



Families in crisis: a vital lifeline

Insights from the
Action for Children Crisis Fund

Foreword

At the Iceland Foods Charitable Foundation, we are deeply concerned about the impact of rising prices on families. We know that lots of our customers are facing real hardship. Many were badly impacted by the pandemic, and the soaring cost of living has only added further to their difficulties.

The whole Iceland family is committed to doing all we can to help the 3.9 million children who are living in poverty in the UK. That is why we are a proud partner of the Action for Children Crisis Fund and the vital work it does to support families facing financial crisis.

We know that winter can be an especially difficult period for families on a tight budget. No family should struggle to put enough food on their table or have to sit in the cold at Christmas. It was an easy decision therefore to support the Action for Children Crisis Fund.

We are thrilled that the fund has helped thousands of children and families with the cost of essentials through the difficult winter months. But we are also conscious of the limits of what our organisations alone can achieve. Businesses, charities, and especially government all have a role to play in offering a lifeline to families in crisis.



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LEAD
PARTNER
OF THE
SECRET
SANTA
CAMPAIGN.

**Iceland
Foods** 
**Charitable
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Registered charity no 281943

Summary

Too many children in the UK are growing up in financial crisis. For many families, these financial challenges have intensified greatly in the last two years.

To support the families we work with in our services, we established a **Crisis Fund** to provide grants for food, utility bills and other essentials. This report presents analysis from applications to the fund over the winter 2021/22 and a survey of our frontline staff.

These were the key findings:

1. Tens of thousands of families in our services are struggling to make ends meet

- More than 11,000 families and 26,000 children have been helped by the Crisis Fund. This includes over 6,000 children in nearly 2,500 families from October 2021-March 2022.
- Our Family Support services have made the most applications to the fund (20%), applying over 1,600 times to support the families they help.

2. Universal Credit isn't protecting families from financial hardship

- 54% of families receiving emergency help over the winter were on Universal Credit, and 18% of applications highlighted the £20 reduction in the value of Universal Credit payments in October 2021 as a trigger for the family's difficulties.
- 39% of applications last winter were triggered by a recent increase in household costs.

3. Many of our families are facing food insecurity

- 31% of families over the winter period would have struggled to feed their children without the Action for Children grant.
- 45% of money spent through the fund has been for food. Over winter 2021/22, that rose to 55% - largely due to a tighter criteria for access.

4. Financial concerns make it hard to give families the support they need

- Nearly half (49%) of families who needed financial support said they had child or parent mental health concerns over winter 2021/22.
- More than seven in 10 Action for Children staff (71%) who responded to our survey said they had provided families with extra emotional support. 41% had topped up their energy meter for them, and 17% had negotiated with energy companies on their behalf.



20%
of applications
came from our
Family Support
services



54%
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Our recommendations

Everyone agrees that children should be able to fulfil their potential. For too many children however, financial worries make that increasingly more difficult.

With inflation expected to peak this year at its highest level for 40 years, families face a worsening cost of living crisis - and it is those with the least that will feel the most pain. The Crisis Fund provides a vital lifeline for the families that we support, but it is no substitute for direct government action.

The government should:

1. **Provide targeted relief to low-income families with children by increasing the Child Element of Universal Credit.**
2. **Ensure benefits keep pace with the cost of living by providing a mid-year uprating to benefits to match current inflation levels.**
3. **Develop a cross-government strategy for reducing and ultimately eradicating child poverty across the UK.**

1. Introduction

Too many families are facing financial difficulties

The last two years have placed immense strain on the finances of millions of families, particularly those with children. While the pandemic has gradually receded from view, the financial hardship faced by many of the families and young people that we support has remained.

Children growing up in financial hardship have been shown to have poorer cognitive, developmental and health outcomes. They do less well at school and have reduced employment prospects.¹

3.9 million children were living in poverty in 2020/21. One in 10 children were materially deprived, meaning their families can't afford the basic resources to give them the best start in life.²

To enable us provide some relief to children and families facing financial crisis, we established a fund to help them meet their essential needs.

Methodology

We have analysed data from grant applications submitted by Action for Children frontline staff. To obtain an overall picture of how the fund has supported families, we analysed a total of 9,027 records from between 23 March 2020 to 18 March 2022. For the winter period, we have analysed 2,354 records covering 6 October 2021 (when the £20 a week Universal Credit uplift began to be withdrawn) to 18 March 2022.

In addition, we analysed data from a staff survey. We asked frontline staff about the financial challenges faced by the children, young people and families they work with and how they have supported them this winter. The survey ran from 25 March 2022 to the 8 April 2022 and received 146 responses in total.

What is the Crisis Fund?

