



CASH TRANSFERS

Five lessons about cash transfers decision makers at all levels of government should be aware of.

“The cash grant really relieved a lot of stress for me at the hardest financial moment of my life. I was able to put petrol in to get to work, and get some gas and electric etc” - Grant recipient, anonymous, web survey respondent

“I think it’s helped me in the long-term... I’ve managed to... learn to budget” - Grant recipient, female, from the first group of interviews

“It gives you breathing space so that you don’t panic as much as to where your money is going or how far your money can stretch” - Grant recipient, female, from the second group of interviews

ABOUT THE TRUSSELL TRUST

The Trussell Trust is a network of more than 1,300 food bank centres across the UK, supported by almost 12,000 churches, as well as many community groups, local businesses, schools and over 30,000 dedicated volunteers. We provide practical support to people who can't afford the essentials, and campaign for a future where none of us need to use a food bank.

SUMMARY

In partnership with Leeds City Council, the Trussell Trust commissioned an external evaluation into a scheme which provided people facing financial hardship locally with cash-grants rather than emergency food aid parcels.

The scheme provided cash grants to people in financial hardship in Leeds, running from 1 October 2021 to 1 April 2022, and distributed £45,450 between 187 grants, supporting 283 individuals.

These are the five key lessons:

1. Cash grants have an immediate impact on a person's financial situation and can prevent them from needing to turn to a food bank for support.
2. Cash grants are a more dignified form of support when people face financial hardship - people overwhelmingly prefer receiving a cash grant than an emergency food parcel from a food bank.
3. People use cash to buy the essential items, particularly food, gas, and electricity. This strongly supports existing international and UK evidence that cash transfers do not lead to 'misuse'.
4. Cash grants can also unlock benefits beyond purchasing the essentials, including paying down debt or reducing the impact of larger one-off costs such as paying for a car's MOT to be able to get to work. This can be vital in putting people on a financially secure foundation for the long-term.
5. Cash grants should be an option when providing support to people facing financial hardship locally, but alone can only provide short-term respite. They should be situated within a wider local ecosystem of support available to people, alongside a national social security system which provides people with enough income to afford the essentials.

INTRODUCTION

The primary driver of the need for food banks is that too many people do not have enough money to afford the essentials that we all need.

Being unable to afford the essentials means that people are placed in an impossible position, whether it's not attending a hospital appointment because they can't afford the cab fare, having to leave their home because the rent has gone up too much, or turning the heating off because bills are too expensive.

It also places people on an incredibly unstable foundation. This means that an unexpected bill, an eviction notice, or a difficult life event can quickly drive people even deeper into poverty and through the doors of food banks in our network. Putting down roots in your community is also made much more difficult if you are one short-term shock away from becoming destitute.

Beyond much needed reforms to the national social security system to provide people with a sufficient income to afford the essentials, we also know that local support is vital in providing support for people's more complex needs and can help divert them away from needing to use a food bank.

Sadly, for too many people who have received support from our network, the first time they get any help is when they walk through the doors of their food bank. This should not be the case - food banks must never be the first port of call when people face a shortfall in their income which leaves them unable to afford the essentials.

Cash transfers support people in financial hardship meet their immediate needs.

Cash-first policies can be defined as providing people with a cash transfer when they face financial insecurity. This could take many forms, including a direct transfer into a person's bank account. In the case of the Leeds cash-first pilot, households provided with grants were texted a PIN code which they could type into an ATM to take out the cash-grant.

When people experience financial hardship, they should be able to draw on support locally which helps meet their immediate need, treats them with dignity and places their experience at the centre of any help.

The use of cash transfers locally can divert people away from needing to use a food bank as a first port of call. This is because cash provides people with the flexibility to be able to meet their immediate needs, whether that is purchasing the essentials (like food or

energy bills), filling up their car to attend a job-centre appointment, or paying down debt to get on a more secure footing.

Financial hardship is frequently compounded by many other forms of hardship, including insecure work, high levels and multiple kinds of debt, inadequate housing, and poor mental and physical health. Therefore, the impact of a cash grant will only be short-term if further support is not offered alongside it - including money advice and support and accessible local services to help with people's further needs.

Furthermore, rather than responding at the point at which financial hardship becomes a crisis, an even better local system would prevent financial hardship from occurring in the first place. Supporting people when financial hardship reaches a crisis point is expensive and can be more dislocating for the person in financial hardship. To prevent financial hardship from emerging in the first place requires action at all levels of government, including the UK government committing to deliver a social security system which provides people with enough money to afford the essentials.

It should be restated though, that if cash transfers were easily available when people face financial hardship across England, this would be a significant step towards ending the need for food banks. This too, requires long-term funding and support from the UK government.

Food banks in the Trussell Trust network know that cash-first support is the most effective form of support.

