



Research to inform policy from the University of York

# THE FUTURE OF THE HOUSEHOLD SUPPORT FUND

Evidence from research with Local Authorities

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## Summary

- The future of the Household Support Fund – a £1 billion per year lifeline for low-income households – is in doubt. The support is due to expire in March 2024.
- A coalition of organisations are calling for the Household Support Fund to be renewed past March 2024.
- Research at the University of York with 12 English Local Authorities has demonstrated the importance of this fund for both addressing the needs of low-income households and for supporting activities in the third sector such as welfare advice organisations and foodbanks.
- Our research suggests that these funds are playing a vital role in helping low-income households with the sharp increase in the cost of living and also supporting third sector organisations to deliver support, advice and essential services.
- By March 2024, the supposedly temporary discretionary support delivered via Local Authorities – for the pandemic, the surge in energy bills and the rise in cost of living – will account for over £2.5 billion in welfare provision since December 2020.
- Uncertainty about the future of the fund causes problems for Local Authorities in its own right: it makes it impossible to plan effectively for the future and retain key staff.

## Recommendations for policy

**The Government should renew the HSF ahead of the March 2024 budget.** This will ensure continued delivery of vital services and support for low-income households at a time of heightened pressures on the cost of living.

**To ensure support to the most vulnerable and to enable effective planning and implementation for Local Authorities, the government should commit to maintaining the HSF for a minimum of 5 years.** We would also support continuation of the related Scottish Welfare Fund, Wales' Discretionary Assistance Fund, and Northern Ireland Discretionary Support for the same minimum period.

## A lifeline with an uncertain future

The future of the £1 billion per year “Household Support Fund” (HSF) is in doubt. This Local Authority administered cost of living support is currently in its fourth wave, making millions of payments and providing support to low-income households across the country. Although the fund has shifted shape since its introduction, a sizable package of discretionary support at the local level has been in place since the COVID “Winter Support Grant” in 2020, which evolved into the “COVID Local Support Grant”, and in turn the HSF in 2021.

Our research demonstrates that the HSF has become a lifeline for hundreds of thousands of low-income households during the cost of living crisis – but, following the Autumn Statement in November 2023 it is currently uncertain whether the fund will be renewed past March 2024. In December 2023, the Government has confirmed – and has since reiterated – that “no further decisions have been taken on the Household Support Fund” renewal.

## The problem with procrastination

Uncertainty about the future of the HSF causes problems for Local Authorities trying to plan and deliver their local welfare schemes. Local Authorities have streams of work relying on this funding, staff roles depend on it, and a wide-range of third sector organisations (such as food banks and advice services) sustain their activities, in part, with HSF support.

To date, the HSF has almost always been renewed a matter of weeks ahead of its planned end date. The Local Authorities we interviewed underlined how this made effective planning almost impossible. As one of our participants put it:

*“We went twelve months, then twelve months, then six months, then six months, so it’s just been bitty and bobby really. And every time we’ve had the scheme, the message from the [Government] has been ‘This is the last year you’ll get the funding’. So we’re all like, right, okay, we’re not going to get it again, so we’re not planning for something long-term... We really struggled with it.”*

### Local Authority Interviewee

This uncertainty has knock-on consequences for staff retention. Local Authorities need to draw down on their HSF allocation to support administration costs; everything from making awards, collecting monitoring data, working with third sector partners, and so on.

One of our participants underscored how this uncertainty “affects everything” – the “time on recruitment activities is really challenging; the staff wellbeing, if they don’t know they’ve got a job” – and they cannot “overemphasise how much of an impact it has”. Last minute decisions on renewal, with the uncertainty it causes, is damaging in its own right: the Government should announce its intentions as soon as possible.