The Action for Children Crisis Fund (formerly the Emergency Fund) was first established in March 2020 as part of our response to the COVID-19 pandemic, amid signs of urgent financial need among the children, young people and families we support through our services.

The fund, raised through public donations and support from partners, provides families with crisis grants of up to £250 (or higher in special circumstances). Our frontline workers make an application to the fund when they see that a young person or family they support is in crisis and unable to afford essentials.

Initially, the fund provided emergency support during the pandemic for families so they could afford food, bills, and support their children's development with toys, games, and devices for learning. Despite the end of restrictions, the financial circumstances of many families haven't improved. Amid growing pressures on the cost of living, more families have needed our help. What was initially an emergency response to the pandemic has now evolved, with the help of major donors, into a permanent Crisis Fund.

In particular, a generous £300,000 donation from the Iceland Foods Charitable Foundation enabled us to support families with their basic food and fuel needs through the difficult winter months. This report focuses on the financial challenges families have faced over the winter period – from October 2021 to March 2022.

2. Why are families struggling financially?

The COVID-19 pandemic made families' lives harder

Since 2012, significant cuts to working age benefits have weakened the financial resilience of families with children, leaving many with little or no savings.³

As part of its response to the COVID-19 pandemic, the government introduced a range of policy measures to support jobs and protect incomes, including:

- Setting up the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme;
- Important changes to social security provision, including increases to the standard rate of Universal Credit and Working Tax Credit;
- Funding for councils to deliver crisis support through local welfare assistance schemes.

The impact of the pandemic and rising costs on families

Despite that support, families with children bore the brunt of the financial impact from the pandemic. Around three in 10 UK families with children (27%) were living on a lower income than before the pandemic in January 2021 – compared to 17% of those without children.⁴ Additionally, several developments have contributed to growing financial pressure over recent months:

- Universal Credit was cut by more than £20 a week - or £1,040 a year - in October 2021, despite it directly helping to lift more than 400,000 children out of poverty;⁵
- In February 2022, Ofgem announced that the cap on the cost of energy would rise by £693 a year - or 54% - from 1 April;
- Inflation is set to reach 10% this year, the highest rate in 40 years.⁶ Low-income families face a real-terms cut to their benefits in 2022/23, affecting 3.6 million children in families on Universal Credit.⁷

Overall, rising inflation and the falling value of benefits means that **families face the biggest fall in living standards this year since records began in 1956/57, according to the government's Office for Budget Responsibility.**⁸

What has the government done to support families?

The government has recognised that families are under pressure. In response it has introduced several changes to the tax and benefits system to help some families.

Measures announced in 2021

Changes to the taper rate and work allowance of Universal Credit were introduced at the 2021 Spending Review. These helped offset the impact of the £20 cut for many working families, but still left three-quarters worse-off compared to before.⁹

Measures announced in 2022

In response to rising costs and energy bills the government announced a package of measures to support households in February 2022, including:

- A £150 Council Tax rebate from April 2022 for 80% of households in the council tax bands A-D;
- A £200 discount on energy bills for all domestic electricity customers from October 2022, to be repaid in £40 installments over 5 years;
- £144 million in discretionary funding to councils to support low-income households not covered by the council tax rebate.

Some additional measures were also announced at the Spring Statement in March 2022, including:

- An increase to the earnings threshold for National Insurance contributions from £9,880 to £12,570 in July 2022;
- A temporary 12-month cut of 5p per litre on fuel duty;
- An additional £500 million for the Household Support Fund in 2022/23 to be distributed by councils.

However, those changes provide little targeted relief for low-income households. Action for Children has seen first-hand the financial pressures families are facing.

Why are families in financial need?

The pandemic was a big financial blow to lots of families that we support, but many were already facing significant hardship. 40% of families helped by the Crisis Fund were **already in financial difficulty prior to COVID-19 and receiving welfare benefits**.

As the immediate COVID-19 crisis receded and government support measures ended, many were left badly exposed to further shocks. Families that were already struggling financially were particularly ill-equipped to cope with a sharp and unexpected surge in the cost of everyday essentials.

Among the families we supported throughout the winter 2021/22:

- **39% of applications pointed to a recent increase in household spending** e.g. on energy bills or food as a trigger for the family's financial needs (970);
- **18% of applications highlighted the reduction in the value of Universal Credit** payments since October 2021 as a trigger (437);
- **19% of families were also accessing other forms of financial support** e.g. foodbanks or local authority hardship funds (475).

Nearly half of children we surveyed from low-income families in January 2022 (47%) said they worried about their family's finances, compared to 14% of children from high-income families.

