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Protecting the future of local welfare to support individuals and families in crisis

Summary

- Since 2013, local welfare schemes have been pivotal in serving as a safety net within England's social security system, reflecting local authorities' long-standing commitment to supporting individuals facing financial crises. Despite this, these schemes have grappled with inconsistent funding, leading to a postcode lottery in access to essential support.
- They were significantly bolstered during the pandemic through programmes like the Household Support Fund – a temporary concession which has been which continued as cost-of-living raises have put households under more financial pressure.
- While the six-month extension to the Household Support Fund announced in the Spring Budget 2024 is welcome, it fails to recognise the long term need for a local welfare safety net.
- Many households are still feeling the strain of costs outstripping their incomes despite inflation dropping, making them more vulnerable to financial shocks.
- Individuals and families will continue to face financial crisis due to unexpected life events such as job loss, bereavement, end of relationship or a broken-down appliance. Through quick responsive support local authorities can step in to prevent someone from falling into debt and destitution.
- With national funding due to end in September, we are deeply concerned that the majority of local welfare support schemes will vanish in the coming months, leaving a patchwork of diminished versions run by cash-strapped local authorities. 50 per cent of councils responding to a recent LGA survey said they would be unable to fund additional local welfare schemes should the Household Support Funding end against a backdrop of a £4bn local government funding gap.¹
- **We need national government to provide long term ring-fenced funding and guidance to ensure every local authority in England is running a scheme where people in crisis can receive cash first support alongside wraparound advice to get them back on their feet.**
- **Designing a permanent system and giving local authorities the ability to plan so that they can best target need will take time. The Household Support Fund, therefore, needs to be extended one last time until a permanent solution is implemented as a transitional period while preventing a cliff edge in support.**

¹ LGA (2024), '[Household Support Fund survey report](#)'.

What we mean by local welfare and crisis support

Local welfare describes the social security safety net provided by local authorities and the voluntary and community sector to support people in hardship. This includes crisis support delivered by the council such as Local Welfare Assistance schemes, and other forms of support like Discretionary Housing Payments, Council Tax Reduction Schemes and support delivered by charities. This is the local eco-system that should be operating not to ensure households can afford the essentials but to help a people find their feet again after a life event or unexpected one-off cost.

Crisis support is responsive discretionary help delivered locally to quickly support people facing a financial crisis. It needs to be accessible and quick to reach the person in need. A cash first approach enables a quick, dignified and effective response. This can be accompanied by additional wrap-around support.

Local Welfare Assistance is a designated service, often labelled as 'Crisis Support Scheme,' 'Local Welfare Provision,' 'Help in a Crisis,' 'Household Support,' or similar titles. It operates with a distinct budget or expenditure line, which may be sourced from the Household Support Fund but must be separately identifiable. This assistance scheme offers direct grants, either in cash or in-kind, to individuals or households in need. It has a structured claims process, allowing members of the public to apply for support. Additionally, the scheme typically has a dedicated webpage on the local authority's website, providing comprehensive information about its provisions and how to access them.²

The need for long term ring-fenced funding for discretionary local crisis support

There will always be a place for discretionary local welfare within our social security system Even if social security payments covered the essentials, people on the lowest incomes will find it extremely difficult to build a savings buffer to manage unexpected costs. It's vital for households to access support in these circumstances. There are many life events that can destabilise an individual or family's finances. Losing a job, falling ill, or having to care for a loved one can reduce a person's income. Even something as simple as a broken-down boiler or appliance can have significant long term impacts for a household unless they are able to access help. There are many circumstances that many households simply cannot manage to overcome without missing bills they need to pay or taking out debt they can ill afford in the long term.

Local welfare is not only important to the recipient, but there is also evidence that it can lead to significant cost savings. In a study cited by the National Audit Office, an investment of £0.5million into local welfare assistance generated £9.7million in savings to other public services.³ Timely discretionary support can prevent additional costs to services like the NHS by supporting someone to keep their head above the

² End Furniture Poverty (2023), '[On the Cliff Edge: Crisis Support 2022/23](#)'.

