



Strengthening local welfare support during the COVID-19 outbreak – England briefing

Summary

- The Trussell Trust, The Children's Society, Child Poverty Action Group, Independent Food Aid Network, Joseph Rowntree Foundation, StepChange Debt Charity and Turn2us have recently issued a joint call for the UK Government to build on the important steps it has taken to date and establish a Coronavirus Emergency Income Support Scheme to ensure that those experiencing or at high risk of financial hardship are able to weather this storm¹
- Increasing funding for local welfare assistance is a key part of this package. Local welfare assistance, operated by local authorities, can play a vital role in providing those being pulled under by immediate financial crises with rapid support
- We are calling for an immediate increase in funding of £250 million to local authorities in England on a one year basis to improve their capacity to deliver local welfare assistance, which would bring the response more closely in line with that of Scotland, Wales and Northern Ireland and enable local authorities to better meet the rising tide of need in their local communities
- This funding should be accompanied by detailed guidance to support the effective use of the money, so local authorities can quickly provide crisis grants to vulnerable individuals and households to help keep their heads above water
- To keep people afloat the broader set of measures focused on the benefits system that we have set out in our proposed temporary Emergency Income Support Scheme must also be pursued in parallel to initiating this stage of the UK Government's response

The role of local welfare in England during COVID-19

Local Welfare Assistance (LWA) schemes provide an existing mechanism for councils to support low-income households to keep them afloat in times of financial crisis. LWA schemes are a relatively small but vital part of the social security system, and can be an effective part of a wider series of local lifelines, alongside services such as debt advice and income maximisation support.

In the current crisis, with the voluntary and community sector facing unprecedented levels of demand, LWA offers an effective intervention to support people being pulled under. It reduces the likelihood that people will become homeless or need to turn to a food bank to get their next meal. When delivered effectively through a cash-first approach, it is a more dignified and efficient alternative to other kinds of charitable and in-kind support. Crucially, when integrated with other preventative council services, effective LWA schemes can also support applicants to address the underlying

¹ <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/04/Joint-call-to-Government-for-a-Coronavirus-Emergency-Income-Support-Scheme.pdf>

causes of crises, providing immediate support in the short-term, but also working to prevent their reoccurrence in the long-term.

The type of support which LWA schemes deliver varies widely from area to area. Some schemes will provide cash grants or low cost loans, some will offer food or fuel vouchers, and others will supply essential items such as furniture and white goods to those who can't afford to buy their own. Whilst local authorities do have other mechanisms such as Discretionary Housing Payments and Local Council Tax Support Schemes to support low income households, we believe that the priority for Government during this period should be to ensure that crisis grants are available to those in need of emergency support through LWA schemes. Despite differences in provision across local areas, there are many areas of good practice which we would like to see replicated to provide a more comprehensive anchor to hold people facing financial crisis steady, across England.

In our joint call for a Coronavirus Emergency Income Support Scheme, we set out the steps the UK Government should take to ensure that those experiencing or at high risk of financial hardship are given a lifeline at this time. Local welfare schemes are a key part of the temporary response that we propose. It is of course vital that they operate in parallel to, and not in place of, an effective benefits system.

We recognise that local authorities are under intense pressure currently, supporting their communities on a number of vital fronts. In this note we set out the steps the UK Government should take to enable local authorities across England to meet the needs of those facing immediate and short-term financial crisis as a result of COVID-19. We believe increasing funding through LWA schemes to be the most effective mechanism to get discretionary payments to the people most in need.

