

# The future of crisis support

A discussion paper



**citizens  
advice**

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## CONTENTS

1. Summary.....	3
2. Introduction.....	4
Crisis support since the Welfare Reform Act.....	4
HSF: funding.....	6
HSF: support provided.....	8
HSF: essential costs vs. moments of crisis.....	9
3. The need for crisis support.....	11
4. Assessment of the HSF model.....	16
The delivery model.....	16
The funding model.....	17
Strategic direction.....	18
5. Key questions for reform.....	20
Should future crisis support be more centralised?.....	20
Should future crisis support be more localised?.....	20
How should crisis support be funded?.....	22
What should crisis support be for?.....	23
6. Principles for improved crisis support.....	24
A national framework for local delivery.....	24
Increase and stabilise funding.....	25
Separate provision of holiday FSM support.....	26
Crisis support should be focused on unforeseen events.....	26
7. Conclusion.....	30
Annex: comparison of crisis support models.....	32

# 1. Summary

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Discretionary crisis support is an essential element of a well-functioning welfare system. All households need somewhere to turn to weather sudden shocks to their income, and prevent moments of crisis from escalating. The need for this crisis support has also never been clearer: in 2024, we advised over 83,000 people in England on local social welfare, 95% more than in 2022, and 14% more than in 2023.

The Household Support Fund (HSF) has been the primary source of crisis support in England since it began in 2021. It has provided vital support to households facing hardship with nowhere left to turn, including being used to soften the impact of shortfalls in the wider benefits system. With the HSF's 7th iteration due to end on 31st March 2026, now is an opportunity to proactively develop a more effective approach to discretionary crisis support in England.

HSF should not be seen as a substitute for benefits adequacy. Given the likely growth in demand for discretionary support if and when significant cuts to disability and incapacity benefits are implemented, the HSF's successor scheme must be re-oriented towards supporting people through moments of crisis – which people would experience even if benefits were set at higher levels – and away from papering over cracks in welfare provision.

This paper explores the factors the government should consider in their approach to crisis support, by:

1. [Assessing the current HSF model \(p16-19\)](#)
2. [Exploring key questions for reform \(p20-23\)](#)
3. [Setting out principles for an improved model for delivery \(p24-29\)](#)

The most effective option would be continuing to deliver crisis support at local authority level, but crucially with permanent, ring-fenced, and adequate central funding. A statutory duty on local authorities, if appropriately financed, would ensure crisis support was delivered in all English local authorities, and would establish a consistent minimum delivery standard.

## 2. Introduction

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Discretionary crisis support is the essential final layer of the social security net. All households are at risk of sudden shocks to their income from unforeseen events like job loss, bereavement, or essential appliances breaking. In these moments of crisis, accessing support can be the difference between starting on the path towards stability, or existing problems escalating. In helping people weather financial shocks, crisis support is fundamental to minimising short-term hardship, building and maintaining financial resilience, and preventing the need for more serious, and costly, future interventions.<sup>1</sup>

### **Crisis support since the Welfare Reform Act**

Over the past decade, crisis support in England has first been eroded, and then characterised by short-term and uncertain funding. After the Discretionary Social Fund was abolished in the 2012 Welfare Reform Act, English local authorities became responsible for designing and administering discretionary crisis support through Local Welfare Assistance (LWA) schemes. By contrast, Northern Ireland, Scotland, and Wales have each delivered their own national crisis support since the abolition of the Social Fund: Discretionary Support in Northern Ireland since 2016,<sup>2</sup> the Scottish Welfare Fund since 2013 (administered by Scottish local authorities following Scottish Government guidance),<sup>3</sup> and the Discretionary Assistance Fund (DAF) in Wales since 2013.<sup>4</sup>

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<sup>1</sup> Julia Ruddick-Trentmann (2024) [Where Next for the Household Support Fund](#).

<sup>2</sup> Department for Communities, NI (2022) [Independent Review of Discretionary Support](#).

<sup>3</sup> Ipsos Scotland for Scottish Government (2023) [Review of the Scottish Welfare Fund](#).

<sup>4</sup> Welsh Government (2024) [Discretionary assistance fund: quality report](#).

## Spotlight on the Discretionary Assistance Fund (DAF) in Wales

DAF is funded through a core grant, which has been routinely topped up with considerable additional funding since Covid-19. The Welsh Government has allocated £40m to the DAF for 2025/26.<sup>5</sup>

The DAF consists of two components: Emergency Assistance Payments (EAPs), and Individual Assistance Payments (IAPs). EAPs are non-means tested grants accessible to anyone in 'extreme financial hardship' and 'in need of immediate financial support'. At the end of 2024, the mean value of an EAP was £79.<sup>6</sup> By comparison, IAPs are only available to people receiving means-tested benefits. IAPs are grants which provide certain white goods and furniture to help people start or continue to live independently in the community.<sup>7</sup> In 2024, 95% of DAF payments (205,400) were for EAPs.<sup>8</sup>

While people can apply directly for support from DAF on [a Welsh Government webpage](#), they're encouraged to make an application through an approved partner, which includes all Welsh Citizens Advice offices. On average in 2024, Citizens Advice offices in Wales advised almost 980 people a month on DAF, up from a monthly average of 760 in 2023.

As in England, people struggling to meet the high cost of living are turning to crisis support, including the DAF, to meet their essential needs. This growth in demand has put Welsh crisis support under increasing pressure,<sup>9</sup> with the result that the Welsh Government describes the DAF as 'undergoing a period of refocussing back to its core purpose as an emergency fund'.<sup>10</sup> Reflecting this, the number of DAF payments and the total value of awards at the end of 2024 were both roughly half what they'd been in the same months in 2023.<sup>11</sup>

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<sup>5</sup> Welsh Parliament [Plenary Session 11.12.2024](#).

<sup>6</sup> Welsh Government (2025) [Discretionary assistance fund: October to December 2024 statistics](#).

<sup>7</sup> To be eligible for either IAPs or EAPs, applicants must also be over 16, living in Wales, and have no other money, such as savings. See [Discretionary Assistance Fund](#).

<sup>8</sup> Welsh Government [Discretionary assistance fund statistics](#).

<sup>9</sup> Hannah Sorley and Lindsey Kearton (2024) [Reaching Crisis Point: the Story in Wales](#).

<sup>10</sup> Welsh Government (2025) [Discretionary assistance fund: October to December 2024 statistics](#).

<sup>11</sup> In October - December 2023, there were 58,702 total DAF payments, with a total value of £8,134,692. In October - December 2024, there were 26,800 payments with a total value of £4,328,000. See: Welsh Government [Discretionary assistance fund statistics](#).

In England, the budget allocated to discretionary crisis support was cut by 42% in real terms between 2009/10 and 2013/14, when LWA schemes were created. By 2015/16, funds were included in local authorities' revenue support grant, rather than ring-fenced in budgets for LWA.<sup>12</sup> There was no statutory duty for local authorities to maintain a LWA scheme, and many schemes were cut back, if not entirely closed, as a result of the financial pressures facing local authorities. In 2023/24, 36 local authorities in England did not operate a LWA scheme, up from 25 in 2019/20.<sup>13</sup>

In 2020, new centrally funded and locally delivered funds were developed in response to Covid-19: first, the [Covid Winter Grant Scheme](#), then the [Covid Local Support Grant](#), which combined covered the period from December 2020 to September 2021. These funds were followed by the HSF, announced in September 2021 to support households through the 'final stages of recovery' from the pandemic, and 'help people with the cost of living'.<sup>14</sup> Though a separate source of support, HSF funding has become fundamental to delivering what remains of LWA schemes. In 2023/24, 65% of LWA funding across England came from the HSF, and 18 local authorities' LWA scheme was entirely funded by the HSF.<sup>15</sup>

## HSF: funding

Since its introduction in October 2021, the HSF has continually been renewed on a short-term basis, creating uncertainty about the fund's future. Extensions have often been announced only shortly before the scheduled end of the fund.

