Support of last resort? Alternatives to local welfare schemes to prevent and relieve homelessness

July 2017

This Shelter report is supported and funded by the Longleigh Foundation.

Contents

Longleigh Foundation

Shelter

www.shelter.org.uk

Summary

Moving in to a new home should be a fresh start for families who have previously been homeless. But ideas of what makes a 'home' can be severely tested if families are forced to move in without basic household goods, such as a cooker, fridge, carpets or curtains.

At Shelter, we see far too many families move into new tenancies with few, or no, possessions with which to make a home, and too little money to buy them. Many families see little alternative but to take on risky and unmanageable debt, in order to secure these items essential to setting up a home. This exposes them to the risk of rent arrears, threatening their ability to make a success of their new tenancy, right from the start. Rent arrears can quickly lead to eviction and families facing homelessness again, with devastating impacts on their health, wellbeing and their children's education.

Local welfare assistance schemes (formally the centrally administered Social Fund) are intended to provide a crucial safety net to households – but, with changes to benefits and cuts to council budgets, this support is stretched to breaking point. In many areas, it is at risk of disappearing completely.

If local welfare assistance is lost, or continues to be too restrictive, then there is absolutely no other emergency fund that is flexible enough to help people in financial crisis and prevent, or relieve, homelessness.

Without this vital source of help (through grants or low-cost loans), families are forced to go without, to cut back on other essentials, or to resort to very high-cost, short-term loans with unfair consumer contract terms. Our Services report increasing numbers of clients prioritising payment to rent-to-own companies over their rent, risking arrears and homelessness.

We have identified two key groups at particular risk of arrears and homelessness if they are unable to access essential household goods without taking on unmanageable debt:

1. Our 'bump in the road' group are families facing a temporary, albeit significant, crisis – including families struggling to access the private rented sector, or who are moving into an unfurnished property from temporary accommodation, and families who are just about making a go of a longer-term tenancy, who face a sudden emergency which they cannot afford to remedy, such as a broken washing machine or fridge

For these families, low or no-cost credit could be a sustainable solution.

2. Our group of 'constant strugglers' are families who are barely scraping by, have no savings and nothing to spare at the end of the month. These families might be living with a disability that stops them working or accrues additional costs; they might also be struggling to make up the difference between their housing benefit and local housing allowance and their rent, slipping further into arrears every month. These families are the most likely to suffer from the 'poverty premium', finding everyday costs more expensive than families with higher incomes

For these households, taking on another debt to manage a move into a new property, or replace a broken cooker or washing machine – even at low or no cost – would risk arrears and homelessness.

Our Freedom of Information requests (FOIs) and follow-up investigations have revealed that local welfare schemes continue to play a crucial role in preventing homelessness, but there are vast differences in how local councils respond to this need:

- 134 operational local welfare schemes were identified through responses to the FOIs, interrogation of council websites and follow-up conversations by telephone and in person. 21 councils reported that their schemes had closed

- Of the 134 schemes identified, approximately 107 provided grants-only schemes. Approximately 25 provided loans or a combination of grants and loans

- Fewer than 20 provided any cash as part of their scheme, even in exceptional circumstances. In contrast, 105 provided services or goods 'in kind', including vouchers, referrals to food banks and furniture re-use organisations, fuel top-ups, help with deposits and rent in advance, and travel warrants

This briefing examines the impact of the change from the Social Fund to local welfare assistance schemes. It analyses the support provided by existing local welfare schemes and assesses possible alternatives to them, including high-cost, short-term, lenders such as rent-to-own companies and pay-day lenders, and affordable credit schemes including DWP budgeting loans, advance payments and budgeting advances in Universal Credit, credit unions and microfinance initiatives, fairer loans from Community Interest Companies and social enterprises, and furnished housing schemes. It also analyses the suitability of furniture re-use schemes and mixed packages of support.

It is intended to act as a catalyst for further thinking and discussion about how best to support families in crisis situations, so that a bad situation does not become a disaster.

Next steps

To take this conversation forward, and to ensure the sustainability of safety net support for families facing a financial crisis that might otherwise lead to eviction and homelessness, we set out the following next steps:

- The government should increase its understanding of what support is currently available by collecting comparable data on local authorities' local welfare schemes, including budget set and spend, eligibility criteria, number and types of households helped, and what support is provided

- With the future of so much of this essential support in doubt, there is an urgent need for research to explore the likely impacts – on vulnerable families, local councils and wider public services – of families being left without it

- The government must provide sufficient funding to ensure that councils can afford to maintain their grant schemes, for families facing a financial crisis who cannot afford to make loan repayments

- The government should allow more tenants to access advance payments from their benefits, including child tax credits and working tax credits (and the equivalent in Universal Credit). Repayments should be set at reasonable levels and take into account claimants' ability to pay for essential household items

- The government must act to end the poverty premium, paying particular attention to markets and companies that operate in ways that are unfair to consumers

- Local councils which don't already have partnerships with credit unions should examine how these partnerships might increase their ability to provide loans from their local welfare schemes

- They should also work together, and with other loan providers, to examine ways to incentivise loan repayments – both to increase the sustainability of schemes, and support families in growing their own savings pots and increasing their resilience to financial crises

- Local councils and housing associations should work together to develop models of mixed provision; combining individualised tenancy support, loans, grants and furniture re-use schemes. This could be achieved by councils replicating the model, or housing associations widening the reach of their schemes to include vulnerable local people who are not their own tenants

- Local councils and furniture re-use schemes should increase opportunities to work with big retail suppliers to provide essential household items free of charge to families who cannot afford to make loan repayments

- Organisations which have an interest in other aspects of local welfare schemes should continue to continue to work together to explore common ground and identify shared, sustainable, pan-client group solutions

Introduction

The new Homelessness Reduction Act provides incentives for local councils to seek ‘quick wins’ to prevent homelessness, including the provision of safety net support – such as the provision of essential household items to enable households to take up and sustain a tenancy.

But the abolition of the primary source of this help, the discretionary Social Fund, and its devolution to local councils, without any requirements to actually run a scheme, has left the provision of support to families facing a financial crisis in a parlous state.

Without safety net support, families may have little alternative than to go without, cut back on other essentials, or resort to very high-cost, short-term loans with unfair consumer contract terms; risking rent arrears, eviction and homelessness.

This briefing is based on evidence gathered from Shelter advisers and service users, FOIs, website analysis, and follow-up conversations with local councils – and conversations with housing associations, furniture re-use schemes and not-for-profit providers of affordable credit. The government publishes no data nationally and does not require local councils to collect or use that information themselves.

We have looked at local welfare schemes in England. The devolved administrations in Wales and Scotland continue to take a centralised approach and provide support similar to that of the old discretionary Social Fund. The Social Fund continues to operate in Northern Ireland.

We are grateful for the support and partnership of the Longleigh Foundation in producing this briefing.

The final safety net: how social welfare support has changed

The end of the discretionary Social Fund

Local welfare assistance schemes replaced the discretionary elements of the centrally administered Social Fund – Community Care Grants and Crisis Loans – in April 2013.