Source: Action for Children (2022) *Brighter Future Ahead?*¹⁰

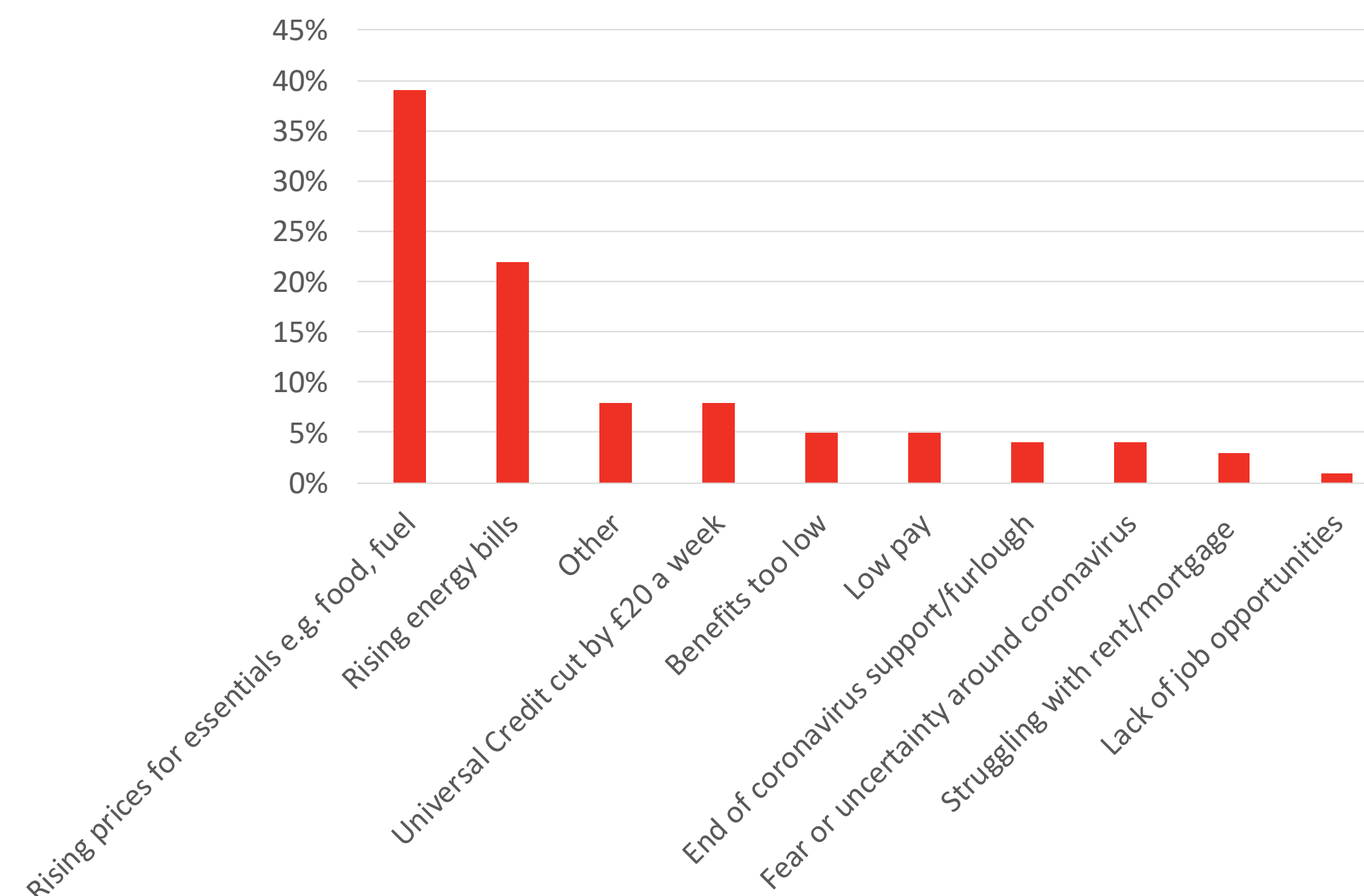
Drivers of financial hardship

As well as analysing data from our Crisis Fund, we asked frontline staff about the causes of financial hardship:

- Nearly 9 in 10 (87%) said that family incomes had got worse over the last two years.
- 73% of staff felt that the end of the £20 a week uplift to Universal Credit in October 2021 had impacted the children and families they support. 57% said it had a significant impact.

Frontline workers also identified the most important factor driving financial hardship among the families they helped during the winter period 2021/22. Nearly 2 in 5 (39%) pointed to rising prices for essential goods.

Frontline staff's views on the most important driver of financial hardship among families they support



Leanne's story

Despite working 37 hours a week as a finance officer and claiming Universal Credit, mum of two, Leanne, from the West Country, needed food vouchers from the Action for Children's Crisis Fund over the difficult Christmas period.

