



## Joint call to Government for a Coronavirus Emergency Income Support Scheme that can help us all weather this storm

### Summary

- In just a few short weeks the economic impact of the coronavirus pandemic has been felt in households across the country. The scale of financial hardship we are seeing is alarming - **new figures from the Trussell Trust show an 81% increase in people needing support from food banks at the end of March** to prevent them going under, compared with the same time last year.
- We welcome the steps that the Government has taken in the form of the Jobs Retention Scheme and the Self-Employed Income Support Scheme, and increases to various welfare benefits. These measures are providing a vital anchor to hold people steady and may help to prevent many from being swept into poverty. However, **we are still seeing many people relying on our charities for support to stop them being pulled under, because these schemes are not giving them everything they need to stay afloat.**
- Now is the time for the Government to build on the measures to date and introduce a time-limited **Coronavirus Emergency Income Support Scheme**. This scheme would provide a temporary set of measures to offer a lifeline to people already experiencing, or at high risk of, financial hardship.
- We recognise that this is by no means a simple task. That is why we would welcome the opportunity to work in partnership with the Government to shape its approach. We suggest an **emergency taskforce** be established including partners from the anti-poverty sector to help to drive this work forward.
- We believe the right response to the current crisis is to ensure that **each and every person in our society has enough money to afford the essentials**. Any response should be underpinned by the principles of **urgency, dignity**, and ensuring no-one is **left behind**.
- We stand ready to work with the Government to ensure an effective national response to prevent more people being swept into serious financial hardship as a result of the current crisis.

## Introduction

In just a few short weeks the economic impact of the coronavirus pandemic has been felt in households across the country. We have seen huge increases in the number of people turning to the social security system for support as they have lost their jobs or had their income reduced. Advice providers have seen massive surges in demand as people worry about the consequences of the pandemic and try to understand what support can keep them afloat in turbulent waters.

We all welcome the unprecedented steps that the Government has taken so far to help keep people in work and strengthen the anchor that our social security system needs to provide when we're struggling against the tide. We also welcome the Prime Minister's commitment that "the Government will do whatever it takes to help you make ends meet and put food on the table".

However, across all our organisations we are seeing increasing numbers of people who are now experiencing hardship or are hugely concerned that they are on the brink of serious financial difficulty.

New figures from the Trussell Trust show an **81% increase in the number of people supported by food banks** in the second half of March, compared with the same period last year. Figures from the Independent Food Aid Network, which represents food banks operating independently of the Trussell Trust network, show similar increases in the support provided. We believe that this increase highlights how threadbare the existing lifeline is for people who are desperately holding on, and how rapidly their situation can change from just managing to needing to turn to a food bank.

The economic impact of the pandemic will be with us all for some time, but the consequences are already being felt here and now. Many are finding it harder to make ends meet, which can in turn make it harder for people to abide by Government advice to stay at home. Just as the pandemic has changed the lives of individuals and families, so too has it changed the realities of our social security system.

Policies which were developed at a time with far lower levels of unemployment are no longer fit for purpose at a time when large numbers of people are unable to work. While the **Jobs Retentions Scheme** and the **Self-Employed Income Support Scheme** go some way to addressing this, we know that many are ineligible for these kinds of support and are therefore at risk of being pulled into serious financial hardship.

To weather a storm on this scale we believe further emergency measures are necessary, to add an extra lifeline to the Government's approach.

### **A coronavirus emergency income support scheme**

We believe that now is the time for the Government to build on the significant and welcome steps it has taken, and set out the components of a **coronavirus emergency income support scheme** – a temporary set of measures to protect people already experiencing or at high risk of being swept into serious financial hardship. We are proposing a number of components to this package. Given the variety of possible mechanisms this will need to be viewed in the round so they interact effectively and add up to a coherent and co-ordinated response that can be implemented quickly.

We recognise that this is not a simple task. We would welcome the opportunity to work in partnership with the Government to shape its approach – an **emergency taskforce** including partners from the anti-poverty sector would help to drive this forward.

Across the anti-poverty sector there is a huge range of expertise on the groups most likely to be affected, the measures that could make the fastest difference to them over the short term, and how these temporary measures could be effectively implemented and work together as a coherent and co-ordinated package of support – an anchor to hold us all steady amidst the turmoil. We stand ready to work with the Government to ensure an effective national response to prevent more of us being swept into serious financial hardship.

