

OCT 2020



# LOCAL LIFELINES

INVESTING IN LOCAL WELFARE  
DURING AND BEYOND COVID-19



“I know how effective [local welfare] is, how quickly it works, and I know that it keeps dignity and respect in place. And it’s not just a one-off payment...it can be more than that, people can come back...and it’s a proper wrap-around.

“The [funding] has been a lifeline for our scheme, because we know we’re going to see at least that much additional demand compared to last year... so it’s about being able to sustain the scheme, our ability to continue to do this.”

*Council case study, North West*

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## ACKNOWLEDGEMENTS

Thank you to the people who took part in this research – including the councils that made time to speak to us, the tireless volunteers in the Trussell Trust Foodbank Network, and the people in need of emergency financial support who shared their experiences with us.

Thanks also to all the anti-poverty organisations with whom we have worked closely and who have supported us with this research, with particular thanks to The Children’s Society for sharing their data and expertise on this issue.

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## EXECUTIVE SUMMARY

### Covid-19 has pushed significant numbers into serious financial hardship.

As Covid-19 hit the UK, the Trussell Trust saw an immediate and sustained surge in need across the food banks in our network, and around half of those people forced to use food banks were doing so for the first time. Levels of need are forecast to remain high over the winter – with 670,000 people forecast to be pushed into destitution.

We are clear that food cannot be the answer to people needing a food bank – instead, we need to ensure everyone has enough money to afford essentials. While it is essential that steps are taken to strengthen national social security, we also need a local welfare safety net for times when people face unexpected crises and adverse life events. This report is informed by interviews with a selection of local authorities and food banks, exploring the role of local welfare during the Covid-19 response.

### Local welfare assistance has played an important role in the response to the crisis.

Local welfare assistance is a vital mechanism that, when delivered well, provides a powerful safety net. The type of support can vary but often includes cash grants, low cost loans, food or fuel vouchers, or essential items such as white goods. This can make the difference between someone staying on their feet or falling into destitution, and be an effective way of preventing a financial emergency from escalating into a more sustained crisis.

Central government has this year underlined the vital role local welfare plays, by investing £63 million through the Emergency Assistance Grant for Food and Essential Supplies. This was an important moment in reinvigorating the role of local welfare in response to the Covid-19 crisis, although the government was clear it expected councils to spend most of this money within 12 weeks. We spoke to local authorities who told us that while this funding had provided a lifeline, they are now facing a financial cliff edge, with further investment needed if they are to keep delivering support to those hardest hit by the crisis.

### With funding from central government coming to an end, further action is now needed if we are to protect those hardest hit by the crisis.

In our interviews with local authorities, there was widespread concern that the end to the £63 million combined with long-term funding pressures will mean that in too many areas current provision will not be able to meet demand. As levels of serious financial hardship show few signs of reducing, this is not the time to discontinue welcome additional investment in local welfare – but rather to build on it and make sure the positive impact is amplified over the months ahead.

This should be complemented by sustainable long-term funding. It is unreasonable to expect such short-term funding to overcome entrenched issues such as the postcode lottery in provision, with regional spend in 2018/19 varying from £0.39 per head in the West Midlands to £1.32 per head in the North West. Only guaranteed, sustainable funding can give local authorities the security to plan ahead, build capacity, and ensure local welfare acts as the lifeline to people facing serious financial hardship that we know it can be.

- **Recommendation 1:** The Department for Environment, Food & Rural Affairs (DEFRA) should extend the Emergency Assistance Grant until the end of the financial year 2020/2021.
  - **Recommendation 2:** Reconvene the Food and Other Essential Supplies to the Vulnerable Ministerial Task Force until July 2021.
  - **Recommendation 3:** Central government should invest £250 million per year in local welfare assistance over the longer-term.
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## INTRODUCTION

**The Trussell Trust is an anti-poverty charity. We support a UK-wide network of food banks to provide emergency food and support to people locked in poverty, and campaign for change to end the need for food banks in the UK.**

As Covid-19 hit the UK, the Trussell Trust saw an immediate and sustained surge in need across its food banks. In April there was an 89% increase in the number of emergency food parcels given out compared with the same month in 2019.<sup>1</sup> This unprecedented level of need came on top of year-on-year increases in the numbers of people who are unable to afford food and have been forced to use food banks as a result.

In 2017 just over 1.5 million people experienced destitution, going without the essentials and locked out of the chance of building a decent and secure life. Modelling carried out by Heriot-Watt University has forecast that the economic crisis in 2020/21 will reshape this landscape, with over 670,000 additional people being swept into destitution for the rest of 2020 as they lose their jobs, income, and businesses.<sup>2</sup> They forecast this will transfer into an extra 300,000 emergency food parcels likely to be distributed by food banks in the Trussell Trust network in the last quarter of 2020 – an increase of 61% compared to the previous year.

We are clear that food cannot be the answer to people needing a food bank – and that everyone should have enough money to afford essentials. That is why we need a national social security system which provides everyone with enough to keep them out of serious financial hardship, and is responsive to individual needs and changing circumstances.

