

Government Events - The Financial Inclusion Conference 2023

Case Study: Developing and Implementing a Robust Local Financial Inclusion Strategy

Grace Lawrenson, Senior Policy Development Officer, Leeds City Council

Joe Farnworth-Mayers, Local Policy Officer, Trussell Trust



Financial Inclusion in Leeds- Evidence, Partnership & Action

Approach to Financial Inclusion in Leeds started in 2004

Based on Evidence, Collaboration and Partnership to inform the action undertaken

Evidence

Commissioned research

Leeds Poverty Factbook

Partnership

Financial Inclusion Steering Group - Regular attendees from council services, advice agencies, credit union, Housing, DWP, Health & Universities

Action

Cross sector projects and approaches



Local Welfare Support Scheme

- LWSS is designed to support residents who may find themselves in an emergency or crisis - offering short term support to ease that position, such as a supermarket voucher, fuel voucher, white goods, furniture and flooring.
- Leeds has continued to offer an welfare support scheme, though there is no longer statutory funding.
- The scheme has undergone an in-depth review with a number of key changes and new initiatives introduced. One of these initiatives was the **Cash First Pilot**.



RESPONDING TO FINANCIAL CRISIS WITH CASH GRANTS INSTEAD OF EMERGENCY FOOD

An evaluation of the Leeds Cash First Pilot, commissioned by the Leeds City Council and the Trussell Trust; conducted by Liz Lipscomb and Dr Cat Walker (Vantage Point Research)



What did the pilot involve?

- Leeds City Council (LCC), three food banks in Leeds, LFAN and the Trussell Trust came together to set up a pilot cash first approach as part of LCC's Local Welfare Support Scheme (LWSS)
- Cash first approaches support people in financial crisis with **dignity, flexibility, choice, speed, convenience, and administrative efficiency.**
- The pilot scheme provided cash grants to people in financial crisis in Leeds, running from **1 October 2021 to 1 April 2022**, and distributed **£45,450** between **187** grants, supporting **283** individuals.



How did the cash awards work?

1

Applicant experiences a crisis and presents at a food bank or to the LWSS for support.

2

An online form is completed for the applicant by either a food bank staff member or LWSS staff member.

3

Eligibility is checked by the LWSS team and award calculated (based on household size, needs, length of crisis).

4

Applicant receives call confirming award and details of how to access cash.

5

Texts received directly to customer's smart phone with codes to access cash system.

6

Applicant collects cash from cash machine.



Who was supported by the scheme and what impact did it have?

Joe Farnworth-Mayers, The Trussell Trust



Who did the scheme support?

The scheme was designed to meet the immediate needs of people facing a financial crisis in a flexible way.

- 79% of grant recipients had used a food bank before receiving a cash grant.
- The Trussell Trust have found that 95% of people referred to food banks are destitute, meaning they have insufficient income to afford the essentials.
- Before receiving their cash grant, recipients said the essentials they didn't help buying were food, gas and electricity.
- The scheme ran during a period of significant financial upheaval for families on the lowest incomes. The £20 uplift was cut in October at the start of the scheme, followed by significant and ongoing increases in the cost of living due to inflation.



1. The grant helped people afford the essentials and prevented immediate need for food banks

- The vast majority (90%) experienced improvement of overall finances during the grant period
- The majority (86%) did not use a food bank whilst in receipt of the grant.
- Grants were mostly spent on food, followed by paying for gas and electricity. Other items frequently bought were toiletries, clothes, transport, other bills and paying off debt/arrears.
- There is no evidence of misuse, though grant recipients were themselves anxious that others would misuse the grant. The evaluation recommends no restrictions on spending in future schemes.



2. It was a dignified approach which gave people agency and helped their wellbeing

- 94% prefer cash grant to a food parcel.
- Recipients valued the agency and freedom of choice to buy food to suit the households likes and dietary requirements, and to be able to stock up on supplies and frozen food.
- For some the grant enabled them to think about or apply for new jobs, and for others it helped them get out to reconnect with friends.
- But not everyone experienced a positive change for their wellbeing and in the future the scheme should join up with specialist services.

“I'd say it had a good impact on [my] mental health because knowing that you've got extra money to buy your essentials and make sure that you've got what you need for that week or for that month helps.”



3. Whilst most of the impact was short term, there was some impact on financial resilience

- The majority (71%) of surveyed cash grant recipients reported that the cash grant improved their confidence in managing their household finances.
- One in ten (10%) reported that they repaid a loan from a friend / family member and a small number of recipients reported paying off government debt or a pay day loan / doorstep lender.
- One in five (20%) recipients had been able to save some money since receiving the cash grant.



4. Cash grants can only provide short term respite without a sufficient national social security system

- Half (50%) of grant recipients matched to the Trussell Trust data collection system needed support from a food bank after their final payment. This was accurate at the end of May 2022.
- The majority (81%) said they were fairly or very likely to need to use a food bank again.
- Without further funding from the UK Government, this support will not be able to be delivered for the long-term.



Overarching themes

- Overall satisfaction with the pilot was strong. Grants had a positive impact on people's ability to afford the essentials, their wellbeing, and some medium-term impact beyond the grant period.
- But not everyone reported a positive change to their emotional wellbeing as a result of receiving a cash grant.
- If the scheme wants to have a longer-term impact, additional wrap around support would be useful to address the underlying causes of the immediate need.
- Applicants who were awarded the grant directly through the LWSS team (without approaching a foodbank), usually received the cash quicker.



Learning for other Local Authorities

- Leeds City Council has a Local Welfare Support Scheme.
- Having the right systems in place before launching a cash first initiative is essential to providing a responsive service.
- Cash was preferred by most recipients but didn't work for everyone.
- It was no more expensive to offer cash vs. traditional supermarket & energy vouchers.
- It was a much simpler process for staff, administratively.



Embedding the Cash First Approach

- Following the success of the Cash First pilot, Leeds City Council is committed to embedding a Cash First approach within our welfare offer.
- Two examples of how we have done this:

Council Tax Support Register

Using Council Tax Support register, we issued 16,000 Post Office Payout awards by issuing a letter with a QR code.

Discretionary Housing Payments

We were able to fund additional cash awards via Cash Perks for residents claiming Discretionary Housing Payments.



Thank you for listening.

**Please reach out if you'd like to discuss
cash first approaches in your area:**

publicaffairs@trusselltrust.org
financial.inclusion@leeds.gov.uk