# 10,149 873

The number of awards made by Local Authorities in the third wave of the Household Support Fund

Source: Department for Work & Pensions, ‘Household Support Fund 3 management information for 1 October 2022 to 31 March 2023’ (2023) at: <https://bit.ly/3TM9CKD>

## Pulling the rug out

Millions of families have come to rely on support provided by the HSF. Perhaps the best illustration of its reach is the provision of free schools meals outside of term time. A majority of Local Authorities support food voucher programmes in the holidays to assist households otherwise in receipt of free school meals in term-time. This is often a significant proportion of expenditure from the fund; often as much as a third or even half of their overall budget. Local Authorities we spoke to were nervous about pulling away this support from families who had come to rely on it.

*“I know some authorities are thinking of ditching the free school meal vouchers.... We’re not quite sure that’s a good idea because we feel there may have been some dependency created on those and we’d like [the Department for Work & Pensions] to come up with the exit strategy for that if they want Local Authorities to move away from that because that is really what the scheme was originally all about.”*

Local Authority Interviewee

## Ripples through the eco-system

In order to make best use of the HSF, most Local Authorities have developed existing partnerships with third sector organisations, or struck up new ones. This is a win-win proposition: community and voluntary sector organisations are often working closely with households struggling with the cost of living, and provide greater support (for instance, with debt issues or social welfare advice) than is possible in-house by a Local Authority. Likewise, in an extremely challenging financial environment, the HSF provides support to sustain the work of a wide range of third sector organisations – from advice services through to food banks.

*“... can we use the [HSF] money in a way that relieves pressure on other organisations, or if that pressure is there, can we fund them through it. ... We’re saying to smaller community groups, right, you know the people who are in need, they’re coming to you already, we’ll fund you...”*

## Local Authority Interviewee

A failure to renew the fund will present a challenge not only for Local Authorities and the households they support, but also for organisations in the third sector – many of whom rely on some HSF funding to help sustain part of their activities.

Reflecting widespread concern about the future of HSF, a wide coalition of stakeholders are now calling on the Government to not only end the uncertainty but also extend the life of HSF, including the Local Government Association, London Councils, political leaders across Greater Manchester, The Co-Operative Party, Citizens Advice, and Barnardo’s. The latter has coordinated an open letter to the Chancellor signed by The Trussell Trust, End Furniture Poverty, Greater Manchester Poverty Action, The Children’s Society, North East Child Poverty Commission, Independent Food Aid Network, StepChange Debt Charity, Child Poverty Action Group, Turn2us, Save the Children UK and the Lloyds Bank Foundation.

## The future of the HSF

In the grand context of public spending, £1 billion per annum is not a significant sum of money. However, with rapidly rising levels of destitution – estimated to affect 3.8 million people last year, including around 1 million children – the HSF has come to be an important life-line across the country, as many campaigning organisations and charities highlight. Failing to renew the fund would be a costly mistake for the households that rely on it and would have ripples throughout the third sector.

Delaying the decision on renewal, potentially to the Spring Budget in March 2024 – taking place just weeks before the current funding is due to expire – makes it impossible for Local Authorities to adequately plan. This lack of certainty will further damage staff retention and the ability to sustain vital services and support.

All the Local Authorities we spoke to wanted to see a stronger social security system that is better able to meet the needs of households without recourse to temporary forms of relief such as the HSF. In meantime, and in the face of the unprecedented challenges that buffeted household incomes over the last five years, the HSF and other forms of discretionary support have become an important component in responding to the cost of living crisis.

The Government should commit to its renewal – not for 6 months or for a year, but for a sustained period, to help support Local Authorities to organise and provide this support to the large and rising number of low income households whose needs are not being adequately met by the current social security system.



## Read the research

The full research paper underpinning this briefing is available to read for free in the Journal of Poverty & Social Justice. The project is funded by the Research England Policy Support Fund and York Law School, and is part of the University’s Cost of Living Research Group’s activity. The project was reviewed by the SPSW Ethics Committee (approval SPSW/S/22/15) and the Economics, Law, Management, Politics and Sociology Ethics Committee at the University of York.

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