- Community Care Grants were available to people in receipt of qualifying benefits who faced ‘exceptional’ financial pressures or who needed help to meet expenses in order to prevent them from going into residential or institutional care. Grants could also be awarded to limited groups of people who were not in receipt of benefits, including people who have previously been homeless

- Crisis Loans were interest-free loans of up to £1,500 for anyone over 16 years old who did 'not have the resources to meet the immediate short term needs' of themselves and/or their family. It was not necessary for applicants to be in receipt of qualifying benefits, although they must have been likely to be able to repay the loan

Despite sustained opposition from charities and local government, the Coalition Government went ahead with abolishing these parts of the discretionary Social Fund in 2013. Budgeting Loans remain – at least until Universal Credit is fully rolled out.[1]

The government's rationale was '...the Social Fund scheme was not working as intended. It had become complex to administer, was poorly targeted and open to abuse. The government believes that local authorities, with their existing social care strategies and duties, are better placed to determine the support needs of local vulnerable people than the old central and remote Social Fund system.'[2]

While it is true that the Social Fund was far from perfect, in being the support of last resort it provided a final safety net for people in desperate need.

Introduction of local welfare provision

With the introduction of local welfare provision (also known variously as local welfare assistance and local welfare schemes), the DWP passed responsibility for delivery to DCLG – although it continued to fund it with an allocation of £176m per year for the first two years (2013/14 and 2014/15). DCLG in turn handed it on to local councils (and the devolved administrations) to deliver.

There were no statutory obligations placed on councils and the budget was not ring-fenced. However, the funding was identified separately from the Revenue Support Grant and DWP's settlement letter to local authorities made it clear that they were expected to use the money to ensure: '…a more flexible response to unavoidable need, perhaps through a mix of cash or goods and aligning with the wider range of local support local authorities/devolved administrations already offer.'

[1] Budgeting Loans will be replaced by Budgeting Advances as Universal Credit is rolled out.

[2] HM Government (October 2014) *Local Welfare Provision in 2015/16: A consultation document*

Last chance saloon

In 2014, DWP confirmed it would be pulling the plug on funding local welfare schemes beyond 2016. Local authorities were expected to continue to provide schemes, but with no further funding to do so and in the face of continued cuts in their overall level of funding.[3]

Without funding, many councils were very concerned that they would be unable to keep their local welfare schemes running beyond March 2015. The LGA predicted that nearly three-quarters of councils would have to scale back their schemes and 15% would have to end their provision completely.[4]

Shelter, along with many others, campaigned hard for this funding to be reinstated and we welcomed a last-minute decision, in February 2015, by DCLG to extend a £74million lifeline to local welfare schemes to cover one final year, 2015/16. Although it was less than half the funding that local councils had previously received, it was enough to keep schemes running – but by this point several local authorities had already closed or significantly reduced their provision.

There was no further funding from central government for local welfare schemes from April 2016.

Delivery of local welfare assistance is now at the discretion of local councils. They have to find the necessary funding from within their existing, and shrinking, budgets, and they have had to develop and deliver new mechanisms to deliver the support.

The government placed no requirements on councils to deliver local welfare schemes, save the DWP writing to local council chief executives in April 2012 to say that it expected them to provide 'flexible help to those in genuine need'.[5]

Furthermore, the DWP did not place any reporting requirements on councils. Analysis of the availability and adequacy of this vital support is hampered by this lack of monitoring and data, which means that is difficult to piece together exactly what support is available and where.

An NAO study of local welfare schemes reported that councils do tend to monitor the number of applications and the value of awards, but do not collect or use data on who

[3] Councils have faced an overall reduction in funding of 30% between 2010 and 2015, see: www.gov.uk/government/news/greg-clark-hails-historic-4-year-settlement-and-support-for-adult-social-care
[4] LGA (2014) *Response to the Government consultation on local welfare provision*
[5] Reported in NAO (2016) *Local welfare provision*

applied, and received, support or why they did so.[6] They found that, even when they do collect this information, they make little use of it – and so have a limited understanding of the effectiveness of their spending on local welfare provision, or the consequences of reducing it.

To begin to fill this information gap, we undertook a series of FOI requests between 2015–2017.

Our first FOI, in February 2015, sought to help us understand more about the operation of local welfare schemes in a small group of local authorities.[7]

We followed this with a second wave of FOIs, in January and February 2017, to update our knowledge about current schemes and how they have changed year on year since 2013/14. These FOIs, and a third about Budgeting Loans, provides some of the evidence for this briefing.

Who needs local welfare support to avoid homelessness?

1. Growing numbers of people struggling to access the PRS

Over the last 20 years, the private rented sector (PRS) has seen considerable expansion, and has grown to overtake the social rented sector.[8] A total of 4.5m households now live in privately rented housing.[9]

But the evidence suggests that even at a time of significant growth, it has become harder for people on low incomes to access or sustain a tenancy in the PRS. The upfront cost of private renting – fees, deposits and rent in advance - prohibits low-income households from accessing the PRS and means that many are forced to borrow, starting a tenancy in debt.[10] In 2015, more than half (55%) of private tenants were asked to pay rent in advance, while 42% had to pay a deposit and 42% a letting agent fee. More than a quarter had to pay a fee for credit checks.[11] Shelter's recent briefing, 'Shut Out'[12], looks at these barriers to private renting for low-income families in more detail – together with current and potential solutions.

---

[6] *Ibid.*
[7] In February 2015 Shelter sent Freedom of Information requests to a small group of English local authorities, to understand more about their local social welfare schemes. We received responses from Liverpool, Bournemouth, Cornwall, Ealing and Wolverhampton.
[8] DCLG (2017), English Housing Survey: 2015 to 2016: headline report
[9] *Ibid.*
[10] Shelter (June 2017) *Shut Out:* the barriers low-income households face in private renting
[11] Unpublished findings from Shelter's survey of private tenants, 2015

For households that are experiencing multiple moves, the repeated costs of fees, deposits and rent in advance can pull them further into debt and leave them with no resources to begin to furnish their new home, even with basic household essentials such as beds or curtains. 80% of PRS tenancies are let unfurnished, although white goods might be included.[13]

Our advisers report that families often feel like they are left with little choice but to take on such high-risk, expensive loans, often with disastrous results. All too often, families find themselves prioritising the repayment of these loans over their rent, risking homelessness.

These families are facing a temporary, albeit significant, **'bump in the road'** – including families moving into the private rented sector, or an unfurnished property, from temporary accommodation and families who are just about making a go of a longer-term tenancy, who face a sudden emergency which they cannot afford to remedy, such as a broken washing machine or fridge.

For these families, low or no-cost credit could be a sustainable solution.

2. Homeless households moving into a settled home

Growing numbers of households are living in unsuitable temporary accommodation provided by local housing authorities while they wait for a settled home. At the end of December 2016, almost 76,000 households were living in temporary accommodation, of which 60,000 are families with children or pregnant women. This is an increase of 10% from the previous year and 58% from December 2010, when just over 48,000 households were living in temporary accommodation.[14]

Safety net support can play a vital role in keeping families in their homes and out of temporary accommodation. More work needs to be done on this, but Portsmouth City Council has attempted to monetarise the likely impact on its council, had local welfare support not been available. They identified key impacts, including preventing tenancy breakdown and void periods (estimated at £6,880 per eviction and subsequent re-letting)

---

[12] Shelter (June 2017) *op cit.* Current methods to help low income tenants access the PRS include cash rental deposit schemes, bond or guarantee schemes, assistance with rent in advance.
[13] DCLG (2015) English Housing Survey - Households 2013/14
[14] DCLG (March 2017) Statutory Homelessness and Prevention and Relief Statistical Relief October to December 2016

and reducing the need for temporary accommodation (at a cost in Portsmouth at the time of £250 per week).[15]

Families moving into settled tenancies from temporary accommodation can do so with very few belongings, and very little, if any, furniture. They would have had little room for any furniture they might have had before they were homeless, and been unable to store it for any length of time. Furnished properties are the norm in the private rental market but social housing tenants are rarely offered the chance to rent a furnished property. Worse, social housing often doesn't even have carpets provided. For vulnerable tenants, being able to access a furnished property can remove a huge financial pressure to find money or to access credit to make their new property a functioning home.

