

## Written evidence submitted by British Red Cross (BSW0012)

### I. About the organisation and the reason for submitting evidence

1. The British Red Cross has more than 19,600 volunteers in the UK and nearly 3,900 staff. We are part of the world's most wide-reaching humanitarian network, the International Red Cross and Red Crescent Movement, which has 17 million volunteers across 191 countries. The Red Cross has decades of experience supporting people with health and care needs home from hospital, responding to UK emergencies from house fires to terror attacks, and supporting refugees and people seeking asylum.
2. Throughout COVID-19 we have supported more than 2 million people, providing food, cash, medicines, emotional support, transport to and from hospital as well as a range of education resources online.
3. The British Red Cross has unique insights into financial hardship:
  - We have been supporting the International Red Cross and Red Crescent Movement in scaling-up cash assistance by becoming a centre of excellence - providing technical support, cash readiness programmes, surge capacity and capturing and sharing learning with our partners around the world.
  - In Wales, the British Red Cross provides a small amount of time limited, emergency cash-based assistance to destitute asylum seekers. This cash-based support is provided alongside case work and practical support (such as food vouchers or parcels, clothing, sleeping bags and other essential items).
  - Towards the start of the COVID-19 pandemic, the British Red Cross, in partnership with Aviva, set up a time limited Hardship Fund to provide emergency financial support of up to £120 a month for a maximum of three months to people who are struggling as a result of the coronavirus crisis. Up until the end of June, £141,360 was distributed to 816 people in Wales.
4. This submission draws on our extensive experience as a service provider and our growing research and evidence base into the needs of people experiencing serious financial hardship in the UK.<sup>1</sup>

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<sup>1</sup> British Red Cross, 'The Longest Year: Life Under Local Restrictions' (February 2021), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/the-longest-year-life-under-lockdown>

British Red Cross, 'The Longest Year: Life Under Local Restrictions, Wales Briefing' (February 2021), <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

British Red Cross, Access to food in emergencies: learning from Covid-19 (July 2020), [redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf](https://www.redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf)

## II. Summary

5. Cash assistance for people experiencing serious financial hardship enables dignity and choice, and helps ensure people can access essentials, such as food and clothing, in a way that best meets their personal needs.
6. Cash assistance should be considered as part of the response to major crises in the UK.
7. Red Cross research, *The Longest Year: life under local restrictions*,<sup>2</sup> highlighted a range of challenges experienced by people in Wales under local and national COVID-19 restrictions, including access to practical, financial and emotional support. It made the case for psychosocial to be provided alongside financial support.
8. The Discretionary Assistance Fund (DAF) in Wales is a useful mechanism to alleviate situations of destitution in emergency situations, and the British Red Cross welcomes improvements made during the pandemic, such as increased funding for the scheme and new rules allowing people to receive a maximum of five grants per year instead of three. However, through our services in Wales, the British Red Cross has identified several areas for improvement, including:
  - The length of time it can take to receive payments.
  - The need for more thorough data collection to better understand who and why people fall into serious financial hardship.
  - The need to support people out of longer-term serious financial hardship through practical and emotional support.
  - The need to raise awareness of the DAF.
  - The need for payments to reflect the number of dependents.
9. While marginalised groups such as refugees, people seeking asylum and people with No Recourse to Public Funds (NRPF) particularly benefit from short-term financial support, such as the DAF, they are also at greater risk of falling back into financial crisis after their fixed-term support ends because they can't access long-term support.

## III. Key recommendations

10. In order to meet the needs of people in Wales and address the financial impacts of the pandemic, the British Red Cross recommends that:
  - **The Welsh Government should implement a cash-first approach to emergency assistance for families wherever possible**, including support for local authorities to do this in practice through guidance, resources and examples of best practice.
  - **Welfare support, including the DAF, should include wraparound support alongside financial assistance**. This should include appropriate investment in the DAF and joined up efforts between the Welsh Government, local authorities, the NHS

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<sup>2</sup> British Red Cross, 'The Longest Year: Life Under Local Restrictions' (February 2021), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/the-longest-year-life-under-lockdown>; British Red Cross, 'The Longest Year: Life Under Local Restrictions, Wales Briefing' (February 2021), <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

and the voluntary and community sector (VCS) to attach psychosocial support, including support for loneliness, to financial support.

