to frustrations. Perceptions have been provided that suggest individual efforts to improve their own situation or help others can be penalised while being out of work. Individuals also expressed frustration in not understanding decisions made in relation to welfare benefit claims, while many third sector agencies that could help appeal against such decisions are facing an uncertain future.

Despite the cuts to public and voluntary services, the testimonies have shown that, in some areas, the strength and resilience of individuals and communities helps to overcome some of the impacts of poverty and disadvantage. However, this is not the case in all communities, with testimonies suggesting social capital is lacking for individuals that experience particularly challenging and unstable lifestyles, providing an area for future focus and development.

In the face of dramatically rising numbers of people facing situations of poverty, it is inevitable that there will be an increased demand upon public services. Personal testimonies from people in Greater Manchester outlined their experiences of accessing public services. Many of their experiences related to interacting with providers administering the welfare benefits system, or services designed to support individuals that are experiencing disadvantage or crisis. The testimonies outlined feelings of frustration or unfairness in terms of how they had been supported, or the contradictions that sometimes exist in the processes adopted by different service providers.

A number of testifiers and evidence submitted to the Greater Manchester Poverty Commission relays experiences of:

- complying with the rules of Jobseekers Allowance;
- the lack of flexibility within national benefit rules;
- the harshness of sanctions imposed;
- the stress caused by having to appeal benefit decisions.

Evidence submitted by Bolton Citizens' Advice Bureau points towards a perceived lack of flexibility within the benefits system:

A young male jobseeker has only been allowed twenty four hours off his job seeking in order to go to his brother's funeral; this was ordered by the Department for Work and Pensions. His brother died abroad. If he attends his brother's funeral, his Jobseekers Allowance, Housing Benefit and Council Tax benefits will cease. He is already in court on Monday for rent arrears, and is worried that by going to the funeral he will lose his home.

A male lone parent with an eighteen month old child has received no benefits in relation to the child. He was told by the Department for Work and Pensions that he has to wait another four weeks for any benefit because the child's absent mother has not responded to correspondence. In the meantime, he is struggling to feed and clothe his child.

Testifiers relayed experiences which suggest they are unclear why decisions have been made to reduce their benefit payment:

*'I get £74.60 a week. This is to eat, pay my bills and my rent which is virtually impossible. Some weeks I only get £67.00. I have had £6.80 deducted since December 2009 and I still don't know what it is for? (...) I took my case to a tribunal but I'm still awaiting an outcome. I am so worried about my rent, I have lost a lot of weight, it is ridiculous (...) I even asked for a crisis loan and was told I can only have £12.18, that says it all.'*

## 6.1 The responsiveness of public services to poverty

Personal testimonies provided to the Greater Manchester Poverty Commission highlight the difficulty that public services face in providing support to individuals that are in crisis or lack stability in their lives due to experiencing situations such as homelessness. Providing support to individuals in such situations is particularly difficult due to the scale of demand and the personal responses to poverty. Research in Oldham conducted by CLES identified that experiences of poverty are fast moving and complex. Several pressing issues sometimes exist that compound poverty, all of which can change very quickly; in these circumstances individuals often feel they cannot wait for appointments and struggle to understand why support is not available immediately. Once support is provided, it is often the case that poverty has led to another problem becoming more pressing or in need of immediate attention; and the support that was originally sought is no longer a priority thus appointments are missed.

The following quotes from testifiers highlight how the responsiveness of public services can sometimes struggle to keep pace with the needs of people experiencing poverty:

*'Did you get a replacement care worker?' I didn't follow it up. It was my fault. I was traumatised. I have an appointment next week at the community alcohol service. It has been a long wait for an appointment.'*

*'Resources are being withdrawn on the whim of policy change without consideration of life on the ground. My son, who had schizophrenia, became lonely and fell in with people who supplied him with drugs. They claimed his benefits for him – he had no money. We got him his own place – he died a year ago – we don't know if it was suicide. This was partly due to the letters constantly reviewing his benefits – he was terrified of having no money at all. As a society, we don't care what happens to people.'*

*'There are lots of organisations helping people. You are just not sure where to get the right help. The more confused you get, the less likely you are to bother.'*

*'There is a referral system to the Narrowgate Night Shelter in Salford, but a referral has to be made every day. There are only a certain number of beds, and there is no certainty that you will get in, so there is no continuity.'*

It is also important to point out that the demand for public services often exceeds supply; therefore residents cannot always get their needs dealt with immediately. However, the reality of this situation appears to frustrate people in need of help who want to speak to someone face-to-face. These frustrations were echoed in a report into poverty and low income in Oldham<sup>129</sup>:

