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The role of local government in supp income households

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Context

- Impact of the pandemic - deepened and exacerbated inequality
- Cost of living - inflation, Ukraine conflict, direct impacts on councils will affect costs and services; councils will want and need to support communities, partners and staff
- A priority for councils

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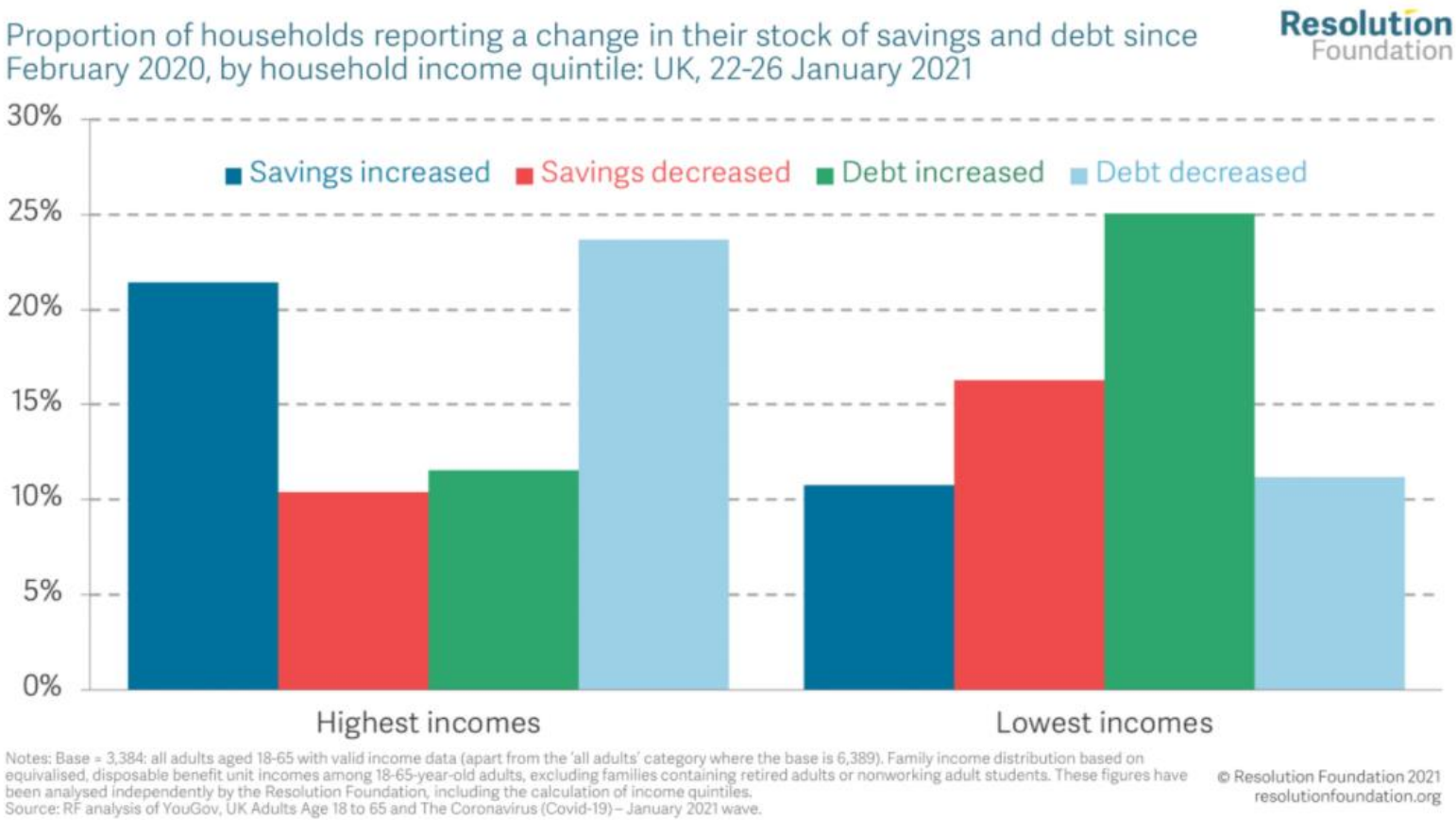
Different impacts from the pandemic



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LGA priorities – cost of living

- The mainstream benefits system should provide the principal financial safety net
- The role of councils in providing a local safety net should be properly recognised, and adequately and sustainably resourced
- The right balance between local crisis support and prevention / resilience
- Fair and effective debt management
- Reshaping financial support and inclusion
- Cross-cutting and evidence-led, including user experience
- Wider context and impacts – health, housing, employment, sustainability….