The need to pay deposits and fees, or obtain or quickly replace essential household items can lead families, who may be on very limited incomes, with no savings and with little access to traditional high-street (because they don't have a credit history, or their history means they would be unlikely to pass credit rating tests), to turn to short-term, high-cost credit.

3. Squeezed income 'poverty premium' families

The combined effect of welfare reforms, higher living costs, low levels of wage growth and an increase in part-time and temporary work has been to heap pressure on the already fragile finances of low-income households, leaving them with even fewer resources to deal with an unexpected emergency – like a broken washing machine.

The previous government's decisions to freeze some benefits, and award below-inflation increases to others, is reducing the spending power of already struggling families; while rising prices means what they do have goes less far. Rather than a sudden drop in the amount of cash a family has, this is felt in an extra few pence on a loaf of bread or pint of milk, an increase in the price of a pair of school shoes or having to put an extra £1 in the meter to get the same amount of electricity.

These same families are also hit by a 'poverty premium'[16] – the extra costs people on lower incomes typically pay for goods and services, compared with what is paid for the same goods and services by people on higher incomes. The best bank accounts, borrowing rates

[15] As reported in Centre for Responsible Credit (2015) *Where now for local welfare schemes?*
[16] End Child Poverty (2017) *Feeling the Pinch*

and energy tariffs are only available for people who have a good level of income, credit rating and/or employment record and who are therefore in a position to shop around.

Despite being able to afford the least, low-income families have no option but to pay the most for basic essentials, like heating their homes with expensive pre-payment meters or buying a cooker or washing machine through a high-cost rent-to-own company. Families might also spend more on food because they cannot access big supermarkets, which are often cheaper, and because they do not have the storage space, or money, to buy in bulk.

Recent research[17] found that a typical low-income family could face an annual poverty premium of around £1,700 for everyday goods and services, which could represent a large proportion of a family's overall income. When every penny counts, struggling families can ill-afford to be charged extra for the same goods and services, and it leaves them even more vulnerable to unexpected costs.

4. **Families unable to save and increasingly reliant on credit leading to debt**

The increasingly fragile finances of low-income families leave many unable to save for an unexpected expense or to manage a drop in income. Recent research[18] has found that 14.5m British adults report having no spare money to put aside as rainy day savings, in any of the previous 12 months. A further 9.5m (19%) said that even when they could save, they had just £50 or less available each month. The same research found that low-income families were the worst affected, with 45% of people earning less than £20,000 a year saying they were unable to save in any of the previous 12 months.

As a result, the use of credit as a 'safety net' to plug gaps in household finances is becoming an increasingly widespread problem.[19] Over seven million people in Britain are turning to credit to pay for their everyday essentials, and over 13 million would need to borrow money to cover an emergency cost.

It is estimated[20] that over four million people in Britain are likely to be using credit to meet everyday living costs, emergency costs and relatively small specific purchases. This group is largely made up of working families on lower to middle incomes, although some are households on the lowest incomes and in more insecure, 'casual' employment. Those using

[17] *ibid*
[18] Stepchange (2017) Press release: *Almost a third of Brits saved nothing in the last 12 months*
[19] Stepchange (2016) *The credit safety net: how unsustainable credit can lead to problem debt and what can be done about it*
[20] *ibid.*

credit as a safety net are more likely to be struggling financially as over a third (36%) are falling behind on bills and credit commitments, compared with just 7% of the overall population who are in financial difficulties.

We could call these families **'constant strugglers'** - families who are only surviving by cutting back or going without, have no savings and nothing at all to spare at the end of the month to meet unexpected costs. These families might be living with a disability that stops them working or accrues additional costs; they might also be struggling to make up the difference between their housing benefit and local housing allowance and their rent, slipping further into arrears every month.

These families are the most likely to suffer from the poverty premium discussed earlier, finding everyday costs more expensive than families with higher incomes.

Taking on another debt to manage a move into a new property, or replace a broken cooker or washing machine – even at low or no cost – would be impossible.

What do people need?

What people need by way of help to deal with, or prevent, a crisis depends on the circumstances they are dealing with. How these needs are met depends on whether they fall into our 'bump in the road' or 'constant struggler' groups.

Sixty-three of the 134 schemes identified in our 2017 FOI reported that homelessness and prevention of homelessness was in their top three reasons for applications for local welfare assistance. This included assistance with:

- securing, and support into, tenancies
- homeless household housed in unfurnished accommodation, needing furniture
- setting up new homes
- rent in advance and deposits
- moving on from homelessness accommodation

These broad categories translate into a wide variety of actual need. This includes 'crisis needs', such as food, groceries and fuel – and 'home needs', such as deposits and rent in advance, furniture and white goods, handyman and removal services. An ability to meet the costs of 'crisis' needs risks families dipping into their rent money, risking arrears, eviction and potential homelessness.

Previous Shelter research[21] has shown that the provision of essential household items has positive impacts which contribute to successfully maintaining a tenancy:

- White goods have a positive impact on how people manage budgets, by allowing them to store, cook and re-heat food
- Tables, desks and chairs impact positively on children's education by providing them with space to do homework
- Basic furniture and furnishings such as beds and curtains have a significant positive impact on households' warmth, health and wellbeing, and sense of pride in their home

Fifty-two schemes listed problems with DWP benefit payments and delays in the top three reasons for applications. Problems with benefits, including disruption to payments, delays in benefits starting, benefit shortfalls, mandatory consideration waiting periods and sanctions can lead directly to a family being unable to pay their rent and facing homelessness. Our Services report that the built-in six-week wait for Universal Credit to be paid is quickly becoming a key cause of arrears.[22]
Analysis has been made more difficult by the lack of any standard reporting structure for schemes, even at a local level. Making comparisons and drawing conclusions is not straightforward.

For example, some councils cited specific reasons for applications such as 'benefit delays' whilst others gave more general answers such as 'no food, no money, no gas and electricity' or, simply, 'debt' without any further context. It may be that people applied for food and money assistance in these examples because of benefit delays, or needing to spend additional money from limited incomes on rent in advance or essential household goods.

Others gave answers that might not have referred exclusively to local welfare assistance, especially where local welfare schemes have been merged with other pots of money, including DHPs and Homelessness Prevention Grants.

For example, Islington Council has merged support such as Discretionary Housing Payments (DHPs) and local welfare assistance into a single Resident Support Scheme

---

[21] Shelter (2014) *A roof over my head: the final report of the Sustain project*
[22] Shelter (2015) *Submission to the Work and Pensions Select Committee Inquiry into the local welfare safety net*

(RSS), which includes DHPs, LWA and council tax support.[23] The top reasons given for RSS applications were Bedroom Tax, Local Housing Allowance and Benefit Cap. These are problems that DHPs, rather than LWA, are generally used to cover.

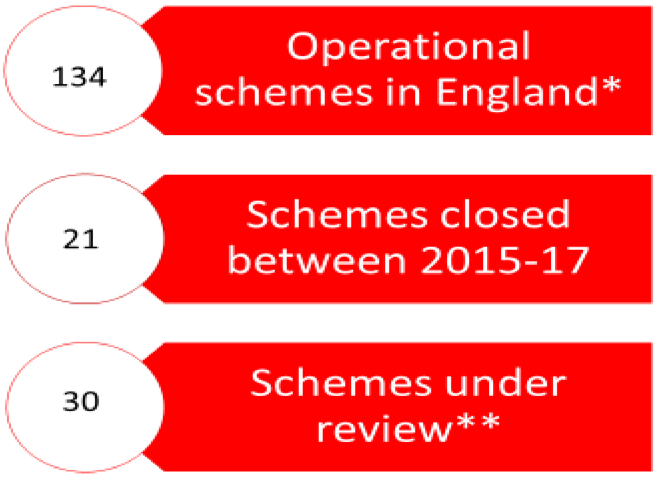
As a result, Islington's reporting of top reasons for LWA applications may have reflected the number of people who applied for support that would, technically, come from the DHP 'part' of the RSS scheme, rather than LWA exclusively.

