

The final line of defence? The Household Support Fund and its role in the cost of living crisis.

Summary

- In 2022 we saw demand for local welfare support, like the Household Support Fund, triple compared to the previous year.
- The need for the fund highlights underlying weaknesses in the welfare state.
- Our advisers report issues with varying rules, access and exhausted local funds.
- With the Household Support Fund extended for a whole year, now's the time to address barriers to people accessing support.

The cost of living crisis

Since September 2021, inflation has rocketed to a 40-year high, pushing up the price of everything from household bills and the weekly shop to the commute to work and childcare. Many low income households simply haven't been able to cope and from January to November 2022 we helped over 185,000 people with referrals to crisis support, such as food banks and other forms of charitable assistance. This is an increase of 50% on the same time the previous year and is 100% higher than the year before.

The Government has made a series of significant interventions in an attempt to tackle this crisis. These have included cost of living support payments (with further payments to come), the Energy Bills Support Scheme and Energy Price Guarantee and the Household Support Fund.

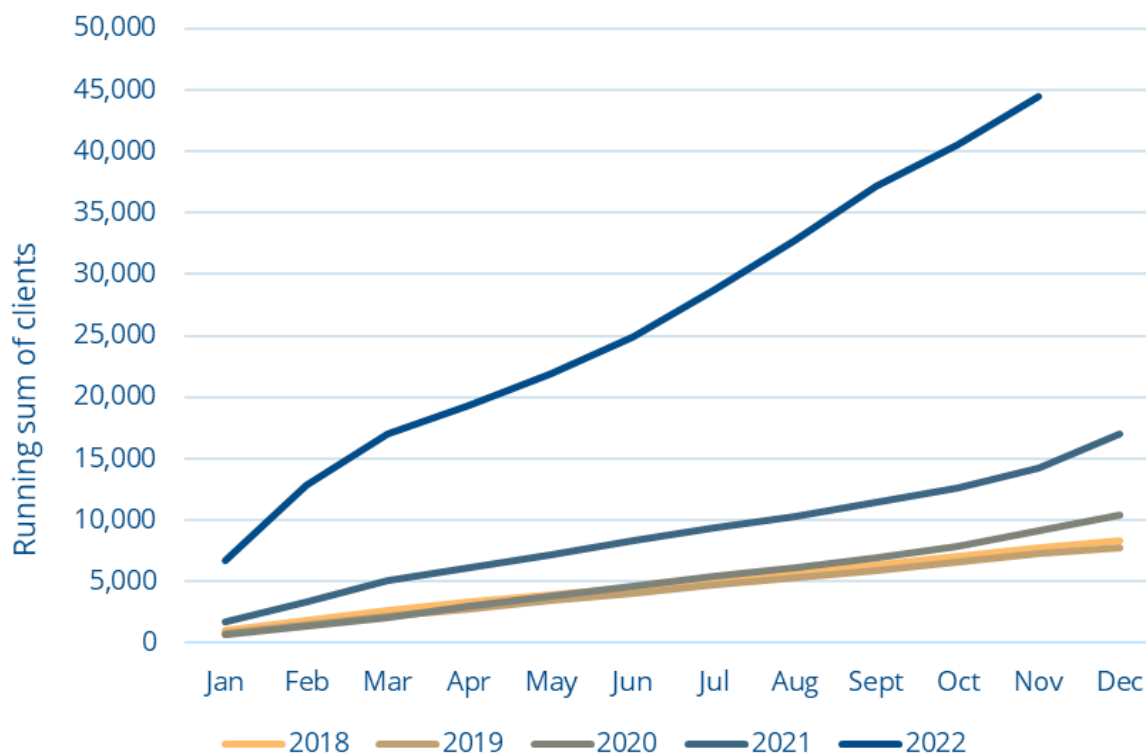
The Household Support Fund

The Household Support Fund (HSF) has made up the local element of the Government's support with the cost of living crisis. To date, it has taken the form of a succession of 6 monthly grants - each worth £500m - for households most in need of help with rising living costs (with the next instalment to run for 12 months from April 2023). The grants are provided to local authorities to administer. They have a degree of discretion as to what their HSF allocation goes towards, but most of our advisers report it being used to cover the cost of food and household bills. Central government also provides some guidance on how and where to prioritise funding. This is generally focused on particular groups, in particular households with children and, more recently, pensioners.

