



The Children's Society



BritishRedCross

Local lifelines – the case for reinvigorating local welfare assistance beyond COVID-19

February 2021

Summary

Local Welfare Assistance (LWA) schemes are an existing mechanism for councils to support low-income households in times of financial crisis. Our coalition of charities all recognise the crucial role of local welfare assistance in supporting people facing serious financial hardship, during COVID-19 and beyond. Local welfare is not a replacement for a strong national social security system, but it can complement it, to provide additional support in times of crisis.

The important role of local welfare has been acknowledged by the Government through its investment during the COVID-19 crisis in the Emergency Assistance Grant and the COVID Winter Grant Scheme. These schemes have played an important role in the response to the crisis, often making the difference between someone staying on their feet or falling into destitution, preventing a financial emergency from escalating into a more sustained crisis.

However, future funding for LWA is at risk, with the COVID Winter Grant scheme coming to an end by April 2021 and no further dedicated funding made available in the Local Government Finance Settlement 2021/22. Levels of financial hardship look set to be sustained, with the rate of unemployment not expected to return to pre-pandemic rates until 2024.¹ Now is the time to put long-term investment in place to build this vital infrastructure.

We are calling for the UK Government to:

- In the March 2021 Budget, provide local authorities in England with £250 million for local welfare assistance to prevent a financial cliff edge in April. This level of investment would bring spending in England in line with Scotland, Wales and Northern Ireland and help to level up the provision of local welfare assistance across all regions.
- Support the Local Welfare Assistance Provision (Review) Bill 2019-21, and undertake a review of local welfare provision, to inform a long-term funding settlement in the Comprehensive Spending Review in autumn 2021.

¹ Economic and fiscal outlook, (2020), Office for Budget Responsibility, http://cdn.obr.uk/CCS1020397650-001_OBRNovember2020-EFO-v2-Web-accessible.pdf

1. The picture of financial hardship – before, during and after COVID-19

Even before COVID-19 hit, destitution and food bank use had been rising. In 2019, 2.4 million people experienced destitution, an increase of 91% since 2015. This included over half a million children (a 77% increase since 2015).²

Food banks in the Trussell Trust network have seen a 71% increase in need over the last five years (2015/16 - 2019/20)³. At the start of the COVID-19 crisis, need for support sharply increased, with food banks in the Trussell Trust network seeing a 47% increase between April and September 2020 (compared to the same period in 2019). Independent food banks saw a 110% increase comparing February to November 2020 with the same period in 2019.⁴

Rather than a swift recovery in 2021, it is forecast by the Office for Budget Responsibility (OBR) that the removal of the Jobs Retention Scheme at the end of April 2021 will drive an unemployment rate of 7.5%, representing 2.6 million people.⁵

In conjunction with a strong national welfare safety net, local welfare can play a crucial role in helping people out of immediate moments of crisis which threaten to pull them under.

2. The importance of local welfare assistance

LWA schemes, introduced in 2013, are a relatively small but vital part of the social security system.⁶ Local welfare schemes provide an existing mechanism for councils to support low-income households to keep them afloat in times of financial crisis. The type of support can vary but often includes cash grants, low cost loans, vouchers, or essential items such as white goods. Emergency support through local welfare schemes often make the difference between someone staying on their feet or falling into destitution, and it can be an effective way of preventing a financial emergency from escalating into a more sustained crisis.

Exemplary local welfare schemes also offer services such as debt advice and income maximisation support. This kind of wrap-around support is a critical way of addressing underlying needs and enabling people to build their own resilience against future crises.

² Destitution in the UK 2020, (2020), *Joseph Rowntree Foundation*, <https://www.jrf.org.uk/report/destitution-uk-2020>

³ Dignity or Destitution?: The case for keeping the Universal Credit lifeline, (2021), *The Trussell Trust*, <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/02/dignity-or-destitution-UC-standard-allowance-report-final.pdf>

⁴ IFAN data, (2020), www.foodaidnetwork.org.uk/ifan-data-since-covid-19

⁵ Economic and fiscal outlook, (2020), *Office for Budget Responsibility*, http://cdn.obr.uk/CCS1020397650-001_OBR-November2020-EFO-v2-Web-accessible.pdf

⁶ In 2012, the 'Crisis Loan' and 'Community Care Grant' elements of the Discretionary Social Fund were abolished and responsibility for delivery of this type of support passed from central government to local councils in England, and to the devolved governments of Scotland, Wales and Northern Ireland.