Leanne says "I was really dreading Christmas. I was thinking that it just wasn't going to feel like Christmas and we would end up with a chicken dinner, but I was able to buy the goodies I wouldn't have bought because I was scrimping and saving. It took such a weight off my shoulders because I didn't have to worry about the food side of things and could concentrate on making the day special for them. I try and hide things like that from the kids so they don't have to worry about money stuff, so to have that pressure taken off was amazing."

In recent months however, the rising cost of living has had a huge impact on Leanne's financial situation. "I have no disposable income whatsoever. My electricity bill has gone from £188 to £279 a month, my council tax has gone up and I've had to increase my oil payments – last year they were 19.5p per litre, and now they're over £1.23. Everything has gone up in the shops too – from food to cleaning products. Things that were £1 are now £1.25 – a 25% increase - now imagine that for a whole food shop. It was a struggle anyway, but now things are so much worse. There's no way we can survive like this, it's just impossible. We have a food bank near us, but it's on a Friday at 10am and I'm in work. A lot of people think foodbanks are just for people who don't work, but people who work like me need them now."

"You read the reports about energy bills reaching £3,000 by the winter – how the heck are we going to afford that? We literally can't live. And my kids can't do anything fun – I can't afford to take them on special treats like trips to a theme park or anything, that's simply all gone for them now. I got a pay rise in line with the usual annual pay rises they give but whatever I got, it's taken off my Universal Credit - so there's no way for me to work more to get myself out of this situation, like the government says I could."



"I try and hide things like that from the kids so they don't have to worry about money stuff."

3. Who has the Crisis Fund helped, and how?

How many people have used the Crisis Fund?

The Crisis Fund enables Action for Children staff working with families to plug some of the gaps of financial support. Over the last two years, we have been able to provide financial help to more than 26,000 children in more than 11,000 families.