- **The provision of welfare must meet the needs of all marginalised groups experiencing financial hardship.** This should include those with NRPF, refugees and their reunited families and people seeking asylum. In the context of family reunion, the Department for Work and Pensions should not suspend a sponsor's claim when a spouse is added to the claim to prevent their family facing a period of destitution.
- **The Welsh Government must ensure that the DAF continues to meet the needs of those who access it.** This should be achieved through maintained investment while the economic effects of the pandemic are being felt, through raising awareness of the DAF, through continuing to offer five grants per year and by ensuring payment amounts reflect a claimant's number of dependents.
- **The Welsh Government should review and improve the time taken for payments to be received in order to most effectively meet people's needs during emergency situations.**
- **The Welsh Government should look at gaining more data and information on who is in receipt of social security, and who requests emergency financial support, and use this to address reasons for destitution.** In addition, reasons for claiming should be reported appropriately, so DAF application forms should be updated to include a 'no support' option when applying for the fund.

#### **IV. How has the COVID-19 pandemic changed the type and amount of support needed by people in Wales?**

11. Since the pandemic began, the British Red Cross has published multiple pieces of research exploring the experiences of people in vulnerable situations. These include:

- *Life After Lockdown: tackling loneliness amongst among those left behind*, June 2020<sup>3</sup>
- *Access to Food in Emergencies: learning from COVID-19*, July 2020<sup>4</sup>
- *Lonely and Left Behind: tackling loneliness at a time of crisis*, October 2020<sup>5</sup>
- *590 people's stories of leaving hospital during COVID-19*, October 2020<sup>6</sup>
- *The Longest Year: life under local restrictions*, February 2021<sup>7</sup>
- *Far From A Home: Why asylum accommodation needs reform*, April 2021<sup>8</sup>

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<sup>3</sup> British Red Cross, 'Life after lockdown: tackling loneliness' (June 2020), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/life-after-lockdown-tackling-loneliness>

<sup>4</sup> British Red Cross, 'Access to food in emergencies: learning from COVID-19' (July 2020), <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf>

<sup>5</sup> British Red Cross, 'Lonely and Left Behind: tackling loneliness at a time of crisis' (October 2020), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/lonely-and-left-behind>

<sup>6</sup> A joint report between Healthwatch England and the British Red Cross, '590 people's stories of leaving hospital during COVID-19' (October 2020), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/peoples-stories-of-leaving-hospital-during-covid-19>

<sup>7</sup> British Red Cross, 'The Longest Year: Life Under Local Restrictions' (February 2021), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/the-longest-year-life-under-lockdown>; British Red Cross, 'The Longest Year: Life Under Local Restrictions, Wales Briefing' (February 2021), <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

12. To summarise, people are:

- Struggling more financially<sup>9</sup> and, in some cases have not been able to access essentials, such as food.<sup>10</sup>
- Struggling with their mental health and loneliness, which is reducing people's individual resilience and ability to cope.<sup>11</sup>
- The pandemic has both exacerbated inequalities and pushed new people into hardship.

### Financial support

13. *The Longest Year* identified financial challenges which included recent and long-term unemployment; reduced income; difficulties making low income, benefits or asylum seeker support payments stretch to cover increased living costs; and food insecurity. **Some of those we spoke to had to make extremely difficult decisions between buying essentials like food, heating or clothing for their children.**

- The Welsh Government took the welcome step to invest more in the DAF and to relax its rules, changing the number of applications available from three to five per year. However, *the Longest Year* also found that **too many people didn't know where to go for financial support**, with two fifths of people (41 per cent) in Wales disagreeing that under local restrictions, they would be confident in knowing where to go for this if needed.<sup>12</sup>

14. The Red Cross Hardship Fund provides insight into how cash assistance can be used.

- Our UK-wide evaluation found that the majority (78 per cent) of respondents used the money to buy food, demonstrating the importance of emergency cash in meeting people's basic needs.
- The evaluation also found that cash-based assistance allowed people to access food items which could not be found in food banks, including culturally appropriate food items. Dietary, medical and social factors (such as eating abilities and availability of cooking equipment) may also impact on someone's access to food.
- Insights from a British Red Cross report, *Access to Food in Emergencies*, shows the importance of personalising emergency food provision, and identifies cash support as

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<sup>8</sup> British Red Cross, 'Far From A Home: Why asylum support accommodation needs reform' (April 2021), <https://www.redcross.org.uk/far-from-a-home>