But it is also vital to have a safety net at the local level, which can be adapted and tailored to local needs and can provide flexible discretionary emergency support when people are at risk of falling through gaps in the national system. Local welfare assistance, whereby local authorities provide crisis support to people, is a fundamental part of this local safety net.

Local welfare assistance operates in different ways in different parts of the UK. In this report we focus on the role of local welfare assistance in England specifically. We draw on insight from food banks in the Trussell Trust network and recent interviews with a selection of local authorities – these have been anonymised throughout to ensure responses were as honest and reflective of real experience as possible. A summary of the methods used is included at Annex A.

In May 2020 the Trussell Trust and partners in the anti-poverty sector came together to call for investment in local welfare assistance in response to the crisis.<sup>3</sup> We were pleased that the government responded with a significant investment of £63 million. However, this represents one quarter of the £250 million annual investment we have called for, and the 12-week time period this funding was intended to cover has recently come to an end. This is despite the continuing unprecedented levels of need across England and forecasts of rising unemployment and poverty.

This report makes the case for extending that emergency funding and reinvigorating the long-term role of local welfare in supporting people through serious financial hardship. We stand ready to work with Government to achieve this goal.

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# A LOCAL LIFELINE: THE ROLE OF LOCAL WELFARE ASSISTANCE GOING INTO THE CRISIS

## Why local interventions matter

From our experience supporting 1,200 food bank centres across the UK, we recognise the contribution locally-led approaches can make to tackling destitution, particularly in providing discretionary financial support tailored to local needs.

This is supported by previous research we have conducted with Heriot-Watt University in *State of Hunger* (2019) which demonstrated the important role played by locally-led groups, networks, and services. The report found that alongside problems with the benefit system, the lack of formal or informal support networks in people's communities is a key factor behind levels of need for food banks.<sup>4</sup>

The Trussell Trust's ambition is to end the need for food banks. While this requires an effective social security system, it also requires local alternatives to food banks acting as a last resort safety net. Local welfare can therefore play a key role in supporting people with the costs of essentials without needing to use a food bank.

Covid-19 has made having an effective approach to local welfare assistance across England more important than ever. As the number of people needing to turn to local services for emergency support due to financial hardship has increased, as a society we must not see the solution as an increase in emergency food provision.

## What is the value of local welfare?

Provision of local welfare support by local authorities has long been recognised as a key part of the social security system and this is reflected in the allocation of funds to local authorities to provide people with emergency support when they need it most. The type of support varies, but can include cash grants, low cost loans, food or fuel vouchers, or essential items such as white goods.

In its report *Supporting Low Income Londoners* (2019), London councils underlined the case for the role of local authorities in providing practical support to meet essential daily needs and to prevent financial emergency from escalating into a more sustained crisis:

“[Support] can include essential items when setting up a new home...replacing clothing lost in a disaster, rent in advance, daily living expenses for households where the usual source of income has been interrupted temporarily ...Many of these interventions help to support independent living and prevent homelessness, and as such [local welfare assistance] payments often contribute to preventing higher-cost interventions being necessary further down the line.”<sup>5</sup>

Many other organisations have made the case for the role of local councils in providing a local welfare safety net. The Local Government Association has highlighted several benefits of local authorities playing this role, including their access to data about residents, their existing financial relationships with their residents (such as through council tax collection), and the other kinds of financial support they already provide which can be integrated into the local safety net (e.g. Council Tax Reduction schemes and Discretionary Housing Payments).<sup>6</sup>

There is evidence of cost savings delivered through the provision of local welfare. A report from the National Audit Office (2016) highlighted the evidence from Milton Keynes Council, which used the New Economy's Unit Cost Database, developed for the Department for Communities and Local Government's Troubled Families Programme, to estimate the cost savings to other public services of their local welfare scheme. It estimated that over a full year awards made by the local authority worth £0.5 million led to a total estimated combined saving for central and local government of £9.7 million.<sup>1</sup>

<sup>1</sup> The council examined the fiscal, economic and social value derived from a sample of 592 local welfare provision awards it made from January to July 2015, Local Welfare Provision (2016), National Audit Office, <https://www.nao.org.uk/wp-content/uploads/2016/01/Local-welfare-provision.pdf>, p32.

*State of Hunger* (2019) highlighted the particular role that local welfare schemes are seen to play in helping to prevent people needing to use food banks. The existence of these schemes was seen as a positive by referral agencies (local partner organisations that refer people in need to food banks in the Trussell Trust network). Where these schemes did not exist, the research found that food banks had to step in and become in effect a substitute 'safety net beneath a safety net'.<sup>7</sup>

"I went to the [local welfare assistance scheme] asking for a bit of help, because we'd run out of gas and electricity, and we didn't have any food, and needed electric for my wife's nebuliser. I couldn't believe it, they topped up a tenner on the electricity and the gas, and gave me £30 worth of Morrisons vouchers."