All time

 **9,027**
applications

 **26,742**
children helped

 **11,400**
families helped

 **£1,401,189**
spent

Average
£52 spent per child

Winter 2021/22

 **2,354**
applications

 **6,036**
children helped

 **2,494**
families helped

 **£363,000**
spent

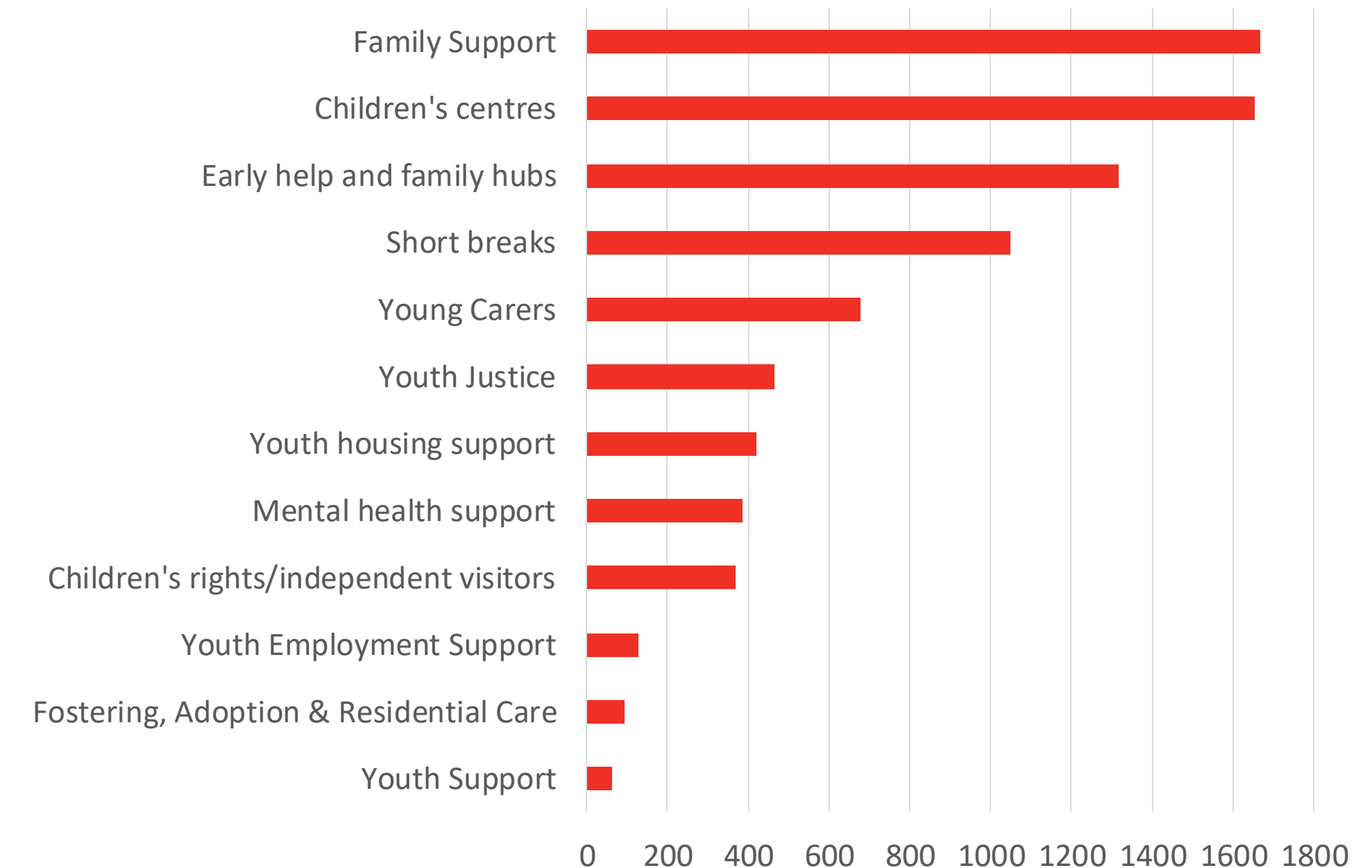
Average
£60 spent per child

What services have seen the highest need?

Too often, financial difficulties get in the way of children and families getting the help they need to flourish and fulfil their potential. Our frontline workers across Action for Children services have had to step in to provide financial support.

- More than 1,600 applications to the Crisis Fund have come from our family support services (20%) - which provide early intervention and parenting programmes to support families to overcome difficulties and stay together;
- A further 20% have come from our children's centres;
- 16% are from early help and family hubs.

Applications to the Crisis Fund by service area



Note: it was not possible to map all records to a service area. The chart here reflects 8,292 of the total 9,027 records.

Which families have benefitted from the Crisis Fund?

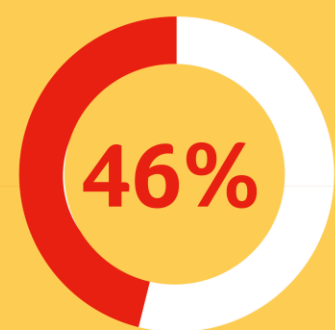
The families supported through the Crisis Fund are largely low-income families. More than half (54%) of those supported over the winter 2021/22 were claiming Universal Credit. And 36% were eligible for free school meals – compared to only 20% who are eligible for free school meals nationally.¹¹

Families supported through the fund are also disproportionately single parent households (45%). They tend to have lower financial resilience and are more vulnerable to shocks. Statistics from the Department for Work and Pensions show that half of children in single parent families (49%) were in poverty in 2019/20 after housing costs were taken into account – up from 40% in 2010/11.¹²

Among families support by the fund in winter 2021/22:



were single



were couples



were eligible for free school meals



had one or more looked after children



were receiving Universal Credit



had a child with child in need status

What support did families need?

The Crisis Fund was initially launched to support young people and families through the COVID-19 pandemic. As we moved away from the immediate health crisis, many families continued to struggle financially.

At the height of the pandemic, the fund was able to support a wide range of needs. Such as providing resources for children’s learning and play, technology and devices for online home learning, and urgent home repairs and furnishings.

Through the generous support of our partners, we have been able to provide further support over the last two winters. Our funding criteria for the winter fund has an explicit focus on providing food, kitchen essentials and white goods, and supporting fuel bills. We have also continued to provide a limited number of grants to support children’s wider developmental needs. That so many families in our services have needed support with their basic food and fuel needs underlines the severity of the financial hardship they have been facing.

Spending by category:

Category	March to Sept 2020	Winter 21/22	All time
Food	28%	55%	45%
Home appliances	10%	18%	12%
Fuel bills	4%	10%	6%
Home repairs/furnishings	13%	6%	8%
Clothing	4%	3%	5%
Learning, Technology & Play	32%	1%	15%
Other	10%	7%	9%