Meeting a growing demand

From January to November 2022, we helped over 44,000 people with issues related to local welfare schemes, an increase of over 200% on the same period the previous year.

Figure 1: Cumulative number of people seen regarding local welfare, 2018-22



This rise is also reflected through surveys of Citizens Advice advisers, which show growing awareness and use of the Household Support Fund. In August 2022, **83%** of our advisers were aware of people trying to access it, compared to **69%** in January and **27%** in November 2021.¹

The majority (59%) of people we supported with local welfare issues during the year to October 2022 were disabled or had a long-term health condition - this is compared to 42% of our general client population. 46% lived in households with dependent children. And half had an income of less than £1000 per month. According to our advisers, those who access the HSF are mostly using it for **food and fuel costs**.

"Clients were able to heat their homes and afford food for their families, rather than one or the other." - Citizens Advice caseworker

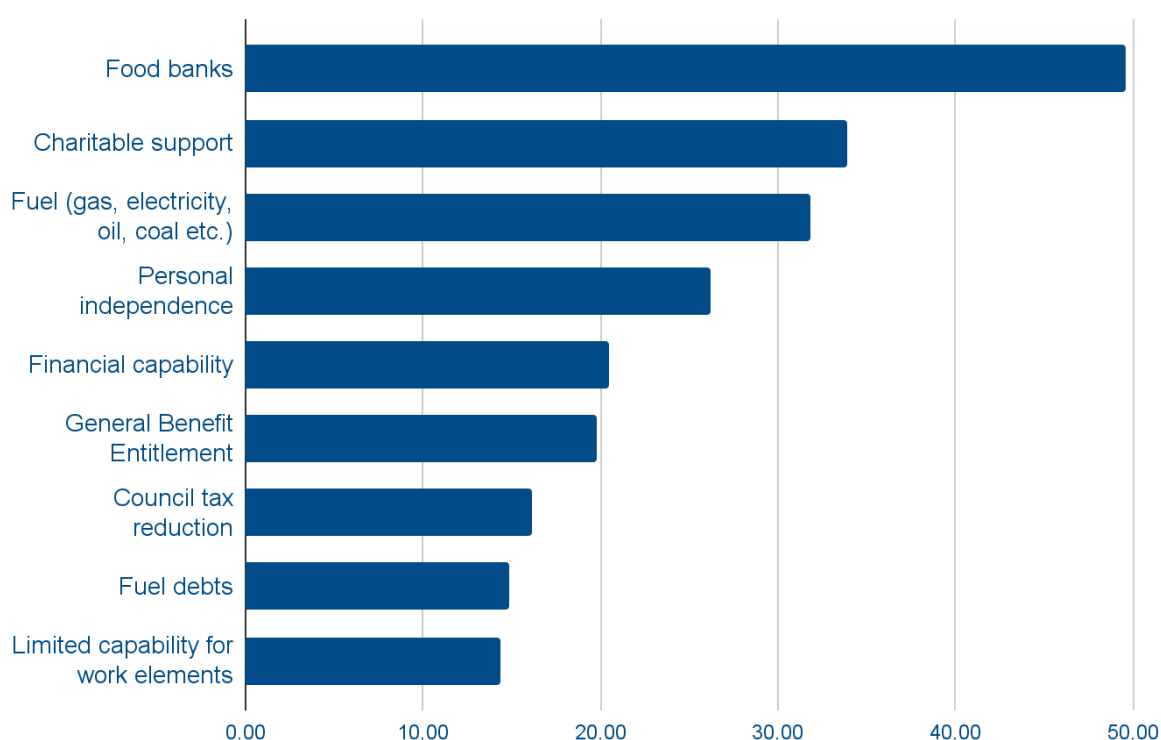
"As a short-term measure, it's been vital for clients to eat, survive and pay bills at a critical time." Citizens Advice adviser

¹ Survey of 144 Citizens Advice local staff members, August 2022. Survey of 270 Citizens Advice local staff members, January 2022. Survey of 214 Citizens Advice local staff members, November 2021.