*Person who had been referred to a food bank in the Trussell Trust network*

## Three kinds of provision: Categorising different local welfare schemes

Due to variation across England, there are no 'off-the-shelf' schemes, and no official categories of scheme. However, informed by our conversations with local authorities and food banks, we have identified three broad categories: 'crisis-benefit only', 'wrap-around', and 'outsourced' models. It is worth noting that not all local welfare assistance schemes fit neatly into these categories. Some schemes may use hybrid models or have no scheme at all - but these offer a useful framework for understanding the broad types of schemes available.

### 1. The crisis-benefit only model

This model provides short-term help without providing wider support or advice. This can help support someone through an immediate crisis but is more limited in tackling underlying needs. These models can provide grants in cash or in-kind benefits (such as a voucher or white goods). However, Freedom of Information (FOI) data suggests that the majority of local authorities which run a local welfare assistance scheme (c.67%)<sup>ii</sup> provide in-kind support only, and do not provide cash grants.

#### COUNCIL CASE STUDY: SOUTH EAST

This scheme is crisis-benefit only, and consists of:

- Crisis support – supermarket vouchers and fuel vouchers for pre-payment meters
- Help for staying in the community – white goods and furniture
- No further support or advice is offered through the scheme

Annual spend: £200,000<sup>8</sup>

### 2. The wrap-around model

These schemes incorporate a crisis-benefit element but are also closely linked to other services aimed at crisis prevention, such as welfare benefits advice, debt advice, and income maximisation support. This can include co-ordination between statutory services as well as voluntary and community services. The result is that if someone comes via any channel to seek crisis support, they are supported not just to meet the immediate need, but are given additional support to provide a longer-term solution for the issue. Some councils have gone further, and developed this into an early intervention model to track financial vulnerability by integrating Discretionary Housing Payments and council tax support into their local welfare model. 'Wrap-around' models are not always easy to identify as the other relevant services may not always be classified as being part of local welfare provision.

<sup>ii</sup> Based on responses to FOI requests sent to all English local authorities in 2018. Of the 125 that had a scheme, 84 did not provide any cash loans or grants and provided in-kind support only. <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/06/Briefing-Strengthening-local-welfare-support-during-the-COVID-19-outbreak.pdf>. However there is evidence that some councils which state that their support is provided in-kind are not providing support directly themselves but are relying on the support of local charities including food banks.

### COUNCIL CASE STUDY – NORTH WEST

This wrap-around scheme provides a wide range of support including:

- Crisis payments – paid via an SMS voucher redeemable for cash within 24 hours
- Home needs fund – provision of furniture and white goods.
- A hardship fund – for people found ineligible for crisis payments and to provide other support projects.
- Benefits advice and other advice services

Annual spend for crisis payments and home needs fund: £3.1 million (and c. £1.7 million for other elements)<sup>9</sup>

### 3. The outsourced model

This refers to provision where the majority or entirety of the local welfare budget has been allocated as grants to local voluntary and community sector (VCS) organisations - usually to support their ‘business as usual’ activities – such as emergency food providers. In outsourced models, the organisations that receive grants do not usually provide any specific local welfare service as a result of receiving that grant, but instead use the resources to expand provision of their service or use it to meet rising demand. In many of these areas it is only more recent injections of government funding which has made this possible, such as through the £63 million from DEFRA in summer 2020. Before then, it is likely that many of these areas will not have had any local welfare offer in place, not even basic grant funding for local VCS providers.

### COUNCIL CASE STUDY – SOUTH EAST

This council does not provide any crisis-benefit support or advice directly, instead several grants are provided to:

- local authority children and families centres
- an advice charity
- several food bank charities
- several furniture charities

There are no separate services provided by these charities for this money, and some services (such as children and families centres) are not open to all residents by definition.

Annual spend: £200,000<sup>10</sup>

## Changes to central government policy and the challenges of reduced funding

While local welfare has existed in various forms for decades, its current form is generally referred to as local welfare assistance. This has been the case since 2012, when the discretionary Social Fund (which previously provided forms of local welfare) was abolished and responsibility for delivery of local welfare passed from central government to local councils. This has provided local authorities with flexibility and discretion over how to deliver local welfare and tailor it to local needs; however, it has also coincided with significant reductions to core funding for these schemes.

Since 2015/16 onwards the Government has included funding for local welfare provision within the overall revenue support grant.<sup>11</sup> Whilst the suggested allocation for local welfare is identified within the revenue support grant, the

funding is not ring-fenced and can be spent on any service or function. This has meant that from 2016 onwards local authorities have had the responsibility to deliver local welfare provision, but have not been provided with a ring-fenced budget to do so, and nor are they under statutory obligations to provide a scheme. This has coincided with wider funding reductions for local authorities in England, creating significant competition for limited resources. Cuts to funding from central government have led to a 17% fall in councils' spending on local public services since 2009–10 – equal to 23% or nearly £300 per person.<sup>12</sup>

Spending on local welfare assistance schemes in England has also reduced since the removal of allocated funding from central government. Whilst there was no ring-fenced funding stream for local welfare provision, the notional figure suggesting how much councils would be expected to spend on it was set at £129 million each year from 2015/16 until 2020 across all councils in England. However, it appears that a small proportion of this is actually being spent on its intended purpose. For 2018/19, data indicates that less than a third of the funding allocated was spent by local authorities in England on local welfare assistance – just over £41 million.<sup>13</sup>

For its population, England spent significantly less than the other nations of the UK. The per capita spend in England in 2018/19 was £0.73 in 2018/19, which is significantly lower than per capita spend in all other nations of the UK.