Where this happens, local welfare scheme funding is being used to meet housing costs, rather than one-off help in a crisis, which further muddies our understanding of what local welfare is actually being used for.

What support is there for people in a crisis?

Current local welfare schemes

Our FOIs and follow-up investigations has revealed that local welfare schemes continue to play a crucial role in preventing homelessness, but there are vast differences in how local councils respond to this need. Schemes – where they have not closed entirely since 2015 – differ in size, provision, eligibility criteria, means of applying and delivery methods across the country. Access to help to deal with a crisis varies considerably depending on whereabouts in the country you live.



* Number of schemes running, not number of schemes run by individual councils. Some schemes are shared between councils.

[23] www.islington.gov.uk/advice/money-advice/resident-support-scheme

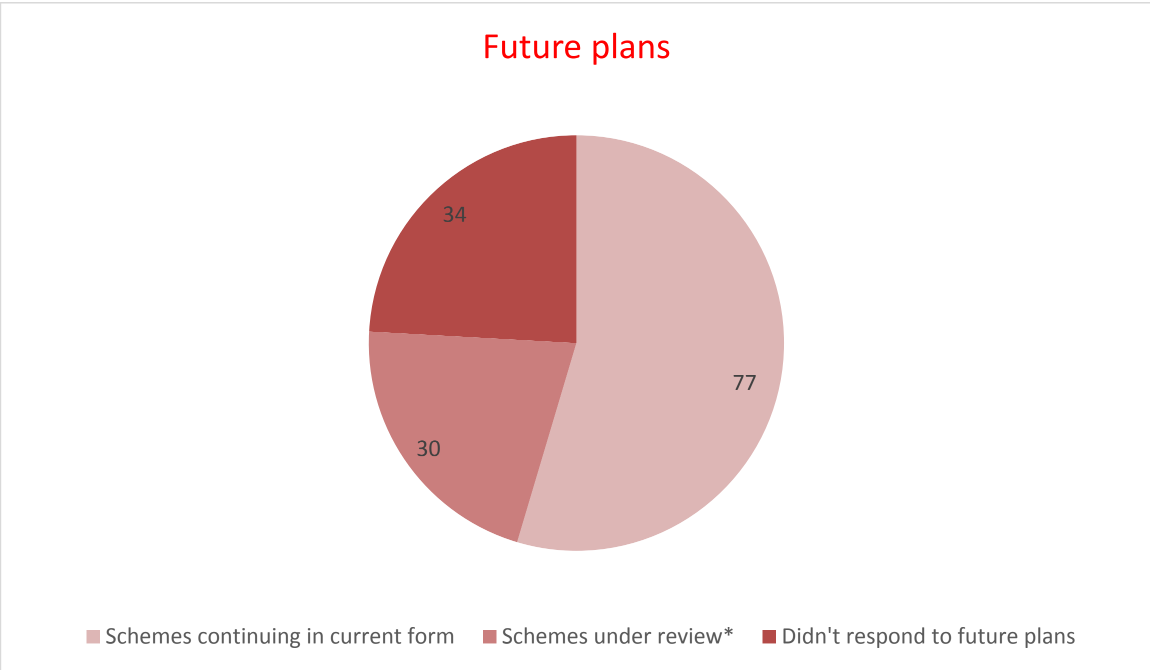
> ****** Councils reported that their schemes were under review, being scaled back, possibly facing closure, likely to change in management or external provision, or that the future of their scheme was unknown.

We identified 134 operational local welfare schemes through responses to the FOIs, interrogation of council websites and follow-up conversations by telephone and in person. Twenty-one councils reported that their schemes had closed.

Shared council schemes, such as the London tri-borough scheme, the shared South Worcestershire scheme and the Redditch/Bromsgrove Essential Living Fund scheme, are counted as one scheme. The total also includes small schemes where some support is offered outside of usual county council provision. For example, Blaby District Council offers assistance through Housing Options. The total does not include councils (e.g. West Devon) where the offer is limited to only council tax support and Discretionary Housing Payments (DHPs).

The status of some schemes is uncertain. For example, officers at one council said that they only provide food assistance, but their website suggests a comprehensive offering. The figures reported here, are, therefore, approximates. But they do give us a good indication of the state of play for local welfare schemes as we go into 2017/18.

Future of schemes



Thirty councils indicated that their schemes were under review, being scaled back, possibly facing closure, likely to change in management or external provision, or that the future of their scheme was unknown.

Seventy-seven councils anticipate that their scheme will continue in its current form, and 34 councils didn't respond to this question.

Need for help

Of the 37 councils who responded to our second FOI, 30 commented on whether pressure on their local welfare schemes was increasing, decreasing or remaining stable.

Twelve councils reported a **decreasing demand** for local welfare assistance, based either on applications to the scheme or actual spend. This does not provide an accurate reflection of need, however. Evidence suggests that people are deterred from applying by over-complicated and opaque application processes and a lack of knowledge of support that might be available, or having their applications refused.[24] The NAO raised concerns that apparent decreasing levels of demand might hide unmet need which could result in higher costs to the public sector if problems are left to escalate.[25]

> 'The decrease may be aligned to budget reduction "although spend appears to have significantly decreased, this does not reflect the fact that the scheme itself has become much stricter in order to keep within a significantly reduced budget.' (Bury Council)
>
> 'Decreasing in terms of spend – however, slight increase year on year (for the last financial years) in number of enquiries/contacts.' (Borough of Poole)
>
> "We have seen an increase in applications for support with housing needs and a decrease in the number of applications for daily living needs. This explains why we are spending slightly more in 16/17 than we did in 15/16 despite a significant drop in overall applications.' (Stockport Council)

Ten councils reported **stable demand, but anticipated it would rise in the near future,** highlighting concerns that ongoing changes to welfare benefits and tax credits, including the roll out of Universal Credit, lowering of the benefit cap and changes to Child Tax Credits, will increase need:

[24] Shelter (2015) *Submission to the Work and Pensions Committee inquiry on local welfare safety nets*
[25] NAO (2016) *Local welfare* provision

> 'Application numbers are consistent at the moment, but council has some expectation of increased numbers [following changes to UC and other benefits, and tax credits] in 2017/18.' (Bolton City Council)

> 'Consistent at the moment but council has some expectation of an increase with welfare reform changes coming into effect. With the benefit cap only being introduced late last year, and the new reduction in Child Tax Credits from April 2017 for families with a new child, we may see an impact on our LWA scheme going forward.' (Telford & Wrekin Council)

Eight councils reported that demand for their schemes had **increased.** They suggested that this was because of changes to benefits already having an impact on people's ability to cope with unexpected costs – and also because local councils are taking a more proactive approach to identifying people who might need support:

> 'Demand has increased considerably in the last 12 months. The increased demand is likely to be due to the council's proactive approach to identifying and offering support to people affected by welfare changes, as well as the increased numbers of people who are affected by the accumulated changes.' (Cheshire West & Chester Council)