The first installment of the HSF ran for 6 months from October 2021 - March 2022, with £500 million in funding attached: £421 million for English local authorities, and £79 million allocated to the devolved governments through the Barnett formula. Since then, the HSF has been renewed over 7 separate funding cycles, bringing the current total spent on the fund from October 2021 to 31 March 2025 to £3.5 billion.<sup>16</sup>

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<sup>12</sup> In 2012/13 prices, the Social Fund's crisis loans and community care grants were allocated £291m in 2009/10, while LWA was allocated £170m in 2013/14. See: National Audit Office (2016) [Local Welfare Provision](#).

<sup>13</sup> Daniel Peake and Claire Donovan (2024), [A Bleak Future for Crisis Support](#).

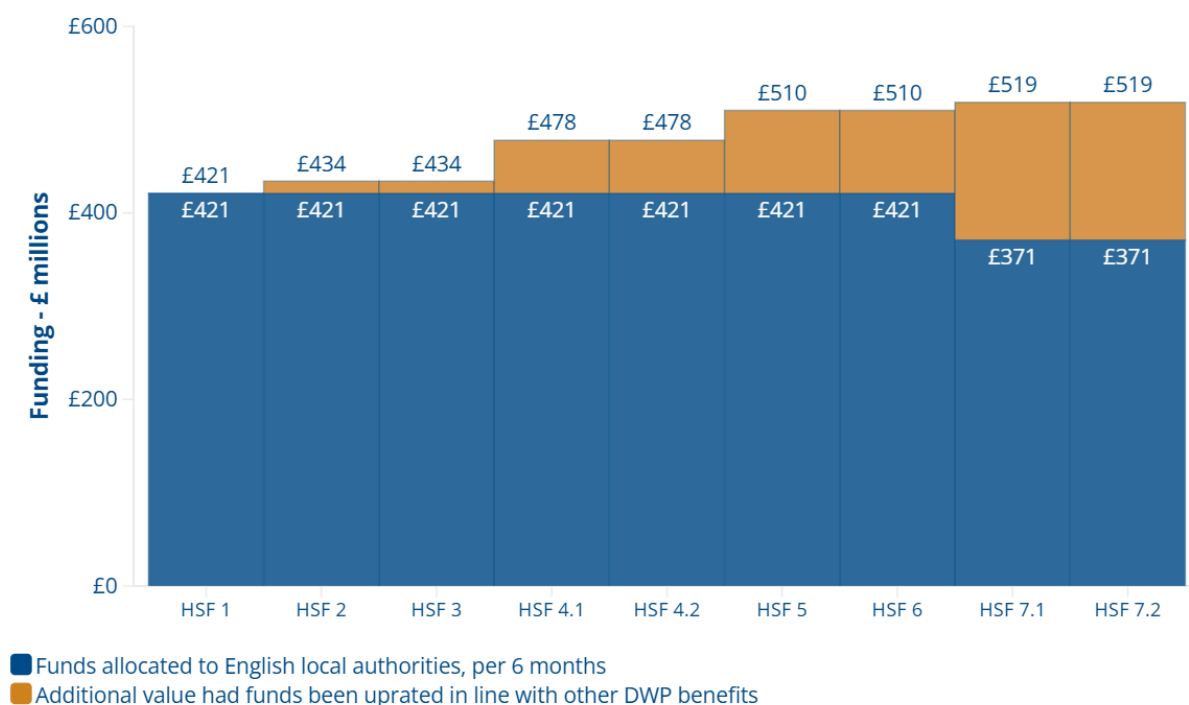
<sup>14</sup> DWP (2021) [Government launches £500m support for vulnerable households over winter](#).

<sup>15</sup> Daniel Peake and Claire Donovan (2024), [A Bleak Future for Crisis Support](#).

<sup>16</sup> DWP (2025) [Household Support Fund: guidance for local councils](#).

Until April 2025, funding had been held constant in cash terms since October 2021. As a result, HSF 6 (1st October 2024 - 31st March 2025) was worth 17% less in real terms than if funding had been uprated each April in line with the Consumer Prices Index (CPI), like most Department for Work and Pensions (DWP) benefits.<sup>17</sup> However, from 1st April 2025, the total allocated to the HSF was cut in cash terms for the first time. £742 million has been allocated to local authorities in England for the year-long HSF 7.<sup>18</sup> This is a cut of 12% in cash terms, and means HSF 7 is worth 28% less than if 2021 funding levels had been uprated by CPI.

**Figure 1: HSF funding has not kept pace with inflation**



Funds allocated to English local authorities taken from DWP HSF guidance for local councils • HSF 4 and HSF 7 are both a year long, and are divided into 2 parts (.1 and .2) to show funding over equal 6 monthly periods. Additional value with uprating calculated by increasing HSF funding each April by the rate of CPI the preceding September, in line with other DWP benefit uprating.

<sup>17</sup> DWP benefits have been uprated by 3.1%, 10.1%, and 6.7% in April [2022](#), [2023](#) and [2024](#) respectively. If 6 months of HSF funding had been uprated by these amounts, HSF 6 would have been worth £606 million, including Barnett impact. DWP benefits were uprated by 1.7% in April [2025](#).

<sup>18</sup>Ministry of Housing, Communities & Local Government (2024) [Local government finance policy statement 2025 to 2026](#).

## HSF: support provided

Local authorities can tailor how the HSF is delivered in their area, and DWP guidance has enabled greater flexibility for local authorities over the course of the funding cycles. From October 2022, the requirement to ring-fence a specified portion of funds for particular groups (such as pensioners and households with children) has been removed.

Local authorities can use their grant allocation to:

- Fund proactive support, such as free school meal (FSM) provision during school holidays.
- Issue grants to third-party organisations, such as local charities, to provide support on behalf of the local authority. In some areas, local authorities have provided funding to local Citizens Advice offices to help deliver the HSF.<sup>19</sup>
- Fund application-based support, for example cash or supermarket vouchers. Since October 2022, all local authorities have been required to provide an application-based route to accessing support.

For HSF 4, the most recent publicly available data, local authorities on average spent:

- 59% of allocated HSF funds on vouchers.
- 21% on cash support.
- 12% on third party organisations.
- 4% on tangible items.

Almost two-thirds of funding (64%) was spent on proactive rather than application-based support. Throughout the funding rounds of the HSF, a considerable portion of funding has been used to provide FSM outside of school-term time. In total 39% of HSF 4 was spent on holiday FSMs, up from

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<sup>19</sup> For example, a local authority may use some of their HSF allocation to fund their local Citizens Advice office to issue financial support to individuals (e.g. food or fuel vouchers), and to provide advice alongside this support. As with other elements of the HSF, local Citizens Advice offices' approaches to, and roles in delivering the HSF vary. In some areas, Citizens Advice offices have no role in delivering the HSF, and advise clients on accessing the fund as they would with any other welfare support.