### Pre-Covid-19 crisis spending on local welfare assistance - per capita actual spend across the UK

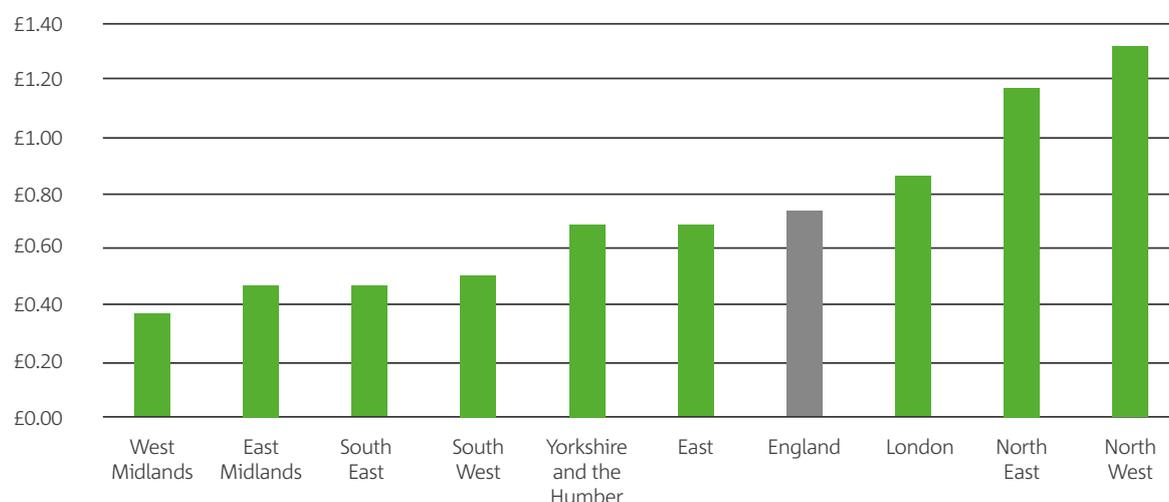
Country	Spend on scheme (2018/19) <sup>iii</sup>	Population (2018)	Per capita spend
England	£41,317,007 <sup>14</sup>	55.98m	£0.74
Wales	£10,577,817 <sup>15</sup>	3.138m	£3.37
Scotland	£35,285,712 <sup>16</sup>	5.438m	£6.49
Northern Ireland	£13,765,000 <sup>17</sup> (Net spend of £10,265,000 due to loan recovery)	1.882m	£7.31

*State of Hunger* (2019) noted that “the presence of stronger local welfare assistance (as in Scotland, Wales, and some English local authorities) was seen as a positive by referral agencies and its absence a strong negative precipitating household food insecurity and food bank use.”<sup>18</sup>

### A postcode lottery in provision in England

Spending on local welfare assistance varies significantly at a regional level in England – creating a postcode lottery in provision. Regional spend in 2018/19 varied from £0.39 per head in the West Midlands, to £1.32 per head in the North West.

#### Per capita spend on local welfare assistance by region in 2018/19<sup>iv</sup>



<sup>iii</sup> Most recent year for which figures are available for all nations.

<sup>iv</sup> Local authority revenue expenditure and financing England: 2018 to 2019 individual local authority data – outturn, (2019), National Statistics, <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2018-to-2019-individual-local-authority-data-outturn>

This overall context has shaped the ability of local authorities to maintain and develop their local welfare assistance offer over recent years. Many local authorities have continued to invest in their local schemes, and provide innovative support to people in their local communities. In other cases, local authorities have chosen or not been able to prioritise local welfare assistance. And a significant proportion of councils have reported having no scheme in place at all.<sup>v</sup>

This means that in some areas people in crisis have received the support they need at the right time, and in a way which helps to address the underlying cause of the crisis. In other areas people will have struggled to get the help they need.

Food banks we spoke to have highlighted issues that have developed over the years and how this has affected the people that should be able to access this vital support. Our survey in 2019 found that the majority of food banks that we spoke to did not think that people in crisis knew about their local welfare scheme.<sup>vi</sup>

*“When the scheme was first set up there was a paid worker who...helped clients who were in immediate crisis. But this all changed in 2018 when the budget was cut. There is now no longer a network worker and there is limited access to help. Some food banks still receive a small grant to provide food, but due to the decrease in the budget the other local crisis support is not available to people in desperate need.”*

*Food bank in the Trussell Trust network, South East*

As we set out in the next chapter, the deprioritisation of local welfare assistance by the Government appears to have affected the ability of some local authorities to respond rapidly and flexibly to the challenges post by Covid-19 and maximise the impact of the new funding made available. However, while Covid-19 has exposed the challenges, it has also highlighted the important role local welfare assistance can play and the case for re-invigorating its role in supporting some of the most vulnerable people in our society.