Local welfare is not only important to the individual, there is evidence that it can lead to significant cost savings. In a study cited by the National Audit Office, an investment of £0.5million into local welfare assistance generated £9.7million in savings to other public services.⁷

3. How local welfare assistance has played a vital role during the COVID-19 crisis

There have been two significant investments into local welfare assistance during the pandemic so far - the Emergency Assistance Grant for Food and Essential Supplies (EAG) and the COVID Winter Grant Scheme.

COVID-19 funding for local welfare assistance:

The Emergency Assistance Grant for Food and Essential Supplies (EAG)

- £63m funding made available by the Department for Environment, Food and Rural Affairs.
- Announced in June 2020 and available for 12 weeks.
- To help those who are struggling to afford food and essentials due to COVID-19. The funding was not ring-fenced.

The COVID Winter Grant Scheme (CWGS)

- £170m funding made available by the Department for Work and Pensions.
- Available from December 2020 to be used by the end of March 2021.
- To support those most in need across England with the cost of food, fuel and essentials.
- The funding was ring-fenced in two ways. Firstly, 80% was ring-fenced for households with children, with 20% available for any household type. Secondly, 80% was allocated for food and energy and water costs, and 20% for other essentials.

The COVID Winter Grant Scheme has built on the progress made last year

The Trussell Trust collected evidence on the effectiveness of the EAG, and found that councils that already had a good local welfare assistance scheme in place were able to use this money to boost their schemes and make relevant adaptations (such as increasing award amount) so that people in need could access during 2020.⁸ However, councils that did not have well-developed infrastructure

⁷ A report from the National Audit Office (2016) highlighted the evidence from Milton Keynes Council, which used the New Economy's Unit Cost Database 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. 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.

⁸ Local lifelines: investing in local welfare during and beyond Covid-19, (2020), *The Trussell Trust*, https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/10/LWAS_1020_v3.pdf.

to provide local welfare support struggled to use this money as effectively in response to the COVID-19 crisis.

“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

Our research found that the CWGS has built on some of this positive progress by using the funding in a number of vital ways, as outlined below. This was based on insight from around 50 local authorities on how they have utilised the COVID Winter Grant Scheme; initial analysis presented below. This evidence is derived from a combination of sources, including responses to a joint letter which The Children’s Society issued to all local authorities in December 2020. This is combined with insight which The Trussell Trust has gathered through its food bank network, and further desk-based research.

Funding has largely been used for holiday provision

The vast majority of authorities we gathered evidence from have used the COVID Winter Grant Scheme funding to deliver holiday support for families with children who have free school meals eligibility. In most cases grants have been provided in the form of supermarket vouchers to provide support over the Christmas and February half-term school holidays, although some authorities have made direct food provision, and others have provided the support as direct cash grants to a nominated bank account. The value offered varies, although £15 per child, per week, appears to be the most common amount provided.

There have also been examples of the scheme enabling local authorities to include a far wider remit of households eligible for holiday support grants. This has included children in early years who have a pupil premium entitlement, young people in post-16 education who are eligible for FSMs, care leavers, families with No Recourse to Public Funds, kinship carers and households with children in receipt of out-of-work benefits or council tax support. In most cases these groups have received the same level of support as those with free school meal entitlement.

The relationship between local welfare and free school meals (FSM) holiday provision

Local welfare schemes and FSM holiday provision have often become conflated in a fast-moving support landscape during the COVID-19 pandemic. Both deliver vital support to economically vulnerable households, but they meet fundamentally different needs: local welfare schemes deliver discretionary emergency support to help overcome a variety of short-term crises that may occur at any time, whilst FSM holiday provision offers assistance specifically towards the cost of food for children who during term time would receive a free meal each day at school.

