



# USING COVID-19 FUNDING TO TACKLE CHILD POVERTY

## Guidance for local councils in England

January 2021

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This is a working document and more information and case studies will be added as they become available.

### 1. Background

During the course of the pandemic, local authorities in England have received various tranches of funding aimed at supporting households who might be struggling during the crisis. These have included £500 million of 'hardship funding' in March 2020 for councils,<sup>1</sup> and £63 million in June 2020 to go towards local welfare assistance schemes.<sup>2</sup> The most recent funding to be announced is the £170 million COVID Winter Grant Scheme, which was set up predominantly to target families with children (80 per cent), as well as other households that have been hard hit by the pandemic. The majority of this funding has also been ring-fenced for food and bills (80 per cent). This new funding must be spent between December 2020 and March 2021, and is being paid to councils in two tranches. After that, from the Easter holidays up until Christmas 2021, local authorities will also receive £220 million for the roll-out of the Holiday Activities and Food (HAF) programme.<sup>3</sup>

This guidance aims to support local authorities to think about how any additional funding received can best help tackle child poverty, and to spark ideas or stimulate interest in developing new approaches in your local authority area. This may include how to spend unallocated money from the COVID Winter Grant Scheme, but also how support to families is being provided, or could be provided by your local council, outside the remit of this grant.

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<sup>1</sup> [Government announcement of £500 million hard ship fund](#), Ministry of Housing, Communities & Local Government (March 2020)

<sup>2</sup> [Government announcement of £63 million for local authorities](#), Department for Environment, Food & Rural Affairs (June 2020)

<sup>3</sup> [Government announcement of winter package for families with children](#), Department for Work and Pensions (November 2020)

## 2. Child Poverty Action Group's view

At Child Poverty Action Group (CPAG) we advocate a 'cash first' approach to supporting families in low-income households. This has the greatest benefits for families and allows choice, accessibility, discretion and safety – which are all highly valued by families.<sup>4</sup> Providing money to families is the most effective way of supporting them to meet their multiple financial needs and the needs of their children. While we have seen the growing use of vouchers during the pandemic, which may work for some families, research shows that these can be restrictive, inconvenient and stigmatising for many – which can lead to reduced uptake even at a time of great need. We have also seen funding being funnelled through voluntary food aid schemes such as food banks. These may help to meet an immediate need for families, but they are not a lasting solution to the underlying drivers of poverty. This type of provision can be stigmatising and embarrassing for families and children, and also relies on families travelling to access this support, which could create public health concerns when people are being asked to stay at home and not mix with others as much as possible.

## 3. Why is a 'cash first' approach so crucial?

A 'cash first' approach has been proven to reduce and prevent poverty by increasing household incomes and financial security. This is more effective than other types of support, such as vouchers and in-kind support (non-cash contributions to households such as food or baby products), as it addresses the root causes of poverty and has the following benefits:

- Cash gives people dignity by removing the stigma that often comes with using in-kind support or vouchers.<sup>5</sup>
- Cash payments provide choice and control by enabling families to use support in a way that works best for them, enabling them to meet the multiple needs that they have.
- Cash is the preferred option for most low-income families.<sup>6</sup>
- Cash payments are the simplest, most efficient and most cost effective means of providing people with support as they can go directly into people's bank accounts. They remove the complex or expensive partnership arrangements that are needed to provide in-kind support.<sup>7</sup>
- Cash payments allow families better value for money as they can shop around.
- Cash payments also provide a boost to the local economy by increasing the likelihood of payments being spent with local, independent retailers, rather than supermarkets. This is especially important in rural areas (where supermarkets might be inaccessible anyway), and in places with struggling local high streets.
- Cash payments encourage greater take-up than alternative types of support.
- Cash payments can bolster financial inclusion efforts by linking people to other sources of financial support such as credit unions.