> 'Demand for the Emergency Support Scheme is increasing compared to last year. Anecdotal evidence suggests that the delay in the first payment for UC is a cause of this increasing demand. We are currently reviewing our monitoring process to ensure we can capture this more accurately in the future.' (London Borough of Lambeth)

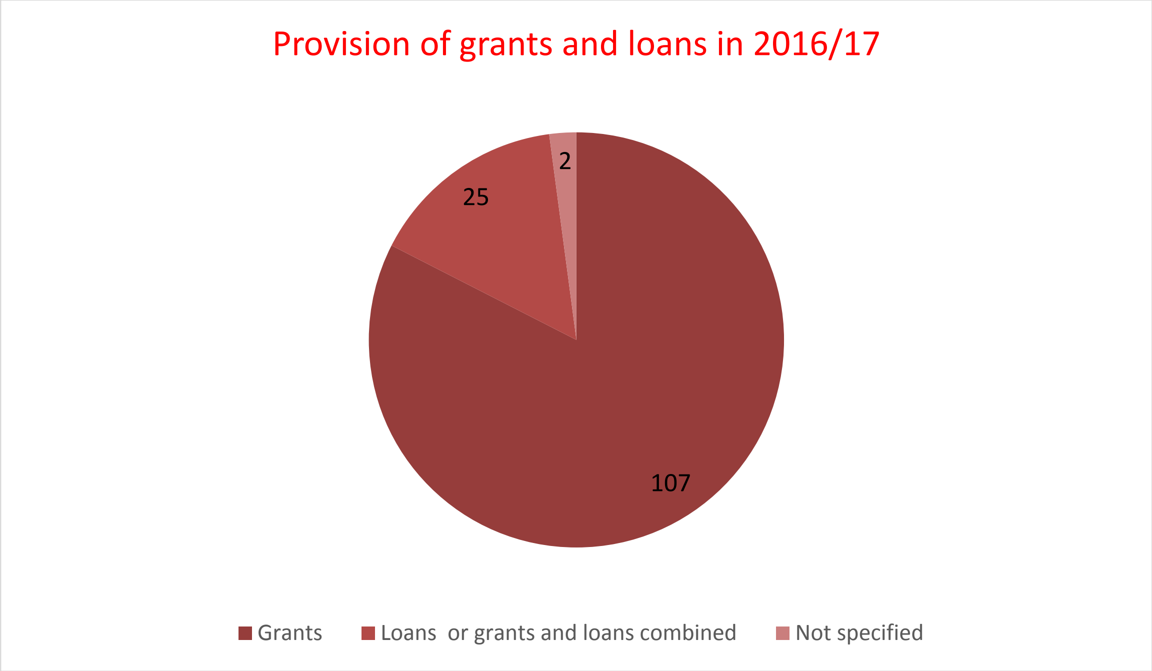
> 'Since its inception in 2013 there has been significant demand on the LCSS scheme. This demand remains strong today with over 16,000 applications each year. This demand is expected to increase as further welfare reforms start to take effect.' (Liverpool City Council)

> 'Since the scheme moved to LWP in 2013, the council has had a similar level year on year of customers accessing the scheme. In recent months, we have experienced a growing number of customers being forced on to UC who are attempting to access the DSS/LWP scheme for support. This is on top of the ongoing customers who also need support from the scheme for other emergency circumstances and to assist customers to remain in or move into the area.' (Halton Borough Council)

Type of provision

Grants vs Loans

Of the 134 schemes identified, approximately 107 provided grants-only schemes. Approximately 25 provided loans or a combination of grants and loans.



The move to discretionary local welfare schemes following the abolition of Crisis Loans has seen far fewer local councils offering small loans to families facing a crisis, relying instead on a system of grants or hand-outs.[26]

Local welfare scheme grants

Four-fifths of schemes offered grants only. Grants are easier for local councils to administer. They (or the agencies to who they delegate responsibility for managing the scheme, such as local Citizens Advice) simply decide who is eligible for support and make a payment, provide a voucher or directly supply the household goods or service.

There is no need to create or manage mechanisms for repayment, something that many existing local welfare schemes have little expertise in and can be complicated by high levels of default.

[26] NAO (2016) *op cit.*

And for families with precious few resources, or too little income to manage an additional payment every month, the provision of a washing machine, fridge, bed or carpet – all essential items in setting up home or sustaining a tenancy – at no cost can enable them to get back on their feet and reduce the risk of unmanageable debt and homelessness.

> The Derbyshire Discretionary Fund (DFF), run by the County Council, provides two forms of grant payment – Emergency Cash Payments and Exceptional Pressure Grants.
>
> Emergency Cash Payments are available to assist individuals or households when there are insufficient resources to meet an urgent need for food, heating or travel expenses, which pose an immediate and substantial risk to the health and safety of the person(s). Payments are subject to a maximum limit, set at 75% of the single person rate of means tested benefit for claimants over 25 and under pension age, with an additional maximum amount for each family member of £10. There are no minimum amounts. Awards are paid through the local Post Office 'Payout' facility with vouchers being issued to applicants by text to their mobile phone in the majority of cases.
>
> Exceptional Pressure Grants are available to help people re-establish themselves in the community following a stay in institutional or residential accommodation where care was provided; help people remain in the community; ease exceptional pressure on the applicant and their family; help people set up home following a period during which they have been without a settled way of life. Awards of Exceptional Pressure Grants vary according to the cost of the items or services for which the award is made. Exceptional Pressure Grants are made to applicants though payments to local traders or trades people; payment to furniture re-use projects; or vouchers for purchasing items from shops.

However, there is considerable concern about the almost wholesale move towards grants rather than loans.[27] There are a number of reasons for this.

Firstly, loan-based systems (whether at low or no-cost rates) allow councils to continue to provide a safety net, as long as sufficient repayments are made, because the loan money comes back to the scheme to be reused. In 2011/12, almost £150m was received in Crisis

[27] For example: Childrens Society (2013) *Nowhere to turn? Changes to emergency support*

Loan repayments and reinvested in further provision. The move to grants will inevitably mean that, without a constant stream of new funding, there is less support available.[28]

Secondly, there is a view that, where households have the ability to repay, even a small amount on a regular basis, this increases the 'worth' of the resource provided; helping people develop independence and budgeting skills for the future.

Credit accessed through a council-run welfare scheme, a credit union or another low-cost, ethical lender can help to keep people away from high-cost, short-term lenders, such as rent-to-own companies or pay day lenders.

Local welfare scheme loans

Slightly fewer than one in five identified schemes run a loan scheme, offering interest-free repayable loans to qualifying people. Where loan schemes have been retained by councils, they have been able to recycle funding, helping more people and lending them higher amounts. Loan schemes are often run by councils in partnership with other organisations, including local Citizens Advice and Credit Unions.

> Dudley Council, for example, replaced its grant-based system with a loan scheme in October 2016, delivered in partnership with Citizens Advice, Dudley Council and the Castle & Crystal Credit Union.
>
> Applicants are assessed against criteria including personal circumstances, the urgency of need, how the crisis occurred, the level of risk to health and safety (or the health and safety of their dependents) and their ability to repay a loan. They are asked to provide evidence of residency, personal ID and may also be asked to provide evidence of the need and/or personal resources. They will also need to complete a Credit Union membership form and all these documents need to be taken to a council office. If their application is successful, they must then visit the local credit union to open an account and complete an application for a loan.

