



Executive summary

LWA schemes should provide cash grant provision to those in financial crisis, providing a dignified and practical way of supporting people during this crisis and beyond. Assistance should not be limited to benefits in-kind, such as food or energy bills, which do not always meet the range of needs for families.

With only three months to go until the £20 Universal Credit and Working Tax Credits uplift is due to expire, now more than ever, the need for small, targeted Local Welfare Assistance should be at the forefront of council policy decisions.

Since end of the Haringey Support Fund in 2016 there has been almost no discretionary financial support available to those facing crisis in Haringey. The support funds that are available are limited and not able to manage the rising demand we are seeing across the borough:

- There has been a 40% rise in those facing financial crisis in Haringey, before taking into account issues related to Covid-19
- Food Bank use in the borough has been consistently increasing year on year and has skyrocketed by 14.8x this year
- 14.4% of Haringey residents suffer from fuel poverty, making Haringey the second highest of all London Boroughs
- A large proportion of Haringey Residents have to travel outside of the borough for work with a 29% earning below London Living Wage

This should serve as a clear indicator of financial crisis and a need for further financial support from the Local Authority.

Any LWA Scheme should be informed by good practice and the examples set by other, neighbouring boroughs.

Clear guidelines are needed to set out the types of support that are available and clear eligibility criteria which target the most vulnerable in Haringey.

Relationships with key partner organisations will be central to effective delivery of an LWA scheme and referral pathways with these Trusted Partners would alleviate some of the pressure the creation of an LWA Scheme would put on council staff.

Local Welfare Assistance (LWA)

In 2012 the Welfare Act abolished the Social Fund that provided emergency grants and loans. It was replaced by Local Welfare Assistance (LWA). LWA is a discretionary support scheme run by local authorities which provides crisis payments and community care awards to those in need of urgent financial support. Each local council has been given the power to set its own criteria on who is eligible for crisis support with the aim of each local authority serving specific local needs.

Haringey Support Fund

The Haringey Support Fund was introduced in 2013 as Haringey's LWA scheme. Despite Haringey being in the top five boroughs of highest risk according to economic and housing indicators (NPI), the Haringey Support Fund was closed in 2016. The Haringey Support Fund was designed to increase financial independence by providing crisis payments and community care awards that could only be awarded once a year. The grants were awarded to prevent serious damage or risk of health to a person or their family, from events such as fleeing domestic violence, bereavement or sudden illness, and risk of family breakdown.

The average rate of awards to applications was 37%, with 50% of priority awards supporting those suffering from immediate hardship. Overall, 45% of awards amounted to less than £100 and were made in the form of pre-payment cards or goods rather than cash payment.

The eligibility criteria for the Haringey Support Fund was strict, with applicants having to be recipients of certain means-tested benefits.

Haringey in Numbers

CAH Outlook

- Since Covid-19 related restrictions have been put in place, we have seen a **40% increase** in the numbers of clients seeking financial support through **Charitable Grants**
- The number of clients seeking advice relating to **food banks** has skyrocketed, over **14.8x higher** than last year
- This year, CAH has seen a **100% increase in clients** accessing advice on issues related to No Recourse to Public Funds from the same period last year

Haringey Outlook

- 14.4% of Haringey households live in **fuel poverty**, the second-highest percentage in London and above the London average.
- Haringey's population decreases by about 16% during the workday, indicating that residents leave the borough for work and are **likely to spend more money on travel**. The ratio of daytime to resident population in Haringey (0.84) was the lowest in North Central London
- Haringey has the **second largest proportion (29%)** of inner London boroughs that are **earning below the London Living wage**

- According to StepChange data, in 2017 before the COVID-19 pandemic, Haringey had the highest proportion of clients in **arrears, with essential bills at 58.4%** compared with the London average of 50.7%

Indicators of Crisis

As the LWA is premised on providing short-term support in an emergency, we would consider the following circumstances as being markers of crisis or conditions which may lead to crisis. Financial support would be recommended to those facing the following circumstances, for example:

- Unmanageable debt
- Utility debt - missed payments for home essentials like gas, energy and water
- Energy poverty - households who have to spend more than 10% of their income on fuel to maintain an adequate level of warmth are considered **fuel-poor** houses
- Foodbank usage - resorting to/relying on food banks to provide essential food
- Seasonal Poverty (Out of term time poverty, recommend increasing access to provision at different times of the year (e.g. Summer holidays, winter for energy utilities)

LWA Good Practice

When delivered effectively, LWA schemes can be vital in helping residents manage their finances. This reduces the likelihood of people becoming homeless and relying on food banks. LWA offers short-term payments and financial relief to people in crises. However, when LWA schemes are properly integrated with other services, such as debt advice services, the underlying causes of financial pressure and hardship can be properly addressed, which can provide longer-term financial stability.