Whilst the widespread use of the COVID Winter Grant Scheme for the purposes of school holiday provision has provided very welcome financial support to low income families, the decision of local authorities to use the grant in this way reflects several factors:

1. 80% of the funding was ring-fenced specifically for families with children;
2. No other government funding was available for school holiday provision during the Christmas and February half-term school holidays;
3. Local authorities had very limited time to plan how they would utilise the grant – it was announced 23 November, with the expectation that councils would put in place policies and begin disbursing funding in early December.

In our view some of the most effective uses of winter grant funding have been where it has been used to develop a mixed support offer: used for delivering both holiday provision for low-income families, and also strengthening Local Welfare Assistance schemes to provide a broader offer of emergency support to those facing financial hardship.

From Easter 2021, it is envisaged that holiday support needs for children with free school meals entitlement will be met primarily through the DfE Holiday activities and food (HAF) programme. We call on central government to issue stronger guidance and delineation of funding to enable local authorities to deliver a complementary offer of both holiday support and Local Welfare Assistance in the future.

Many councils have used the funding to improve their Local Welfare Assistance schemes

This has led to welcome temporary changes to scheme policies, such as increasing award sizes, expanding the type of support provided to include items such as bedding, clothing or white goods, and allowing repeat applications from households facing repeated crises. There were also examples where this additional funding was used to deliver fuel or utility awards to households also eligible for school holiday food support.

Some authorities have chosen to direct all winter grant funding through their existing local welfare schemes, enabling them to pro-actively identify those in need of assistance, assess need based on additional discretionary criteria and provide a more wrap-around support offer. A handful of authorities also reported that they were monitoring demand for their existing local welfare schemes and would consider using remaining winter grant funding to top-up budgets should additional

resource already allocated from alternative funding, such as the DEFRA Local Authority Emergency Assistance Grant, be exhausted.

In a number of two-tier areas, support has been provided in a mixed way, with a school holiday voucher scheme delivered at the county level, and further funding devolved to district authorities for them to deliver small-scale Local Welfare Assistance schemes in their areas.

Case Study: Warwickshire County Council

Warwickshire County Council allocated the £1.4m of funding made available through the COVID Winter Grant to the council's established Local Welfare Scheme. With the additional funding, the local authority has provided financial support to around 11,000 families who are struggling financially, are eligible for benefits-tested free school meals, over the school holidays.

The Scheme also continues to provide support towards food, energy and water bills or other essentials in the event of a crisis. It offers financial support (through supermarket vouchers and PayPoint payments) as well as advice, and signposts to other local public, community and voluntary services. The scheme also supports those whose needs are more long-term, and vulnerable through an ongoing set of circumstances rather than an immediate crisis. This includes:

- Care leavers
- Victims of domestic violence
- Former armed forces personnel
- Those resettling in a community after a custodial term

Despite the difficulties some areas have been able to set up temporary local welfare schemes

As with the EAG, areas without pre-established schemes have sometimes struggled to use this funding for local welfare assistance. However there have been examples of good practice where the COVID Winter Grant Scheme and other funding provided in 2020/21 has allowed local authorities to quickly establish temporary winter schemes to provide direct discretionary support to residents. These are open to applications from residents in need and referrals from partner agencies, and in most cases are run alongside holiday provision. It will be important to ensure such schemes are supported to continue going forwards.

Case study: North Lincolnshire

Prior to the COVID-19 pandemic, North Lincolnshire Council did not operate a local welfare assistance scheme.

The authority received approximately £197,000 through the DEFRA Local Authority Emergency Assistance Grant, with which they commissioned North Lincolnshire CAB to establish a temporary scheme to provide help for people who are struggling to afford food, to pay their utility bills and pay for other essentials due to the extra challenges of COVID-19. This established a single application process for residents in need of emergency support, which also linked applicants with Citizens Advice's wider offer, such as debt advice and information on skills, education and employment.

The council received a further £533,000 through the COVID Winter Support Scheme. This additional funding was utilised to provide vouchers to families eligible for free school meals through the winter school holidays, in addition to funding ongoing support through the temporary scheme.