Some councils do not generally offer loans as part of their schemes, but do make exceptions:

> Cheshire West and Chester makes exceptions where an award is higher than normal. The council might ask a recipient to repay part of an award – for example, if

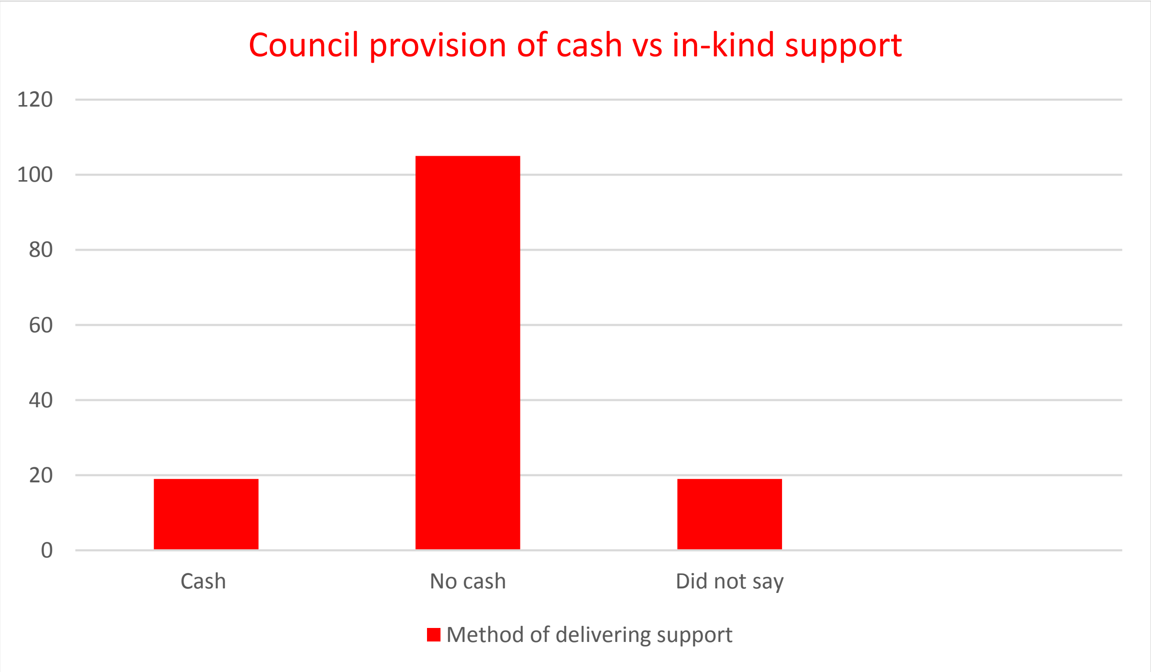
[28] *ibid.*

the council funds expensive training courses and the beneficiary is now in work and can afford to repay.

Some councils, including Brighton and Hove, and Slough, have agreed an ability to provide loans, but have chosen not to, to date. Others, including Wigan, offer a referral to a Credit Union or other provider as part of their LWA scheme.

Cash vs in-kind support

Of the 134 local welfare schemes identified, fewer than 20 provided any cash as part of their scheme, even in exceptional circumstances. In contrast, 105 provided services or goods 'in kind', including vouchers, referrals to food banks and furniture re-use organisations, fuel top-ups, help with deposits and rent in advance, and travel warrants.



Very few schemes now offer cash support, other than in exceptional circumstances. Most offer no cash at all. Schemes do, however, refer people to local credit unions.

In-kind support - the provision of goods or services – enables councils and other providers to maximise value for money by buying in bulk under contract to suppliers of new or second hand goods. We look at more detail at in-kind support below.

In whichever form support is provided, many local welfare assistance schemes require that people seeking help from them have exhausted all other options, including borrowing from family or friends, before approaching them. The rationale for this is to protect the limited pots of money for those most in need.

But this creates significant barriers to getting help in a crisis – because processes are slow, the amount of evidence people need to provide is extensive and difficult to obtain, and, crucially, the need is immediate. This drives desperate people towards short-term, high cost, credit, which rarely ends well for families on the tightest of budgets.

Other sources of financial support in a crisis

Rent-to-own companies

Rent-to-Own (RTO) stores have become an increasingly common sight on our high streets, particularly in less affluent areas. They specialise in supplying furniture, TVs and basic household goods such as washing machines to people who cannot access conventional high-street credit, usually because they cannot meet credit or affordability checks. The business model is broadly hire purchase – the customer has a credit agreement with the firm but does not own the goods outright until the last payment is made.

The market is dominated by three retailers with a combined customer base of more than 350,000 households. 'BrightHouse' and 'PerfectHome' are two of the largest. The third, 'Buy as you View' is a non-store-based RTO – making most of its sales online and collecting payments in the home.

The RTO model appeals to families with very little disposable income because weekly or monthly instalments give customers the ability to spread costs over two or three years. The ability to spread payments is valuable for people on low incomes who do not have access to more mainstream credit (credit cards, overdrafts) and lack the savings to afford the cash price upfront.

However, RTO deals are risky, opaque and expensive. They come with very unfair consumer terms. The total cost of an RTO deal with interest is usually two or three times the retail price. This includes extra charges for insurances and service cover – which BrightHouse, for example, makes a compulsory part of the deal. At the same time, customers behind on payments face the threat of having essential goods repossessed – or forfeiting items – no matter how much they have already paid.

'Affordable' credit

Budgeting loans, advance payments and budgeting advances in Universal Credit

DWP continues to provide interest-free Budgeting loans through the Social Fund, intended to help with essential lump sum expenses which are difficult to budget for on means-tested benefits. This includes furniture or household items (for example, washing machines or other 'white goods'), rent in advance, costs linked to moving house, maintenance, improvements or security for the home, repaying hire purchase loans or repaying loans taken for these items.

Applications for Budgeting Loans have dropped slightly in the three years from 2013-14 to 2015-16 (due, in part, to the introduction of Universal Credit and Budgeting Advances), but the proportion of successful claims (rising slightly from 74% in 2013/14 to 81% in 2015/6) and the amount awarded (average of £411) has remained broadly constant. To help us understand more about how this supports people in a crisis, our FOI sought information on the top three reasons for applying for a loan, and the average time people take to repay a loan, but although this information is collected, it could not be provided.

In theory, Budgeting Loans could meet much of the need identified above, particularly for our 'bump in the road' group. However, only people who have been on certain means-tested benefits – income support, income-based JSA, income-based ESA and Pension Credit – for the past six months can apply for a loan, completely excluding working households.

Additionally, repayments are taken automatically from benefits at a rate of up to 20% of the benefit payment, depending on how much benefit is paid and what is considered 'affordable', which renders them unaffordable for many, particularly when they are added to other deductions from their benefit. Repayments for Universal Credit Budgeting Advances can be as high as 40% of a person's standard allowance.

Credit unions and microfinance

The community finance sector is made up of not-for-profit institutions which lend primarily on the basis of social gains. They exist to improve the financial welfare of their clients and the overall health of the local economy.

Credit unions

Credit unions are among a more established and recognised set of not-for-profit 'ethical lenders'. They serve a specific group of people or region (or both) by sourcing funds - in the form of member deposits and savings – from the community to lend to other members, reinvesting inactive money in the same community.

Credit unions offer small loans of typically £3,000 or less and are generally far cheaper than payday loans. By law the maximum interest rate a credit union can charge its members is 3% a month or 42.6% a year APR (the cap in Northern Ireland is 1% a month) – though many charge less than this. These rates are higher than the cheapest credit cards or loans, but very much cheaper than products otherwise offered to people turned down for loans from high street banks, which can run into many hundreds or thousands per cent APR.

At the end of September 2016, there were 329 credit unions across England, Scotland and Wales, a fall from 390 in 2012. Some of this can be explained by smaller credit unions merging to form one legal entity, but the lack of geographic coverage means that this support is not available to all those who could benefit.