<sup>9</sup> See British Red Cross, 'The Longest Year: Life Under Local Restrictions' (February 2021), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/the-longest-year-life-under-lockdown>

<sup>10</sup> See British Red Cross, Access to food in emergencies: learning from COVID-19 (July 2020), [redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf](https://www.redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf) and British Red Cross, 'The Longest Year: Life Under Local Restrictions' (February 2021), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/the-longest-year-life-under-lockdown>

<sup>11</sup> See British Red Cross, 'Lonely and Left Behind: tackling loneliness at a time of crisis', <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/lonely-and-left-behind> and British Red Cross, 'The Longest Year: the impact of local restrictions', <https://www.redcross.org.uk/the-longest-year>.

<sup>12</sup> British Red Cross, The Longest Year: Life Under Local Restrictions, Wales Briefing (2021). Available at: <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

the most efficient and effective way to provide appropriate, immediate support that meets people's specific needs (so long as they can leave the house).<sup>13</sup>

#### Mental health support

15. In addition to the financial impacts of the pandemic, *The Longest Year* suggested that **the biggest impact of living under local restrictions was on people's mental health.** The most common triggers of this were isolation and feelings of loneliness. The report found that too many people did not know where to go for help, with over a third of people (37 per cent) in Wales disagreeing that they would be confident in knowing where to go for mental health and emotional support.<sup>14</sup> *The Longest Year* also found that financial insecurity was having a significant negative impact on people's mental health. In particular, lack of awareness of how they might be able to access financial support, or not being eligible left people feeling stressed and has exacerbated their mental health needs.<sup>15</sup>
16. The Red Cross Hardship Fund provides insight into the wellbeing impacts of cash-based support. Cash assistance provided by the Hardship Fund helped to improve feelings of wellbeing and reduce stress about finances and worries about not being able to afford essential items. The evaluation also found that some recipients of the Hardship Fund were able to connect with loved ones as a result of receiving cash assistance, for example through topping up phones and buying mobile data.

#### Recommendations:

- The Welsh Government should ensure that the DAF is promoted and targeted to communities identified as most vulnerable.
- The Welsh Government should maintain increased investment in the DAF to ensure that families can afford essentials while the economic effects of the pandemic are still being felt.
- The Welsh Government should implement a cash-first approach to emergency assistance wherever possible, including support for local authorities to do this in practice through guidance, resources and examples of best practice.
- The Welsh Government should work with local authorities, the NHS and the voluntary and community sector to attach psychosocial support, including support for loneliness, to financial support.

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<sup>13</sup> See British Red Cross, Access to food in emergencies: learning from COVID-19 (July 2020), [redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf](https://www.redcross.org.uk/-/media/documents/about-us/research-publications/health-and-social-care/access-to-food-in-emergencies-learning-from-covid-19.pdf)

<sup>14</sup> British Red Cross, The Longest Year: Life Under Local Restrictions, Wales Briefing. Available at: <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

<sup>15</sup> British Red Cross, 'The Longest Year: Life Under Local Restrictions' (February 2021), <https://www.redcross.org.uk/about-us/what-we-do/we-speak-up-for-change/the-longest-year-life-under-lockdown>

## **V. How effectively has the UK benefits system responded to these needs, and what else should the UK Government do to deliver the right support in Wales?**

17. In Wales, disruption or delays to welfare benefits or asylum support was the main reason for referral to the Hardship Fund, with 41 per cent of recipients of the fund claiming for this reason. Short term support has played an important role in bridging the gap in situations where access to longer term support is delayed or unavailable at the time of need. From our services, we understand this particularly affects more marginalised groups.

### Refugees and people seeking asylum

18. Delays in receiving benefits, particularly Universal Credit payments is a particular issue for people we assist in our Family Reunion Integration Services (FRIS). Our FRIS in South Wales have found that delays in receiving benefits is the main reason for destitution. The Red Cross UK wide evaluation of the Hardship Fund found that people who were waiting to receive benefits were more likely to access other forms of support after the Hardship Fund.

19. The majority of refugee sponsors are unemployed when their families arrive and are often already claiming Universal Credit. The current process creates a systematic period of destitution following a family's arrival. When the arriving spouse's Universal Credit claim is joined together with the sponsor's claim, it is treated as a change in circumstances which triggers the sponsor's claim to be suspended until the spouse's claim is processed. Although the spouse can technically apply for an advanced payment, we have found that in the areas where we work in Wales, such as Cardiff, the time the Department for Work and Pensions takes to verify the identity of the joining spouse means that the application for payment can't be made when it is needed. This means that in many cases the advance payments are not a safeguard for reunited families.