³ National Audit Office (2016), '[Local Welfare Provision](#)'. The National Audit Office highlighted the evidence from Milton Keynes Council, which used the New Economy's Unit Cost Database to estimate the cost savings to other public services of their local welfare scheme. It estimated that over a full year awards made by the local authority worth £0.5 million led to a total estimated combined saving for central and local government of £9.7 million. The council examined the fiscal, economic and social value derived from a sample of 592 local welfare provision awards it made from January to July 2015.

water rather than being swept into a situation that has a long term impact on their health and wellbeing. Debt and destitution can have lifelong impacts on a person's physical and mental health. Similarly, cash support at the right time could prevent a family or household from being evicted and requiring ultimately more costly homelessness support.

A survey by the Local Government Association shows overwhelming support from local authorities for continued crisis support, however, this is predicated on receiving long term national funding. If the HSF ends, over half of councils in England wouldn't allocate additional funding, and almost half expect significant cuts in their local welfare provision.⁴ Even with maximum council tax increases, a £4 billion funding gap in local authority finances is expected over the next two years, creating significant challenges for councils who still wish to provide support without specific funding for the purpose.⁵ End Furniture Poverty's annual audit of local welfare schemes has shown that in 2022/23, 37 local authorities in England had closed their local welfare schemes and more are expected to have closed in the past year.⁶ Without national funding there will be a patchwork of support with millions of people missing out.

How local crisis support works to support households in crisis to find their feet

At their best, local discretionary support schemes utilise the existing knowledge that councils have of need in their local communities, as well as strong working relationships with voluntary and community sector partners. This allows local eco-systems to provide the immediate support required in the event of a crisis, but also to address longer term causes and effects of financial crisis. This can be delivered through wrap-around support such as advice on debt, employment, social security eligibility or budgeting.

Local schemes have increasingly embraced the use of cash grants, providing a more accessible, dignified, and flexible form of support. Moving forward, all schemes should prioritise cash grants and advice over the provision of emergency food, vouchers and other goods, while recognising the need for support to be flexible and suited to individual needs. There will also be situations when local authorities will be better placed to source items directly e.g. replacing furniture and white goods.⁷

Many local authorities have realised the benefits of close collaboration and partnerships with the voluntary and community sector, including by providing funding to local organisations. This has allowed the local authority to work with partners to deliver additional support. Strong partnerships with the VCS sector enables stronger signposting and referrals to complementary services, such as debt advice. It similarly means that people can more easily find the support they need as local community organisations can act as a conduit to local welfare, including when individuals may be more reluctant to directly approach council services.

⁴ Local Government Association (2024), '[Household Support Fund survey report](#)'.

⁵ Local Government Association (2023), '[Save local services: Council pressures explained](#)'.

⁶ End Furniture Poverty (2023), '[On the cliff edge: The State of Crisis Support 2022-2023](#)'.

⁷ APPG on Ending the Need for Food Banks (2023), '[Cash or food? Exploring effective responses to destitution](#)'.

No substitute for a social security system that ensures people have adequate incomes

Local welfare should be somewhere to turn to when you are struggling but it is not a substitute for a social security system that ensures everyone can afford the essentials. Discretionary support should be there to support people through one-off shocks that might cause a sudden drop in income or increase in costs. It shouldn't simply be used to plug the gaps of an inadequate social security system. It will however continue to play this role until underlying issues with key parts of our social security system such as Universal Credit are resolved. This includes both the failure of Universal Credit to ensure households can meet their basic needs and the delay in receiving any financial support due to the five-week wait. Our social security system should fundamentally ensure that households can put food on the table and pay their bills, without recourse to discretionary support. Until our social security system gets the reform and investment it needs it is likely local welfare will require additional funding whilst it steps in to meet basic needs and prevent or help alleviate the effects of destitution. Local welfare is integral to a well-functioning social security system but the level of support schemes provide will diminish as the overall safety net improves to provide people adequate incomes in the first place.

