

Issues affecting emergency financial support providers and service users during the Covid-19 pandemic, Evidence Note 7

Providers of emergency financial support and assistance are at the frontline of responding to Covid-19. This briefing highlights some of the key challenges and issues that frontline organisations, such as councils, charities and other agencies are facing during this time.

The issues presented in this evidence note have been gathered from the responses to an online issue collection form for emergency financial support providers and reflect key emerging themes. They relate to both the challenges faced by providers in delivering their services and the challenges facing service users.

This evidence note is the [latest in a series](#) that was first published during the first national lockdown in 2020.¹ As lockdowns continue across England and Wales, these notes will highlight newly emerging themes, in addition to highlighting any continuing issues that were common during the first lockdown.

This evidence note highlights the range of challenges that individuals are facing in relation to changes in employment, losses of income, ongoing issues with the social security system and the increased demand experienced by emergency service providers as a result. It's clear that many of the issues cited are those that existed before the pandemic but they have been made worse over the last year.

We will continue to collect and analyse responses through the Covid-19 pandemic. We encourage multiple responses as new and additional issues arise, so that we can capture as much evidence as possible as the situation changes. Please help us by [completing the evidence collection form and sharing across your networks.](#)

Theme 1 – Inadequate income from the Social Security System

Numerous responses highlighted the difficulties that many people are currently facing with regards to the levels of support from the social security system.

A common issue reported by service providers was around continuing administrative difficulties with applications for Universal Credit, which have led to delays in payments being received.

A charity supporting young people in London reported that a client who is a refugee was unable to use the Universal Credit journal and couldn't understand the claimant commitment which meant they were unable to accept it. The client was not provided with an interpreter through the Job Centre and as a result of this, there was a ten day delay to the payment, leaving the client with no money.

Many respondents linked financial difficulties back to wider issues with Universal Credit, such as levels of support, the Benefit Cap and the two-child limit. These issues have been compounded by Covid-19 and many respondents reported their clients were experiencing financial difficulties as a result.

¹ This briefing is based on 18 responses to the evidence collection form received between 22.01.21 and 08.02.21.

For example, an anti-poverty charity in Norfolk reported that the levels of support offered through Universal Credit are insufficient and leaving their clients in precarious financial situations:

“People on benefits especially UC do not have enough money to survive on and therefore are getting in debt with council tax, rent arrears, and are not able to feed and clothe their children adequately.”

An anti-poverty charity in London reported that the Benefit Cap has had dramatic impacts on their clients' incomes:

“The Benefit Cap has an adverse affect on the clients we work with and can dramatically reduce their income, this is particularly prevalent in high cost areas like London... Clients affected by the Benefit Cap rely on charity/local authority support for emergency grants/food banks and discretionary housing payments which are time sensitive. Clients find it hard to escape the Benefit Cap in the current climate due to difficulty finding work”.

Similarly, an advice centre in Essex provided examples of how the Benefit Cap is having an adverse effect on the families it supports:

“The idea of the Benefit Cap is to incentivise people to go to work but the clients affected are single mothers, who can't go to work because their children can't go to school. The Benefit Cap grace period doesn't necessarily help. I have one client who has no previous work period because she was an asylum seeker so was not allowed to work; another was a trainee nurse who has had to suspend her course. Both now routinely depend on foodbanks to feed themselves and their children.”

The advice centre also reported that many clients have not benefitted from the recent £20 uplift to the Standard Allowance of Universal Credit due to the Benefit Cap. Despite this, a number of respondents cited the £20 uplift as a positive change, although concerns were expressed about how the removal of the uplift will affect clients.

As the pandemic continues and household finances continue to be stretched, some of the wider issues with the social security system that have been exacerbated by Covid-19 will need addressing to avoid households experiencing continued financial hardship.

Theme 2 – Changes to employment

In addition to financial concerns related to social security system, there have also been a number of concerns related to income from employment. The furlough scheme is due to end in April but with the continuing pandemic, many people are facing uncertainties, redundancies and a loss of income.

This was reflected across a range of responses, with one early intervention service in the North West reporting they have “had a couple of requests... asking for support with school uniforms, due to parents being furloughed and losing their employment”.

Service providers reported some of the other impacts experienced by people who have either lost their jobs or have experienced reduced income. An advice centre in Wales reported that they are seeing far more clients with employment, housing and benefits issues due to furlough or redundancy. Similarly, an advice centre in Norfolk stated that:

“[there has been an increase in] clients contacting us regarding issues with debt and money resulting from furlough [with] lower amounts of pay received impacting their ability to afford living costs”.

They also reported that many low-paid workers they support have been losing their jobs, which has affected their ability to manage financially and some clients have also experienced anxiety and depression as a result of employment difficulties.

Issues relating to redundancies and loss of income were not as prevalent in responses during the first lockdown but it is clear from the current responses that this is emerging as a key issue that has consequences for both individuals affected and services supporting people through these difficult times.

Theme 3 – Increased Demand for Services

The insights detailed above and the prevalence of financial difficulties as a result of income loss or problems with the social security system has culminated in services experiencing much greater demand.

A foodbank in Wales cited “redundancy, benefit delays, [and] loss of income through self isolation” as the key reasons for people presenting at the service.

Another foodbank in Wales reported that demand for the service had increased by at least 400% since the start of the pandemic. They stated that additional household financial pressures, including children being home from school for so many months and requiring additional, nutritious food, were leading more families to need emergency food support.

A fund that provides financial support to a particular sector of workers reported that applications for financial grants have increased by 59% compared to the same period last year. The respondent reported that childcare issues, the increased costs associated with having children at home such as increased utility and food bill costs has led to the increase in demand for support.

Notably, many respondents also referenced wider issues that were prevalent pre-pandemic but have been exacerbated in recent months and, now coupled with Covid-19, are causing increased financial difficulties for many clients.

For example, a foodbank operating in London reported they have seen “huge increases in referrals of local people in severe hardship”. They noted a range of issues their clients experience which has caused this surge in demand, including the Benefit Cap, the two-child limit, the exclusion of people with No Recourse to Public Funds from accessing support through the social security system and historic insufficient funding to local authorities to provide hardship support.

Similarly, an organisation that supports people to live independently in the North West reported that money and debt were the main reasons that more people were referred to the service, stating that the immediate emergency support they offer such as food and fuel provision is often just the ‘tip of the iceberg’ of wider difficulties. They stated that housing costs and insufficient Local Housing Allowance (LHA) levels leave people short when paying rent and means they have to choose how to meet the shortfall and leave other parts of their budget short:

“Housing costs can often tip people over the edge when their benefit does not cater for those costs as LHA does not meet the levels of private rentals. People then have to choose which parts of their budget to address. Negotiating these problems and how best to tackle them, and in what order, is tricky and not always possible to make a great outcome.”

Emerging Issues

This briefing has focused on three key themes that have emerged from the evidence we have collected. However, many other concerns have been raised by respondents and we will share more information on these as we gather further insight. Some of the emerging issues include:

- Immigration-related issues, including financial support
- The continuation of digital exclusion
- Difficulties coordinating services

With thanks to the Joseph Rowntree Foundation and Turn2Us who have helped analyse the data collected from the emergency financial support providers evidence collection form. Any views expressed or recommendations derived do not necessarily represent the position of these organisations.

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