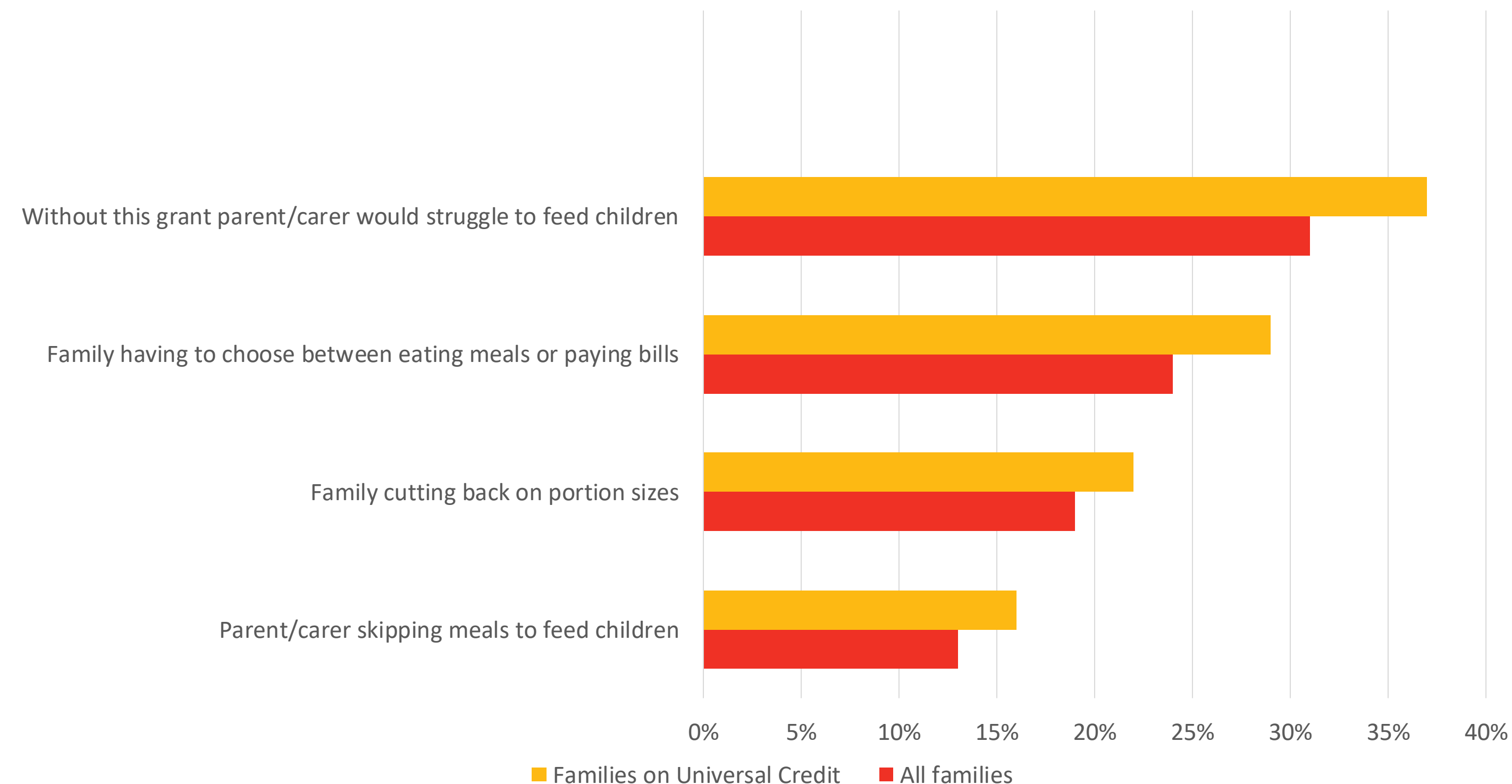
4. What was the impact of financial hardship during winter 2021/22?

Food insecurity

A major focus of the Crisis Fund over the last two years has been ensuring that families have access to adequate levels of good quality, nutritious food. Our analysis of applications to the fund over the winter period 2021/22 showed that:

- 31% of families would struggle to feed their children without the grant (782) – and this was even higher among those claiming Universal Credit (37%);
- 24% were having to choose between eating meals or paying bills (594) - or 29% among Universal Credit claimants.

Families applying to the fund affected by food insecurity – winter 2021/22



Our key workers said...

“ I have had to take families to food banks because they did not have enough to meet their basic needs. I have had to top up people's electricity and take them for food shops. I have had to take young people to buy clothes because they have not had what they need. I have had to use the fund to buy white goods as people have not had the spare money to do so and had been living without them. I have also had to buy wardrobes and beds for young people as their parents again have not had the means to do so. This causes stress for many families when they cannot provide. ”

- Youth support worker, Wales

“ In one family I work with directly, a child was off school with sore feet. When we explored this further it turned out to be chilblains on the toes of both feet. I asked the child if he had got cold. They told me that the house is cold all the time as the heating is not on. The whole family were wearing coats indoors and the children were sharing beds at night to keep warm. ”

- Children's Centre worker, South West

Mental health and wellbeing

Applications to the fund showed that the mental health of many of the families they support was being negatively affected over the winter.

Half of families (49%) accessing the fund over winter 2021/22 were experiencing adult or child stress, anxiety or mental health concerns.

- 32% had one or more adults experiencing a mental health concern (806);
- 16% had one or more children experiencing a mental health concern (407);
- 7% were having difficulties due to not having access to school, respite care or childcare (173).