One substantial area where local welfare has been playing a role that should be delivered through a different mechanism is Free School Meal (FSM) holiday provision. Between October 2022 to March 2023, £155.77 million (37%) of HSF funds were spent on FSM holiday provision (usually in the form of supermarket vouchers).⁸

What should the long term future of local crisis support look like?

The insecure funding landscape created by short-term and at times ringfenced funding through the Household Support Fund has meant that local discretionary support has not always been able to effectively target and distribute support efficiently. To ensure an appropriate level of support for every locality, there should be a greater understanding of what best practice looks like and a minimum standard that should be required of all local authorities. There has already been substantial research exploring different local welfare schemes and setting out recommendations, including by the Local Government Association,⁹ Child Poverty Action Group,¹⁰ Barnardo's¹¹ and Greater Manchester Poverty Action.¹² Some of the common, key areas of best practice are:

- **Increase awareness of schemes and referral pathways** – local authorities should widely advertise the support that is available and how to access it. Ensuring effective referral pathways from voluntary sector organisations to local welfare providers and vice versa to get people to the help they need. This good

⁸ Department for Work & Pensions (2024), '[Household Support Fund 3 management information: 1 October 2022 to 31 March 2023](#)'. N.B. The period covered by the latest HSF management information does not include school summer holidays which due to their longer duration could result in greater spending on FSM holiday provision.

⁹ Local Government Association (2020), '[Good Practice Guide: Delivering Financial Hardship Support Schemes](#)'.

¹⁰ Child Poverty Action Group (2022), '[You Have To Take It Back To The Bricks](#)'.

¹¹ Barnardo's (2023), '[No crib for a bed: a closer look at bed poverty and the Household Support Fund crisis](#)'.

¹² Greater Manchester Poverty Action (2018), '[The Decline of Crisis Support in England](#)'.

practice is being achieved in some areas but not all.¹³ This includes where local authorities can achieve cheaper deals for furniture and white goods.

- **Simple application processes** – local authorities should ensure schemes are easy to apply for. Too onerous application and evidence processes can deter people from applying and create accessibility barriers.
- **Relaxed eligibility requirements** – local authorities should consider relaxing qualifying criteria for schemes to ensure those most in need get support. Repeat applications or lack of a local connection should not result in individuals being automatically ineligible to apply.
- **Tailored support** – local authorities should provide help that is tailored to individual needs, including a cash first approach where possible, alongside vouchers and in-kind provision when it is effective to do so.¹⁴
- **Wrap-around support** – local welfare payments should be accompanied by a rounded package of support, such as benefits advice and debt advice, that can help to address the cause of the financial crisis and allow someone to build their own resilience against future financial crises occurring.

In the coming months prior to the end of the Household Support Fund we will be hosting an inquiry to collect key learnings from local authorities and community VCS organisations about the delivery of local welfare. We plan to consolidate this into detailed recommendations about the design of a long term national scheme.

Recommendations

The UK Government should:

- **Immediately extend the Household Support Fund until March 2025 to provide transitional funding whilst a long term scheme is designed and implemented.**
- **Provide long term ring-fenced funding and guidance to ensure every local authority in England is running a scheme where people in crisis can receive cash first support alongside wraparound advice to get them back on their feet. This should initially match the level of funding which has been provided through the Household Support Fund.**

If you have any questions about this briefing, please contact Lyle Barker, Policy Officer (child poverty and inequality) at The Children's Society – Lyle.Barker@childrenssociety.org.uk

¹³ End Furniture Poverty (2024), '[Local welfare and furniture provision: the limits of cash first](#)'.

¹⁴ Independent Food Aid Network (2022), '[Cash First Leaflets](#)'.