The Local Government Association (LGA) highlights the importance of a properly recognised and resourced local safety net provided by LWA schemes. Such schemes are particularly critical to help households manage financial difficulty resulting from the negative economic impact of the COVID-19 pandemic. However, it is also important to consider the availability of local safety nets in times of need, both during and beyond the COVID-19 crisis.

Since 2013, local authorities were responsible for administering Crisis Loans and Community Care Payment elements of the Social Fund. Although new local welfare assistance was designed to meet local needs and priorities, there was, and still is, no statutory duty requiring local authorities to deliver this service. Due to lack of funding, Haringey council has not administered an LWA scheme since 2016. However, demand for a hardship fund is increasing. The National Audit Office (NAO) recognises that by addressing short-term problems, such as a lack of money to pay for heating or essential household items, local welfare provision can help avoid greater public spending when problems escalate. For example, if people become ill or homeless.

Data from StepChange shows that problem debt in Haringey costs the council £61million per year. When properly implemented, LWA schemes can potentially save Haringey council from greater spending in the long term. Reports by LGA and NAO provide areas of good practice. We would like to

see these replicated, to provide more comprehensive anchoring to hold people in financial crisis steady. Such good practice recommendations also enable councils to make the best use of available resources.

Support Types

Good practice guides state the importance of broad hardships schemes to allow for the provision of a range of items, including emergency food, fuel and other essential non-food items. Support should be tailored to the needs of the community and applicants should be able to identify their own required areas of support. Direct cash payments should be considered to allow for flexibility and immediate relief. For example, cash payments form the core of provision through the Royal Borough of Greenwich's Emergency Support Scheme, where people are sent via barcode to smartphones to be redeemed at post offices across the borough. The LGA highlights that risk of misuse should be balanced with the need to ensure the support meets the needs of vulnerable households. Allowing applicants more flexibility in the types of support they receive will mean that fewer households will rely on other forms of support such as consumer credit providers. The Trussell Trust also recommends that assistance should not be limited to benefits-in-kind, which do not always meet the range of needs of families.

Application Process

The application process should be as straightforward as possible, allowing people to access support via different methods, such as online applications, paper forms, and over the phone. Practical support should be offered to those who are digitally excluded, for example, over-the-phone support by staff to help complete applications. Councils frequently use trusted partner networks to apply for support on behalf of individuals they were supporting. Other options include having dedicated service partners, like Citizens Advice, MIND and Connected Communities who would be able to act as registered referral agencies.

Eligibility Criteria and Evidence Requirements

As LWA is a discretionary payment, eligibility and evidence requirements vary depending on the local authority. According to NAO, councils expect to provide support as a last resort after all other funds, savings or types of financial assistance have been exhausted. The majority of councils (70 per cent) only considered applications from people receiving means-tested benefits. However, councils are increasingly allowing more flexibility. Specifically, more councils are allowing people to apply for support in cases they might otherwise have rejected as ineligible, such as those with no recourse to public funds (NRPF). Between April and June 2020, Trussell Trust has seen almost a threefold increase in referrals to food banks in their network due to issues surrounding NRPF, in the same period last year. Allowing those who are subject to NRPF to apply for LWA is highly recommended as many have been adversely affected by the COVID-19 pandemic and have no other safety net available. The LGA recommends that in light of the pandemic, councils should relax their eligibility criteria due to difficulties in applicants verifying their situations and to avoid delays in receiving support. For example, Barnet council has recently made temporary changes to the qualifying criteria for their Crisis Fund grants, to support those most affected. Until March 2021, residents of Barnet can apply for a Crisis Fund Payment if they meet the three following eligibility requirements: they are a Barnet resident, over the age of 16 and facing financial hardship.

Making Awards

As with eligibility criteria, there is no standard for the amount awarded through LWA schemes. Councils tend to research the cost of items locally and develop their own cost schedules. Amounts are also often dependent upon variants such as household composition, and certain payments may vary seasonally, such as fuel awards increasing for winter. Awards are at the council's discretion. However, the NAO highlights that providing support at the lowest possible price, may not deliver value for money in the long term if it results in people having to make repeat applications for support; or leads to other consequential costs for public services.