This figure was even higher among those claiming Universal Credit, **with 54% said to be experiencing adult or child anxiety, stress or mental health concerns.**

A national survey of UK children aged 10-18 conducted in January 2022 found that 42% were worried about their mental health, up from 29% in 2019.



Source: Action for Children (2022) *Brighter Future Ahead?*¹⁰

Our key workers said...

“One parent stressed to me that when the little one leaves nursery and goes home, they go to bed with their tea just to keep warm. Mam explained that she knew that the little one was cold as she would shiver and tuck her hands into her top.”

- **Nursery worker, North East**

“Parents have told me they are skipping meals so that their children have enough food. Parents are unable to meet their bills so have unpaid bills, worrying about debts. Parents have been unable to drive to work due to cost of running a car. Parents have been unable to buy new school uniform for children.”

- **Family support worker, Wales**

“With income low and fuel high, families are going without heat and light. I observed one family trying to heat the room by turning on the hob.”

- **Family support worker, Northern Ireland**

“Rising costs and low incomes have left families struggling to stay on top of regular bills and heating and feeding their families. Rising childcare costs and other essential living costs have made it impossible for parents to work, especially single parents. Our funds are greatly appreciated by anyone who has received them and has eased a great financial burden, but only for a short period.”

- **Family support worker, Northern Ireland**

The impact of financial hardship on service delivery

Many of our frontline workers have gone above and beyond to support families through a difficult winter. They have provided parents and children with emotional support. Negotiated with energy companies on their behalf. Worked longer or irregular hours. And even donated food from their own cupboards.

Among our frontline workers in winter 2021/22:

71% gave parents extra emotional support

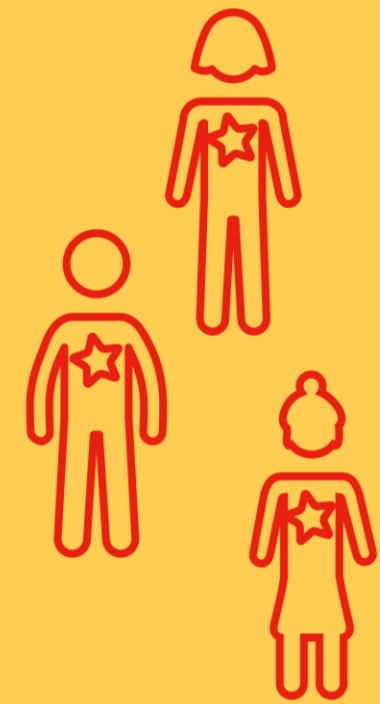
64% arranged home visits/wellbeing checks

45% worked longer/irregular hours

41% topped up their energy meter

17% negotiated with energy companies

9% donated food from own cupboards



The levels of deep and persistent financial hardship that our staff are currently seeing presents a real barrier to service delivery. If families are in such extreme financial difficulty that they are worrying about feeding their children or heating their homes, they will not be able to engage fully with the support that they initially came to Action for Children for.