37% in HSF 3. In HSF 4, 23 local authorities used over 60% of their grant allocation on this support.<sup>20</sup>

## HSF: essential costs vs. moments of crisis

The HSF has become a fixture of the welfare system, despite constant uncertainty about its future funding. Although the HSF grew out of grants focussed on tackling hardship specifically connected to Covid-19, it has developed into a source of support for the ongoing cost-of-living crisis.

As the high proportion of the fund spent on holiday FSMs demonstrates, the HSF doesn't only address hardship caused by one-off moments of crisis: it is often used to meet ongoing essential costs. The HSF continues to be discussed as a 'panacean fund':<sup>21</sup> in response to parliamentary questions, the government has mentioned the HSF in relation to:

- tackling child poverty.
- supporting low-income pensioners (including in relation to changes to Winter Fuel Payment eligibility and women affected by the 1950s state pension age changes).
- supporting low-income households with energy bills.
- supporting disabled people with the cost of living.
- improving living standards in general.<sup>22</sup>

Local authorities are similarly using their HSF allocation to help groups unable to access national support. For example, in South Tyneside, HSF funding was used to provide FSMs to children whose families were in financial hardship but who did not meet the FSM eligibility criteria.<sup>23</sup> Similarly, in Sunderland, HSF funding was used to provide payments to pensioners receiving Housing Benefit and/or Council Tax Support but not Pension Credit (and who would not receive the Winter Fuel Payment following changes announced in July 2024).<sup>24,25</sup>

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<sup>20</sup> DWP (2024) [HSF 4 management information for 1 April 2023 to 31 March 2024](#).

<sup>21</sup> Jed Meers et al. (2024) [Sticking Plaster Support: the Household Support Fund and Localised Assistance in the UK Welfare State](#).

<sup>22</sup> See Parliamentary Questions [27589](#), [27911](#), [27064](#), [30262](#), [35659](#), [27066](#), [902289](#).

<sup>23</sup> South Tyneside Council (2025) [Council Working with Schools to Provide Free School Meals](#)

<sup>24</sup> Sunderland City Council (2025) [City Council Sunderland Fuel Fund for pensioners](#) and BBC news (2024) [How councils will fill the winter fuel payment gap](#).

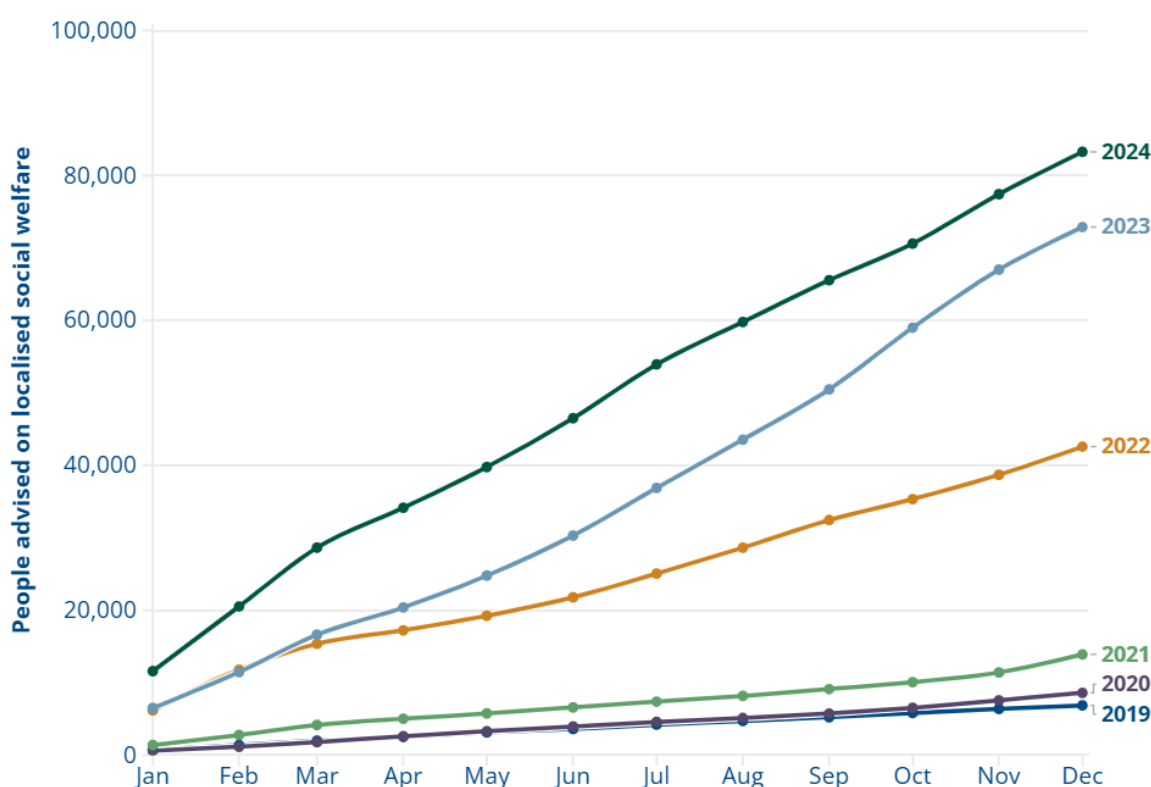
<sup>25</sup> House of Commons Library (2025) [Changes to Winter Fuel Payment eligibility rules](#).

Despite its relatively small budget, the government is relying on the HSF to support a wide range of households to meet their essential needs. Arguably these needs should be met through the wider social security system rather than through a short-term and discretionary fund.

### 3. The need for crisis support

The need for local crisis support is as clear as ever. In 2024, we advised significantly more people in England on local social welfare than all previous years, driven by continuing demand for the HSF. In 2024 we advised over 83,000 people in England on localised social welfare, 14% more than in 2023, and 95% more than in 2022.<sup>26</sup> One frontline adviser described seeing a “constant number of new referrals seeking support from the fund”. For the first 7 months of 2024, we advised more people on local social welfare than the same month the previous year.

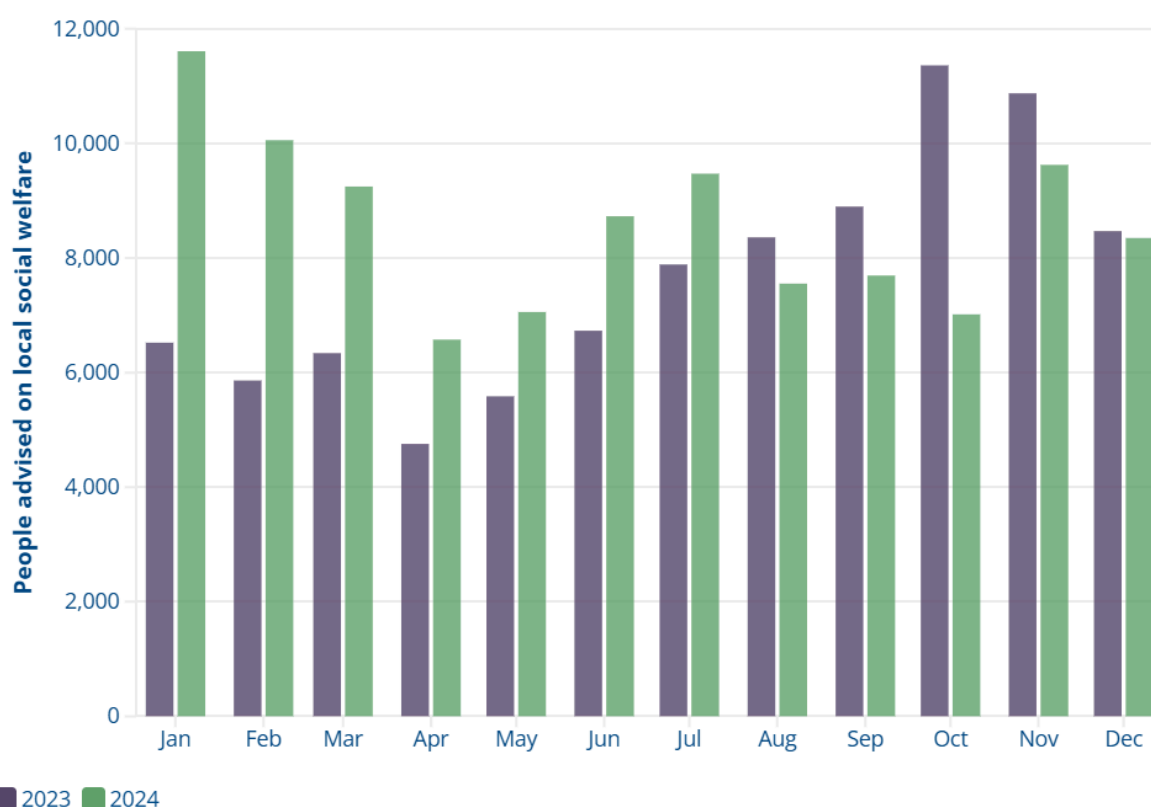
**Figure 2: Demand for local social welfare advice continues to rise**