Additional Support

Both the Trussell Trust and LGA emphasise the importance of implementing a holistic approach to support. Providing wraparound services is crucial to maximising the effects of LWA schemes, by ensuring the longevity and sustainability of the support, and addressing deep-rooted issues that residents face. Collaboration across statutory services, voluntary and community service, referral partnerships and advice services, is essential in supporting applicants to manage their financial issues. Ideally, if an individual comes through any of these channels seeking support, their immediate financial issues could be addressed, and they could be offered additional advice, towards a longer-term solution to their issues. The CAH could be well placed to play a key role in the collaboration between council-delivered services and advice services, as well as being a key referral partner.

LWA in other Boroughs

Comparison of LWA schemes in neighbouring boroughs of Hackney, Camden and Islington

Hackney Discretionary Crisis Support Scheme (HDCSS):

- Since COVID-19, the council increased the HDCSS budget by an additional £500,000 due to the impacts of the pandemic
- Helps people in need of basic living needs, digital access and support, emergency travel and community assistance such as moving into a new home through providing white goods
- Runs priority applications such as for those with children under the age of 5, households with a local connection, or applications related to increasing the opportunity to move to sustained employment
- Payments are provided either through cash, vouchers or providing the item directly

Camden LWA:

- Expenditure on grants £300k
- Crisis grants are 8.5% of the expenditure on the scheme
- Paypoint system is used for applications to immediately obtain cash payments and research has shown low-value cash grants to have the most impact
- The use of pre-paid cards and vouchers have also shown to be effective

- Holds priority applications e.g. those with children under the age of 5, households with a local connection or those fleeing domestic violence

Islington: Resident Support Scheme:

- Brings together a number of funding streams: crisis provision, community care grants, council tax reduction and DHP
- Targets those in severe financial hardship including those affected by COVID-19
- Run by one set of universal eligibility criteria which includes those who are eligible for DWP support, residents of Islington and those of low incomes without means to meet a specific mean
- Offers support for those of underlying vulnerability which includes old age, physical disability and those with poor mental health, for example.

LWA Scheme in Haringey

We recommend the LWA scheme be split into two strands: the crisis payment and the community care payment. This is to ensure that the support is targeted and tailored to those in need as effectively as possible.

Crisis payment

The crisis payment is recommended to be awarded to cover short-term needs which would otherwise pose a risk to the health and safety of the person or a family. The payment can also help in event of an emergency or disaster situations such as a flood or a fire, for example, by replacing essential household equipment. In the case of the ongoing Covid-19 pandemic, it is suggested that assistance can also be offered to those affected.

Specifically, the scheme could provide:

- Help with basic living needs – food, essential household items, utilities
- Help with digital access and support e.g. mobile phone top-ups, maintaining phone and internet access, replacing computer equipment
- Help with (emergency) travel
- Help with community assistance – for example, help to remain in your home/move into a new home e.g. bedding, floor coverings, rent in advance

Community care payment

In addition to the crisis payment, other councils across London like Islington and Brent, some of Haringey's neighbouring boroughs, have offered a community care payment. This grant is aimed at

helping people live as independent a life as possible in the community or to support young people in the transition to adult life. For example, it can cover the costs of white goods or minor repairs and improvements.

As one of the main referral agencies for Charitable Grants in the borough, we have seen a sharp rise in people accessing Charitable Support since Covid-19. There has been a 40% rise in people accessing support related to charitable grant applications. Most of these applications are requests for furniture and white goods. We recommend that any community care grants include support for those moving into unfurnished accommodation - particularly households with children.

Recommended eligibility criteria

Crisis payment should be awarded in the event of great or sudden misfortune where there is a risk to the health and safety of the applicant or an immediate family member or dependent. A crisis for example could lead to the applicant having insufficient funds to meet daily living expenses.

Awards should be considered if the candidate's meet the following circumstances:

- Over 16 years old (including care leavers)
- Be in recipient of a means tested benefit, or have an underlying entitlement to that benefit, including Personal Independent Payment and disability payments

Priority for applications with/for:

- Households with a local connection for example having resided in the borough for at least 6 of the last 12 months / 3 of the last 6 years, employed in Haringey, or have close family in the borough
- Households fleeing domestic violence
- Households facing hardship due to Covid-19
- People with No Recourse to Public Funds
- People in receipt of a qualifying benefit.

