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Greater Manchester Briefing



Universal & Working Tax Credit Cuts

9 Trussell Trust-affiliated foodbanks across Greater Manchester are calling on the government to make the £20 Universal & Tax Credit uplift permanent and to extend it to all legacy benefits

With our first-hand experience of supporting those impacted by low income and job losses in recent months, have we come together across Greater Manchester to explain the effects the unnecessary removal of the uplift will have upon the lives of hundreds of thousands of individuals and families in the region. It is not only unjust, it is unfair that those on the lowest incomes face a cut as furloughed workers and businesses have received much higher government benefits. It is also bad economics, sucking out vital recovery stimulus from our most deprived communities. **We believe in creating a future without the need for foodbanks. This cut sadly means that MPs will instead be creating a much greater demand for our support.**

£335
million

Cut per year from
the GM economy

£1,040

Annual cut from Universal
& Working Tax Credits

£74
PER WEEK

lowest unemployment
support level 30 years

OVER
320,000

Households Impacted

+78%

rise in GM households
receiving UC

In March 2020, the Chancellor of the Exchequer, Rishi Sunak, announced a £20 per week uplift to Universal Credit and Working Tax Credits, which expires at the end of March 2021. He should be applauded for his rapid response, recognising that, as we at Greater Manchester's foodbanks have known for years, the previous level was insufficient for people to meet basic expenses.

Even with the current £20 Universal Credit uplift, a single person under 25 receives £79 per week, £94 if over 25. For couples under 25 this is £112 per week and £137 for over 25s. Without MPs' action these will drop in April by between 25% and 14%, with support for single over 25s cut to £74 - less than half that of the absolute poverty line.

Foodbanks are facing unprecedented demand

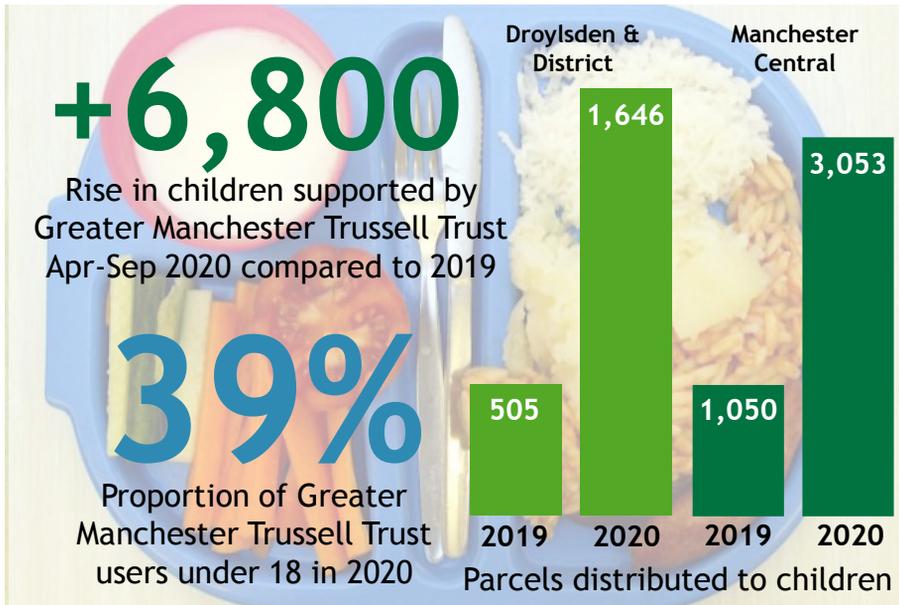
Even with this uplift more people than we have previously witnessed have been unable to cover their household bills and put food on the table. **With a £20 per week cut, foodbank usage is likely to rise sharply again.** Despite the uplift, almost two-thirds of households on UC or WTC have run up debts in recent months and over one third have relied on charities for food or clothing.

+17,000

GM Trussell Trust Parcels Apr-
Sep 2020 compared to 2019

“[I’m] still working but less hours given - after paying some bills there's no money left for anything else”

Child Poverty is Rising Rapidly in Greater Manchester



We have seen a dramatic rise in child poverty in our region. Under 18s now make up 39% of those supported by the Trussell Trust - 6,800 more in Apr-Sep 2020 than 2019. The number supported by Droylsden & District increased by 226% in 2020, 189% in Manchester Central.

A weekly cut to family incomes of £20 in April will only exacerbate the appalling spread of child poverty - with disastrous long term impacts on health and education.

A safety net for everyone?

The furlough scheme has put millions of workers on government benefits to the tune of 80% of their salary. For people earning £37,500 per year or more, this was a government benefit payment of £2,500 per month, for those on £25,000 per year, £1,666. This was a proactive and bold way for the Chancellor to protect our economy and the livelihoods, security, and homes of millions of those who were fortunate that their jobs were not lost.

“I didn’t really know anything about foodbanks . . . I thought it was for really hard up, really poor, deprived people . . . But that’s not the case and I know that now because I am one . . . it is people like myself. I’ve never done a crime in my life, I’m a respectable person and yet I am benefitting from this help”

For those people most affected because their employers have been forced to close or have laid them off, or they have lost significant hours from casual contracts, the government is threatening to take away over £1,000 per year - less than full-time furloughed workers have been given in a single month.