<sup>v</sup> Research by The Children’s Society has found that one in seven local upper tier local authorities have no local welfare scheme in place at all, *Strengthening local welfare support during the COVID-19 outbreak – England briefing* (2020), <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/06/Briefing-Strengthening-local-welfare-support-during-the-COVID-19-outbreak.pdf>

<sup>vi</sup> Data from survey of food banks in the Trussell Trust network (conducted October - December 2019). Of the 94 food banks who knew of a scheme, only 14 thought it was known about by those who needed it.

## AN IDEA WHOSE TIME HAS COME? BOOSTING LOCAL WELFARE IN THE COVID-19 RESPONSE

The ongoing impact of Covid-19 has demonstrated how important it is for councils to have the capacity to deliver timely and discretionary emergency support to households facing financial crisis in their areas. Not only has it proved important to provide this immediate support, but the best examples of effective support also connected people to other relevant services in their community, addressing underlying needs and enabling them to build their own resilience against future crises.

It is not possible for us to put a figure on the number of people who have turned to their council for support through local welfare assistance since the start of the pandemic, but our survey of people using food banks suggests it may have risen quite significantly among this group. Before the pandemic, 15% of people who had needed to use a food bank in the Trussell Trust network had applied for local welfare assistance in areas which had a scheme, and this increased to 23% during the summer of 2020.<sup>20</sup>

Increased need among people in crisis was quickly recognised by devolved administrations, which invested significantly in local welfare assistance as an immediate response to the crisis. The Westminster government also recognised the role of local authorities in providing support for people facing serious financial hardship in England, with an investment of £63 million through the Local Authority Emergency Assistance Grant for Food and Essential Supplies announced in June. Local authorities had the discretion over how to use this money, but the Department of Environment, Food and Rural Affairs (DEFRA) stipulated its purpose as ‘to meet immediate need and help those who are struggling to afford food and essentials due to COVID-19.’<sup>21</sup> The funding came with the ‘expectation’ that this would be spent within 12 weeks.

This significant funding will have improved the capacity of local authorities to meet unprecedented levels of need for emergency financial assistance. One local authority told us:

“The [funding] has been a lifeline for our scheme, because we know we’re going to see at least that much additional demand compared to last year... so it’s about being able to sustain the scheme, our ability to continue to do this.”

*Council, North West*

Local welfare provision has acted as a lifeline to people facing financial hardship during the crisis. Some families were supported with an immediate cash payment that helped them to manage a financial crisis. For example, we heard from a family who could not work due to needing to self-isolate and had a delay whilst waiting for a Universal Credit payment.

### CASE STUDY

#### **Lucy and Mike, and their son aged 7 – unable to work during the lockdown and were supported by local welfare assistance, East of England**

Lucy works full time, but her husband, Mike, has been unable to work since coronavirus started due to health concerns. For a few weeks after the start of lockdown they were able to live off their savings and Lucy’s salary but, when their savings ran out, they applied for Universal Credit. Unfortunately, two weeks on from submitting their Universal Credit claim, their claim was still not confirmed, leaving them unable to access an Advance Payment. A support organisation suggested that Lucy apply to her council’s local welfare assistance scheme, something Lucy hadn’t heard of before.

Within 24 hours of applying, Lucy and Mike received £72 which they could use to pay essential bills. Lucy said that the team member she spoke to was kind and empathetic - which in itself helped even before they received the money. Lucy and Mike were appreciative that the scheme provided flexibility in offering emergency cash payments, and the assistance relieved some of their anxiety as well as lifting some of the immediate financial burden.

## How local authority responses have differed during the Covid-19 crisis

Through a series of interviews with a small number of local authorities in England we have gained some insights into how the additional funding has been used, as well as how pre-existing levels of prioritisation of local welfare assistance may have affected councils' ability to make the most of this new funding.

Our indicative findings are:

- 1. Councils that already had a good local welfare scheme in place were able to respond flexibly and make changes to ensure people in need could access support easily and quickly.**
- 2. Councils that did not have well-developed infrastructure to provide local welfare support were more likely to struggle to deliver support themselves and have increased their reliance on community and voluntary groups.**
- 3. Some councils tested new models of provision to channel community goodwill - but these may not be sustainable.**

## Councils with well-developed local welfare schemes made positive changes to get people the support they needed.

We spoke to two councils which had a well-developed local welfare assistance scheme, using a model of wrap-around support which they were confident would provide people with what they needed to address their crisis situation. However, in light of the significant rise in people facing financial hardship from a range of different backgrounds, they recognised their schemes should adjust to meet these needs.

In our conversations with local authorities we heard about a range of changes that were made in the crisis. These included:

- Greater advertising and promotion of the scheme on a range of platforms to ensure that people were aware of support offered
- Increased flexibility in terms of how many applications can be made to the scheme
- Relaxation of evidence needed for application and flexibility in documents that can be provided as proof of income
- Provision of internet access through short-term smartphone use
- Increase of crisis award amount so that people could get adequate access to food or fuel during the crisis (e.g. from £20 to £60), particularly important for those needing to shield or self-isolate.

