GREATER MANCHESTER POVERTY ACTION:
Quantifying the Poverty Premium in Greater Manchester

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The poverty premium, whereby low-income consumers face higher per unit prices for everyday goods and services, is of interest to policy makers. As an Intern at GMPA, my research contributed towards quantifying a poverty premium in Greater Manchester, in addition to understanding the financial decisions low-income families make that will be published by GMPA in November.

OBJECTIVES

· Develop a notional poverty premium for Greater Manchester
· Identify the average of typical financial impact of the premium on low-income households

The objectives central to the research projects means that more can be understood about the scale of the problem, so that future policy can be directed at alleviating the financial pressures of low income households who pay a poverty premium.

Are You in Employment?

	Typical cost	Cost to low income family	Difference
Loan for £500	£500	£757.78	**£257.78**
Basic household item: Washing machine	£242.33	£468.00	**£225.67**
Annual gas and electricity bills combined	£935.20	£1,077.83	**£142.63**
Home contents insurance	£51.46	£61.33	**£9.87**
Car insurance	£955.36	£1,423.36	**£468.00**
Total	**£2,684.35**	**£3,788.30**	**£1,103.95**

Age of Respondents
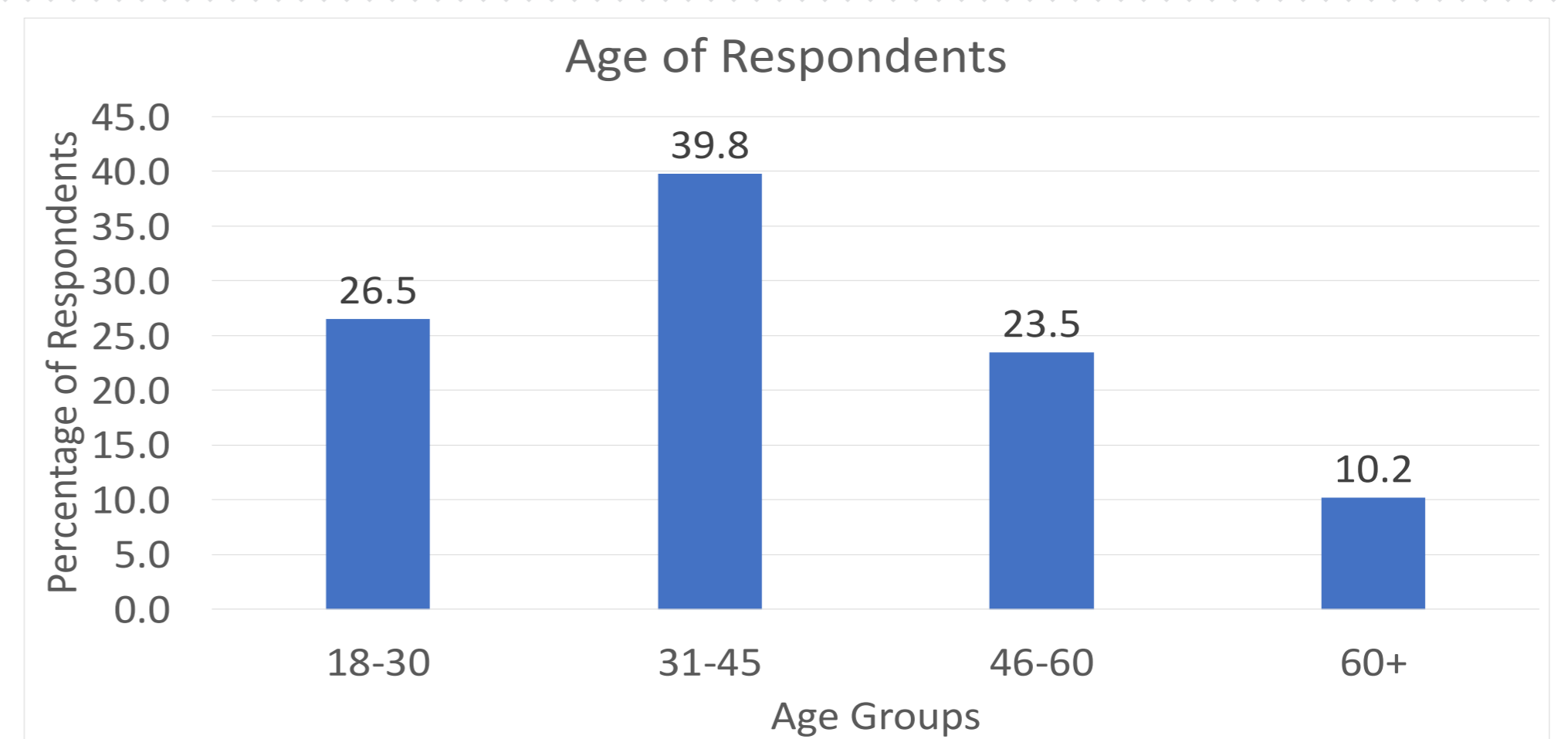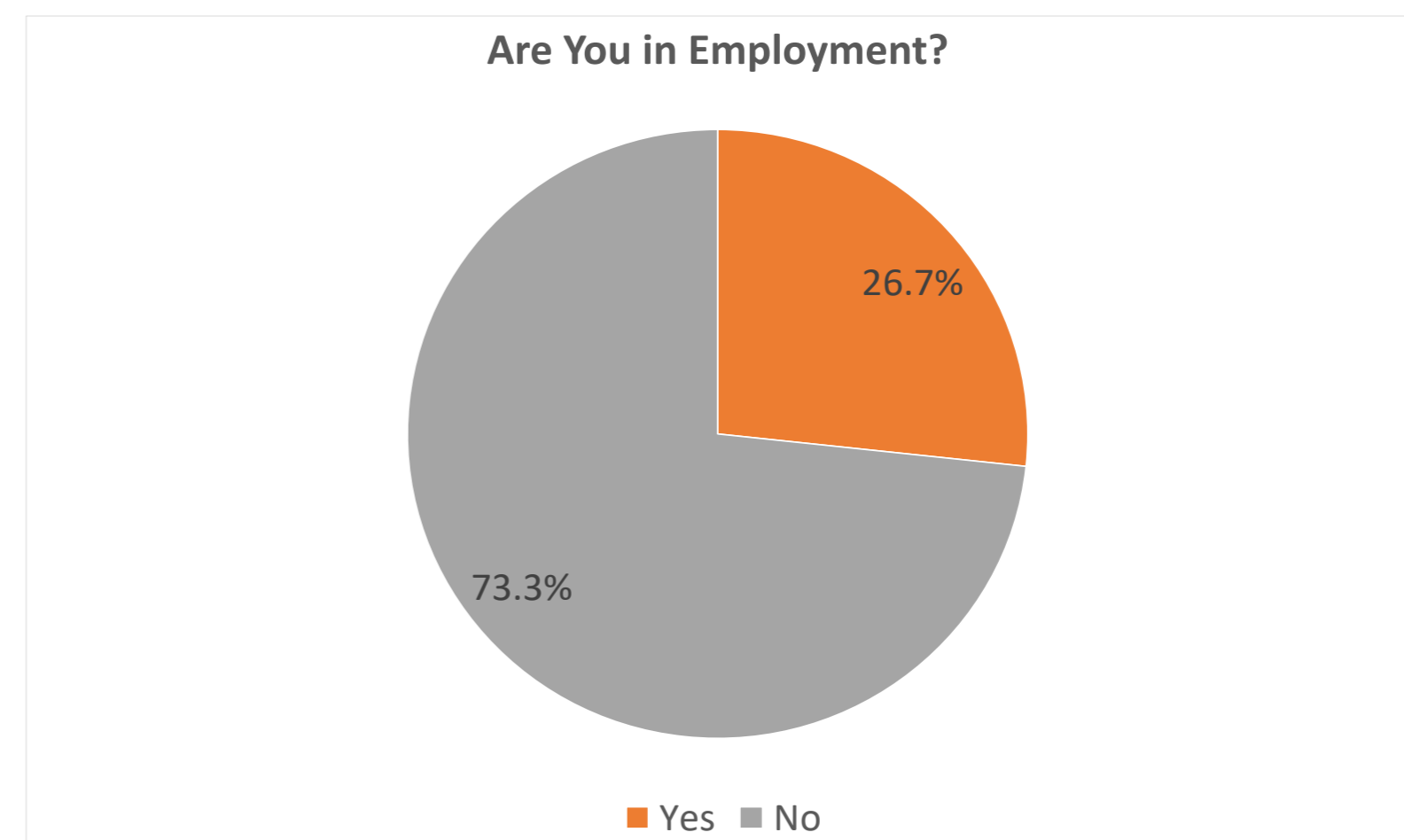
METHOD