Rebuilding Local Welfare Assistance in England

Provision of local welfare in England has fallen off significantly in recent years. In 2013 responsibility for local welfare was passed from central UK government to councils in England and the devolved nations of Scotland, Wales and Northern Ireland. Research by the Children's Society shows that the number of people receiving crisis support in England has fallen by 75% since 2013. In 2012/13, the final year of the equivalent elements of the Discretionary Social Fund, 737,430 awards of support were made, whilst in 2017/18 the number of awards made by Local Welfare Assistance Schemes had reduced to 186,505². In 2010/2011 £218 million was spent on the equivalent parts of the Social Fund (equivalent to £283 million in 2019/20 prices), compared to less than £41 million spent on LWA schemes in 2018/2019.³The 2020-2021 local government finance settlement identified £131 million of funding to higher tier local authorities in England for local welfare provision⁴. However, this funding is provided on a non-ring fenced basis, and in 2018-2019 only 30% of the possible allocation was spent on LWA schemes⁵. As a result of local authorities not having a statutory responsibility to deliver these schemes and an absence of guidance around what support should be provided through LWA schemes, many councils have therefore chosen or been compelled to deprioritise offering this kind of support at a time when their funding was shrinking. In many cases this has resulted in more people turning to local charities and other organisations for support.

Despite this challenging context, we believe that there is a real opportunity – and imperative – to rapidly rebuild the capacity of local authorities to deliver an effective local welfare offer across England. This would be underpinned by the existing knowledge that local authorities have of need in

² <https://www.childrensociety.org.uk/what-we-do/resources-and-publications/nowhere-to-turn-campaign-report>

³ Based on the most recent FOI requests and analysis by The Children's Society due to be published in May 2020.

⁴ <https://www.gov.uk/government/publications/core-spending-power-final-visible-lines-of-funding-2020-to-2021>

⁵ Based on recent FOI requests and analysis by The Children's Society due to be published in May 2020.

their local communities, the relationships they hold with local VCS partners to provide effective referral pathways, and the examples of best practice that have emerged in the current response to COVID-19.

Our proposed funding level

We recommend that:

- The UK Government urgently make an additional funding allocation of £250 million to higher-tier local authorities in England for use in the year 2020/21.
- This would represent a 'levelling-up', bringing total funding more closely in line with comparable emergency support schemes in Scotland (the Scottish Welfare Fund), Wales (the Discretionary Assistance Fund) and Northern Ireland (Discretionary Support) , and enable local authorities to meet growing levels of need.
- An additional £25 million (equivalent to 10% of the additional funding) should also be provided to ensure that each local authority has capacity to administer their LWA scheme effectively, and that local authorities without a scheme can re-establish one.
- This funding should have accompanying guidance (recommendations for which are set out below) which sets out strong expectations for how the money should be spent. There is a high risk that if guidance is not provided, the money will be used for other local authority spending, and we will continue to see low levels of spending on LWA schemes.

Explanation of proposed funding

The tables below indicate how spending per capita on comparable emergency support schemes in the devolved nations of Scotland, Wales and Northern Ireland exceeded spending per capita in England even before the onset of the COVID-19 pandemic. Additional funding for these schemes to support vulnerable households has since been announced in each of the devolved nations to support the households most vulnerable to being pulled under through the crisis.

The COVID-19 crisis spending figures exclude the Hardship Fund in England, as well as additional hardship funding streams in the devolved nations. The Hardship Fund for local authorities in England, announced in March, has been excluded from these figures, as this funding has been primarily allocated for council tax support, with no specific guidance provided to local authorities on how they should administer discretionary support. Whilst MHCLG guidance states that some of the funding may go towards further discretionary council tax support, local welfare provision, or a higher level of council tax reduction⁶, we expect that there will be little of the hardship funding remaining for these purposes.

An additional direct funding allocation of £250 million from the UK Government, combined with further funding of £25 million to support LWA scheme administration and an estimated existing spend of £40.8 million, would therefore result in total funding of almost £320 million for Local Welfare Assistance in England in 2020/21. This would equate to a per capita spend of £5.72, bringing funding for LWA schemes in England equal to the average per capita funding for comparable emergency support schemes across the devolved nations before the onset of COVID-19.