Food banks often end up being the first port of call for people facing financial hardship, but the availability of cash first support from local authorities could prevent many people having to turn to them. Food banks across our network recognise this.

Leeds North West, Leeds South East, and Wetherby food banks all place this understanding at the heart of the work they do. They recognised that many people referred to their food banks had not received support from any other local services, including the council's Local Welfare Support Scheme.

Knowing this should not be the case, they worked with the council to discuss what more needed to be done locally to make sure people receive support before they have to turn to them for an emergency food parcel. They were especially interested in how the council could use its powers to provide cash-first support to people facing financial hardship.

It is testament to the strength of the relationship between the food banks and the council that these meetings led the council to undertake a review of the Leeds Welfare Support Scheme to ensure it operates effectively and meets the need of people facing financial hardship in Leeds. As part of the review, the council committed to explore the types of

support available to residents in financial hardship and identify ways where greater choice and dignity could be built into the system.

In order to understand how a cash-first approach could be used to prevent people from needing to turn to food banks for support, the Trussell Trust and the City Council partnered to set up a cash grant pilot scheme. People eligible were either referred by three food banks in Leeds or directly via the council to receive a cash grant. This could be one single payment or split between multiple payments.

The scheme provided cash grants to people in financial hardship in Leeds, running from 1 October 2021 to 1 April 2022, and distributed £45,450 between 187 grants, supporting 283 individuals.

The Trussell Trust and Leeds City Council jointly commissioned an external independent evaluator to explore the impact of the grant on whether it increased the **emotional wellbeing of people**, negated the need for **further use of food banks** within the next 12 months, enabled people to afford the **essentials**, and empowered them to **better manage** their financial situation.

The evaluation has provided robust evidence that cash grants improve people's immediate financial situation, enabling them to afford the essentials. In some cases, this means people will not have to turn to emergency food aid for support.

Furthermore, it has shown that cash-grants are overwhelmingly preferred to emergency food parcels by the people receiving them, providing them with the agency and freedom of choice they deserve. Cash transfers are more dignified than having to turn to a food bank when people face a financial shortfall.

The findings also suggest that the cash grant also had a positive impact on a person's emotional wellbeing, and for some, it led to a longer-term improvement in their ability to manage their finances and afford the essentials.

Local cash-first support has an important role to play in providing people with short-term help to afford the essentials, alongside dignified choices, but it should never be seen to be a one size fits all approach, nor can it replace the need a well-resourced social security system which provides people with enough income to afford the essentials.

What the evidence does suggest, is that direct cash grants are a more effective and dignified way of supporting people facing extreme financial hardship and destitution than in-kind support, such as an emergency food parcel.

METHODOLOGY:

The pilot evaluation consisted of a qualitative and quantitative strand. The qualitative strand involved 15 telephone interviews with grant recipients in February 2022, an online focus group with food bank staff in early March, an online focus group with council staff in mid-March, and 10 interviews with grant recipients in April 2022 (9 of whom had already been interviewed in February, 1 of whom had recently received the grant.) The quantitative strand involved analysis of grant data provided by Leeds City Council, a web survey of all grant recipients, which received 79 responses, and analysis of use of food banks in the Trussell Trust network. For more info, please see section 1.5 in the evaluation, pages 15-16).

FIVE LESSONS FROM THE EVALUATION¹:

1. Cash grants have an immediate financial impact and can prevent people from needing to turn to a food bank in the short term.

Prior to receiving a cash grant, 79% of people in receipt of the grant had attended a food bank in the past. The need for food banks is driven by people being unable to afford the essentials and prior to receiving the grant, the essentials most lacked by people were food, gas, and electricity.

Therefore, giving people a cash transfer when they face a shortfall in their income can improve their immediate financial situation, and prevent them from needing to use a food bank as a first port of call.

The vast majority (91%) of grant recipients experienced an improvement of their overall finances whilst they were receiving the grant instalments, and 78% reported that their ability to afford the essentials improved over the same period.

Further analysis using data from the Trussell Trust also highlights that the majority (86%) of people who received a cash grant did not use a food bank in the period they were receiving grant instalments.

¹ This briefing focuses on the policy implications of the evaluation. The full evaluation also includes findings on the operational delivery of a cash first scheme, which other local authorities may find useful. These can be found in chapter 3, pages 44-53.

This is significant, and clearly shows that the cash grant provided a significant short-term boost to people's incomes, which improved their ability to afford the essentials, in many cases preventing them from needing to turn to a food bank for support.

Furthermore, some people receiving the cash grant reported improving their wider financial resilience, meaning they may be better able to cope financially when next faced with a fall in income or unavoidable rise in expenditure.²

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

Its longer-term impact is less evident. Half (50%) of grant recipients matched to the Trussell Trust's data collection system needed support from a food bank after their final payment, with the majority (81%) saying there were fairly or very likely to need to use a food bank again. For most, the scheme gave a temporary respite for people to deal with their most immediate need but did not tackle the root cause of being on a low income.