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<sup>4</sup> [The Cost of Learning in Lockdown](#), CPAG (June 2020)

<sup>5</sup> [Is food the right response to child hunger?](#) CPAG (January 2020)

<sup>6</sup> [The Cost of Learning in Lockdown](#), CPAG (June 2020)

<sup>7</sup> ['Cash first' – Responding to the needs of low income residents](#), Greater Manchester Poverty Action (August 2020)

#### 4. Addressing urgent and multiple family needs

The COVID Winter Grant Scheme funding comes during a time of increased pressure on families as they continue to navigate the COVID-19 pandemic and related restrictions. Families have been particularly hard hit by the crisis. Budgets are stretched and many families are fearful of the increasing costs that come with winter.<sup>8</sup> Many families need urgent support to avoid a crisis point. It is therefore vital to remove existing barriers or delays to support, and to prioritise methods that get immediate support to families. Local authorities should consider:

- **Simplifying application processes** to ensure the funding available responds to immediate needs without delay. Stringent checks or the need to fill out complicated application forms can be a major barrier for those struggling the most. Councils have also been permitted by the government to use existing datasets as a way to verify eligibility, helping to streamline the process (see page 4 below). Evidence from other emergency grant schemes shows that cases of fraud are minimal, and this risk must be weighed up against the urgent need to get support to families quickly.<sup>9</sup>
- **Broadening the number of families eligible for support** beyond those eligible for free school meals. Our [recent research](#) shows that prior to the pandemic two in five children in England were living below the poverty line but were not eligible for free school meals.<sup>10</sup> These families may be slipping through the gaps. CPAG would encourage local authorities to proactively engage with other groups to understand what support they might need, including: families with two-year-olds accessing the 15 hours free childcare allowance, families receiving Healthy Start vouchers, care leavers, those who have applied for universal credit but have not received their first payment yet and those who have had a sudden loss of income.
- **Allowing flexibility** that recognises the range of costs that families might be facing during this period. For example, additional clothes for children to keep warm at school as classrooms are being ventilated; home learning costs as many children continue to be educated at home as a result of the pandemic; and the increasing costs of home heating and other bills. Cash payments allow this flexibility and give families the choice to pay for what's needed to meet their most urgent concerns.
- **Extending support to families with no recourse to public funds** to ensure these families, many of whom are living in deep poverty, can benefit from the support available. The most recent guidance for the COVID Winter Grant Scheme explicitly states that authorities can provide support to families regardless of immigration status.<sup>11</sup>

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<sup>8</sup> [Destitution in the UK 2020](#), JRF (Dec 2020)

<sup>9</sup> [A Menu for Change Scottish Welfare Fund](#), David Hilber and Dr Mary Anne Maclead (2019)

<sup>10</sup> [Free school meals briefing](#), CPAG (Updated December 2020)

<sup>11</sup> [COVID Winter Grant Scheme guidance](#), Department for Work and Pensions (Nov 2020)

### Using datasets effectively to support families

The COVID Winter Grant Scheme guidance states that local authorities can access information the Department for Work and Pension (DWP) holds on people's entitlements to social security benefits as a way to help identify those families and individuals who might need support. It also states that local authorities have access to a range of other data sources and that checks can be carried out against this data to verify the identity of the recipient. CPAG would encourage local authorities to use this verification method as it simplifies the process and removes some of the barriers families may face in applying for support. These datasets can also be used to proactively approach families who may not be aware that they are eligible for support.

### Glasgow case study: automatic school clothing grant awards

In Glasgow, eligible families now automatically receive school clothing grants (which are available in some local authorities in England) without having to complete paperwork. A data matching exercise identified 5,400 families claiming housing benefits but not school clothing grants. These families were notified of their eligibility and sent PayPoint vouchers. 97 per cent of eligible families in Glasgow are now receiving school clothing grants.<sup>12</sup>

## 5. Local welfare assistance schemes

CPAG wants local authorities in England to have the resources they need to prevent hardship and poverty in their communities through their local welfare assistance schemes. CPAG has produced a [best practice guide](#) for councils that have already developed local welfare assistance schemes or are in the process of setting one up, whether individually or in partnership with a neighbouring local authority. The guide has examples of how these schemes can best tackle child poverty, and is supported by the Local Government Association. CPAG has also worked alongside other charities to produce a [briefing for local authorities](#) on how the COVID Winter Grant Scheme funding can strengthen local welfare assistance.