Some of the most significant changes made by councils during the onset of the pandemic were to ensure that people in crisis due to the lockdown could still access support. For example, one council in London decided to make a temporary change to eligibility for its crisis fund to remove the requirements for applicants to be in receipt of an income-based welfare benefit. This was an important step given that much of the hardship at the start of lockdown was driven by people who were previously in insecure work or self-employment. Other councils we spoke to had made similar adjustments, but there was widespread recognition that maintaining these adjustments would be very challenging without further support from central government.

## COUNCIL CASE STUDY – YORKSHIRE AND THE HUMBER

This council already had a well-established local welfare scheme in place. It made a number of changes to its scheme such as allowing flexibility on the number of applications that could be made in a single year, as well as allowing people to apply who are subject to No Recourse to Public Funds (NRPF) conditions. The council also made changes to overcome digital barriers. With the closure of libraries (and therefore access to computers) during lockdown, the council provided those without online access the temporary use of a smartphone and data so that they could still apply for local welfare support.

The council was hoping to continue with its new flexible approach, but said that funding was the main obstacle. They told us that the DEFRA grant, whilst helpful, was a “drop in the ocean” compared to what they needed to spend. Without further investment from central government, they are concerned that there will be a “cliff-edge” of support next year.

While the £63 million invested through the Emergency Assistance Grant will have helped resource some of these flexibilities and widening of access, the Grant also had the benefit of allowing certain areas to increase their capacity to respond to a rise in demand for financial assistance, even if they chose not to widen access or eligibility.

“We didn’t need to amend the policy of the scheme at all. It was already fit for purpose... We’d had quite a number of staff who’d worked on the team before but had moved on to other things...so we were able to ask them to come work on the team so we were able to cope with a much increased level of demand and still get payments out on the same day.”

*Council, North West*

### **Councils without well-developed infrastructure for local welfare provision appeared to struggle to respond to rising need.**

In contrast to local authorities with well-developed schemes, the two councils we spoke to which had more limited local welfare schemes had to take a different approach in responding to the Covid-19 crisis. One local authority in the East Midlands said it had been unable to manage the large volume of applications received at the start of the crisis, with its systems unable to adapt to home working. We heard from other councils in the same position who were unable to use the Emergency Assistance Grant on local welfare given their limited infrastructure, and instead gave the funding to voluntary and charity groups in their community.

While this increased funding has likely been welcomed by many individual voluntary and community sector groups, this comes at the expense of the council developing its own distinct and much needed local welfare service. This has left these councils without their own data on who has needed support during the crisis and therefore risks their ability to plan for a ‘second wave’ or future crises. It also risks over-relying on and entrenching forms of voluntary provision (such as food banks) which are not always best-placed to provide these emergency responses to financial hardship and help people progress out of their crisis.

### COUNCIL CASE STUDY – SOUTH EAST

This council uses an outsourced model and has divided its £200,000 budget between several organisations each year, including an advice charity, food bank charities, and furniture charities.

The council had no existing mechanisms in place to identify people in need or provide them with crisis grants when Covid-19 hit. It was unable to make any changes to its model, and when it received the increased funding from DEFRA it followed its existing model and gave out further grants to the charities and organisations which they were already working with. They would like to be able to gather data to better understand who is in need of support, but don't have the resources to do this at this time.

The council is concerned that it is likely to see greater need during the winter with rising redundancies and unemployment, at the same time as DEFRA funding and other important government support schemes are phased out.

### **Some councils have tested new models of provision to channel community goodwill – but these may not be sustainable.**

The third approach that we identified were those councils which did have a well-established local welfare scheme in place using a wrap-around model, but chose to establish a new localised approach to the financial hardship which emerged from Covid-19.

One of the councils that we spoke to had decided to draw on a network of local community organisations and projects, many of which had been set up by people during the pandemic in response to the needs that they were seeing locally. This may have been encouraged by the decision by DEFRA to badge the funding as for 'food and essential supplies' rather than more generic local welfare assistance. We heard how this also offered a lower-cost alternative to other forms of wrap-around support.

While there may be immediate advantages to this approach in channelling community action, there are also risks around sustainability and potentially placing undue reliance on the capacity of voluntary organisations to remain open and functioning effectively. It could also limit the ability of the council to gather comprehensive data on who needs support and where, making it more difficult for the council to manage local welfare provision strategically in the future. Finally, a lack of wrap-around services makes it more difficult for them to connect people in crisis to other advice services and support.

### COUNCIL CASE STUDY – WEST MIDLANDS

This council had historically invested in a local welfare scheme that reflected a wrap-around model, incorporating crisis grants with welfare and debt advice services.

However, as Covid-19 unfolded it wanted to find lower cost alternatives using a more localised approach to emergency support. The council decided that given the nature of the crisis and the large geographic area it covered, local community organisations may know more about need in their communities than the council.

It set up 10 new local schemes where one local organisation had been nominated as the lead partner for each area. The lead organisation in each of the 10 areas had been given funding which they could distribute as grants to local charities in their area.