### **Principles behind the scheme**

The steps the Government take should be based on three key principles:

1. Act with urgency – the Government must continue to recognise the reality of life in many homes across the country and people’s severely restricted options – being forced to decide whether to buy food, pay bills or deal with debt. The response to this crisis must get people the income they need as quickly as possible.
2. Treat each and every one of us with dignity and compassion – the Government must ensure that people are treated with dignity, respect and compassion and that the way in which support is provided does not add to the pressures that people are already experiencing, for example through complex food or voucher schemes. The emphasis should be on a ‘cash-first’ approach.
3. Leave no one behind – measures must be in place for each and every one of us when we need support. The steps taken so far have been wide-reaching but have left behind some groups, like people on legacy benefits or people living in parts of the country with the highest levels of rent. Our collective national response must ensure that no one is left behind and that we do the right thing for everyone in our society.

### **Key components of the scheme**

We are all clear that the increased demand for food banks we have seen so far, and the growing numbers of people turning to a range of charities for support to stop them being pulled under, is a result of the income shock to people who are not getting everything they need to stay afloat with the current provision.

Therefore the response should be to provide people with the lifelines they need to avoid hardship, in line with the principles outlined above. We believe that this package should be put in place for a temporary period, and should be kept under review in the same way as other economic measures put in place by the Government.

Below we give examples of the steps that could be taken as part of the package, and which could be combined or built upon to ensure people can afford the essentials that we all need.

### 1. An income level that keeps people out of poverty

Recent changes such as the increase in the Universal Credit standard allowance rate are welcome in terms of giving an uplift to people's incomes. A more developed support package should ensure that everyone will have enough money during this crisis period to afford the essentials, for example by:

- Ensuring increases in Universal Credit are reflected in increases to legacy benefits.
- Implementing further temporary increases to a level that ensures no one falls into financial hardship and takes account of the different needs of individuals and families.
- Lifting the benefit cap during this time to ensure that the support scheme benefits everyone.
- Raising Statutory Sick Pay and extending coverage of this scheme to lower paid groups.

### 2. Reducing costs to help people stay afloat

As a key part of ensuring that the income people have makes a meaningful difference and finds its way straight in to people's pockets, the Government must ease the pressure on people in terms of their outgoings – as it has done for some groups in society through measures such as mortgage holidays. A comprehensive support package would take account of people's outgoings and how these can be minimised during this crisis period, for example by:

- Extending the suspension of benefit deductions to cover advance payments. This would ensure no current claimants lose out during this time due to previously taken advances, while new claimants can take out an advance payment to access money urgently while they wait for their first Universal Credit payment without fear of hardship down the line – and could be achieved through existing mechanisms .
- Raising the Local Housing Allowance to cover median rents, so that increased income is not swallowed up by high rent costs in many parts of the country.
- Carrying out a rapid assessment of the extent to which the Hardship Fund for local authorities in England is enabling councils to provide crisis grants to vulnerable individuals and households, and provide additional funding and guidance to ensure all needs are being met, including for areas that don't have a local welfare assistance scheme.
- Putting in place temporary protocols to prevent hardship caused by debt and arrears linked to the impact of coronavirus, including preventing escalation and enforcement action and enabling affordable repayment plans.

### 3. Making sure no-one in financial need misses out

We need to make sure that everyone experiencing or at risk of financial hardship benefits from these measures and gets additional support where needed. The support package must work for those who face additional costs (such as families with children) or who would be normally ineligible for welfare support, for example by:

- Suspending the two-child limit to ensure families can access the level of support they need to stay afloat.
- Increasing benefits that go to families to help with the costs of raising children, for example through child benefit, the child element of Universal Credit, and child tax credit.
- Suspending No Recourse to Public Funds conditions for people in serious financial hardship or risk of homelessness, during this time when people may be unable to access their usual forms of support.

These proposals are directed at the UK Government. Where these measures link to devolved responsibilities, the UK Government should seek to work with the devolved governments to achieve these same aims and objectives.

## **Conclusion**

This is a proposed crisis response first and foremost, which should be implemented quickly for a temporary period as long as the current crisis lasts. The situation is changing very quickly, and evidence and data should be recorded so the response can be kept under review.

Just as the Government has stepped up to support the employed and self-employed to weather this storm, so too should they build on their support for those individuals and families who may now be pulled into poverty, or were already facing hardship when this crisis began. We stand ready to work with the Government and to support it in expanding on the measures it has already put in place.

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