*'People are terrified of the letters – they are dense, hard to understand and very cold. If you want to make a query they point to a phone – with a 0845 number that costs you money.'*

*'I phoned them weeks ago and they said 'we're a bit busy at the moment'. The only available telephone appointment we've got is for somebody to ring you on 31 July [three or four week after the initial phone call].'*

The quotes above, taken from the Oldham study, highlight how many public services now have a call centre or web based customer interface, allowing them to deal with a high number of enquiries while also providing longer opening hours. However, this means that people who lack access to the internet have difficulty reaching a customer advisor. Likewise, people on low incomes often have a pay as you go mobile phone, which is rarely topped up with credit.

<sup>129</sup> CLES, 2009 'From Causes to Solutions: Poverty, Income and Work in Oldham'

Contacting a call centre to access services or support could be very expensive from a pay as you go mobile phone, especially if they need to spend a long time on hold. This therefore acts as another form of exclusion that residents suffering from poverty are experiencing.

### 6.1.1 Responding to particular circumstances

Other testifiers reported how they have undertaken volunteering work to help improve their skills during periods of unemployment, but have felt penalised by the benefits system for doing so. The frustrations outlined below are a result of individuals trying to improve their situation or help others, but feel the system inadvertently acts to work against such actions:

*'I worked with people with learning disabilities. I had to stop caring for my mum, and for my son who had schizophrenia. I was on the Carers' Council for a while. Means tested benefits define poverty – once you are volunteering they start watching your hours. They even do it if you are a carer.'*

*'You do get penalised for doing voluntary work. I was doing seven days and they stopped my benefits. I ended up needing support from Bread of Life. You get penalised for trying to help people out. I have been on the sick for a long time with mental health issues, and now my leg has gone. It is not recognised.'*

Personal testimonies raised individual concerns about how well public services, particularly the benefits system, responds and deals with mental and physical illness:

*'The state struggles to recognise needs in terms of mental health and to recognise that benefits are meant to be available. You sometimes get the sense that the DSS are there not to help – to not give out the funding.'*

*'Mental ill health is a very real condition and needs to be recognised. Doing benefits assessments is not recognising the problem. I have just had a letter: I have to reapply again. The constant uncertainty is not helping.'*

#### **Case study – Craig**<sup>130</sup>

Craig was diagnosed as being HIV positive thirty years ago and since then he has been caught in a benefit trap. Shortly after he was diagnosed, Craig's parents became ill and he had to travel between Manchester and Yorkshire frequently to care for his parents. He receives Incapacity Benefit but does not have carer support, thus spending £20 a week on travel meant he built up a lot of debt. He almost lost his house because his housing benefit was not being paid.

Ten years ago, Craig's father died and Craig had a breakdown and sought help. He feels angry at the way society treats him. His gas use is capped at £30 per fortnight so he struggles to heat his home properly in the winter. In winter, he only uses a small electric fire. He hasn't paid his water bills in three years and relies on the water board not being allowed to cut him off. Finding decent cheap food is difficult, and the services he needs are on the other side of the city but he doesn't receive travel expenses.

Craig feels discriminated and isolated because of his illnesses. He feels afraid to speak out because of the stigma of being HIV positive, poor and disabled. He thinks that the Disability Discrimination Act only protects people with HIV in theory while the reality can be different. He's terrified of getting a letter from ATOS and says that 15% of the people forced back to work have committed suicide. He has been out of work for 29 years but does voluntary work and is an advocate for people living with HIV. He also suffers from mental health problems and has been barred from voluntary services because he was perceived as acting aggressively.

Craig says he needs people he can trust, who share his principles and values. He has lost faith in people and all sense of community. When he mentions HIV or being gay he feels he is treated differently. His only luxury is the internet which he uses for support instead of voluntary sector services. Craig has been in poverty most of his life, living hand to mouth and feels betrayed.

<sup>130</sup> Pseudonym



The above quotes and case studies refer to the responsiveness of the welfare benefits system to assessing and supporting people with disabilities. Key elements of this have been the introduction of the Work Capability Assessment to reassess all claims for Incapacity Benefit based on a controversial fitness to work test. The following case study reflects the poverty which people can experience due to mental and physical illnesses and caring for others. The stigma attached to poverty, illness and disability can result in social isolation, and public services do not appear to always provide the necessary support to those with long term health problems.