Furthermore, each credit union has its own membership criteria and the availability of loans depends on their being sufficient deposits. Most significantly, although credit unions are considered by the government to be a key source of financial support for people on low incomes[29], loans can only be accessed by people assessed as being able to afford to repay them – better suited to our 'bump in the road' groups than our 'constant strugglers'.

Microfinance

Small local initiatives have also been developed to provide financially excluded people a no, or very low, cost alternative to providers of high-cost, short term credit. This is known as 'microfinance'. Often they provide interest-free loans to cover tenancy deposits and bonds in the PRS (see 'Shut Out'[30] for more on this, and our Bristol bond scheme pilot[31]) but some do provide help to families in a crisis, along the same lines as credit unions but with no interest.

[29] DWP (2013) Press release: *Credit Union £38million expansion deal signed*
[30] Shelter (2017) *op cit.*
[31] Shelter (2017) *Shelter's new scheme expects to provide lifeline for Bristol families (blog)*

Tenbury NILS[32] (no-interest loan scheme) is a non-profit community project whose aims are to provide interest free loans to people who are in acute financial need, living in Tenbury, Wells, Ludlow and their surrounding areas. The scheme assesses applicants and successful recipients will normally be in receipt of government benefits or on a low income. Tenbury NILS describes this as a 'fair and equitable model of credit based on a commitment to upholding individual dignity and respect'.

In order to qualify for the scheme, households must have lived in the area for at least three months (although this is negotiable), be over 18 or have a guarantor and have the means to repay the loan.

The scheme makes loans for essential purchases – via the suppliers of goods and services – such as washing machines, fridges, tumble driers, heaters or other small electrical appliances, or support to access employment or education, such as travel passes, school uniforms etc. It does not provide cash loans and the loans cannot be used to finance the repayment of debts, or to meet other outstanding financial obligations. If a person as assessed as needing the item, but cannot make any loan repayments, the Scheme might award a grant.

These locally developed and run schemes are able to respond to local need and provide no-interest loans to very low-income families who would otherwise be excluded from credit or forced to turn to high-cost, short-term, lenders. Some are able to provide grants for people excluded from even this affordable credit. However, they are generally very tiny schemes, with a very small, geographically specific, reach – and are dependent on the repayment of loans and/or philanthropic investment to continue to provide loans.

Fairer loans from Community Interest Companies

Community Interest Companies are also beginning to provide an alternative 'affordable credit' model, through low-cost loans, transparent affordability checks and fairer, flexible, repayment terms.

Fair for You, for example, is a recent addition to the not-for-profit, low-cost finance market.[33] It states that it aims to 'provide better credit solutions for lower income families by offering a direct challenge to the practices of high-cost, short-term credit

[32] See also Tenbury NILS www.tenburynils.org.uk
[33] www.fairforyou.org.uk

providers – removing the poverty premium and improving the wellbeing and lives of low income households most vulnerable to predatory high-cost credit.'

Similarly to credit unions, Fair for You charges interest of 3% a month (42.6% APR) on products that are bought directly through their online catalogue.

The application process is kept as simple as possible, with applicants asked to provide their name, address and contact details, national insurance number, average monthly income (including from child and other monthly benefits) to enable them to conduct affordability checks. Anyone who is already struggling to repay debt is likely to be turned down, but Fair for You refers these people on to Turn 2 Us for support.

For every item that is bought through its website, Fair for You receives a commission from the manufacturers, which is used to keep costs to individual customers' low.

Fairer, more 'ethical', RTO companies attempt to balance ease and speed of application and provision with necessary affordability checks, transparent consumer contract terms (no fees, early repayment costs), flexible, responsive repayment arrangements and initial prices similar to high street prices. They clearly present a better option than high-cost credit providers.

However, similarly to other forms of affordable credit outlined above, only people assessed as being able to repay the loan can be supported in this way. Additionally, their reach is small and their ability to expand is linked directly to their success in getting loans repaid – which they recognise is a serious, and ongoing, problem.

Furnished tenancies

Some councils and housing associations offer a furnished tenancy option to tenants setting up a new tenancy with them. They provide a number of packages of essential household goods to households who would not be able to afford to buy them themselves.

As well as paying rent, tenants pay an additional weekly charge for the furniture which, in most schemes, never becomes theirs to call their own and often costs them more than it would to buy the furniture elsewhere. As the charge is part of the rent, falling behind on the furniture charge can result in eviction.

As Bolton's furnished tenancy scheme recognises in its own literature, tenants could easily find furniture and household goods more cheaply elsewhere – indeed it provides details of other organisations and outlets that might offer tenants better choice and value for money.[34]

For many people, credit **is** a sustainable tool to smooth out consumption; spreading the cost of larger purchases with manageable repayments. However, families on tight budgets who regularly use credit to meet their everyday and emergency costs, and have to make repayments out of restricted household income, can easily fall into problem debt.

But for many people even current third sector credit products, such as low cost loans via Credit Unions, and other community finance development initiatives, may not be a sustainable answer to their immediate money needs.[35]

Credit of any type is not, and should not be, the only option.

Sources of in-kind support

Furniture re-use schemes

Preloved, second-hand, or re-used furniture can an important solution for people trying to set up, or sustain, a tenancy. High-quality second-hand furniture can be longer lasting than new, good value for money, and for some, the only way of accessing the furniture they need to live a secure and settled life.

Furniture re-use organisations exist across the UK. They vary in size, location, overall aims and business model but most are united by some common features: for local councils running schemes themselves, or via partners, promoting furniture re-use can increase tenancy take up and sustainability, and help to meet re-use and recyling targets, whilst simultaneously reducing landfill – and schemes provide training and employment opportunities for certain groups. [36]

This kind of provision is accessed through, and provided by, a vast range of agencies and networks including direct council-run schemes, furniture re-use networks, credit unions, housing association schemes, voluntary sector and religious and community groups. Often it is a mix of several – either working in partnership with the council, outsourced by them, or operating independently.

[34] Bolton at Home leaflet: *Furnished tenancies FAQs*
[35] Stepchange (2016) *The Credit Safety Net*
[36] See for example: www.endfurniturepoverty.org; www.frn.org.uk; www.helenmiddleton.co.uk

Shelter's **Homestarter** scheme, operates from Shelter shops in Erdington, West Bromwich, Hartlepool and Sunderland. The shops take donations from the public and take referrals from our Advice Services staff to support families moving into settled homes from temporary accommodation.

> 'Our Birmingham service called to ask for a single bed for a lady who had been in a hostel for 8 months. She had been given a new flat, but she had no bed. I got a bed, and gathered up a duvet, pillows and some bedding just in case. The driver came back visibly shaken and upset, saying the lady had nothing. He said she had a baby, who was about 6 months old, asleep in the pushchair and there was a baby bath on the kitchen floor. And that was it. Literally it. Nothing else. We quickly gathered together a sofa, a coffee table, wardrobe, chest of drawers, table and chairs, some cutlery, pans and some bits of crockery. I jumped on the van with the driver and we set off. The look on the lady's face, as she heard what we had for her, will stay with me forever. She was our first client and definitely the most profound.'
>
> Shelter Homestarter scheme manager

Hull Re-run, a furniture re-use project, established its own Hardship Fund to help people unable to access support from other sources, including the City's local welfare assistance scheme. The average value of each award is £100, for which Hull Re-run can provide multiple pre-used items, including bed(s), a microwave, sofa and smaller packs containing essential kitchen/dining equipment. They report seeing an 80% increase in 'working poor' families, as well as pensioners who have never been on benefits but have a meagre pension.[37]

Lighthouse Furniture Project works with **Essex County Council (ECC) and in the London Borough of Havering.** Lighthouse collects donated furniture from residents who no longer need the items. Following an assessment by Southend Unitary Authority's social welfare team, under contract to ECC, an order is generated and forwarded to Lighthouse. Lighthouse contacts the clients directly and arranges delivery, usually within three-five working days.