Per capita spend across UK - before COVID-19 crisis:

⁶ <https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>

| Country | Spend on scheme (2018/19) ⁷ | Population (2018) | Per capita spend |
|------------------|--|-------------------|------------------|
| England | £40,794,467 | 55.98 million | £0.73 |
| Wales | £10,577,817 ⁸ | 3.138 million | £3.37 |
| Scotland | £35,285,712 ⁹ | 5.438 million | £6.49 |
| Northern Ireland | £13,765,000 ¹⁰ | 1.882 million | £7.31 |

Expected per capita spend across UK – COVID-19 crisis spending

Annual spending level at 2018/19 as before, plus the increases set out in recent announcements

| Country | Expected spend on schemes: | Population (2018) | Per capita spend |
|------------------|----------------------------|-------------------|------------------|
| England | £40,794,467 | 55.98 million | £0.73 |
| Wales | £21,577,817 ¹¹ | 3.138 million | £6.88 |
| Scotland | £80,285,712 ¹² | 5.438 million | £14.76 |
| Northern Ireland | £18,765,000 ¹³ | 1.882 million | £9.97 |

Further support for local authorities to deliver effective local welfare schemes

Many local authorities in England are operating effective schemes that provide good support to those in their local communities being pulled under by serious financial crises. There is variation however, and we propose that increased funding at this time is accompanied by clear guidance and other forms of support that may be needed to quickly enable a consistent support offer to people across England. The key issues this guidance and support should seek to address are set out below.

| Current need | Proposed guidance |
|--|---|
| <p>COVID-19 is affecting people in every area of the country But Local Welfare Assistance in England varies significantly from area-to-area. Many schemes have been reduced significantly in their scale over recent years, and one in seven councils no longer run a LWA scheme at all.</p> | <p>All local areas in England should have a local welfare assistance scheme in place to support residents requiring emergency support in the event of a financial crisis.</p> <p>Where local authorities are not able to establish a scheme in the necessary timeframe, consideration should be given to partnering with neighbouring</p> |

⁷ Most recent year for which figures are available for all nations.

⁸ Figures for 2018/19 provided in a recent Welsh Government presentation on the Discretionary Assistance Fund.

⁹ Scottish Welfare Fund Statistics: Update to 30 June 2019: <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/swf/SWF30Jun2019>

¹⁰ Northern Ireland Department for Communities, Annual Report 2018/2019: Welfare Supplementary Payments, Discretionary Support, Standards of Advice and Assistance Sanctions <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-annual-report-welfare-supplementary-payments-2018-2019.pdf>

¹¹ The Welsh Government has announced an additional £11m funding for the Discretionary Assistance Fund <https://gov.wales/discretionary-assistance-fund-receives-11m-boost-wales>

¹² Scotland has announced £22m additional funding for the Scottish Welfare Fund, plus £23m in reserve to be targeted where most needed <https://www.gov.scot/news/emergency-help-for-those-worse-affected-by-coronavirus/>

¹³ The Discretionary Support scheme has had an additional £5m funding to be provided for short-term living expenses grants for people in crisis. <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Budget%20Document%20May%202020-%20web%20version2.pdf>

Discretionary Support Regulations have also been amended to provide more support to those affected by the crisis – The Discretionary Support (Amendment) (COVID-19) Regulations (Northern Ireland) 2020: <https://www.communities-ni.gov.uk/publications/discretionary-support-amendment-covid-19-regulations-northern-ireland-2020-screening>