## 6.2 The availability of community and voluntary services

Community and voluntary sector advice services are facing severe cuts to funding at a time when their services are experiencing a very high level of demand. The participatory events across Greater Manchester revealed that residents are accessing support from community and voluntary groups, such as Wellspring and the Boaz Trust, that offer volunteering, a place to go and have a coffee, chat to people, get food, advice, and help in accessing welfare benefits:

*'I don't know where I would be without Sure Start and the help they have given me with Nia; they helped with benefits, toddler group and they got her into nursery.'*

*'I don't know what I would have done without the generosity of the Boaz Trust and the Red Cross who provided me with shelter and food, and the Mustard Tree who provided me with clothes.'*

However, it is also clear that these organisations are seeing an increased demand for their services whilst facing sharp cuts in their funding. There is a very real possibility of a downward spiral in which lower funding leads to reduced services, in turn leading to greater need and an inadvertent increase in need for the services that have been cut. This poses a challenge to all organisations involved in supporting disadvantaged people and may place extra strain on service providers such as social housing. The scale of demand from housing providers is outlined below:

*'As a housing association, it's enlightened self interest to get people the benefits they need. We've recently doubled our advice provision. We also take around 20,000 calls a year through our customer hub. We don't have targets for call times, which enable people to properly listen to those who phone, and ensure they get the help they need. We had one particular example last year where someone hadn't left the house for a long time and we were able to get her the support she needed to do that.'*<sup>131</sup>

Research by Manchester Metropolitan University<sup>132</sup>, on assessing the impact of cuts on the community and voluntary sector in the North West, found that many voluntary organisations are at risk:

- ❑ 51.30% may end within the next three years;
- ❑ 78.8% have had their activities affected by public sector funding cuts;
- ❑ 85.5% of group income has either stayed the same or fallen since last year;
- ❑ 80.2% expect demand for services to increase over the next year. At the same time, many organisations expressed concern that they will not be able to cope with increased demand due to the recession and less support from the local authority.

In Greater Manchester, a GMCVO survey<sup>133</sup> conducted in October 2012 has assessed the impact of recent funding and public service cuts on community and voluntary organisations. In general, the findings revealed that many organisations are struggling to cope with the increased demand for their services following the first wave of cuts and fear that the worst is yet to come with more cuts scheduled for the coming year. The survey concludes:

<sup>131</sup> Source: Quote from a Greater Manchester housing provider. GM Poverty Commission evidence session

<sup>132</sup> Manchester Metropolitan University Community Audit and Evaluation Centre and Community North West, June 2012 'Surviving, thriving or dying – resilience and small community groups in the North West of England'

<sup>133</sup> GMCVO 'An ounce of prevention is worth a pound of cuts', October 2012

'Unemployment and underemployment, changes in the benefits system and a rising cost of living, [...] paired with a withdrawal of other statutory support, has created a situation where those who were already disadvantaged now face outright poverty.'

Overall, the survey found that:

- ❑ 58% of respondent organisations had made cuts to their own services;
- ❑ 70% of respondent organisations were aware of other organisations having made cuts;
- ❑ over 50% of respondents considered that children and young people have been disproportionately affected by the recession and the subsequent cuts.

The survey found that a ripple effect exists across the sector when an organisation cuts its services, increasing demand and pressure on other organisations. Furthermore, because preventative services appear to be particularly hard hit, there are considerable fears that demand to address complex problems will increase further as individuals cannot receive the early advice and support they need.

The following case study from one of the survey respondents illustrates how organisations are under pressure to focus on the most serious cases. Consequently, they have little capacity for preventative work which could lead to a vicious cycle in which more people enter a crisis situation, putting a greater strain on resources and reducing capacity to do preventative work ever further.

#### Home Start North Manchester

Home Start North Manchester is a charity which aims to prevent family crises and the need for statutory intervention by linking families to services and facilities in the wider community. To do this, they recruit and train local parent volunteers who visit families in their homes on a weekly basis to provide emotional and practical support. All the families have at least one child under the age of five.

However, since the recession and the subsequent funding cuts, the organisation has experienced a twofold impact: loss of funding; and having to work less on prevention and more on families in crisis. Home Start North Manchester lost all of its local authority funding and, although the organisation has managed to obtain a variety of grants to replace some of the lost funding, it has had to cut its activities by half.

On a care continuum ranging from level 1 (children have no additional identified needs) to level three (children with complex needs), Home Start aims to work mostly with families who are on level two (children have identified additional needs). The capacity losses at the local authority mean Home Start is increasingly pressured by local authority social workers to help families that have complex needs and children on protection plans. Home Start is forced to devote more time and resources to working with higher need families while work at the more preventative level suffers. According to the scheme manager, this might lead to more and more families spiralling into crisis situations and eventually put even more pressure on resources.