In areas where local welfare assistance schemes do not exist, we encourage councils to take simpler and faster action to get cash to families directly, as a unique response to the circumstances of the pandemic.

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<sup>12</sup> [Practice insight paper: School uniform](#), CPAG (2018)

### Wigan Council case study

In November 2020, Wigan Council contacted families who were eligible for free school meals and asked them to fill out a short web form with their bank details. Within 24 hours they had a 50 per cent response rate. Over the winter, the council will make a direct payment into families' bank accounts and this financial support will include:

- £15 per week per child for food
- £10 Christmas food grant bonus per household
- £20 for gas and electricity
- £10 for water

In addition to supporting families eligible for free school meals, they will broaden their support to other households who may be struggling – to ensure no family misses out over the winter period.

Over October half term, Wigan Council had to deliver support quickly due to the absence of a central government scheme, so used vouchers to support families eligible for free school meals. However, with more time to prepare ahead of the Christmas period, the council has been able to shift its approach and gather bank details from those in need of financial help. In terms of their wider welfare support, Wigan Council combines direct payments into peoples' bank accounts with vouchers, and also provides income maximisation advice.

Thanks to Greater Manchester Poverty Action and Wigan Council for sharing this information with CPAG.

## 6. Setting up payments

During school closures, many local authorities in Wales and Scotland opted to replace free school meals with cash payments to families. In research carried out by CPAG, families reported particularly high levels of satisfaction with this approach as it meant they could choose shops that they were able to get to (and where they felt safe), that sold the food their children wanted and that provided the best value.



*“I can buy food from anywhere for them because I am not restricted in any way of how and where I spend the money. I can make a little go a long way.”* (Lone parent of three children, Dundee)

Local authorities and schools across the UK have shown that setting up bank payments to families can be done quickly and efficiently, and has multiple benefits for families. CPAG also encourages the use of bank payments to families whose children are eligible for free school meals but who are learning from home as a result of the pandemic, either because of lockdowns or self-isolation. Other options such as 'grab bags', home deliveries and vouchers have been proven to cause some difficulties for families.<sup>13</sup>

<sup>13</sup> [The Cost of Learning in Lockdown](#), CPAG (June 2020)

### Neath Port Talbot case study

In April 2020, Neath Port Talbot Council made the decision to replace free school meals with direct payments of £19.50 per week per child while schools were closed to most pupils. To set this up, they asked eligible families to register their bank details through an online form and this was widely promoted to ensure a high take-up. Here they describe why they made this decision and how it was delivered:

*“We used the communication channels through our schools to contact existing claimants (letter to parents, school social media accounts, text messaging service). An in-house IT system was developed in a very short time to match known eligible children to online applications. The IT team also utilised government free text messaging and emails to keep families informed while payments were processed.*

*“Direct bank transfer payments were delivered in a short time, within three days of applying. We also issued a press release, updated our dedicated coronavirus support webpage and put out social media messages via our corporate communications team that focused on encouraging parents whose circumstances may have recently changed due to the coronavirus (eg, lost their job) to check if they were eligible for school meals. We emphasised that we were still accepting new applications for people who may be eligible for free school meals. Encouraging parents who already claim free school meal for their child/children to complete an online application form to ensure they received the bank transfer payments.*

*“While operating the ‘grab and go’ bag system, only around 1,000 families were choosing to access the service. Since moving to bank transfer payments, we have registered 2,916 applications covering around 4,474 children (as of Thursday 16 April) allowing us to support considerably more parents to provide meals for their children. We will also continue to make weekly payments to support the most vulnerable learners and families during this response to coronavirus.”*

### Little Heath Primary School (Coventry) case study

*“We were struggling to get our families to come and collect the prepared packed lunches, also I felt bad that we were offering three days of sandwiches to prevent the need to come out every day... My School Business Manager suggested using BACS [direct payment] and it ticked all of the boxes... We feel that having the money directly gives them [families] the opportunity to shop in their usual fashion. We were so pleased we were able to set this up so quickly and they [the families] have now had four weeks’ money already.”*

Thanks to Neath Port Talbot Council and Little Heath Primary School for sharing this information with CPAG.

