

Support for Low Income Households

To update members on the LGA's programme of work on support for low-income households and set out proposals for this policy area in 2022/23

For information.

Summary

This report provides an update on the work the LGA has delivered to support councils and shape policy on support for low-income households. This has included a wide range of covid-related support that has been delivered by councils alongside the national benefits system.

Significant risks remain to our more disadvantaged households and communities from the long-term health, social and economic impacts of the pandemic. We are facing growing cost-of-living pressures, with rising inflation and energy prices, and much of the temporary financial support provided during the pandemic is being withdrawn. This presents particular challenges for councils seeking to deliver the 'levelling up' agenda and promote confident, resilient communities and inclusive, sustainable local economies.

This paper sets out our proposals for working with councils, government and partners to deliver a more sustainable, long-term solution to reducing socioeconomic inequality and promoting resilience, whilst also ensuring that a robust national and local safety net remains in place for those who need it.

Is this report confidential? Yes No

Recommendation/s

That we continue to work closely with councils, Government, partners and stakeholders on developing support for low-income households, including local welfare schemes and access to financial services.

Action/s

That we return to a more proactive approach during 2022/23 that considers the key priorities for councils, effective use of resources and the need to sustainably address cost of living pressures and the inequalities highlighted by the pandemic.

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Support for Low Income Households

Background

1. Key priorities throughout the pandemic have included:
 - 1.1 Reshaping Financial Support - real-time support, guidance and policy development for councils, Government and stakeholders supporting low-income and disadvantaged households with the immediate financial impacts of the coronavirus pandemic
 - 1.2 Supporting councils with the implementation of short-term, emergency local welfare funding (including covid local support grant and household support fund) alongside their existing local funding and schemes
 - 1.3 Integrating approaches to 'food poverty' within a wider approach to promoting financial inclusion and reducing socioeconomic inequality. This has included work with the Children and Young People Board on Free School Meals, voucher schemes and holiday support. We are working with councils on local food partnerships in response to the National Food Strategy and continue to work with Trussell Trust, councils and others on a long-term aspiration of ending the need for food banks
 - 1.4 Working closely with a wide range of national and local partners in the statutory, VCS and private sectors on the design and implementation of effective local welfare support
 - 1.5 Sharing evidence from councils and delivery partners with government to inform current and future policy development. For example, during January we hosted three focus groups on the future of local welfare schemes with councils and the Department for Work and Pensions
 - 1.6 Supporting councils and pushing for effective joint working and sufficient resources to deliver a wide range of complex, short-term support including test and trace support payments, household support fund and the discretionary hardship fund. We are currently working with colleagues in the

Finance Team on the approach to mitigating rising energy costs through the council tax system

- 1.7 Working with councils, government (led by Cabinet Office) and a wide range of partners on fair and effective debt management. This includes working with government on the development of data-sharing pilots on vulnerable debtors, working with the cross-government Fairness Group to design and update the vulnerability toolkit, and sharing emerging good practice on a 'single customer view'
- 1.8 Working with the Department for Work and Pensions (DWP) to co-design a pilot to increase the levels of Pension Credit uptake in six local authority areas.
2. Short-term funding for local welfare support, most recently through the household support fund, is due to end in March 2022. The LGA has consistently asked for this funding to be put on a more long-term, sustainable footing to ensure councils can continue to support financially vulnerable households.
3. Councils taking part in recent engagement events have all highlighted continued levels of high demand for advice and support and remain very concerned about their ability to prevent hardship and promote resilience. Alongside the need for adequately and sustainably resourced crisis support we continue to work internally and externally across a number of policy areas including welfare, public health, children's services, housing and employment to make the case for a more integrated approach to early intervention and prevention on financial hardship and economic vulnerability

Support for low-income households – proposed work programme 2022/23

4. Following a round table in November 2021, we have commissioned Shared Service Architecture to work with us to deliver a programme of action learning on the role of councils in supporting low-income households with the impacts of the cost-of-living crisis as we move into recovery from the pandemic. 80 officers attended two 'problem definition' events on 16th and 17th February. Twelve action learning sessions on key priorities identified will be delivered over the summer, with a final event in early autumn 2022.
5. We are setting up a cost-of-living steering group, with engagement from key researchers, think tanks, partners and stakeholders to work with us to identify key priorities for councils, partners and communities, both in terms of impact and support. Participants will identify and share their own relevant research, and well as advising potential areas of focus and sources of evidence to inform both our lobbying, research and improvement work. Key areas are likely to include:

- 5.1 The impact of socioeconomic and health inequalities on demand for children's services
 - 5.2 The interaction between financial hardship and mental health and wellbeing
 - 5.3 Health and disability within the benefits system (linked to the 'shaping future support' green paper)
 - 5.4 Food poverty and sustainability (linked the National Food Strategy and proposed Defra white paper)
 - 5.5 Continued emphasis on local welfare / crisis support and its interaction with wider safety net and resilience support
 - 5.6 Supporting low-income households as we move to net-zero and address environmental sustainability
6. We are developing a Debt Maturity Model for councils as part of our work on fair and effective debt management. This is informed by similar tools developed by our Research team, and is based on engagement with councils, Government and stakeholders. The model will enable councils to benchmark their approach and identify areas for further development. We have included proposals for further sector-led improvement in our on-going discussions with DLUHC, following the steer from Resources Lead Members in September
 7. We are looking to pilot a greater engagement with lived experience within our policy development and service design, both within the LGA and in our support for councils. As a first step we are co-designing an LGA Conference workshop with the Poverty Truth Network, who are working with a number of councils including Leeds and Bournemouth, Christchurch and Poole to engage communities in local service design.
 8. We will return to a more proactive programme of work setting out the long-term role of councils within the welfare system. This will include:
 - 8.1 Reviewing our 2021 Spending Review ask of £250m for local welfare support – working with councils, researchers and partners to ensure that we have an evidence-based ask that reflects local need and focuses on sustainable outcomes
 - 8.2 Working with the Department for Work and Pensions on the 'move to Universal Credit' to ensure that vulnerable households get the support they need

- 8.3 Ensuring that government proceeds with the promised review of discretionary housing payment, ensuring that it is adequately resourced and can be effectively integrated with other local support
- 8.4 Ensuring that the mainstream benefits system is the principal form of support for low-income households, enabling councils to target local welfare support to those with complex or additional needs
- 8.5 Continuing to develop and press for a more sustainable and preventative approach to financial inclusion and resilience, to improve outcomes and strengthen communities
- 8.6 Working with the Community Wellbeing Board on improving the quality and resourcing of supported exempt accommodation, including housing benefit payment and subsidy

Implications for Wales

- 9. Benefits delivery and financial inclusion are devolved, with ring-fenced budgets for councils overseen by Welsh Government

Financial Implications

- 10. Work will be delivered within existing LGA budgets. Funding for improvement support on fair and effective debt management in 2022/23 may need to be sought from partner organisations
- 11. Some work may be delivered – and funded - in partnership with other LGA Boards