Despite this, out of 46 grant recipients surveyed after they had received their final payment, 36 reported an improvement in their ability to afford the essentials, suggesting that a cash grant can lead to at least a medium-term improvement in their financial situation.

The fact that cash grants do help people to afford the essentials and improve their overall finances in the short-term should be heartening. It demonstrates that local policy can make a significant difference and can help to prevent people from needing to turn to a food bank as their first port of call. All levels of government need to work together to end the need for food banks. This should start with the UK Government committing to sufficiently resourcing local crisis support across England.

² As defined by the Financial Resilience Task Force: Financial Resilience Task Force (2019), Measuring Household Financial Resilience, <https://www.fincap.org.uk/en/articles/resilience-task-force#measuring-household-financial-resilience-report>

2. Cash payments are a more dignified form of support for people facing financial hardship.

Having to turn to a food bank can be an incredibly difficult decision. People reported concerns about feeling embarrassed about having to attend a food bank, and the stigma they felt came associated with it.

Food banks respond to an immediate need, and the staff and volunteers who run them do their utmost to provide a safe and welcoming environment to people when they have to turn to them. By the time people turn to a food bank, they are often already facing high levels of financial hardship. However, it is not right that people are needing to turn to food banks for support when they face a shortfall in their income.

“It’s a little bit degrading, and then going in there and everybody’s in the same boat, but everybody’s still judging everybody else” - Person in receipt of grant, female from the first group of interviews

“When you go into a food bank you only get certain items” - Person in receipt of grant, male, from the first round of interviews

Respondents to the evaluation also recognised that emergency food aid did not provide the flexibility or choice which fitted their needs best. It is often a one-size fits all approach. A food parcel cannot top up a meter, fill the car with petrol, or provide assistance with replacing a broken washing machine.

Conversely, cash grants were overwhelmingly preferred by people receiving the grant to other alternatives with 94% of people in receipt of the grant preferring a cash grant compared to attending a food bank.

Cash gives people the choice to buy what they need at the time of hardship, respecting and upholding their agency to make these choices like everyone else.

People receiving the grant also highlighted how it gave them the opportunity to choose the food they wanted such as buying fresh or frozen food or using it to meet a specific dietary or cultural need.

This should prompt decision makers to think about the type of support they provide to people when they face a shortfall in income. Cash treats people with the dignity and respect we all deserve.

3. People spent their money on the essentials; there is no evidence of ‘misuse’.

Whilst there are many local authorities across England who provide people facing financial hardship with the option of cash grants, it is by no means a widespread position. There are a variety of different reasons local government in England has been reluctant to provide direct cash grants to people facing financial hardship, ranging from concerns about fraud and misuse, to genuine concern that some people may come to harm.

This concern is also reflected in national government policy. The Household Support Fund, for example, has guidance to local authorities which mentions the use of food banks nine times, the use of vouchers twenty times, whilst the use of cash had four mentions. These four mentions were about discouraging the use of unrestricted cash grants over concerns about fraud.

The use of cash grants in international development is far more widespread, and the evidence available suggests that misuse or harm stemming from their use is not a regular occurrence.³

The evidence from the Leeds evaluation demonstrates that in most cases, these concerns are unfounded, there is no evidence of misuse of the grant. This corroborates existing evidence from the international level, of which more can be found in the literature review.

People used the cash grant to address their most immediate needs and essentials. Priorities included buying food (93%) and paying for gas and electricity (66%). Other items frequently brought were toiletries (51%), transport, including both public transport and fuel costs (34%), clothes (21%), and other bills / arrears.

It is also striking that one in ten (10%) people receiving the grant reported that they repaid a loan from a friend or family member, and a small number of people reported paying off government debt or a pay-day loan.

The pilot has shown that when people are given cash grants to support them through financial hardship, they spend the money on meeting their immediate needs and other essentials. There is evidence to suggest that people who are facing being unable to afford

³ For example, read Evans, DK and Popova, A, “Cash Transfers and Temptation: A Review of Global Evidence”, ‘World Bank Africa Region, 2014, <https://documents1.worldbank.org/curated/en/617631468001808739/pdf/WPS6886.pdf>

the essentials should be trusted by decision makers to make good decisions about the use of cash-first support.

This does not mean that cash grants necessarily are right for every situation, and it is understandable that some people would need further support to assist them further hardship, and some safeguards will be needed to protect against harm.

4. Cash grants can unlock wider positive outcomes for people experiencing financial hardship, including improved well-being and other opportunities.