Following the decentralisation of the Social Fund, Essex set up a Discretionary Social Welfare Fund. Utilising the furniture re-use sector, they supplied 13,000 items of

[37] & [38] Middleton H (2017) *Sustaining tenancies: furniture re-use case studies* Unpublished

furniture and appliances for a total cost of only £500,000 and approximately £20,000 worth of home wares and other goods, in 2013/14.

In contrast, the London Borough of Havering directs people to their local Credit Union, so they have to agree to repay any help as a loan. Although this is a better option than buying from a rent-to-own company or borrowing from a pay-day lender, this system does not help someone who has just a few pounds of disposable income after all expenses. For example, a young mum approached Lighthouse via a support agency. Her partner had just been sent to prison. She had moved from temporary to permanent accommodation but desperately needed a washing machine and a fridge. Both items were supplied free of charge – her support worker was very clear that there was no way she could afford to buy and repay on her limited income.[38]

Furniture re-use schemes depend on quality donations from the public, or funding from local councils (via local welfare schemes etc.) to source quality goods. Some items do not lend themselves easily to re-use, such as washing machines and other white goods, unless there is a good supply of spare parts and the local expertise to fix them. Our furniture re-use shops report being limited by the amount of storage space they have, which limits choice and availability for families.

In addition, our service users and advice services report that this provision can be inflexible and inconvenient for families in crisis, who might find it difficult to get to the chosen supplier and might have to wait longer for goods to be delivered than if purchasing from a high-street shop.

Mixed provision – a package of support

Another way to approach providing support to families facing a crisis entails helping them to deal with their immediate needs, alongside supporting them to build up resilience to stop crises becoming personal disasters and cope better in the future.

Notting Hill Housing Trust manages nearly 32,000 properties. Notting Hill provides a wide-ranging scheme known as 'Altogether Better', though which a housing officer and property management officers (PMOs) get to know residents and what matters most for each of them, to look after their individual needs. This enables them to pro-actively resolve issues that could put their tenancies at risk, including helping tenants access the Welfare Fund or in-house Hardship Fund where appropriate.

Notting Hill works with Resco Living, a social enterprise which works with local councils, housing associations and charities to provide vulnerable households with essential household items. Goods are donated by tenants, except for white goods, which are supplied new. Residents can shop via a catalogue or by visiting a local showroom.

As well as providing furniture, they run a 16-week programme wherein residents can benefit from work experience in roles such as warehousing, retail, deliveries/removals, driving, customer service and handy-man roles. All participants undergo training and receive weekly one-to-one support from a mentor.

Notting Hill residents also have access to London Plus Credit Union's 'Save as you Borrow' loan scheme. Residents can borrow between £500 and £3000, but loans for household goods usually range from £500 to £800. Notting Hill pays the £3 membership fee and £35 service fee for their residents, who must agree to set aside a minimum of £4 a week on top of their loan repayment. This builds up savings of £208 a year, which can then be used as normal savings and provide a safety net for the future.

Conclusion

The safety net that local welfare schemes provide is stretched to breaking point.

Passing the responsibility for delivery of support for vulnerable people to local councils, and providing no additional funding, has resulted in tightening eligibility criteria and fewer people getting help. We have found that approximately 21 schemes have closed, and a further 30 schemes are under review, being scaled back, possibly facing closure or considering changes in management or external provision. 70 of the schemes were planning to go into 2017/18 unchanged.

Meanwhile, the need for help to deal with a crisis or unexpected and unaffordable cost is growing. Welfare reforms, including lowering the cap on benefits, freezing the local housing allowance and the delays (both by design and in operation) in Universal Credit, and the increasing cost of renting, all play a part in this.

We have identified a wide range of crisis-support schemes across the country, some part of a local council welfare scheme, others running independently. They vary in size, scope, geographical coverage, eligibility criteria and types, and models, of provision. All of this makes it difficult for families in a crisis to know what support they might be able to get, how, and from whom.

No one-size fits all, but consistency of provision is key. It is essential that that people can get the help they need, when they need it, to deal with a crisis, without putting themselves at risk of homelessness through having no alternative but to turn to high cost, short term, credit to secure goods.

As pressures increase on local council budgets, it is difficult to see how a system of grants can continue to be sustainable – particularly for families who are experiencing a temporary, albeit significant, **'bump in the road'**.

Affordable credit presents a possible way forward for these groups.

But this cannot be an appropriate solution for our groups of **'constant strugglers'**, who cannot access affordable credit because they cannot afford to make any repayments. These families are amongst the most likely to fall into the clutches of high-cost, short-term, lenders, risking falling into rent arrears in order to repay their loans or else risk losing the goods.

It is difficult to escape the conclusion that we will continue to need a nationally funded grant scheme, which can help families with the unexpected costs and prevent, or relieve, homelessness. More generous welfare benefits would better support these families to that they don't fall further into debt and poverty every month but are, instead, able to build their own, small, safety net.

This – in addition to a mixed model of support which provides individualised tenancy support, a combination of low-cost loans with saving components and grants through Welfare Funds, furniture re-use schemes and opportunities for training and employment – has perhaps the best potential for the sustainable delivery of crisis-support to prevent, or relieve, homelessness.

This could give us a system of support that is both sustainable and flexible enough to meet the needs of both our **'bump in the road'** and **'constant struggler'** groups.

Next steps

This briefing is intended to act as a catalyst for further thinking and discussion about how to support families in crisis situations so that a bad situation does not become a disaster. There is no one-size-fits-all approach.

To take this conversation forward, and to ensure the sustainability of safety net support for families facing a financial crisis that might otherwise lead to eviction and homelessness, we set out the following next steps:

- The government should increase its understanding of what support is currently available by collecting comparable data on local authorities' local welfare schemes – including budget set and spend, eligibility criteria, number and types of households helped, and what support is provided

- With the future of so much of this essential support in doubt, there is an urgent need for research to explore the likely impacts – on vulnerable families, local councils and wider public services – of families being left without it

- The government must provide sufficient funding to ensure that councils can afford to maintain their grant schemes, for families facing a financial crisis who cannot afford to make loan repayments

- The government should allow more tenants to access advance payments from their benefits, including child tax credits and working tax credits (and the equivalent in Universal Credit). Repayments should be set at reasonable levels and take into account claimants' ability to pay for essential household items

- The government must act to end the poverty premium, paying particular attention to markets and companies that operate in ways that are unfair to consumers

- Local councils, who don't already have partnerships with credit unions, should examine how these partnerships might increase their ability to provide loans from their local welfare schemes

- They should also work together, and with other loan providers, to examine ways to incentivise loan repayments, both to increase the sustainability of schemes, and to support families to grow their own savings pot and increase their resilience to financial crises

- Local councils and housing associations should work together to develop models of mixed provision, combining individualised tenancy support, loans, grants and furniture re-use schemes. This could be achieved by councils replicating the model or housing associations widening the reach of their schemes to include vulnerable local people who are not their own tenants

- Local councils and furniture re-use schemes should increase opportunities to work with big retail suppliers to provide essential household items free of charge to families who cannot afford to make loan repayments

- Organisations which have an interest in other aspects of local welfare schemes should continue to continue to work together to explore common ground and identify shared, sustainable, pan-client group solutions