"I got my code today for £200. I went to Asda and they gave me the cash - I've been able to do a big food shop whilst there with the money. It's helped so much and I'm very grateful, so from me and my children a big THANK YOU from us!" Individual supported to access the HSF

Others have used it to reduce arrears, pay for household essentials and rent. Figure 2, below, illustrates the types of wider issues those who came to us for advice on local welfare schemes needed support with, and indicates the types of pressure households are experiencing.

Figure 2: Percentage of people seen regarding local welfare who needed advice on other issues



Citizens Advice data, January - October 2022

Many advisers highlighted important benefits of the HSF, including the support it's given people on the brink of destitution and the contribution to **relieving stress and reducing anxiety**.

"The HSF has been a critical ameliorative measure at a time of severe financial struggle for clients... The support received was immensely helpful in meeting basic needs." Citizens Advice volunteer

"Every applicant is hugely grateful. Some are in tears as I make their application." Citizens Advice volunteer

“Clients [are] able to have peace of mind, mental health improved, better able to manage daily living”. - Manager at a local Citizens Advice

A number of local Citizens Advice offices have been acting as delivery partners on the HSF for their local authorities. They were able to offer additional insights into the Fund and we discussed these with two of them - Citizens Advice Manchester and Citizens Advice Surrey Heath.

Experiences of HSF delivery: Citizens Advice Manchester and Citizens Advice Surrey Heath

Delivery partnerships around the HSF developed in different ways. Citizens Advice Manchester had been approached by the City Council as a result of previous joint working, while Surrey Heath had contacted their local authority proactively. Both offices were positive about the local relationships they had developed as a result of delivering the HSF.

Vouchers were the primary delivery mechanism in both areas. Both areas had experienced some related challenges, generally around reducing additional costs and ensuring vouchers could be easily used. In Surrey, energy vouchers were offered initially, but were discontinued as they charged an admin fee. They instead switched to supermarket vouchers only. In Manchester, PayPoint vouchers allowed them to issue people with cash payments. They switched to posting these to avoid travel expenses for collection. The main issues they'd seen were the need to find shops with sufficient cash onsite and the risks of people carrying sometimes significant amounts of cash on their person.

In both areas, the local offices identified advantages from their involvement in delivery. Citizens Advice offered better prior links to the target support group and allowed for greater flexibility, in being able to exercise discretion around eligibility and delivery options. It also helped link those receiving help from HSF with wider support. In Manchester, the local office ran an initial assessment with each HSF client to identify additional support needs such as debt advice, which they could then offer or refer on to.

The main delivery challenges identified by both offices were the scale of demand and the resulting pressure on their resources in terms of time and administration. Both offices had needed to pay for additional staff hours to support with delivery. In Surrey, the office had been given a grant from the local authority to cover their costs, but calculated the actual costs they had incurred had been greater.

When considering the lessons drawn from delivering HSF, both stressed the degree of planning and process involved to manage demand and ensure the fund's deadlines were met. The timescales on HSF were another issue, particularly the pressure to distribute a set amount of money by a fixed date. One local office felt these parameters sometimes reduced the effectiveness of their decision-making. Finally, both stressed their sense of the inadequacy of HSF to address the scale of the challenge: *“these payments are obviously welcomed but they're not going to fix the*

underlying issue of the cost of living crisis, and they're not really enough. "

Reviewing all of our data and evidence from advisers and local offices on how the HSF is operating, a number of themes emerge which we set out below.

Themes emerging from our evidence

Issues with access

Our advisers were fairly positive about supporting people to access the HSF. 62% reported that people they had seen trying to access the fund had mostly been successful, as opposed to 9% who reported most people they had seen had been unsuccessful. 29% did not know of the outcomes for their clients.

However, our evidence also suggests a number of barriers to accessing the HSF, despite high need and demand, for those who lack support. People who need help from the HSF must be aware of its existence, in general able to navigate an online application, and sometimes require a bank account. The speed by which funding could be made available was also a problem in some areas, with advisers reporting some local authorities taking two weeks to process applications.