The study assessing the impact of funding cuts on the voluntary and community sector also identified the following key findings:

- ❑ There is increased demand for mental health provision across Greater Manchester – a diverse set of organisations commented on an increasing demand for mental health provision, particularly counselling. Whilst some of these organisations were mental health service providers, others were engaged in community support work (e.g. respondents observed a rise in mental health needs among refugees and asylum seekers, young people and homeless people). Petrus Hub, based in Rochdale, recorded an increase from 74 in 2010 to 156 in 2011 in the number of service users whose primary requirement was for mental health support<sup>134</sup>.

<sup>134</sup> Landreth, David (2012) *Mental Health Worsening*, Petrus News April 2012, p.2

- ❑ Youth services have been particularly badly affected – organisations reported that cuts to funding in Greater Manchester have significantly reduced the availability of high quality youth services within the sub-region. This point was reflected in the personal testimonies provided to the Greater Manchester Poverty Commission:

*'My granddaughter is three and she is nursery; in the beginning we only got 15 hours a week and we had to fight for that. The only available childcare is on weekdays between 8 and 5. There is no holiday provision at nursery and there won't be when she starts school.'*

*'I have lived in Collyhurst for twenty years. There used to be things, play schemes and community centres, but they went one by one.'*

- ❑ There is a significant shortfall in advice services across Greater Manchester – less than a quarter of counselling/advice organisations said they could meet their current demand. The recession, combined with cuts to benefits and services, appears to be intensifying financial and psychological difficulties. Consequently, the demand for all types of advice, including counselling and advocacy, is very high at a time when services are being cut. Again, comments provided in the personal testimonies reflect this finding:

*'In Manchester, almost all advice services are gone. There are issues about falling behind with forms, but these issues are exacerbated when people can't speak English. Some people are completely reliant on the advice sector to help them cope with the reforms, but the advice sector can't necessarily afford to do this.'*

Evidence submitted to the Greater Manchester Poverty Commission further highlights the increased demand for advice services. Evidence submitted by Bolton Citizens Advice Bureau show the number of people receiving specialist social welfare advice increased across all areas of law between 2011/12, with noticeable increases in demand for:

- ❑ welfare benefits advice – up by 57.5%;
- ❑ social welfare law advice – up by 38.0%;
- ❑ immigration or asylum advice – up by 38.3%;
- ❑ employment advice – up by 37.5%;
- ❑ housing advice – up by 29.2%.

Demand for advice services is clearly increasing. At the same time, there has been a reduction in funding to legal advice services, as outlined earlier in the report. 65% of Bolton Citizens Advice Bureau's funding comes from Legal Aid, meaning income will probably fall from £800,000 to £200,000<sup>135</sup>, since welfare benefits advice and employment advice will no longer be eligible for Legal Aid. Bolton Citizens Advice Bureau estimates that of the 63 clients who were given legal advice during one month this year, only 10 or 15 would qualify for help under the new rules. In addition, they are expecting a cut in local authority funding equivalent to 12-15% of its income and will also lose another source of funding, the Financial Inclusion Fund.

### 6.3 Individual and community responses to alleviating poverty

Personal testimonies provided to the Greater Manchester Poverty Commission demonstrate how some communities are working together to alleviate the negative impacts of poverty and making their communities better places to live. Resident's experiences showed that despite experiencing severe poverty, many people and communities showed resilience to the adverse circumstances they faced and often found ways to cope. The testimonies also highlighted the existence of community resilience and how more should be done to harness this resilience as communities seek to, for instance, set up their own informal cooperatives or seek to improve the area in which they live:

*'Out tenants' leader Margaret does a lot. The Council don't listen. Margaret's a community activist – if I have a word with her she gets things done.'*

*'I have a friend aged forty four who cannot read and write. I have to read his personal mail for him.'*

<sup>135</sup> <http://www.guardian.co.uk/law/2011/feb/15/citizens-advice-expert-view-jon-robins?INTCMP=SRCH>

The examples provided above show that social capital is helping to support vulnerable residents in some areas. Unfortunately, a large number of personal testimonies showed that many individuals and communities living in poverty have low social capital.