### People with NRPF

20. People with NRPF are unable to access public funds, which include mainstream welfare benefits, like Universal Credit and housing support from their local authority. This may be as a result of a condition of NRPF being attached to their immigration status, or because an individual does not have the right to be in the UK, and so does not have access to public funds. As such many people in this group face severe financial hardship.

- Nearly half of all people referred to the British Red Cross Hardship Fund in the UK (49 per cent) had NRPF and since March 2020 the fund has supported 2,311 people in this diverse group which includes international students stranded in the UK, people with Leave to Remain who lost their jobs during the pandemic and those fleeing situations of domestic abuse.
- In Wales, NRPF was the second highest reason for referral to our tactical cell in Wales, with 24 per cent of recipients needing support for this reason. In the UK-wide evaluation, people with NRPF were most likely to have been in a difficult financial situation for a long time (82 per cent of respondents with NRPF status).

21. While many from this group were unable to graduate from the Hardship Fund into longer-term, secure financial support, this did not lessen the short-term impacts and necessity of the cash assistance.

### The limits of fixed-term support

22. Some people go back into crisis after their fixed-term support ends because they can't find long-term support. Insight from the Hardship Fund found that for many people, the crisis they were experiencing had not been resolved in the 1-3 months for which the fund's cash assistance was available. This was particularly true for those with NRPF, with 51 per cent of respondents who had NRPF status reporting that they were not able to get any further financial support compared to 10 per cent of those who needed the fund for other reasons. In addition, the service user survey highlighted that 45 per cent of people's financial situation was either the same or worse as it had been before they received the cash assistance. This increased to 72 per cent for those who could not access further financial assistance. **Therefore, some people are going back into crisis because they've struggled to find the money to help them after their short-term support ends from the Red Cross.**

### The need for wrap around support

23. Our work has highlighted the link between financial hardship and negative impacts on mental health, and the barriers that people have in accessing both financial support and mental health support. *The Longest Year* report emphasises these findings in light of COVID-19 and suggests that support needs beyond financial assistance need to be considered.

#### Recommendations:

- The Department for Work and Pensions should not suspend a sponsor's Universal Credit claim when a spouse is added to the claim to prevent their family facing a period of destitution.
- Welfare support, including the DAF should include wraparound support alongside financial assistance. This should include appropriate investment in the DAF and joined up efforts between the Welsh Government, local authorities, the NHS and the voluntary and community sector (VCS) to attach psychosocial support, including support for loneliness, to financial support.
- The provision of welfare must meet the needs of all marginalised groups experiencing financial hardship. This should include those with NRPF, refugees and their reunited families and people seeking asylum.
- See specific recommendations around the DAF in Wales in the above and below sections.

## **VI. How effectively do the Welsh Government's allowances and grants meet the particular needs of people in Wales?**

24. The DAF in Wales is a useful mechanism to alleviate situations of destitution in emergency situations. However, through our services in Wales, we have found some issues with the DAF which affect its positive impact.

- Red Cross refugee services in Wales have found that the DAF grants are sometimes too slow to meet people's needs in emergencies. Although issues with ASPEN cards

make up a small number of our service users, we have found that in helping them with application assistance, many come to us a few days after encountering issues with their ASPEN card. Therefore, **a 48 hour wait for a DAF payment is too long in these circumstances**. In some cases, where payments are transferred to bank accounts, the payment can take three days to clear. This means that the total wait time for the payment can be five days, which is not quick enough for someone with acute financial needs.

- The Red Cross cash-based assistance for those using our destitution service can take two to three days to provide cash for straightforward cases. However, where people require immediate support to meet their needs, and admin delays might mean they won't receive payments for a few days, we use vouchers. Although this provides an alternative, this is not the preferred approach to ensure dignity and choice, but instead is a safety net in case payments take too long to come through.
- In addition, refugee services have found that Welsh Government data recording is not as thorough as it should be. For example, the Welsh Government currently doesn't collect data on reasons a person is destitute or on immigration status or NRPF status. This limits the system's ability to understand the reasons why someone is destitute - for example, is it the result of having NRPF, or an administrative issue or while someone is waiting for mainstream benefits. This type of data collection can address underlying reasons for why emergency support is needed and help improve access to regular support.