## Not the time to pull back support: need for food and essential supplies remains high

While the £63 million funding boost has been extremely welcome, unfortunately the conditions that prompted central government to step in and provide additional resources for local authorities have not gone away. Modelling carried out by Heriot-Watt University has forecast that the economic crisis in 2020/21 will push over 670,000 additional people into destitution for the rest of 2020 as they lose their jobs, income and businesses.<sup>22</sup> They forecast this will transfer into an extra 300,000 emergency food parcels likely to be distributed by food banks in the Trussell Trust network in the last quarter of 2020.<sup>23</sup>

	Situation when £63m was announced	Situation as £63m comes to an end
Number of people on UC in the UK	5,430,945 (May 2020) <sup>24</sup>	5,688,095 (September 2020) <sup>25</sup>
UK redundancy level	153,000 (May to July 2020) <sup>26</sup>	227,000 (June to August 2020) <sup>27</sup>
UK unemployment rate	4.4% (May to July 2020) <sup>28</sup>	4.6% (June to August 2020) <sup>29</sup>

Local authorities we spoke to were clear about the need for further support. One said that it highly valued the importance and impact of local welfare support, but had been using its reserves to fund it before the Emergency Assistance Grant. It was concerned that without further funding it would have to continue the unsustainable path of using council reserves.

*“The problem is we are in a difficult place financially.. if the Government doesn’t give us any further funding after this, we have to return to using our reserves.. as new people find out about the scheme and that it works, demand will go up...”*

*Council, North West*

Now is the time to build on the important steps taken during the crisis and ensure that all local authorities in England are fully-equipped to deliver their vital role around local welfare assistance. In the next chapter we outline the steps we believe the Government should now take to help those most in need.



## THIS CAN CHANGE: THE CASE FOR REINVIGORATING LOCAL WELFARE

“[Long-term funding] would mean security for the service. We could invest more in improving what we offer... especially hooking people into other services that could help, to try and solve people’s underlying issues as well.”

*Council, East Midlands*

The impact of Covid-19 and the ensuing economic crisis has been profound, and all the indications are that as a country we face a major recession and a surge in unemployment. The risk of this resulting in increasing levels of destitution and reliance on food banks and other types of emergency support is extremely high. This situation has only become more acute since we have started to see a ‘second wave’ of Covid-19.

We have called for changes to the social security system to help keep people afloat through the next phase of the crisis, including maintaining the £20 uplift to Universal Credit and extending it to legacy benefits, as well as suspending deductions for benefit debts.

But in addition to creating a national social security system which protects people from financial hardship, the crisis has underlined how essential it is for local authorities to be empowered to respond to crises through local welfare provision.

That is why we are calling on government to take the following swift action.

### **Recommendation 1: DEFRA should extend the Emergency Assistance Grant until the end of the financial year 2020/2021.**

The £63 million investment through the Emergency Assistance Grant will have provided a lifeline to many local authorities and individuals in financial hardship during the crisis. However, this funding was provided with the expectation it would be spent within 12 weeks.

As levels of serious financial hardship show few signs of reducing, this is not the time to discontinue this welcome investment in emergency assistance – but rather to build on it and make sure the positive impact is amplified over the months ahead.

As we experience a second wave of Covid-19, local welfare provides an important means to flexibly and quickly allocate resources to people who have fallen in to crisis. But as we heard from councils, further funding is needed for their schemes to meet high levels of need, as well as ensuring schemes are accessible and provide effective wrap-around support. This would help us avoid the prospect of a 61% rise in food bank use which has been forecast for this winter.<sup>30</sup>

### **Recommendation 2: Reconvene the Food and Other Essential Supplies to the Vulnerable Ministerial Task Force until July 2021 to ensure a joined-up, cross-government approach to local welfare.**

The Food and Other Essential Supplies to the Vulnerable Ministerial Task Force played a key role in developing the £63 million Emergency Assistance Grant, before being discontinued in the summer. Now that we are clearly in the second phase of the crisis with demand for food banks forecast to remain very high, it remains vital to ensure alignment between the Department for Work & Pensions, the Ministry of Housing, Communities and Local Government, and DEFRA on issues related to destitution and the need for essentials.

<sup>vii</sup> Between April and June 2020 there were over 14,000 referrals to food banks in the Trussell Trust network because of issues around No Recourse to Public Funds, almost a threefold increase on the same period last year.

Cross-government attention is particularly needed to monitor the impact of interventions to address destitution and identify any gaps in provision. For example, we are seeing record numbers of people subject to NRPF being forced to turn to food banks.<sup>vii</sup> While the Emergency Assistance Grant was nominally accessible to people with NRPF, this was only for those with care needs, and the lack of join-up with the Home Office has limited the impact this could have had on this particularly vulnerable group.

This Task Force would also offer the opportunity for Government to work more closely with the anti-poverty sector to help spread best practice, ensure impact is monitored, and identify gaps in provision or groups missing out on support.