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|--|---|
| | local authorities to ensure coverage of each area. |
| <p>People being pulled under by financial crisis often need immediate cash support to meet their basic needs</p> <p>But currently, support is often provided in-kind through vouchers or referrals to charitable organisations (like food banks) rather than in cash grants</p> <p>The Children’s Society found that of the local authorities that ran a LWA scheme, 64% were in-kind only, 8% were cash only, and 24% were a mixture of in-kind and cash support¹⁴. During this crisis vouchers and other types of in-kind support are more difficult for councils to administer and to access. In contrast cash grants give people in crisis the flexibility and dignity to make choices about how to meet their basic needs, whether this is food, utilities, items for children, transport, or other essential costs.</p> <p><i>Case study: During this crisis the Trussell Trust have heard from food banks who have said that local authorities did not have systems in place to provide cash grants. One local authority only used physical vouchers for one supermarket chain, and another provided a fuel voucher via email. There were cases of people who did not have access to a smartphone and printer and therefore were unable to use these vouchers, meaning they were unable to access an award through the scheme.</i></p> | <p>LWA schemes should provide direct support to households facing financial crisis. However, wherever possible local schemes should include cash grant provision, providing a dignified and practical way of supporting people during this crisis. Assistance should not be limited to benefits in-kind (such as food or energy), which do not always meet the range of needs of families.</p> |
| <p>Households in a great range of different circumstances need support at the current time</p> <p>However, LWA schemes can be very restrictive in terms of eligibility and have strict limits on who can apply – for example there can be restrictions around how long someone has lived in an area, if they have accessed a LWA scheme award before, whether they are already receiving benefits, and if they are subject to the No Recourse to Public Funds condition. These restrictions, can prevent people in crisis – such as those fleeing domestic abuse - from being able to access support.</p> <p><i>Case study: In a survey carried out by the Trussell Trust in 2019, one food bank manager said that they were told by the local authority that anyone in receipt of welfare benefits could not apply for a crisis grant.</i></p> | <p>Local schemes should relax the qualifying criteria of their LWA scheme to enable them to support more people more easily, taking into account the current crisis. For example, low income working families, or those with no recourse to public funds. Repeat applications and awards should not result in individuals being automatically ineligible to apply. Local authorities should increase the number of possible awards made per household per year, where necessary. Residency requirements should be amended to ensure that nobody is unable to apply to their local scheme.</p> |

¹⁴ Information provided through The Children’s Society Freedom of Information request in 2019. Sent to all local authorities. Of the 125 local authorities that responded and said that they had a LWA scheme, 80 schemes were in-kind only, 10 were cash only, and 30 had a mixture of in-kind and cash support.

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| <p>If households aren't able to meet their needs with the help of LWA schemes, some will have turn to high-cost credit or rely on the generosity of friends and family to support them through a crisis.</p> <p>LWA schemes often stipulate that claimants have to exhaust other routes (including applying for loans or asking friends and family for money) before being able to access the scheme. The Children's Society found that of those local authorities that had a LWA scheme, 60% had put in place stipulations about routes that someone had to take first before applying for LWA, including borrowing from friends or family, taking out a commercial loan, or using a food bank.¹⁵</p> | <p>Applicants should not be required to try borrowing from consumer credit providers or friends and family before accessing the scheme.</p> <p>Schemes should be able to make decisions within 24 hours in emergency cases. Where there is not an immediate crisis, decisions should still be timely and within five working days at most, and support should be delivered in full within 15 working days of the decision.</p> |
| <p>The level of immediate need is often greater than the value of awards through LWA schemes</p> <p>The level of support provided through LWA schemes is typically of a very low value. In a survey carried out by the Trussell Trust in 2019, food banks said that when cash grants were provided, these were estimated to be at around £50. This amount was not thought to be enough to provide a strong enough lifeline for the kind of crises people were experiencing.</p> | <p>Local authorities should consider the different levels of need people may have and the level of support required to address the crisis. In some cases people may require a relatively large amount of support, for example if they are living without essential appliances.</p> |
| <p>Even in areas with an effective LWA scheme, many people in need may not know they exist or how to access them</p> <p>LWA schemes can often be poorly publicised and application processes unclear. Food banks have reported that the people they support have had difficulties accessing local schemes, because of the information required by the application form. For example, having to provide detailed income and outgoings information can be very difficult for someone in crisis, particularly when they may not have internet access.</p> <p>In many cases there are also limited ways to apply for support. For example, some schemes have online-only application systems, meaning those without access to the internet can't apply (an issue which is exacerbated at a time when libraries and other council contact points are closed to the public). Other LWA schemes require a referral to access them, but many referral partners are currently closed or operating differently, meaning that there is often a delay in applying for and then receiving support.</p> | <p>There should be multiple ways to apply to the local scheme, covering at least online, telephone, face-to-face (when social distancing rules allow) and via referral from another organisation.</p> <p>Referral routes should be well advertised, eligibility criteria should be made clear to residents before application, and the application process should be kept as simple as possible.</p> |

¹⁵ Information provided through The Children's Society Freedom of Information request in 2019. Sent to all local authorities. Of the 125 local authorities that responded and said that they had a LWA scheme, 75 had set stipulations about routes that must be exhausted before applying.