Source: Citizens Advice caseload data, England only.

<sup>26</sup> In 2024, of the 83,256 people we advised on local social welfare, 78% (64,823) needed advice on the HSF.

**Figure 3: Monthly local social welfare clients in England, 2023 and 2024**



Source: Citizens Advice caseload data, England only.

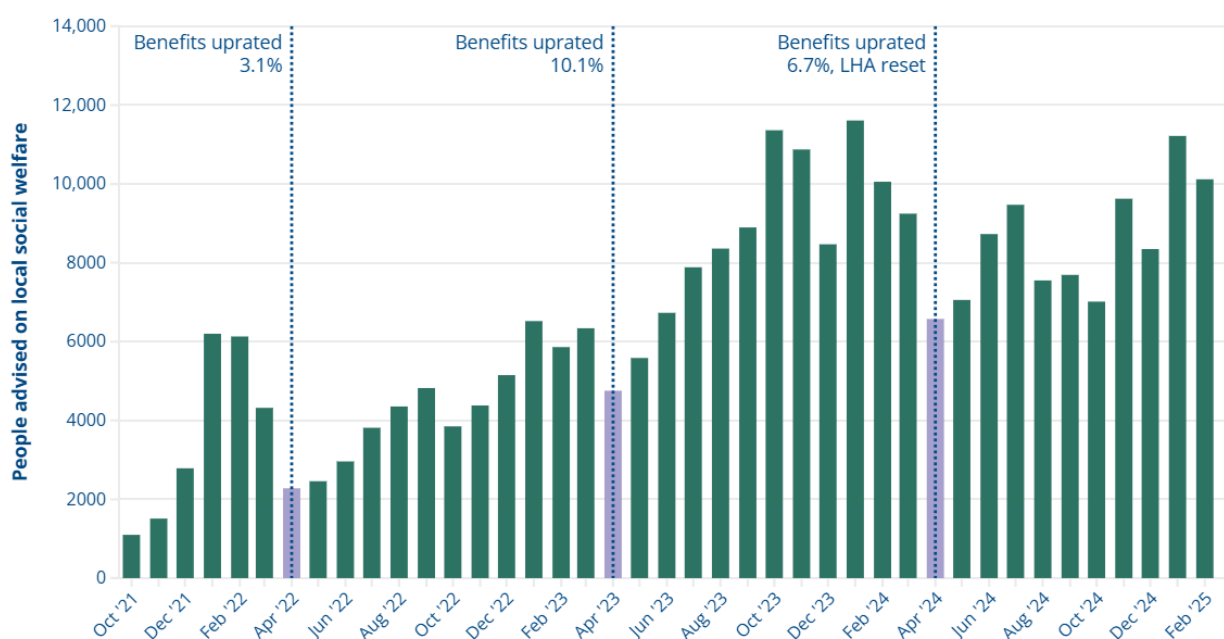
The HSF is a particularly important source of support for marginalised groups, such as disabled people and single parents, who are more likely to already be in financial hardship.<sup>27</sup> 60% of the people we helped with the HSF in 2024 are disabled or have a long-term health condition, compared to 45% of those we advised on any issue. In total, just under half of everyone we helped with the HSF in 2024 has children (48% - 23,500 people), and 1 in 3 are single parents. By comparison, 42% of everyone we advised in 2024 has children, and just under 1 in 4 are single parents.

For our clients, receiving local crisis support can be the difference between starting on the path towards stability, or existing problems escalating. There is a strong link between the people who seek Citizens Advice help with the HSF and other indicators of hardship. Of those we advised on the HSF in 2024, 45% (31,310) also needed a food bank referral, and 40% (27,927) also needed debt advice.

<sup>27</sup> Citizens Advice (2024) [The National Red Index: how to turn the tide on falling living standards](#).

At the same time, some of our clients need to turn to the HSF because of gaps in other parts of the welfare safety net. In April 2022, 2023, and 2024, benefits were uprated by inflation, and in April 2024, the much-needed re-setting of local housing allowance (LHA) at the 30th percentile of local rents also came into effect. These changes align with falls in demand for local welfare advice in April 2022, 2023 and 2024, reflecting how boosting incomes through wider benefit levels can reduce the need for crisis support.

**Figure 4: Impact of benefit uprating on demand for local social welfare advice**



Source: Citizens Advice caseload data from October 2021 - February 2025, England only.

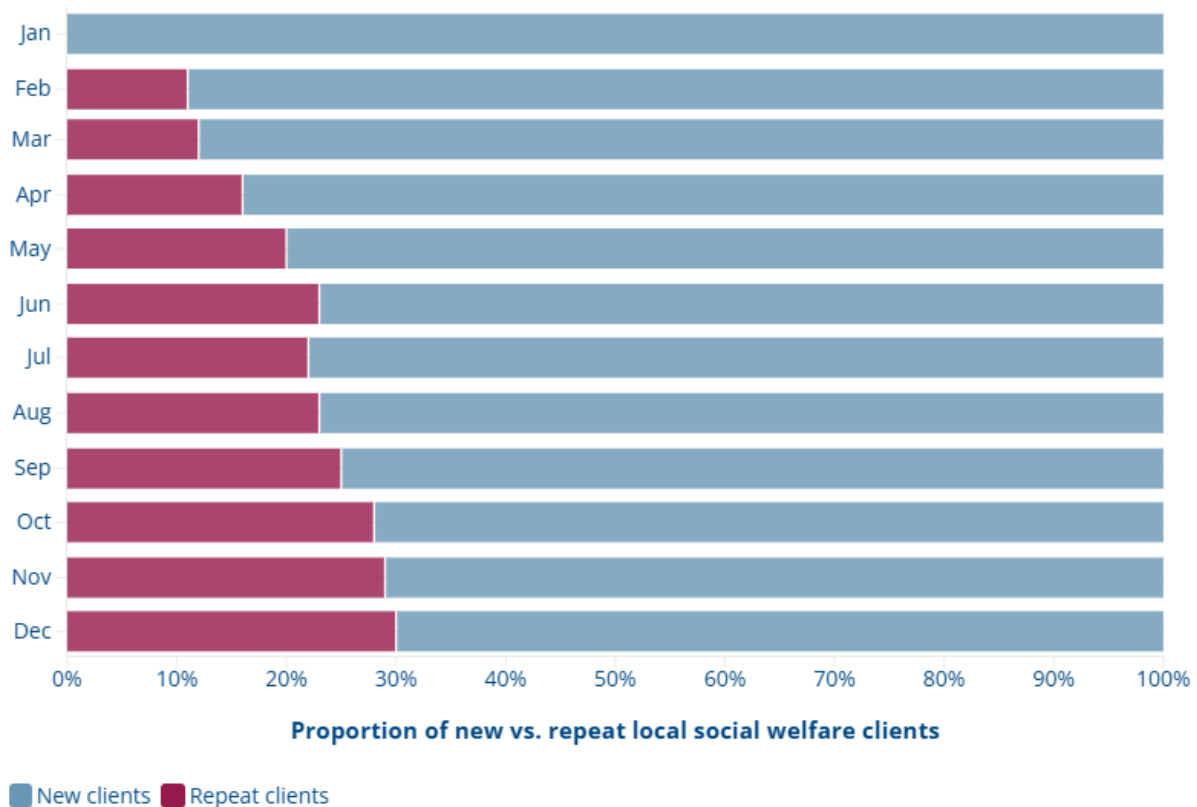
We can also see the link between problems with the wider benefits system and local social welfare for those we've advised on multiple issues. In 2024:

- 37% of those advised on repaying the new claim advance loan, needed as a result of the 5 week wait for the first Universal Credit payment, also needed advice on the HSF.
- 16% of those advised on sanctions also needed advice on the HSF.
- 15% of those advised on Personal Independence Payment (PIP) assessment delays also needed advice on the HSF.
- 13% of those advised on the 2 child limit and/or benefit cap also needed advice on the HSF.

- 9% of those advised on appealing a benefits decision also needed advice on the HSF. 67% of those we advised on appealing a benefits decision were appealing a decision related to PIP, and 10% related to the Work Capability Assessment (WCA).
- 8% of those advised on challenging a benefits decision also needed advice on the HSF. 66% of those we advised on challenging a benefits decision were challenging a decision related to PIP.

Our data also indicates that people need to turn to local welfare support repeatedly throughout the year. By May 2024, 1 in 5 people had already received local social welfare advice since January, and by December, 30% of people had already received local welfare advice that year. Although people may face multiple moments of crisis in a year, a high proportion of people turning to crisis support repeatedly suggests support is meeting on-going or recurring essential needs.

**Figure 5: 2024 new vs. repeat clients receiving local social welfare advice**



Source: Citizens Advice caseload data, England only.

In the long term, benefit adequacy needs to be addressed so households can meet everyday needs more sustainably, without repeatedly relying on discretionary crisis support. However, even in the context of a more adequate benefits system, all households are at risk of sudden shocks to their income, whether from unexpected bills, the need to replace essential household items, or life events. Discretionary crisis support will always be needed. The following sections of this paper assess the current model, outline key considerations for reform, and set out how the government could most effectively deliver crisis support.

## 4. Assessment of the HSF model

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As discussed in the previous section, the HSF has provided vital support to households across England since it began in 2021. Continuing to deliver discretionary crisis support through the current HSF model has a number of strengths and weaknesses related to local delivery, funding and uncertainty, and the fund's strategic direction.

### The delivery model

The local element of the HSF is both a strength and weakness of the current model. Since local authorities can design their own HSF, following relatively non-prescriptive DWP guidance, they can tailor funds to local needs. Local authorities can use local data and insights, including from voluntary and community sector organisations (VCSOs), to identify where funds should be targeted. Over the course of the HSF's funding cycles, local authorities have iteratively developed approaches to delivery, improving processes, and building relationships with VCSO partners. The current HSF guidance, now that requirements to ring-fence funds for particular groups has been removed, also gives local authorities enough flexibility to adapt support if needs change.

Although local authorities can tailor their scheme designs, DWP guidance states that they should advertise the application element of their HSF through a 'website page dedicated to The Fund [which] must be titled the 'Household Support Fund' '.<sup>28</sup> The single HSF identity across local authorities has helped make the fund easier to find and access, although low awareness continues to be a barrier to accessing support.

Regional variation in support is the primary drawback of the current approach to prioritising local delivery. The effectiveness of delivery, and the amount of support available, and to whom, varies significantly between local authorities, leading to a postcode lottery of support. In some local authorities, only those in receipt of means-tested benefits are eligible for support. The amount of support

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<sup>28</sup> DWP (2025) [April 2025 to 31 March 2026: Household Support Fund guidance for county councils and unitary authorities in England](#).



available through applications, and whether support is provided in cash or vouchers, also varies. For example, for HSF 4 (April 2023 - March 2024):<sup>29</sup>

- the percentage spent by local authorities on cash awards ranged from 0% to 99%, with a mean of 21%.
- the percentage spent by local authorities on vouchers ranged from 0% to 141%, with a mean of 59%.
- the percentage spent by local authorities on application-based support ranged from 1% to 100%, with a mean of 31%.
- the percentage spent by local authorities on FSM support in school holidays ranged from 0% to 79%, with a mean of 39%.

## The funding model

As discussed in [section 2](#), HSF funding was held constant in cash terms between October 2021 and March 2025, before being cut for the first time in April 2025. HSF funding has often been unable to meet the level of local need. In some areas, local HSFs have been exhausted before the end of funding cycles, and local authorities have also rationed support, for example reducing the size of grants awarded or closing and re-opening applications throughout the funding cycle. As a result, people who need support from the HSF have not always been able to access it.

In keeping with its initial design as a fund intended to tackle time-limited crises (growing out of grants addressing Covid-19's impacts), the HSF has relied on 6 month to year-long funding cycles. In theory, renewing the fund for specified periods gives government useful flexibility to either renew or discontinue the fund depending on need. However, as discussed in earlier sections of this paper, the need for discretionary crisis support is not time-limited: even if the problem of benefit inadequacy were satisfactorily addressed, discretionary crisis support would remain an essential backstop.

In addition, the short-term renewals of the HSF, especially when announced shortly before the planned end of the fund, limit effectiveness and efficiency. Local authorities are unable to plan future delivery while funding remains

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<sup>29</sup> DWP (2024) [HSF 4 management information for 1 April 2023 to 31 March 2024](#). For cash and vouchers see table 3, for application-based support table 4, and for holiday FSM support table 2.

uncertain. This hampers their ability to make longer-term strategic choices about scheme design. It also leads to practical challenges for delivery, creating uncertainty about staff roles, putting people at risk of redundancy if the HSF is not renewed, and making it more difficult to retain and recruit qualified local authority staff given reliance on short-term contracts.<sup>30,31</sup>

## Strategic direction

In general, the HSF has been used to meet ongoing essential costs for households facing hardship, rather than providing support for those facing one-off crises. That a considerable portion of HSF funding (39% of HSF 4, just under £330m)<sup>32</sup> has been used to provide FSMs outside of school term-time is the clearest example of this, and limits the amount of funding available to support households in moments of unexpected crisis.