Lesser priority for:

- Applications from households who have made a similar application to the scheme within the last 3 months
- Applications from households where the applicant has not taken reasonable steps to remedy their circumstances e.g. not claiming benefits when they are entitled
- Applications from households where the applicant has not cooperated with the council or other public bodies

Awards should not be made for the following circumstances and items or Award exemptions:

- Applications from full-time students will only be accepted in emergency cases e.g. for single-parent students in a period of crisis
- Applications seeking support for an excluded item like repairs/improvements to the home

During the Covid-19 pandemic, we are suggesting relaxing the qualifying criteria of the LWA scheme to support those who are most affected. Accessing hardship support is particularly crucial in response to the deteriorating financial conditions due to Covid-19. Many LWA schemes are usually very restrictive in their criteria, with the intentions of providing targeted support to low-income households to keep them afloat in times of financial crisis. However, in light of recent times, it would be recommended to relax the qualifying conditions to ensure that those who are most vulnerable (to Covid-19) and are at risk of crisis, can access the LWA scheme with greater ease.

Whilst local authorities do have other mechanisms such as Discretionary Housing Payments and Local Council Tax Support Schemes to support low-income households, we suggest that the priority during this period should be to ensure that crisis grants are available to those in need of emergency support, through the LWA schemes.

Further Areas of Support

Haringey should consider further assistance to people who have previously accessed budgeting loans through Universal Credit. The budgeting loan is available to those receiving specific benefits and is interest-free. The repayments are usually taken automatically from the benefit payments. However, recipients cannot apply for another budgeting loan until they have repaid the first one. People needing more financial support will be receiving less monthly Universal Credit payments, with more costs to cover, meaning they will be at risk of accumulating further debt.

Further, we suggest that the LWA scheme in Haringey can help support people through the 5-week wait. The majority of new benefit claimants are on Universal Credit and will be waiting 5 weeks before they receive their first payment. Though advance loans are available, these must be paid back out of future benefit payments. The LWA scheme should be able to provide emergency support and prevent people from falling into poverty and further unmanageable debt.

Also, we are recommending that this scheme extends its support to residents moving into Haringey Council properties which are often unfurnished. The LWA scheme will enable residents to buy essential appliances and furniture such as a sofa or a fridge, for example.

It is also suggested that there is referral-only access into the scheme - for example, through the council's Statutory Services, through 'Trusted Partners' and identified referral agencies, including other council services such as Haringey Crisis Navigation Service. It will also allow for CA Haringey to make recommendations into the scheme. Above all, this will ensure that the scheme is targeted to those most at risk.

Support Types

People being pulled under by financial crises often need immediate cash support to meet their basic needs. Currently, however, support is often provided in-kind through vouchers or referrals to charitable organizations (like food banks). We recommend that the LWA scheme should administer

support through cash support, rather than in-kind support. This is because cash grants give people in crisis the flexibility and dignity to make their own choices about how to meet their basic needs, whether this is for food, utilities, items for children, transport or other essential costs. This is also in line with good practise recommendations by the LGA and NAO. Furthermore, during Covid-19, waiting extended periods for financial support is not viable for those struggling to stay afloat during these unprecedented times and protracted periods of lockdown makes accessing certain shops much more difficult than usual.

Conclusion

With the Central Government announcing further funds to Local Councils, now is the time for Haringey to be proactive in their approach to Local Welfare Assistance. Covid-19 related restrictions have shown the stark reality of poverty in Haringey, as well as limited access to crisis support and emergency financial aid.

As Coronavirus legislation is drawn back, we will only see more instances of crisis across Haringey. Haringey council is well placed to offer support to these people. A coordinated effort of welfare support including the creation of an LWA scheme, relaxation of DHP eligibility criteria and easy access to these schemes, by working with trusted partners and external organisations.

Haringey Council has been on the front foot through much of this crisis, providing necessary support when it has been required. We feel the creation of a Local Welfare Assistance Scheme would be good preparation for what is sure to be a difficult year for the residents of Haringey.

Recommendations

- **Provision of funds for a Local Welfare Allowance scheme to support households during this crisis, and beyond**
- **A clear eligibility criterion that targets the most vulnerable in Haringey**
- **Clear guidelines that encompass the wide range of financial crises that residents face**
- **For any LWA to follow models of good practice set by external organisations and neighbouring councils**
- **Relationships with 'Trusted Partners' to help with the administration and referrals to any LWA Scheme**

For more information, or to find out how you can help raise awareness of local issues, contact Ned Dukes, Haringey Research and Campaigns Team Lead on edward.dukes@haringeycabx.org.uk.

Annexe

- <https://www.stepchange.org/Portals/0/documents/Reports/london-in-the-red/haringey-debt-statistics-2017.pdf>