Strengthening these lifelines in the longer term

While the recommendations we set out in this note are focused on keeping people afloat through the immediate consequences of the COVID-19 pandemic, we also believe that consideration must be given to the role of local welfare schemes in the longer term and how they can best be enabled to operate on a secure footing, reflect best practice, and complement rather than be a substitute for the wider social security lifelines. Alongside the one year funding increase, local authorities should be required to maintain key data about awards that are made and publish this data, to identify levels of need and support the design of new approaches to local welfare assistance in the long-term.

ANNEX A – Background to responsibilities for local welfare provision

The Welfare Reform Act 2012 abolished the Crisis Loans and Community Care grants elements of the Discretionary Social Fund. Responsibility for delivering this type of support passed from the Department for Work and Pensions to the Ministry of Housing, Communities and Local Government. It was then handed to local councils to deliver.

However, whilst responsibility had been handed to local authorities, there were no statutory obligations to provide a scheme, and local authorities were not provided with a ring-fenced budget to deliver local welfare assistance. Initially funding for schemes was identified separately from the Revenue Support Grant, but in 2014 it was confirmed that no specific funding would be available for local welfare provision after 2015.

Since 2015, the Ministry of Housing, Communities and Local Government has included a nominal line of funding within the core spending power of councils for local welfare provision, but there have been no restrictions on how this funding could be spent. At a time when councils have lost 60p out of every £1 of government funding since the beginning of the last decade¹⁶, and with no statutory responsibility to deliver local welfare assistance, this has meant that many councils have deprioritised offering this type of support.

ANNEX B – Role of the Hardship Fund

A £500million Hardship Fund for local authorities in England was announced with the budget in March as part of the UK Government's response to COVID-19. This is new grant funding to support economically vulnerable people and households in their local area. However, accompanying guidance states that the "Government's strong expectation is that billing authorities will provide all recipients of working age local council tax support during the financial year 2020-21 with a further reduction in their annual council tax bill of £150". We are concerned that this approach risks missing households who need help in other ways, and could undermine the ability of councils to respond quickly and flexibly to those in the greatest need.

We also understand that many local authorities will have very little funding left for discretionary support once they have made the mandated deduction to council tax bills for working-age LCTS claimants. A quick survey of all local authorities in London conducted by CPAG found that at least 10 local authorities planned to spend their entire allocation of hardship funding on local council tax support, leaving nothing left for discretionary support.

¹⁶ https://www.local.gov.uk/sites/default/files/documents/5.40_01_Finance%20publication_WEB_0.pdf

In addition, some authorities are holding funding back in anticipation of an increase in applications for council tax support throughout the year. One local authority which received a £2 million allocation from the Hardship Fund reported that £600,000 will go towards council tax support, and £100,000 towards their LWA scheme. We are not aware of MHCLG plans to monitor how the Hardship Fund is being used or assess whether it is enabling local authorities to provide sufficient support.

ANNEX C – Calculation of proposed funding

| Source | Value | Notes |
|--|----------------------------|---|
| Existing local authority spend | £41 million | Spending assumed at 2018-19 levels. |
| Proposed additional funding | £250 million | Calculated to bring per capita spending on LWA's more closely in line with average spending on the equivalent emergency support schemes in Scotland, Wales and Northern Ireland before onset of the COVID-19 pandemic. This figure is also broadly in line with Discretionary Social Fund spend in 2010 ¹⁷ . |
| Funding for LWA scheme administration | £25 million | 10% of additional funding to support local authorities with reestablishment in some cases and administration of LWA schemes. |
| Total possible funding for LWA in 2020-21 | Almost £320 million | Equivalent to £5.72 per capita. |

¹⁷ Real terms spend in 2010/11 on the equivalent elements of the Discretionary Social Fund was £290.5 million. An extra £249.7 million would be required to bring spend up to this level, taking into account the £40.8 million currently spent.