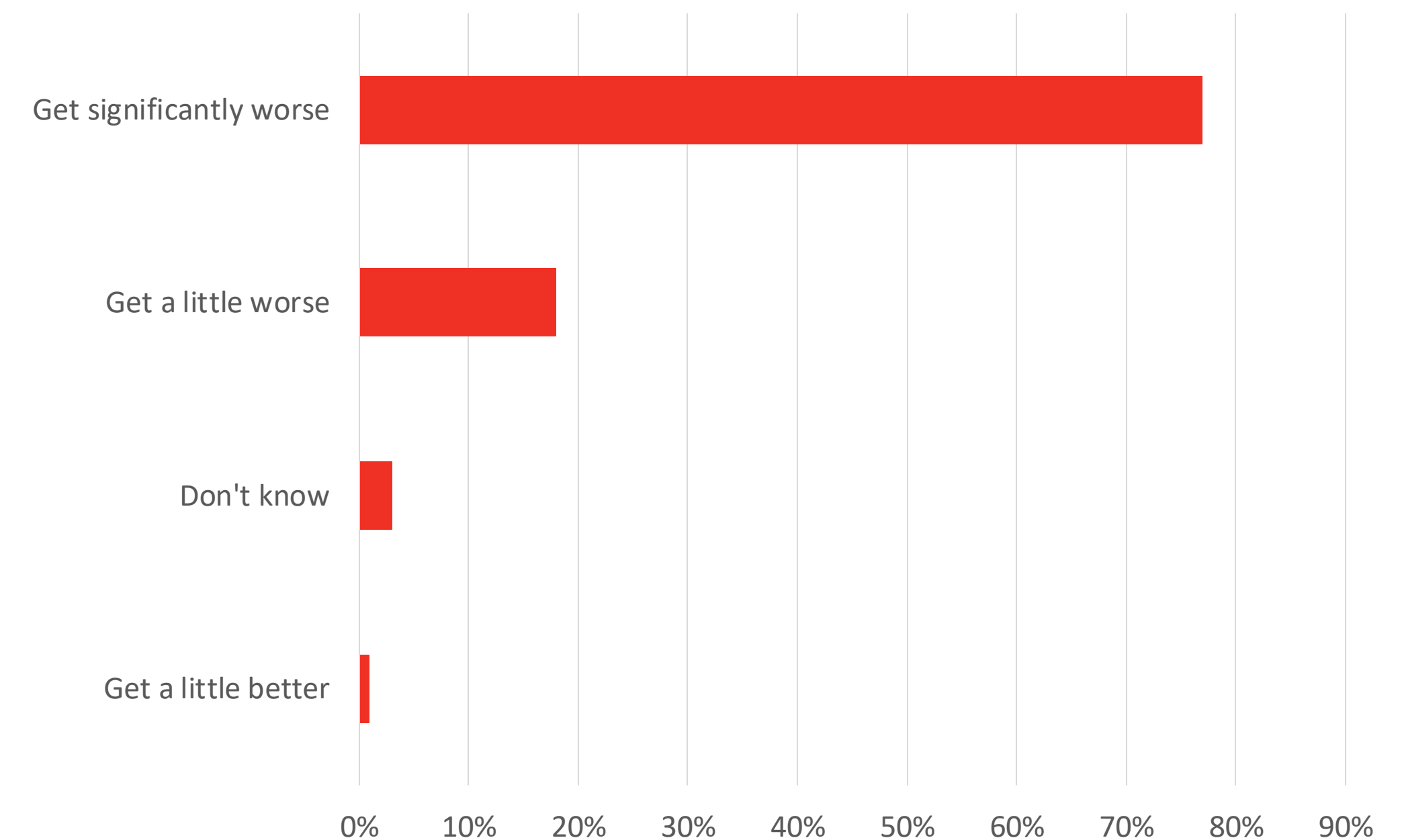
The Crisis Fund can help to relieve some of these pressures. But it cannot address the underlying causes driving rising levels of hardship. Or offer a solution for families bearing the brunt of the cost of living crisis.

95% of staff predicted that family incomes would worsen over the next 6 months

Rising costs, compounded by the Universal Credit cut and a lack of targeted support, will continue to have a devastating impact on low-income families this year.

95% of staff predicted that family incomes would worsen over the next 6 months – 77% said that they would **get significantly worse**.

Frontline staff's views on where family incomes will go over the next 6 months



5. Conclusion

Since it launched, the Crisis Fund has provided vital support for thousands of children, young people and families in our services. The fund was established to provide immediate relief from the financial pressures caused by the pandemic. However, donors have helped us to continue the fund through their ongoing support. This has enabled us to support families through a difficult winter and a spiraling cost of living crisis.

We worked with 604,885 children, young people and their parents/carers in 2020/21 through our services. The financial hardship that our services and frontline staff are seeing is among the worst they can remember.

This presents an immediate risk to families who are unable to meet their basic needs. And makes it more challenging to deliver the wider support that they need from our services. The Crisis Fund offers families a lifeline by providing grants to help relieve some of the financial burden they are facing. It is not and cannot ever be a long-term solution to sustained financial crisis.

The government committed to using the tax and benefit system to reduce child poverty in its 2019 election manifesto. And yet, with inflation set to reach its highest level for four decades this year, the policy responses introduced to date will not do nearly enough to support low-income families. Without further government action, those with the least will continue to suffer most from ongoing pressure on the cost of living.

6. Recommendations

To support families and children in financial crisis, the government should take these steps:

1. **Provide targeted relief to low-income families with children by increasing the Child Element of Universal Credit.** Children are the group most likely to be in poverty. Additional support is required to ensure that benefit levels are sufficiently adequate to provide an acceptable standard of living for those growing up on low-incomes.
2. **Ensure benefits keep pace with the cost of living.** Every April, benefits are uprated by the rate of inflation as recorded by the Consumer Price Index at the previous September. This lagged approach to setting benefit levels means that benefits were increased by only 3.1% in April 2022, when the rate of inflation is expected to have hit around 8%.

The Treasury should announce plans for a mid-year uprating to bring the 3.1% increase for 2022/23 in line with the actual CPI inflation rate. We recognise that it will take time to update IT systems to implement this change, particularly for legacy benefits. The Department for Work and Pensions should therefore immediately begin preparing for a mid-year uprating this autumn to help support families through the winter.

3. **Develop a cross-government strategy for reducing and ultimately eradicating child poverty across the UK.** We know that it's possible to reduce child poverty with the right policies. The UK government has not had a child poverty strategy since 2016 – this should be rectified.

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