Holiday FSMs are essential support for low-income households. However, a short-term, discretionary fund is not an effective way of meeting this national and on-going need on a sustainable basis. Families have come to rely on the FSM support funded through the HSF, a problematic dependence given the repeated uncertainty about the HSF's future, and the absence of other sources of this support. Similarly, some local authorities may feel committed to their approach to holiday FSM delivery through the HSF, even if funds would be more effectively used differently.<sup>33</sup> Given that holiday FSMs are a relatively predictable need, based on clear cut national eligibility criteria, this support would be better delivered through a permanent national programme. This would provide more consistent and reliable support to families, and free up discretionary funds to support households facing unforeseen crises.

Taking a strategic and preventative approach to crisis support has become more possible for local authorities over the course of recent HSF cycles. Since the guidance for HSF 3 in 2022, local authorities have been able to spend some of their HSF allocation on advice, and advice started being listed as a discrete

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<sup>30</sup> Ipsos UK for DWP (2025) [Evaluation of the Household Support Fund 4](#).

<sup>31</sup> Jed Meers et al (2024) [Sticking Plaster Support: the Household Support Fund and Localised Assistance in the UK Welfare State](#).

<sup>32</sup> DWP (2024) [HSF 4 management information for 1 April 2023 to 31 March 2024](#).

<sup>33</sup> Jed Meers et al (2024) [Sticking Plaster Support: the Household Support Fund and Localised Assistance in the UK Welfare State](#).

support category from HSF 4 in 2023. Guidance for HSF 6 in 2024 also included preventative support as an eligible support category for the first time, enabling local authorities to use the fund to 'prevent poverty locally and build local resilience'.<sup>34</sup> HSF 7 guidance goes a step further, setting out preventative support as one of two overarching categories of eligible spend, the other being 'crisis support'.<sup>35</sup>

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<sup>34</sup> DWP (2025) [1 October 2024 to 31 March 2025: Household Support Fund guidance for county councils and unitary authorities in England](#).

<sup>35</sup> DWP (2025) [April 2025 to 31 March 2026: Household Support Fund guidance for county councils and unitary authorities in England](#).

## 5. Key questions for reform

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### **Should future crisis support be more centralised?**

A centrally delivered discretionary crisis fund could ensure more consistent delivery, with support delivered in line with best practice across England. This could prevent circumstances in particular local authorities from determining how effectively support is delivered, leading to a postcode lottery of support. A national approach would also bring England in line with the other nations of the UK, who each developed a national-level crisis support fund in the 2010s after the Social Fund was abolished. Note however that England has a significantly larger population than Scotland, Wales and Northern Ireland.

A more centralised approach could deliver other benefits, including making it easier to monitor and evaluate the delivery of crisis support as a whole, and increasing awareness and accessibility for recipients. People seeking support might better know what they could expect to receive and how to access it, if the fund had the same application method, eligibility criteria, and offered the same support across England. Advertising the fund at a national level could further improve awareness. By contrast, a high degree of localisation, where each local authority could develop a different name and identity for their scheme, runs the risk that potential recipients may not know where or how to find support.

However, delivering crisis support nationally would most likely require a challenging and rapid expansion of DWP capacity and upskilling of staff. There is a risk that national delivery could lead to longer application processing times without the right staff or systems in place. A centralised English scheme would need to be able to process a far larger volume of claims than schemes in Northern Ireland, Scotland or Wales, given relative population sizes.

### **Should future crisis support be more localised?**

A more localised approach to crisis support offers alternative benefits to a centralised approach, primarily greater flexibility in scheme design and more opportunity to integrate schemes with existing local support. Local authorities could design support to meet specific needs in their communities, and design

delivery to suit internal capacity, and the capacity and features of the local VCSO landscape. However, an approach with a high degree of localisation also runs the risk that some areas might not offer a crisis support scheme without a national requirement to provide crisis support, such as a statutory duty.

Local delivery could be a particularly effective approach to designing crisis support: because people turn to crisis funds to cope with unforeseen events, the most effective crisis support should be more than just a cash transfer, but part of a package of wider holistic support, addressing the causes and effects of moments of crisis. There is therefore a particular opportunity to integrate crisis schemes with other local support, tailored to local and individual needs. This makes crisis support a better candidate for localisation than other elements of the welfare system, like Council Tax Support, which are direct financial transfers.<sup>36</sup> For the same reason, there is less of a case for localising the provision of holiday FSMs.

In comparison to a centralised approach, local authorities may be better able to identify those in need by drawing on community organisations and local data, and avoid duplication of existing local welfare provision.<sup>37</sup> Tying delivery more closely to organisations embedded in communities, which those in need may already trust and be engaging with, could also give crisis support greater reach. On a practical level, a more local delivery approach uses the expertise, institutional knowledge, and capacity that has developed at the local authority and local VCSO level since the localisation of English crisis support over 10 years ago.

Taking a local approach to crisis support would also be consistent with other reforms committing to greater English devolution and localisation, such as the [English Devolution](#) and [Get Britain Working](#) White Papers. A local approach to crisis support could complement this wider shift towards tailored, local delivery - whether that be employment or crisis support. However, a general shift towards localism in England could also present a challenge to locally delivered crisis funds; if localism agendas are not supported effectively, there is a risk of further postcode lotteries in support.

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<sup>36</sup> Maddy Rose (2024) [Council Tax Support? A benefit determined by postcode not need](#).

<sup>37</sup> Ipsos UK for DWP (2025) [Evaluation of the Household Support Fund 4](#).

## How should crisis support be funded?

In addition to determining the extent of local or national delivery, the government will need to decide the source, scale, and regularity of funding allocated to crisis support.

Given the financial challenges facing many local authorities, a devolved approach to discretionary support without central government funding is unrealistic. The support available to households would vary depending on the wider financial situation of their local authority, exacerbating a postcode lottery in support. Without ring-fenced central funding, a fully localised crisis scheme is likely to repeat the patterns of LWA during the 2010s: crisis funds could be scaled back or closed altogether as local authorities reallocate funds to more urgent services, particularly those they have a statutory duty to deliver, like social care and homelessness services. This could leave some households without access to any local support. A statutory duty to provide crisis support would help ensure all areas deliver a scheme. However, a new statutory duty without sufficient central funding attached would put unsustainable additional pressure on local authorities.

Determining the scale and regularity of funding also depends on the government's strategic approach to crisis support, discussed below. As covered in the previous section, a process of allocating funding on a short-term basis, requiring renewal, stems from and reinforces the view that crisis support should address a time-limited period of hardship. In theory, a funding cycle approach to crisis support allows government to more easily adapt funding levels depending on how demand changes over this period of hardship. However, the 7 funding cycles of the HSF demonstrate how this approach leads to great uncertainty about future support, while the need for support stays unchanged or grows.

By contrast, permanent, ring-fenced funding is a more effective way of delivering crisis support intended to be a reliable final layer of the social security system. The certainty provided by this funding model better reflects the intention that crisis support should always be somewhere people can turn to when they're affected by unforeseen events. Permanent funding also facilitates longer-term, more preventative, and more strategic approaches to service delivery, which in turn make crisis support more able to include holistic support.

Similarly, the scale of funding will depend on the strategic intent of the fund. A fund designed to address the widespread hardship caused by the high cost of living will likely need more funding than schemes designed to address one-off moments of crisis where essential needs are met through the wider welfare system.

## **What should crisis support be for?**

Clarity about the intention of crisis support will form the foundations for the government's other decisions about fund design. Primarily, the government will need to decide whether crisis support, as in the HSF model, continues to provide support with routine essential costs for households in financial hardship. In this model, as much as it supports individuals in moments of crisis, crisis support also acts as an ad hoc top-up in the context of wider welfare support failing to meet the high costs of living.