In order to achieve these objectives I looked at existing data on poverty published by the Office of National Statistics and government departments in order to establish a general understanding of poverty in England. Following this, I then looked at regional data to determine the most deprived wards in Greater Manchester. I was able to create a notional poverty premium through creating averages on bills through comparison websites using postcodes from the most deprived and affluent areas in Greater Manchester. I then calculated the difference between higher-income and low-income house holds to create the 'poverty premium' using Excel. I then created a survey about spending choices in areas such as bills, loans and insurance in order to understand the spending habits of low-income households. I was able to collect 101 responses through distributing the surveys at food banks in Central Manchester, Altrincham and Stockport, in order to be more geographically representative. Following the data collection, I then inputted all of the results into SPSS to carry out Descriptive Statistics and visualise the results.

FINDINGS

The poverty premium illustration shows us that a typical low-income family in Greater Manchester could potentially face an annual poverty premium of £1,103.95 for essential goods and services. The following data from the survey conducted also shows us that the majority of respondents surveyed 31-45 year olds, which was interesting because the impact of poverty is usually thought about in terms of the older age groups. Consequently, this has implications for thinking about who poverty policy needs to help alleviate in the future. In addition, the majority of the respondents were unemployed. Despite this, the 26.7% of those who are in employment should be taken into consideration in the understanding that not people with jobs can also be in poverty, which future policy should aim to address.

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