"It's known locally as the Where's Wally fund - everybody knows it's there somewhere but nobody can actually find it. We've seen very poor communication from our local authority, with no clarity of how it is being distributed" Citizens Advice adviser

We have also seen evidence of issues with the scheme being largely based on vouchers. In one area, the local Citizens Advice had needed to undertake door to door outreach to convince local shop owners the vouchers provided were not a scam. Some shop owners remain reluctant to take vouchers as it creates a delay in their receipt of payment.

In other areas, it was reported local authorities were requiring an email address to transfer the vouchers, which sometimes meant advisers needing to add their own address where an individual did not use a computer themselves, and then pass the vouchers on.

"It can feel like people are having to work really hard to get something that they desperately need. It's not very dignified for them." Citizens Advice adviser

In many cases, advisers stressed the importance of moving towards a 'cash first' alternative. One local Citizens Advice was already doing this, working with people to find out what they needed and paying suppliers directly, but this was acknowledged to be a labour-intensive approach.

There are also issues with eligibility criteria, over which local authorities have some discretion and in some areas are much stricter than others. We've seen people excluded

on the basis that they receive legacy benefits, or that they have not yet accessed Council Tax Support. Many of our advisers also expressed concern about households who tend to fall through the cracks in eligibility: single-person households, those without dependent children and those with no recourse to public funds.

"Our council appears to be making the criteria for access very difficult. It could appear to be gate-keeping." Citizens Advice adviser

Local discretion over the administration of the fund has advantages and disadvantages

The fact the fund is delivered by local authorities - with each relatively free to set their own eligibility criteria - offers scope for flexibility and innovation. In theory, this should allow administration to be designed to address local needs and circumstances. To ensure the funding reaches those most in need, some local authorities are using third sector organisations operating on the ground as delivery partners. Local Citizens Advice offices involved in this mode of delivery have spoken about improved relationships with their local authority and the benefit of having direct help to offer those struggling.

However, as with all locally devolved welfare provision, many of our advisers have raised concerns about the 'postcode lottery' involved, with large numbers of seemingly arbitrary differences between localities around who can claim, whether people can claim more than once, whether people are allowed to apply directly, the amount you receive and how support is delivered. Some of our local offices are serving people from up to three different local authorities, creating a lot of complexity and confusion in determining eligibility. In some areas, local authorities did not allow applications to the scheme, instead distributing it themselves to those who met their access criteria. The amount of support offered also varied widely, as well as the mechanisms for delivering it.

"Many times I was asked "How much do they need?" and this is a hard question to answer without a clear frame of reference" Citizens Advice adviser

The 6 month funding periods created an often disjointed process, which is not conducive to efficient and effective distribution