Providing people with cash grants gives them a sense of freedom and security to make their own choices in how to prioritise their spending. It is a more dignified form of support.

“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.” - Person receiving the grant, female from the second round of interviews

The security cash grants provide people also had an important impact on people's well-being, with a majority of people in receipt of the grant interviewed (81%) saying that the grant was made available to them at a time when they really needed it.

Case study: when the £20 uplift to UC was cut, Eva had to sell her car because she could no longer afford the MOT. Eva has health conditions which require her to go to regular hospital appointments, but she was starting to cancel those appointments because she couldn't afford the taxi ride. The cash grant has enabled her to go to her hospital appointments and to buy medicines she needs.

Some of the increase in emotional wellbeing can be attributed to changes in people's lives as a result of the cash grant. These grants can create a secure foundation which enable people to start a new job, or actively search for jobs, enabling people to put down roots in their communities.

“[It] enabled me to not be socially isolated for the week as it paid for my transport costs to my volunteering” - Feedback by a person receiving the grant

However, whilst the cash-grant improved many people's emotional wellbeing, others may need further support from local services. Once the cash grant ends, their wellbeing could also reduce.

5. Whilst we continue to have a national social security system which does not provide people with a sufficient enough income to afford the essentials, cash grants will only remain a short-term response.

What the evaluation has proven is that cash grants are an effective and more dignified form of support for people facing immediate financial hardship. But they are still **short-term**.

Whilst people are on such a low income that they are unable to afford the essentials a cash grant will only be able to provide short-term respite. Indeed, after the grant period ended, many people who received the grant reported difficulties with affording the essentials returning again.

People who were referred to the cash grant pilot scheme were on an extremely low income, identifying that they were unable to afford the essentials we all need. During interviews with people in receipt of the grant, many identified the sufficiency of the benefits system alongside other issues, such as being in debt to the government, facing sanctions, or the five-week wait for payment, led to them being unable to afford the essentials.

“I'm in debt with Universal Credit for two loans and rent arrears. I only get £62 a week I've never struggled so hard” - Person in receipt of the grant, anonymous, web survey respondent

“[Being] moved onto Universal Credit last year really put me into a financial struggle for the first time ever” - Person in receipt of the grant, anonymous, web survey

After people had received their final cash grant, half (22 out of 44) reported real financial difficulties in keeping up with their bills and credit repayments. A further eight reported that they were finding it a constant struggle to keep up with their bills and credit repayments.

Against a backdrop of rising inflation and increasing costs of everyday items, and a social security system which does not provide people with enough income to afford the essentials, the short-term nature of the pilot is unsurprising.

Unless we see incomes increase through the social security system, cash grants provided to people facing financial hardship at the local level can only be a sticking plaster.

It doesn't have to be this way. A well-resourced social security system and locally delivered cash grants in time of financial hardship can complement each other. Giving people enough income to afford the essentials is the role of the social security system, but in times when people face an unexpectedly large cost, local support can have a vital role in preventing them from having to turn to a food bank to get by.

MOVING FORWARDS:

The evaluation has helped to evidence the importance of providing cash- first support to people when they face financial hardship.

The experience of Leeds shows that when people are able to purchase the essentials they need, they are less likely to need to attend a food bank. This demonstrates that how the design of locally delivered support for people in financial hardship really matters.

Cash is also a much more dignified response to people when they experience financial hardship, helping them to get the support they need, tailored to their experiences.

In some cases, cash grants can act as a way to build a stable foundation, by helping people transition into employment or move to a more sustainable form of support. It also improves people's wellbeing and their sense of control, which can be vital when they are experiencing other difficult life events.

However, the pilot also demonstrated that locally delivered cash-first support does not exist in a vacuum. For cash transfers to have the greatest impact, they must exist alongside public services which support people with caring responsibilities or ill health, a well-funded advice sector for people to turn to, and effective and dignified employment support locally. Its effectiveness also rests on the social security system providing people with enough income to afford the essentials in the first place.

We hope this adds to a growing body of evidence which demonstrates the importance of adopting a cash-first approach at all levels of government, and that cash transfers can make an immediate impact on a person's financial security. It also shows that people who face a shortfall in their income prefer to receive cash, rather than turning to an emergency food aid provider.

We also recognise that these findings are based on one local context and the experience providing 187 grants to people across Leeds. Further research is needed to establish the long-term impacts of cash grants, the best mechanism to deliver them at the local level, and what resourcing is required at UK-wide and local levels to ensure that when people fall into financial hardship, they can call upon a locally delivered cash grant.

These lessons, and the experience of people facing financial insecurity, should be taken forward by local and national decision makers going forward when designing support to people when they face a shortfall in their income.

If you have any questions about this briefing, or the Leeds Evaluation, please contact publicaffairs@trusselltrust.org