Reconvening the Task Force, until at least July 2021 as advocated in the National Food Strategy,<sup>31</sup> would help create a forum to address these issues as well as lay the groundwork for longer-term collaboration across Government and with the anti-poverty sector on issues related to local welfare and national social security policy. But the Task Force should continue to operate for as long as the current crisis continues.

### **Recommendation 3: Central government should invest £250 million per year in local welfare assistance over the longer-term**

As highlighted in this report, since the ring-fence on funding for local welfare was removed and overall budgets for local authorities cut there has been a reduction in spending on local welfare schemes across England. While some local authorities have continued to invest and prioritise their schemes, this has inevitably coincided with many other local authorities limiting access or ceasing to run schemes altogether.

The short-term investment through the Emergency Assistance Grant has provided a much-needed boost. However, it is unreasonable to expect such short-term funding to overcome entrenched issues in areas where councils have not been able to invest in their schemes over the long-term. Only guaranteed sustainable funding can give local authorities the security to plan, build capacity, and integrate their local welfare schemes with a range of local services to provide effective wrap-around support through financial crises. This is something advocated by a range of organisations including the Local Government Association.<sup>viii</sup>

An investment of £250 million per year would bring England closer in line with the median spend on local welfare assistance across the rest of the UK.<sup>ix</sup> It would also represent an extension of funding at the same rate as the £63 million funding for 12 weeks provided by the 'Local Authority Emergency Assistance Grant for Food and Essential Supplies'.



<sup>viii</sup> The Local Government Association have argued that the Comprehensive Spending Review presents an ideal opportunity to fully restore core, separately identified funding for local welfare schemes set as a minimum £176 million per annum, the value of funding when aspects of the social fund were devolved to councils from the DWP in 2013/14; Comprehensive Spending Review submission (2020), Local Government Association, <https://www.local.gov.uk/publications/re-thinking-public-finances>

<sup>ix</sup> Data from before the onset of CV-19 shows that spending per capita on comparable emergency financial support schemes in Scotland (£6.49), Wales (£3.37) and Northern Ireland (£7.31) exceed spending per capita in England, which stood at £0.73 per capita.

# ANNEX A

## Summary of research undertaken

### Research prior to the Covid-19 crisis

The research conducted prior to the Covid-19 crisis primarily consisted of gathering data through food bank staff/volunteers within the Trussell Trust network (including through surveys and qualitative interviews), as well as interviews with two council Cabinet Members. We conducted:

- An online survey with 167 food bank staff/volunteers in the Trussell Trust network in England. 167 of 321 food banks in England responded (conducted October - December 2019).
- Qualitative interviews with five food bank managers in the Trussell Trust network in England (conducted October 2019 - February 2020).
- Qualitative interviews with two Cabinet Members responsible for poverty in English upper tier local authorities (conducted July - November 2019).

Data from our research was also supplemented by responses by local authorities to a Freedom of Information request conducted by The Children's Society. We conducted:

- Analysis of a Freedom of Information request conducted by The Children's Society in 2018 (including data on LWAS budgets, expenditure, numbers of awards and applications, types of awards and channels to access support) for which there were responses from 147 of 151 upper tier<sup>x</sup> English local authorities (a 97% response rate).
- Analysis of a Freedom of Information request conducted by The Children's Society in 2019 (including data on LWAS budgets, expenditure, numbers of awards and applications) for which there were responses from 149 of 151 upper tier English local authorities (a 99% response rate).

### Research conducted during the Covid-19 crisis

The research conducted during the Covid-19 crisis used a case study methodology. We interviewed individuals from six local authorities in England. The six local authority areas covered the North West, Yorkshire and Humber, East Midlands, West Midlands, and the South East and included two Conservative-led councils, three Labour-led councils, and one Liberal Democrat-led council.

We gathered data from a range of sources including:

- Qualitative interview with one Cabinet Member with responsibility for poverty in English upper tier local authority.
- Qualitative interviews with six Council Officers and managers with responsibility for overseeing delivery of local welfare assistance in English upper tier local authorities.
- Internet search and review of available policy documents on local welfare assistance provision (including policy documents before Covid-19 and during the crisis).

Our case study data was also supplemented by information from across England including:

- Feedback from food bank managers (feedback gathered between May – October 2020).
- Qualitative interviews with two people who had applied for local welfare assistance to understand their experiences of applying for support (conducted between May- September 2020).

<sup>x</sup> Requests sent to upper tier local authorities as the majority of local welfare assistance schemes are administered by upper tier local authorities.

- 1 interview conducted by the Trussell Trust.
- 1 interview conducted by The Children's Society, as part of the Coordinated Community Support programme (<https://coordinatedcommunitysupport.org.uk/>).
- Two surveys of people referred to our food banks were conducted by Heriot-Watt University in 2020:
  - A survey of 716 people (aged 18+) that needed to use a food bank (conducted mid-January - early March 2020).
  - A survey of 435 people (aged 18+) that needed to use a food bank (conducted 22nd June – end of July 2020).



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We support a nationwide network of food banks and together we provide emergency food and support to people locked in poverty, and campaign for change to end the need for food banks in the UK.

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