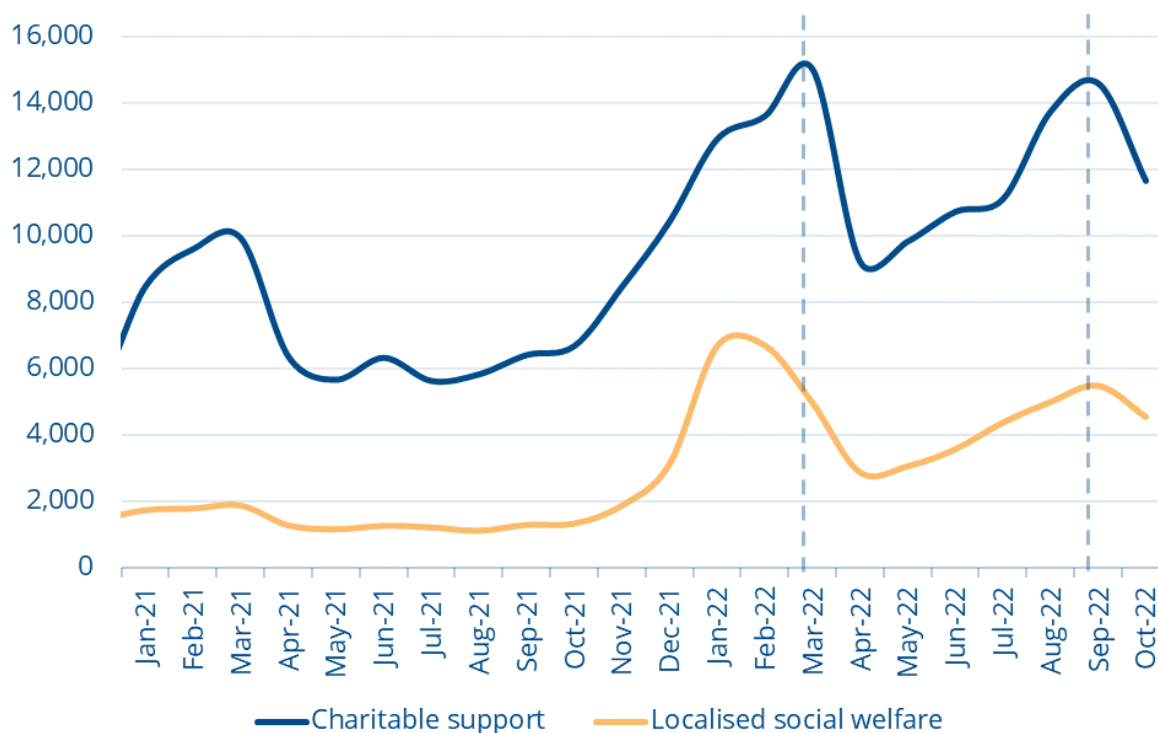
While it has now been announced that the next funding round is to last for a whole year, to date funding has been issued in six monthly cycles. Local authorities have needed to ensure all funds are distributed by that deadline, with any remaining having to be returned. This has created challenges for smooth and efficient distribution of the funding in a context of high demand and tight timescales. While some areas have struggled with funds running out early, in others there have been fears around underspends.

One local Citizens Advice discussed their local authority's concerns that the amount they had been allocated was less than 10% of what the £20 UC uplift had previously provided people. They therefore set strict access criteria, but ended up with a £200,000 underspend in the first round of funding. Another area had the local Citizens Advice support them in identifying households in need during the last weeks of funding so the

local authority could proactively contact them to avoid an underspend. The guidance around focusing resources on pensioners and families with children led some areas to mailout previously identified recipients of relevant benefits (Pension Credit, for example), offering these households a support voucher regardless of whether or not they had indicated need.

The consequences of this structure are indicated by our data - see Figure 3 below - with clear 'peaks' in clients receiving support in the last month of an HSF funding round (March and September 2022), followed by a drop-off in the first month of a new funding round (April and October 2022). The peaks are likely linked to the push to allocate all outstanding resources in advance of the deadline, and the drops may indicate both set-up delays with new funding rounds and the fact more households than normal had received support the previous month.

Figure 3: Trends in people seen by Citizens Advice regarding local social welfare and charitable support, by month



Many areas discussed the real difficulties of balancing the need to ensure support reached the right people when they needed it, with the desire neither to run out of funding before the end of the scheme in the context of overwhelming demand, nor to be forced to return money which would otherwise have gone to hard-pressed households.

The Household Support Fund is poorly suited to the nature of the current cost of living crisis

Ultimately, the HSF as a support mechanism has a number of limitations during the current cost of living crisis. First, this is a crisis which is ongoing, rather than one-off, in its nature. As prices rise month on month, huge numbers of households are finding

themselves with incomes that cannot stretch to cover their outgoings. This is quite different from the types of crises that previous local welfare schemes involving one-off payments (such as Local Welfare Assistance) were designed to address. These tended to involve a short-term 'shock' - a broken appliance or a delay to a first benefit payment, for example - that a one-off grant could help to absorb. When there is a budgetary shortfall occurring every month, however, a one-off grant is far more limited in its ability to stabilise the situation. It may reduce the pressure for a month or so, but provides nothing sustainable in the face of ongoing price rises.