Small amounts of funding given to local Voluntary and Community Sector (VCS) providers and other kinds of support

For the most part, local authorities have delivered support through the COVID Winter Grant Scheme directly. However, some councils have provided small amounts of residual funding as grants to VCS providers of emergency support; such as food banks, advice providers or local energy support schemes. This was similarly the case with the EAG, particularly in areas where there was not a well-established local welfare scheme, councils distributed the funding to local VCS providers.

Small amounts of funding from the COVID Winter Grant Scheme have also been utilised to provide other support outside of the most common categories above. This has included a discretionary pot provided to children's and adult social care services to provide ad hoc financial support to vulnerable families and individuals, additional packages of support to homeless families and individuals to help meet the costs of food and fuel, and in one case funding for a school uniform support scheme.

Case study: Liverpool City Council

Liverpool City Council operates one of the largest local welfare assistance schemes in England: The Liverpool Citizens Support Scheme. The scheme provides two forms of assistance: Urgent Needs Awards are to provide immediate help to low income households in a crisis to purchase essentials such as food or fuel, and Home Needs Awards for the provision of furniture and white goods to households on a low income. Since the onset of the COVID-19 pandemic the authority has seen a significant increase in demand for local welfare assistance, particularly during the first phase of national lockdown.

The council utilised the DEFRA grant of £0.9m for Food and Essential Items to support the scheme and are supporting Urgent Needs Awards in the period December to March utilising the COVID Winter Support Grant to a projected extent of £375,000.

Funding was also directed towards a range of other measures, such as school breakfast clubs, winter fuel vouchers for certain families, holiday play schemes, grants and vouchers for vulnerable older people and essential items homeless households in temporary accommodation and those in domestic abuse hostels.

Concerns have been raised over funding entrenching emergency food aid

Despite the examples of positive and effective use of this funding, there have been concerns raised over some local authorities using this funding to support the provision of emergency food aid. The need for this kind of support is driven overwhelmingly by lack of financial resources – as indicated by the range and type of support provided above. This highlights the importance that local authorities work to address the underlying drivers of people’s hardship rather than support responses which focus on providing food. Future funding should come with guidance for local authorities to avoid relying on emergency food aid and instead deliver cash-first interventions where possible.

These investments have shown the vital role local welfare can play – but long-term funding is now needed

- The investments have provided a lifeline to individuals facing financial hardship during the pandemic, and provided a vital boost to local welfare assistance schemes across the nation.
- Long-term funding is crucial to ensure that councils invest in this local safety net. Previous research has found that one in seven councils no longer provide local welfare assistance schemes.⁹ It is likely that councils withdrew schemes because of the pressures faced due to funding reductions, as well as the fact that there is no statutory obligation for councils to provide this support. Most councils without a scheme did not have an existing mechanism

⁹ 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>.

that they could adapt and boost support through and they struggled to use the temporary funding as effectively, despite pockets of good practice.

- Long-term funding has been crucial to those councils which had invested in their schemes, as they reported facing a financial cliff edge in April and were concerned that they would have to reduce what they could offer. The narrow time frames on which the temporary funding could be used also put pressure on councils and may have impacted their decisions on who to support. For example, the four-month time frame for the COVID Winter Grant Scheme encouraged councils to look at straightforward and existing mechanisms to allocate the funding to families quickly, such as just selecting families eligible for free school meals. This means that the temporary funding has not been as effective as long-term funding would be in overcoming the postcode lottery in current provision.
- Only a minority of the temporary funding was used for local welfare assistance. This is a missed opportunity as we know how effective this support can be.

4. The case for reinvigorating local welfare as we move beyond Covid-19

To learn from the spending on local welfare assistance in 2020, and ensure that there is sufficient support in place for those in financial crisis during our recovery, we recommend the following steps:

- a. In the March 2021 Budget, the UK Government should provide local authorities in England with at least £250 million for local welfare assistance**

With the COVID Winter Grant Scheme coming to an end at the end of March 2021, many local authorities are facing a financial cliff edge in April and are concerned that they would need to withdraw local welfare support if further funds are not made available. This level of investment would bring spending on local welfare assistance in England in line with that of other UK nations.¹⁰