## 7. A longer-term solution to supporting families over the holidays

Poverty rarely has one single cause. A range of factors including rising living costs, low pay, lack of work and inadequate social security benefits are some of the key causes of poverty, and the effects of child poverty can be lifelong. Low income is causally related to poorer educational outcomes, poorer physical and mental health and low self-esteem. While there has been a recent focus on child hunger and the provision of free school meals during the holidays, this risks ignoring the underlying drivers of poverty.

CPAG is calling on the government to improve family incomes through a range of policies. This will reduce child poverty across the UK and, importantly, remove the need for food aid over the holidays and throughout the

year.<sup>14</sup> In addition to the investment that is required from central government to help low-income families, local authorities should also consider the following:

- **Bolstering financial support to families during the holidays through local welfare assistance.** This should be done in addition to holiday programmes, recognising the limitations of channelling support solely through holiday schemes that may not be suitable, accessible or the most dignified way for families to access support.
- **Ensuring families living on low incomes are involved in the planning and delivery of holiday programmes** to help overcome many of the barriers they may face. This includes reviewing the opening times for holiday activities to enable parents to work.<sup>15</sup>
- **Further investing in holiday programmes and widening the eligibility criteria** (beyond those eligible for free school meals) to remove stigma, increase uptake among low-income households and support children’s learning and development.

#### Scottish Government case study

The Scottish Government announced at the end of November 2020 that all families entitled to free school meals would receive a £100 cash grant. The announcement stated that this money will be paid to families before Christmas and can be used for “whatever will help them through the winter” as “families will know best what they need – that’s not for government to decide.”<sup>16</sup>

## 8. A sustainable approach to funding local authorities

We recognise the huge strain that has been put on councils with the announcement at short notice of different pots of funding, leaving minimal time to plan and expensive administrative challenges. In the longer term, CPAG and others are calling for a more sustainable approach to local welfare assistance with greater ongoing investment. The current short term and patchy approach to this support overlooks the complexities and nuances of people’s situations, and doesn’t allow local authorities the agency to work with different groups within their communities in different ways. We will also be working in partnership with other organisations to support local authorities to set up effective local welfare assistance schemes or develop existing schemes to ensure they have the maximum impact on tackling child poverty.

<sup>14</sup> [Children in crisis](#), Alison Garnham thought piece in the Independent (Dec 2020)

<sup>15</sup> [Cost of the School Holidays](#), CPAG in Scotland (2015)

<sup>16</sup> [Scottish Government announcement](#) on the winter support fund for families and children (Nov 2020)

### Please get in touch

If your local authority has championed a 'cash first' approach to local welfare assistance and other support during the pandemic, we'd love to hear from you. Please also get in touch if your local authority has found effective ways to increase uptake and access to welfare support. Please email Kate Anstey at

[kanstey@cpag.org.uk](mailto:kanstey@cpag.org.uk).

### Further reading

- Greater Manchester Poverty Action's [briefing](#): Using the COVID Winter Grant Scheme to support Free School Meals families
- CPAG's [guide](#): Cash in a Crisis
- The Children's Society's [briefing](#): Leave no family behind: Strengthening Local Welfare Assistance during Covid-19
- Local Government Association's [guide](#): Good Practice Guide: Delivering Financial Hardship Support Schemes
- The Trussell Trust's [briefing](#): Local lifelines: investing in local welfare during and beyond Covid-19

### About Child Poverty Action Group

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. Our vision is of a society free of child poverty, where all children can enjoy a childhood free of financial hardship and have a fair chance in life to reach their full potential. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need.