The clearest example of crisis support meeting routine essential costs is holiday FSM provision, on which 39% of HSF 4 funding was spent. The government will need to decide whether holiday FSMs will continue to be provided through crisis support schemes, or through other means. The same is true for the other essential needs - if crisis support is oriented away from meeting essential needs, these needs will need to be met through other aspects of welfare reform and actions tackling the high costs of essentials.

Prioritising moments of crisis or meeting essential costs will also have implications for delivery models and eligibility criteria, regardless of whether crisis support is delivered locally or nationally. Proactively providing support, for example transferring money directly to the bank accounts of a group based on particular benefit entitlement, is an approach more aligned with crisis support acting as a blanket income top-up. In comparison, application or referral approaches can better support households struggling to cope in moments of crisis, who will have varying individual circumstances. Prioritising application approaches may also go hand in hand with wider eligibility criteria, in recognition of the fact that a wide range of households may need to turn to crisis support after experiencing unforeseen events.

## 6. Principles for improved crisis support

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The most effective model for the future of crisis support builds on the existing HSF approach, combining the benefits of local delivery with central funding and guidance, but crucially with permanent, ring-fenced funding.

A summary comparing the current and improved crisis support models is included as a [report annex \(p32-33\)](#).

### **A national framework for local delivery**

As previously discussed, local delivery will allow crisis support to target local needs, and complement existing local support offers from local authorities and VCSOs. By keeping an element of local delivery, crisis support schemes will benefit from the local institutional knowledge and capability that has developed since crisis support was devolved in England over a decade ago. However, it is important that households are able to access support wherever they live, and that local authorities' financial circumstances affect the availability of support as little as possible: providing funding centrally will go some way to combining the benefits of a local delivery approach with structure and stability from central government.

Central funding, and a statutory duty on local authorities to provide crisis support, also provide opportunities to ensure best practice approaches are delivered consistently across England. Effective central government guidance needs to balance allowing local authorities enough flexibility to tailor local support, with providing enough structure that households will have access to certain core features of crisis support wherever they live. A statutory duty on local authorities could include an outline of a minimum scheme design, including ensuring schemes have a unified identity across England to help improve awareness and accessibility of support. The relevant legislation would also establish central government's responsibilities to ensure provision is available. In addition, central oversight of local delivery will enable DWP to monitor and evaluate schemes at a national level.



## Increase and stabilise funding

Permanent central funding of local crisis support is an essential feature of a more effective approach, recognising that households will always need somewhere to turn in moments of crisis. In the context of the financial pressures facing local authorities, delivering crisis support without additional central funding is not feasible. At best, this would lead to a worsening postcode lottery of support, and at worst, crisis support schemes closing altogether in the most stretched local authorities.

Central funding should be ring-fenced to ensure it is used to deliver local crisis support, rather than reallocated to other urgent services delivered by local authorities. A statutory duty could provide further certainty that a crisis scheme would be provided to a set standard in all local authorities. More certain funding will also enable more effective delivery of support: local authorities (and any central guidance) will be able to build longer-term, strategic planning into crisis support schemes, including a greater focus on crisis prevention, and on integrating holistic, wrap-around support into scheme designs.

However, central funding needs to be able to meet the level of demand to ensure local crisis schemes do not just exist, but provide a meaningful level of support. Throughout the HSF, local funds being rationed, closing early, or having limited application windows has been a barrier to households in need accessing support. Recent years of record inflation and sustained demand for crisis support has meant the HSF has been de-valued in real terms at the same time as it has needed to stretch further.

Providing adequate crisis support in all local areas requires, as a baseline, restoring funding to the same level HSF 1 delivered in 2021-2022: £1.23bn per year, including funding for the devolved governments.<sup>38</sup> To protect the value of crisis support, funds need to be uprated annually in line with other DWP benefits. However, this £1.23bn estimate does not take into account the likely increase in demand for crisis support if the disability benefits cuts set out in the

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<sup>38</sup> Benefits have been uprated by 3.1%, 10.1%, 6.7%, and 1.7% in April [2022](#), [2023](#), [2024](#) and [2025](#) respectively. Had the original value of the HSF of £500m for 6 months been uprated by these amounts each April, a year-long funding round, including Barnett impact, would be worth £1.23bn.

[Pathways to Work Green Paper](#) are implemented.<sup>39</sup> Adequate funding, combined with certainty about future funding, will give local authorities enough resources to develop long-term delivery strategies, hire and retain trained staff, and deliver support sustainably.

## **Separate provision of holiday FSM support**

Since almost 40% of HSF funding, on average, is spent delivering holiday FSMs, even crisis funding restored to £1.23bn per year could struggle to meet the current level of need. Delivering holiday FSMs through a separate programme would not only be a more effective approach for both holiday FSM and crisis support delivery, but would also bolster the adequacy of crisis support schemes by freeing up funding for households in crisis.

Wider reforms to FSMs would further reduce pressure on crisis support by building families' financial resilience, and would help tackle child poverty. In addition to delivering national FSM support outside term time, the government should also take action to auto-enrol eligible pupils for FSMs, and reform the eligibility threshold. The £7,400 household earnings threshold for FSM eligibility has been frozen since it was introduced in 2018, every year becoming a harsher cliff edge in support. £7,400 was equivalent to working around 18 hours per week at the 2018 National Living Wage, but is now equivalent to less than 12 hours work following the April 2025 increase in the National Living Wage.<sup>40</sup> The cliff-edge in eligibility, combined with the low threshold, means low-income households can perversely be left worse off when their earnings increase if they also lose FSM entitlement.

## **Crisis support should be focused on unforeseen events**

Crisis support should be re-oriented towards supporting households weather unforeseen events, and away from meeting routine essential needs. Separating the provision of holiday FSMs from crisis support schemes is one piece of this puzzle; more broadly, essential needs must be better met through wider welfare support. Support should also focus both on mitigating the immediate symptoms

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<sup>39</sup> Around [400,000 more people](#) are estimated to be in relative poverty after housing costs if the reforms set out in [Pathways to Work Green Paper](#) are implemented, while 3.2m households will lose, on average, £1,720. See DWP [Spring Statement 2025 health and disability benefit reforms - Impacts](#).

<sup>40</sup> Citizens Advice (2024) [Autumn Budget 2024 and welfare policy](#).

of a moment of crisis, and on addressing the causes - including by building resilience through preventative and holistic support.

To realise this strategic focus, the national framework should ensure all local crisis schemes include certain key features of effective support, accessible to anyone who needs it.

### 1. Integrating crisis funds with preventative and holistic support

To best reap the rewards of delivery, local authorities should be encouraged to take a holistic approach to crisis support, building on the increased focus on preventative support in HSF 6 and 7 guidance. Although cash transfers to individuals might be local authorities' initial point of engagement with individuals, this support's effectiveness would be enhanced if it was used as an opportunity to refer to, or deliver further support. Holistic support, (for example advice services focussed on debt, housing, or income maximisation), would strengthen the preventative element of crisis support, building resilience and reducing the likelihood of individuals relying on crisis support repeatedly. Effective local crisis support schemes should also sit within a strengthened national infrastructure of advice provision, focussed on preventing crises further upstream.