"The amounts we can offer are too small to make a lot of difference. We are dealing with people who are relying on inadequate sums of money and who for the first time are unable to manage on their earnings." Citizens Advice adviser

"It's too short term... It needs to go alongside lots of other support - you've got the same bills coming out every single month" Citizens Advice adviser

Second, the overall funding for HSF does not come close to reflecting the scale and widespread nature of need in the current crisis. With dramatic price rises on essentials and so many households struggling, many local authorities have felt they have little choice but to try to ration access in some of the ways discussed above (for example, banning direct applications or excluding those not in receipt of certain benefits). Demand has often been overwhelming. Where rationing of the HSF has been less strict, we've had our local offices reporting funds running out within 6 weeks in some areas. For the HSF running from October 2021 to March 2022, 1 in 6 local authorities had exhausted the fund at least a month before the official end of the scheme.²

"It's just a drop in the ocean." "It's a very small sticking plaster on a very big wound." Citizens Advice advisers

Practical improvements

Local government

There needs to be more flexibility around the ways in which support is delivered.

A number of accessibility issues continue to hamper some people's ability to use the support offered by the HSF. These centre on the use of vouchers - often without the option of a cash alternative - and the need in some areas for recipients to have access to an email address and bank account. Where these are preventing the most vulnerable households from receiving help, local authorities need to be offering alternatives. These could include an offline application process, or the option of a cash voucher or cash payments delivered through a trusted referrer, such as a local community or third sector organisation. Generally, these organisations are also central to ensuring the fund is supporting the most vulnerable households, who tend to be hard to reach through advertising or general awareness-raising initiatives. Local authorities should therefore

² House of Commons Research Briefing: <https://researchbriefings.files.parliament.uk/documents/CBP-9565/CBP-9565.pdf>

be fostering links with grassroots organisations to improve the targeting of support and access to the HSF.

We need to ensure one-off support from the HSF is linked to ongoing, holistic support for vulnerable households. One of the most commonly-raised concerns about the HSF among our advisers was the ‘short-term sticking plaster’ nature of the support offered. They pointed out that eligibility for the HSF was usually a marker for wider support requirements: *“9 times out of 10, if you’re eligible for the HSF you’re probably going to be eligible for other support, like a social tariff, but people may not know about that.”* Again, partnership with local, grassroots organisations and referral partners was vital, with areas seen to be delivering most effectively, working closely with third sector and community partners to support people applying for the HSF with budgeting, debt and benefit applications that could stabilise their situation beyond the short-term help.

National government

Ensuring HSF funding at a level to meet demand. With the welcome announcement in the Autumn Statement that funding is now secure until March 2024, it’s important that measures are also put in place that ensure it is enough to meet demand. Reporting data alone is insufficient to judge the adequacy of the fund, and it is vital that the government works with those local councils administering the fund to track needs in each area and whether authorities are having to ration support.

Ensuring that the fund’s flexibility can be used to offer support to groups most likely to fall through the eligibility cracks of existing cost of living support or who otherwise have reduced benefit income.

- **Larger families.** These families are likely to face greater energy costs but receive no targeted help and those receiving benefits may already have support reduced via the two child limit.
- **Those under 25 years old and living independently.** People in this category receive reduced benefit support, despite facing the same living costs as someone over 25.
- **People in receipt of Housing Benefit only.** This group is not eligible for the cost of living support payments offered to recipients of all other means-tested benefits.
- **People with no recourse to public funds.** 1.4 million people in the UK have no recourse to public funds (NRPF) due to their immigration status. This is a group more likely to have a low income - more than 3 in 4 households with NRPF had an income less than the UK median. And 4 in 5 were already behind with their bills before the cost of living crisis hit.

Addressing the root of the problem

However it is delivered, the HSF is simply incommensurate with the scale of the challenges facing those who need it. One-off payments, like those offered under the scheme, can provide a month’s respite to help people bridge very short-term crises.

They cannot provide financial stability for households whose incomes simply cannot keep pace with months of dramatic price rises across the essentials.

Our [analysis](#) shows how in a time of high inflation, benefits lag far behind the real cost of living. We see the impact of this in the numbers of people coming to us for [crisis support](#), helping two people every minute and we now see close to half of those coming to us for help with debt in [negative budgets](#); they simply don't have enough coming in to cover their essential costs each month.

The HSF is the final line of defence for households teetering on the brink. It must be further strengthened alongside action to reduce the need for it in the first place.