- b. The UK Government should support the Local Welfare Assistance Provision (Review) Bill 2019-21 and undertake a review of local welfare provision, to inform a long-term funding settlement in the Comprehensive Spending Review autumn 2021.**

As recommended by the new Local Welfare Assistance Provision (Review) Bill, (see box below), a review would be a very helpful step in examining whether local welfare assistance is providing sufficient support to those in financial crisis across England. A review could also be used by the Government to understand what level of funding would be necessary to provide adequate support across England. This review should be done before the Comprehensive Spending Review to help determine long-term funding of local welfare assistance. The short-term nature of funding given to local authorities since COVID-19 hit has limited the ability of councils without well-established schemes to invest in the necessary infrastructure. It has also put pressure on many of them to provide support where it is most readily allocated rather than where it is most needed. Long-term,

¹⁰ 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.

<https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/06/Briefing-Strengthening-local-welfare-support-during-the-COVID-19-outbreak.pdf>

guaranteed funding would allow councils to build this vital local safety net, and ensure provision is directed at where it is most needed.¹¹

The Local Welfare Assistance Provision (Review) Bill 2019-21

On 2nd February 2021 Paul Maynard MP introduced a Private Members' Bill to parliament; the Local Welfare Assistance Provision (Review) Bill.

The Bill would require the Government to review the adequacy of local welfare assistance schemes provided by local authorities.

The Bill also seeks to introduce greater transparency into how local authorities have spent funds related to local welfare assistance, calling for this information to be published. And it would seek to introduce best practice at a local level including around eligibility criteria and scheme design.

c. The Government should provide guidance, including the expectation that all areas have a local welfare assistance scheme in place

Local welfare assistance schemes are determined fully at the local authority level, without any central government guidance; as such, there is great variability in what is offered. To ensure a decent level of support for every region, there should be a greater understanding of what best practice looks like and a minimum standard that should be required of all local authorities. This is also another significant part of the Local Welfare Assistance Provision (Review) Bill.

There has already been substantial research exploring different local authority welfare schemes and setting out recommendations, including by the Local Government Association¹², Child Poverty Action Group¹³ and Greater Manchester Poverty Action Group.¹⁴ Some of the common, key areas of best practice are:

- **Increase awareness of schemes and referral pathways** - local authorities should widely advertise the support that is available and how to access. Local authorities should also work with other local support organisations to increase their awareness of support and to establish clear referral pathways.
- **Multiple channels of access** - there should be multiple ways to apply to schemes, including at least online, telephone, face-to-face (when possible) and via referral from another organisation.
- **Application processes simplified** – local authorities should ensure schemes are easy to apply for. Currently too many deter people from applying for support because the application is onerous and substantial evidence is required.

¹¹ <https://services.parliament.uk/bills/2019-21/localwelfareassistanceprovisionreview.html>

¹² Local Government Association, (2020), *Good Practice Guide: Delivering Financial Hardship Support Schemes* <https://www.local.gov.uk/good-practice-guide-delivering-financial-hardship-support-schemes>

¹³ Child Poverty Action Group, (2020), *Cash in a Crisis: Best Practice on Local Welfare Assistance for Local Authorities During COVID-19* <https://cpag.org.uk/sites/default/files/files/policypost/Cash-in-a-crisis-FINAL.pdf>

¹⁴ Greater Manchester Poverty Action, (2020), *Strengthening the role of local welfare assistance*, <https://www.gmpovertyaction.org/wp-content/uploads/2020/12/LWAS-report.pdf>

- **Relax eligibility requirements** - local authorities should consider relaxing qualifying criteria for schemes to ensure those most in need get support. Repeat applications or lack of a local connection should not result in individuals being automatically ineligible to apply.
- **Tailored support** - local authorities should provide help that is tailored to individual needs, including options for cash payments where possible, alongside vouchers and in-kind provision.
- **Sufficient level of support** - local authorities should offer support at a level that prevents further escalation of crisis.
- **Wrap-around support** - local welfare assistance should include a rounded package of support, such as benefits advice and debt advice, that can help to address the cause of the financial crisis and allow someone to build their own resilience against future financial crises occurring.