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Poverty and inequality *is* about money

- Income
- Outgoings
- Credit / smoothing
- Debt, deficit and arrears

Affects families, communities and society

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The Financial Inclusion Centre
Promoting fair, inclusive financial services

Reshaping Financial Support

- Built on a 2018/19 scoping report
- Responding to welfare reform and key challenges for local, discretionary support
- Seven councils from autumn 2019 – key priorities included data and governance
- **Amended to real-time learning and support in April 2020 to respond to the pandemic**

RFS - priorities and learning

- Understanding existing and emerging pressures
- Developing and delivering appropriate, integrated local support
- Tackling the ‘poverty premium’
- Local welfare schemes – and the interaction with mainstream benefits
- Beyond ‘local welfare’ - wider narrative about early intervention, prevention, resilience
- Debt recovery, debt advice and ongoing liabilities
- Financial inclusion - access to affordable credit and financial services

Understanding pressures…

- LGInform financial hardship and economic vulnerability
- Europe Economics and LGA survey research on the withdrawal of support; Lots out there from Resolution Foundation, IFS, JRF…
- Improving measures of ‘poverty’ and inequality and pushing for a shared understanding – e.g. Social Metrics Commission
- Debt maturity framework

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Local welfare funding

- Social Fund (grants and loans) devolved in 2013 to become ‘local welfare’. Separately identified funding reduced in 2014 and removed altogether in 2015
- Not statutory, not funded so lots of different approaches – from innovative to minimal!
- Other relevant bits and bobs e.g. DHPs; Flexible Support Fund; Homelessness Reduction
- Covid saw a significant increase but funding short-term and constrained – e.g. covid local support grant
- Now we have the Household Support Fund…

Local welfare schemes

- LGA / FIC good practice guide
- Crisis support needs to exist within a wider preventative safety net
- Data – how do we know who to help?
- Co-ordination, referral pathways, partnership working – vital and need to be sustainably resourced
- Integration with other support – housing, health etc. crucial to improved outcomes

Fair and effective debt management

- Balancing the need to fund services with the need to support vulnerable residents and promote inclusion
- Wider lobbying asks – e.g. CT regulations; LCTS funding
- Key themes include:
  - advice and referrals
  - affordability
  - data - identifying vulnerable customers
  - Single Customer View and data-sharing
  - recovery and enforcement
  - debt within a wider financial inclusion strategy
  - Breathing Space and SDRP…
- Developing a debt maturity framework
- Sector-led improvement

Access to affordable credit and financial services

- Access to affordable credit and financial services - LGA guide
- As part of a wider financial inclusion strategy
- No and low interest loans, income smoothing
- Improving the continuum between ‘benefits’ and commercial financial products
- Investing in e.g. Credit Unions and CDFIs
- ‘Levelling up’ – sustainability, investment and economic reform

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An integrated approach to the ‘cost of living crisis’

- Cost of Living is a cross-cutting priority for councils and lead members
- Finance and socioeconomic (in)equality linked with health, housing, education, employment, environment….
- Not just problems – the role of councils and partners in building resilience and reducing inequality
- Steering Group with partners - research; synthesise, share, strategise
- Need for a shared ‘poverty’ measure and better data on vulnerability
- National benefits system – sufficient? effective? fair? – UC design; LHA, benefit cap, RSRS, SAR….
- …and the role of councils in an effective approach to social security – ‘local welfare’ part of a wider financial inclusion and resilience strategy
- Not just ‘benefits’ – tackling the poverty premium; changing the relationship between the state and low-income households; linking to the sustainability agenda (e.g. National Food Strategy) and the SDGs
- Financial support and inclusion crucial to covid recovery and levelling up

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Khub reshaping financial support