### 2. Prioritising cash and application-based support

All local authorities should offer an element of direct financial support to individuals on a cash-first basis. In 2023/24, over 1 in 3 local authorities (54) spent less than 5% of their HSF allocation on cash awards. Cash awards are preferable to vouchers, since cash can be used more flexibly to meet a range of needs, enables recipients to decide how to best meet their own needs, and as a result, is a more dignified form of support. In addition to locking recipients into using support in a particular way, vouchers can pose a number of challenges which hamper their effectiveness: shops offering vouchers may not be able to meet culturally specific needs, and recipients may need to travel to a shop that accepts vouchers, which can come with added costs and create barriers to accessing support for disabled recipients and those in rural areas.

While prioritising cash, local authorities should also be encouraged to provide some support with furniture and white goods. For those starting to live independently, or dealing with the sudden costs of an appliance breaking, it can be hard to cover the significant one-off cost of furniture or white goods through a cash award. Providing support directly can be a more cost-effective way of meeting this need.<sup>41</sup> Grants for furniture and white goods should be provided based on demand, as in Wales through the DAF,<sup>42</sup> rather than as a ring-fenced portion of local or national crisis support budgets.

Regardless of the type of support provided, local authorities should prioritise application-based support over proactively distributing awards to pre-identified low-income groups (for example all those receiving Council Tax Support). Application-based support is better suited to addressing the needs of individuals in moments of unexpected financial crisis. Proactive support, which boosts incomes regardless of whether individuals are dealing with a particular financial emergency, is symptomatic of crisis support being used to address the shortfall between essential costs and support provided through the wider welfare system.

### 3. Empowering anyone in need to access support

The national crisis support framework should be used to ensure crisis support is available to anyone who needs it. Under the current HSF model, eligibility for crisis support varies between local authorities, with some restricting eligibility to just those on means-tested benefits. In addition, there has been a lack of clarity on whether local authorities are able to use the HSF to support individuals with No Recourse to Public Funds (NRPF). The Immigration Rules should be changed to allow families with NRPF to access support, and to give confidence to local authorities that they can provide this support.

In addition, an improved approach to crisis support should ensure that individuals are not just technically eligible for support, but empowered to access the support as independently as possible. In some local authorities, accessing the HSF has been particularly challenging for people who are digitally excluded, for example where application forms have just been offered online, or have

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<sup>41</sup> End Furniture Poverty (2024) [Local welfare and furniture provision: the limits of cash first](#).

<sup>42</sup> Hannah Sorley and Lindsey Kearton (2024) [Reaching Crisis Point: the Story in Wales](#).

required recipients to provide email addresses to receive vouchers. An improved model of crisis schemes should ensure that the entire process of engaging with support is truly accessible, from raising awareness through diverse methods and spaces in communities, to ensuring application forms are provided in a range of formats, to how support is distributed.

## 7. Conclusion

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By the time HSF 7 ends in March 2026, the fund will have provided crucial support to households facing financial hardship for almost 4.5 years. While the HSF has become a vital piece of welfare provision in England, it has been expected to do too much: compensating for benefit inadequacy, while failing to live up to the potential of effective crisis support.

Demand for the HSF is resilient: the many households who've had to turn to the HSF since it began will still need support after HSF 7. To best meet this need, government should reform wider welfare provision to better match the costs of essentials, while taking action to reduce the costs of these essentials. **The financial pressures of daily life should not be driving low-income households to rely on crisis support.** However, in the near future, the benefits system is moving in the opposite direction: by 2029/30, 3.2 million households are predicted to lose almost £150 a month on average, as result of reforms to health and incapacity benefits proposed in the Pathways to Work Green Paper, and many will lose a great deal more.<sup>43</sup> Given that 60% of the people we helped with the HSF in 2024 are disabled or have a long-term health condition, significant income losses for disabled people and their families will likely lead to even greater demand for crisis support.

Even setting this context aside, all households need to be able to turn to accessible, reliable crisis support to help them weather sudden shocks to their income. Locally delivered crisis support, with permanent and adequate ring-fenced central funding, is the best way to support households in England through financial emergencies, and to prevent crises escalating. A statutory duty to provide crisis support would ensure support was always available, and delivered to a consistent minimum standard across England. **A permanent fund will not only give recipients and local authorities certainty, but will make more holistic and preventative support possible - realising a new approach to crisis support, where it's more than a sticking plaster.**

Crisis schemes are one part of building resilience and preventing people's problems from escalating. Working towards a more effective future for local

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<sup>43</sup> Craig Berry (2025) [Disability benefit cuts will cause widespread hardship, no questions asked.](#)

crisis support is also an opportunity to look at the bigger picture of support available. Rebuilding the link between welfare entitlement and need is one part of this - another is ensuring people can access advice and support to help them tackle their problems when they arise, whether related to health, essential services, employment and benefits, or family life. A more robust advice and holistic support infrastructure in England is an essential part of working towards a society where fewer people reach crisis point in the first place.

## Annex: comparison of crisis support models

	HSF	Improved crisis support
<b>Annual funding</b>	<p>£742 million for English local authorities, £881 including Barnett impact (HSF 7).</p> <p>Funding largely frozen in cash terms.</p>	<p>Baseline of £1.04 billion for English local authorities, £1.23 billion including Barnett impact. Further funding required to meet expected increase in demand following proposed reforms to incapacity and disability benefits.</p> <p>Funding uprated by CPI each April, in line with most other DWP benefits.</p>
<b>Funding model</b>	6 month to 1 year funding cycles.	Permanent, ring-fenced funding, alongside a statutory duty to deliver crisis support.
<b>Funding source</b>	DWP allocations to local authorities	DWP allocations to local authorities.
<b>Strategic intention</b>	<p>In practice, supporting low-income households to meet ongoing essential needs, as well as addressing hardship caused by one-off financial emergencies.</p> <p>Recent guidance allows funds to be spent on advice provision, but a preventative approach is undermined by short-term funding.</p>	<p>Focussed on addressing hardship caused by one-off financial emergencies. Ongoing essential needs are better met through the wider welfare system.</p> <p>Direct financial awards are integrated with wraparound, holistic support, to better build resilience and prevent crises reoccurring.</p>
<b>National guidance and evaluation</b>	DWP guidance, varying between each funding cycle, and often published soon before the start of the new funding cycle.	A statutory duty on local authorities to provide crisis support, including an outline of a minimum scheme design.



<b>Delivery model</b>	Limited national evaluation and public data on HSF.	Regular national evaluations of delivery and publications of fund data.
	Local authorities deliver support, with discretion leading to significant regional variation.	Local authorities deliver support; the ability to tailor local schemes sits alongside a statutory duty, ensuring an effective baseline of crisis support is delivered in all areas.
<b>Holiday FSM provision</b>	Some spend on holiday FSM support in almost all areas: 87% of local authorities (133) in 2023/24 (HSF 4). Overall, 39% of HSF funding nationally spent on holiday FSMs.	Not provided through crisis support. Provided through a separate national programme.
<b>Support for people with NRPF</b>	Local authorities need to determine on a case by case basis whether they can legally support someone with NRPF through the HSF - either where there is a child welfare concern, or 'where there is a genuine care need that does not arise solely from destitution'.	Yes, confirmed through changes to the Immigration Rules.
<b>Form of support</b>	<p>Significant variation, with support provided through cash awards, vouchers, tangible items, and spent on third-party organisations.</p> <p>Significant variation in whether, and what proportion of, support is provided proactively or on an application basis.</p>	<p>Local authorities prioritise providing support through cash awards, while also providing some furniture and white goods support, driven by demand. Direct financial awards are integrated with wraparound, holistic support.</p> <p>Local authorities prioritise providing support on an application basis.</p>