£1,040
PER YEAR

Planned April cut from the most deprived households

£2,500
PER MONTH

Government furlough for people earning £37,500

A large proportion of people receiving Universal Credit are in work or have previously been in work, paying into the system of National Insurance only to find that when they are impacted by job losses and business closures the support they deserve does not meet the basic necessities of household income.

71% of Chorlton & Didsbury Foodbank referrals in 2020 were for chronic low income, rather than a single specific emergency, an increase from 52% in 2019.

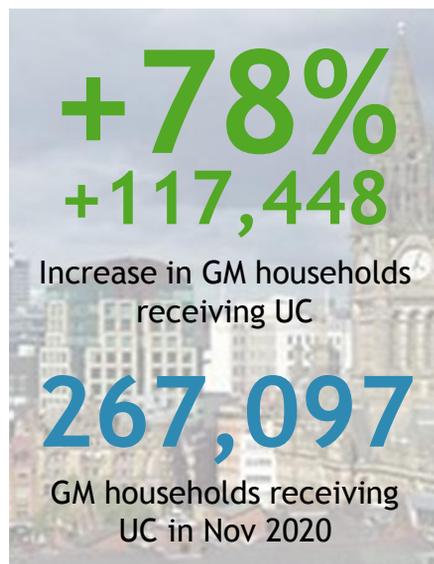
“[I’ve] worked all my life but now on a zero-hour contract and am not receiving enough hours of work: one hour in three weeks! I’ve raised my kids but now I need help”

Because of government delay, millions of people across the country do not know how much money they will have in their pockets in a few weeks’ time and whether to expect a more than £1,000 reduction in income, needlessly creating stress and an inability to plan for the future.

Number of Households Claiming UC has increased by 78%

An additional 117,448 households have claimed UC during the pandemic. The increase is high throughout the region - in Stockport and Salford, the number of households receiving UC has almost doubled in 9 months.

	Households Receiving Universal Credit		Increase	
	February 2020	November 2020	N	%
Bolton	14,051	26,044	11,993	85.4
Bury	8,268	14,971	6,703	81.1
Manchester	36,230	65,719	29,489	81.4
Oldham	17,015	27,550	10,535	61.9
Rochdale	13,136	22,974	9,838	74.9
Salford	13,788	26,894	13,106	95.1
Stockport	9,294	18,462	9,168	98.6
Tameside	13,366	22,442	9,076	67.9
Trafford	8,417	14,991	6,574	78.1
Wigan	16,084	27,050	10,966	68.2
Greater Manchester Total	149,649	267,097	117,448	78.5



This is an unequal recession - deprived areas are most impacted

Removing the £20 per week uplift for the over 320,000 households most affected will **cost the Greater Manchester economy over £335 million** at a time of drastic economic distress. To put this in context, the government spent £849 million on discounted meals in the Eat Out to Help Out Scheme.

Covid-19-related illness and deaths have been disproportionately more common in the most deprived areas, also has been rising household debt. The concentration of this huge reduction in income within specific local and neighbourhood economies will exacerbate the existing devastating impacts upon jobs, businesses, and amenities in areas that need financial support from government the most.

“My husband lost his job as his company went into administration. We are struggling to pay bills as well as keep children clothed and fed”

The long-term effects on individual finances and health, children’s education and life opportunities, and the businesses and services in our most deprived neighbourhoods will take years to repair and the economic and social cost to Greater Manchester will be far greater than that of maintaining the current uplift.

Extend the uplift to legacy benefits

We would like to see the increase extended to all those on legacy benefits, which would mean more than 125,000 households in Greater Manchester currently experiencing similar financial hardships and need for charitable support would receive the £20 uplift, adding more than £130 million to the regional recovery.

Please support the campaign!

A copy of this briefing has been sent to all Greater Manchester MPs, asking them to vote in parliament to make the uplift permanent and extend to all legacy benefit recipients.

We urge constituents to contact their local MPs to ensure that the most vulnerable in our communities are protected at this time of national emergency. Please follow the hashtag **#KeepTheLifeline** on social media to stay up-to-date and share the campaign.

Sources Statistics on proportion of households impacted based upon: Death by £1000 cuts? *Resolution Foundation*, 2nd October 2020: <https://www.resolutionfoundation.org/publications/death-by-1000-cuts/>

Statistics on number of claimants/economic impact based on government figures reporting a number of months behind the current status - likely these are underestimates of the current impact - taken from: Child and Working Tax Credits statistics: Provisional awards geographical analysis - April 2020 & Universal Credit rollout [data] House of Commons Library - 15th Dec, 2020: <https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-provisional-awards-geographical-analysis-december-2013> & <https://commonslibrary.parliament.uk/constituency-data-universal-credit-roll-out/>

Eat Out to Help Out Scheme, *House of Commons Library* - 22nd Dec, 2020: <https://commonslibrary.parliament.uk/research-briefings/cbp-8978/>

“Living standards for UK’s poorest plunge during pandemic,” *The Guardian*, 8th October, 2020: <https://www.theguardian.com/society/2020/oct/08/living-standards-for-uks-poorest-plunge-during-pandemic>

“Poorest areas of England four times as likely to face lockdown as richest,” *The Guardian*, 7th October, 2020: <https://www.theguardian.com/world/2020/oct/07/poorest-areas-of-england-four-times-as-likely-to-face-lockdown-as-richest>