Residents in some areas struggle to help one another as they are surrounded by people who are also struggling and may be leading chaotic and unstable lives; this can lead to feelings of isolation and worsen mental health problems. The following quotes were provided in personal testimonies, suggesting social capital and community activism is in need of development in many areas of Greater Manchester:

*'There is a lack of community as everyone looks after themselves.'*

*'There are the occasional residents' meetings, but I can't make head nor tail of that. There are no groups where you can talk or get help. The residents' group is just obsessed with housing. The group is like that: I feel like an outsider.'*

*'Council tenants are the only ones being represented or consulted. Housing association tenants are also affected. No one is bringing everyone together: we need all the agencies to communicate with one another.'*

*'Certain groups are not accepting. We need to bring communities together and break down prejudices. People isolate themselves because they feel excluded.'*

*'Twenty first century poverty is more insidious, and people now have a more 'indoors' lifestyle: children no longer play in the street due to traffic; people don't go to church and so on. There is less social interaction.'*

## APPENDIX 1

# Evidence submitted to the Greater Manchester Poverty Commission

## EVIDENCE SUBMITTED TO THE GREATER MANCHESTER POVERTY COMMISSION

The following evidence has been drawn upon to develop this evidence report for the Greater Manchester Poverty Commission.

### Evidence sessions

The minutes of the following evidence session were drawn up:

- Manchester Participatory Event – Wednesday 30 May 2012
- Tameside Participatory Event – Saturday 9 June 2012
- Oldham Participatory Event – Wednesday 20 June 2012
- Salford Participatory Event – Tuesday 24<sup>th</sup> July 2012
- Stockport Participatory Event – Thursday 28 June 2012
- Trafford Participatory Event – Friday 15 June 2012
- Rochdale Participatory Event – Tuesday 17 July 2012
- Wigan Participatory Event – Thursday 26 July 2012
- Bolton Participatory Event – Tuesday 25 September 2012
- BME Network Meeting (inc part GMPC) – Monday 24<sup>th</sup> September 2012
- Bury Participatory Event – Thursday 8th November 2012

### Submitted evidence

The Greater Manchester Poverty Commission submitted a call for evidence related to the following questions:

- What does poverty mean to you?
- What, if anything, has changed for you to be in your current situation?
- What do you think it would be like not to be in poverty?
- What would you say are the barriers or obstacles that keep you in poverty?
- What would need to change for you to get out of poverty?

Evidence was submitted by the following organisations and individuals, all of which was reviewed in the development of this evidence base.

• 42 <sup>nd</sup> Street	• Manchester City Council
• African Caribbean Mental Health Services	• Manchester Food Futures
• Asian Parents Carers Project	• Manchester Mind
• Asylum Support Housing Advice (ASHA)	• Manchester Refugee Support Network
• BHA - impact of poverty on groups users	• Manchester Resettlement
• Boaz Trust	• New Springs Lions ARLFC
• Bolton at Home	• Norbrook Youth Club
• Bolton Citizens Advice Bureaux	• Oldham Council
• Bolton Metropolitan Borough Council	• Oldham Support Group for Carers of Autism
• Bury Law Centre	• Our Life
• Catch22 North Manchester	• Oxfam & Runnymede Trust
• Catch22 Wigan	• Oxfam Routes to Solidarity & the Runnymede Trust
• Citizen's Advice Trafford	• PANDA
• Cornerstone Day Centre	• Polacy Duzi i Mali (Poles Big and Small)
• Department for International Development	• ReBuild Bury
• Department for Work and Pensions	• RSPCA
• Disable Community Centre, Bolton	• Save The Children
• Early Break Young People's Drugs & Alcohol	• St Peter's Partnerships

Service	
• East Lancashire Railway Preservation Society	• The Christie NHS Foundation Trust
• First Choice Homes Oldham	• Trafford Carers Centres
• Greater Manchester BME Network	• Transport for Sick Children
• Greater Manchester Immigration Aid Unit	• Tree of Life
• Greater Manchester Pay & Employment Rights Advice Service	• Tree Tops Counselling
• Greater Manchester Police Authority	• Unison Campaign for Living Wage in Bolton
• Greater Manchester Public Health Network	• Unison North West
• Greater Manchester Somali Senior Citizens Care	• United Estates of Wythenshawe
• Growing Faith in Communities	• Unlimited Potential
• Henshaws Society for Blind People	• Urban Outreach
• HomeStart North	• Volunteer Centre Buxton & District
• Lesbian and Gay Foundation	• West Lancashire Women's Refuge
• Lifeshare	• Women's Domestic Abuse Helpline at Independent Choices
• Manchester Citizens Advice Bureaux	• Work Solutions