#### Recommendation

- While the DAF is an essential and critical safety net for people experiencing serious financial crisis, it is not a solution to destitution. We recommend that the DAF be reviewed and evidence from the evaluation is used to look at the causes of destitution. By collecting this data, we can learn and identify solutions to prevent destitution. The Red Cross is eager and ready to work with the Welsh Government and others to achieve this.

#### Welsh Government allowances during the pandemic

25. The British Red Cross welcomes the Welsh Government's increased investment in the DAF as well as the introduction of five payments per year during the pandemic. The DAF helps ensure everyone can afford basic essentials, such as food, toiletries, warm clothes, data and heating when face with serious financial crisis.

26. However, we have also come across some areas of improvement exposed during the COVID-19 pandemic:

- **A lack of knowledge about the fund:** *The Longest Year* found that **too many people didn't know where to go for financial support**, with two fifths of people (41 per cent) in Wales disagreeing that under local restrictions, they would be confident in knowing where to go for this if needed.<sup>16</sup> The Welsh Parliament Equality, Local

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<sup>16</sup> British Red Cross, *The Longest Year: Life Under Local Restrictions, Wales Briefing* (2021). Available at: <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

Government and Communities Committee from the fifth Senedd received a range of evidence to suggest that a lack of awareness still exists about those eligible to claim for the DAF.<sup>17</sup>

- **The need for payments to reflect the number of dependents:** Red Cross refugee services have found that the amount received doesn't seem to be impacted by number of dependents. The Welsh Government has said that this is because the DAF is an emergency fund, as opposed to ongoing support. As a result, we sometimes do not see the DAF as the most suitable solution for some of our service users, particularly for larger families. For example, despite increases in financial challenges during the pandemic, the rates for the DAF have stayed the same.
- **The Welsh Government should look at gaining more data and information on who is in receipt of social security and use this to address reasons for destitution.** In addition, reasons for claiming should be reported appropriately, so DAF application forms should be updated to include a 'no support' option in the financial details section when applying for the fund. We have been assured that the no support option will be reinstated but this has yet to happen in practice.

#### Recommendations:

- The Welsh Government must ensure that the DAF continues to meet the needs of those who need it. This should be achieved through maintained investment while the economic effects of the pandemic are being felt, through raising awareness of the DAF, through continuing to offer five grants per year and by ensuring payment amounts reflect a claimant's number of dependents.
- The Welsh Government should review and improve the time taken for payments to be received in order to most effectively meet people's needs during emergency situations.
- The Welsh Government should look at gaining more data and information on who is in receipt of social security, and who requests emergency financial support, and use this to address reasons for destitution. In particular, it is important to understand the reasons why someone is destitute and DAF application forms should be updated to include a 'no support' option when applying for the fund. This will ensure that the reasons for claiming are correct and recorded appropriately.

## **VII. What reforms are needed to the benefits system and should there be further devolution of powers?**

27. Devolution of welfare has been beneficial in maintaining centralised welfare provisions such as the DAF. The continuation of DAF and the wider benefits system is beneficial in light of the above evidence. However, the pandemic has exposed that people's support needs often extend beyond financial assistance, to mental health needs and practical assistance.<sup>18</sup> In addition, some people can go back into crisis after their fixed-term

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<sup>17</sup> Welsh Parliament Equality, Local Government and Communities Committee, 'Into sharp relief: inequality and the pandemic, August 2020 <https://senedd.wales/laid%20documents/cr-ld13403/cr-ld13403-e.pdf>

<sup>18</sup> British Red Cross, The Longest Year: Life Under Local Restrictions, Wales Briefing (2021). Available at: <https://www.redcross.org.uk/-/media/documents/about-us/research-publications/emergency-response/the-longest-year-wales-briefing.pdf>

financial support ends. Therefore, alongside current support, the Welsh Government needs to ensure holistic, wrap around welfare support.

28. In retaining current welfare provisions in Wales, cash-based assistance should be considered as part of response to major crises, and in cases of acute financial hardship. It enables survivors to have agency and control to decide the type of support they need, and to receive support quickly. The evaluation of the Red Cross Hardship Fund also found that cash assistance improved feelings of wellbeing and promoted feelings of independence.

*August 2021*