

Support for low income households update

Purpose of Report

For direction.

Summary

This paper provides an update on the Household Support Fund and seeks direction on next steps for the LGA's campaign to call for the fund's extension.

LGA Plan Theme: Stronger local economies, thriving local democracy

Recommendation(s)

That the Board considers and advises on next steps regarding the campaign on Household Support Fund and articulating local government's longer term role in supporting low-income households.

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Support for low income households update

Background

1. Local Welfare Funding, which covered aspects of the Social Fund that was administered by DWP, was devolved to councils in April 2013, with separately identified funding of £347m for 2013/14 and 2014/15 combined. Councils used the funding to set up local welfare schemes to help households at risk of financial crisis or hardship. Separately identified funding from DWP was removed to the mainstream grant in 2016, which led to some councils reducing the amount of local welfare support they provided.
2. Since funding was devolved in 2013, the LGA has made the case for local welfare funding to be put on a long-term, sustainable footing to enable councils to improve financial wellbeing and resilience in their places, as part of their wider work to improve life chances, reduce inequality and improve economic prosperity in their places.
3. In response to COVID-19 and the current rise in cost of living, government has expressed a renewed interest in local welfare and has provided councils with various emergency funds to support their most financially vulnerable residents.
4. The Government first introduced the Household Support Fund (HSF) in October 2021 following the removal of the £20 a week uplift to Universal Credit, to support households who would otherwise struggle to buy food, pay essential utility bills, or meet other essential living costs or housing costs. The HSF has subsequently been extended several times, initially on a six-month basis. The current year-long fund runs from 1 April 2023 to 31 March 2024 and has provided £820 million in funding for local welfare and crisis support.
5. Since the fund was introduced, the LGA has welcomed its local delivery and flexibility, which has enabled councils to tailor support to the needs of their communities. We have consistently called for more flexibility in how the fund can be spent and for a longer-term funding model. We have welcomed that the government has listened to this feedback, by providing the most recent fund for a year and by removing spending restrictions. Notably, since April 2023, councils have been able to use the HSF to fund advice services which can help to improve residents' longer-term financial resilience.
6. The HSF has enabled councils to significantly expand their local welfare provision; provide vital crisis support, and work with partners to prevent hardship and promote financial inclusion and wellbeing. Since October 2021 it has increased investment in local welfare by over £2 billion and in 2022/23 it funded 62 per cent of all local welfare provision.

7. Councils have used HSF to provide residents with a variety of support and services including:
 - 7.1 Cash grants or vouchers to help people in crisis with energy, food and other essentials.
 - 7.2 Targeted support for people in receipt of council tax support, free school meals or pension credit, such as energy vouchers for pensioners living in fuel poverty.
 - 7.3 Helping with significant or unexpected costs, such as furniture, white goods or repairing broken boilers.
 - 7.4 Funding the voluntary sector to deliver support, like foodbanks, social supermarkets or schemes to deliver home energy efficiency improvements for low-income households.
 - 7.5 Providing vouchers to children eligible for free school meals to prevent holiday hunger.

 8. Evidence shows that many households continue to face considerable challenges meeting their essential living costs. This includes households who may not traditionally have sought help from their council, but who are now struggling as they have reduced their savings or increased their borrowing to cope with rising costs. A [recent LGA survey](#) of councils found that:
 - 8.1 84 per cent of respondent councils said that hardship had increased in their area in the last year;
 - 8.2 73 per cent said they expected hardship to further increase in the next year.

 9. Councils continue to highlight that the HSF has wider benefits for their communities beyond the initial crisis payment, both in improving residents' outcomes and reducing pressure on wider services. Councils routinely refer residents in crisis to wider services, including benefits advice, debt advice and health, housing, and employment services, to help address residents' underlying financial, social and health needs. HSF can therefore act as a gateway to provide wider wrap-around support that can lift people out of the cycle of poverty and crisis.
- Current position on the fund – impact of the HSF ending**
10. The Government have not yet made a decision on whether the HSF will be renewed beyond 31 March 2024. The current official position is that, “No further decisions have been taken on the Household Support Fund, and the government continues to keep all its existing programmes under review in the usual way.”

 11. It was agreed by the Economy and Resources Board on 16th November 2023 that the LGA will continue lobbying for an extension of the Household Support

Fund for at least another year. It was also agreed that the LGA will continue to highlight the need for urgent clarity on the future of the HSF to allow councils to plan effectively.

12. At the beginning of January, the LGA conducted [a survey](#) of unitary authorities, county councils, metropolitan districts, and London borough's to assess whether councils wanted the fund to continue; understand the impact of current uncertainty, and identify the impact of the fund ending on service delivery. A total of 93 responses were received, resulting in a response rate of 61 per cent. [The survey](#) found:
13. 96 per cent of respondents said that they supported a continuation of the HSF 'to a great extent'. While 3 per cent supported a continuation 'to a small extent', and 1 per cent responded that they 'don't know.'
14. If the HSF comes to an end on the 31 March it would result in a significantly reduced welfare offer. 62 percent of respondent councils said that they would not be able to provide any additional funding for local welfare support if HSF ends in March.
15. Ending the HSF in March would also coincide with other forms of support and services being withdrawn, resulting in a cumulative reduction in support for some low-income households. The Government's Cost of Living payments for low-income households will end in April. Just under a fifth of respondents (17 per cent) said that alongside the HSF ending, they will also have to reduce their discretionary funding for local welfare in the next financial year due to financial pressures.
16. The survey highlighted that the ongoing uncertainty over the future of the HSF is negatively impacting councils' ability to set their budgets and plan local initiatives to support low-income households in the next financial year. Some councils expressed that if the government extends the HSF at the last minute, their ability to deliver the next tranche of funding and support residents will be compromised as many will have already lost experienced staff that deliver the scheme.
17. The uncertainty is causing difficulties for councils and their partners in communicating with residents about the future of support that they may have come to rely on. This is a particular issue for councils that have consistently offered targeted help to certain vulnerable cohorts (for example holiday food vouchers for children who are eligible for free school meals) since the HSF was introduced, which may now have been factored into household budgets.

LGA lobbying activity on the Household Support Fund to date

18. The LGA has delivered a comprehensive campaign to urge the Treasury and the Department of Work and Pensions to extend the HSF. This has included:
 - 18.1 The Chair of the LGA's Economy and Resources Board, Cllr Pete Marland, [wrote to the Chief Secretary to the Treasury, Laura Trott MP](#), on 14 December 2023 to call for urgent confirmation that the Fund will be continued.
 - 18.2 Media and parliamentary engagement. Actions have included emailing all MPs to highlight councils' concerns and outline how much funding for local welfare will be lost in their area if the HSF is discontinued. We have worked with MPs to secure parliamentary questions and a Westminster Hall debate on the Future of the Household Support Fund on 31 January, [which we briefed MPs for](#). We have proactively briefed our lines to the press, securing coverage in national and trade press.
 - 18.3 At the beginning of January 2024, we surveyed councils to identify the immediate impact of HSF ending. [The findings](#) were published alongside [a media release](#) and social media activity, securing extensive national media coverage.
 - 18.4 The LGA continues to work closely with a broad range of national stakeholders, including national local government representative bodies and charities, to amplify our lobbying efforts.
 - 18.5 Continuing to build the evidence base for councils' work in this area through the cost of living hub and network, and through continued engagement with key partners and stakeholders.
 - 18.6 Ongoing engagement with Department of Work and Pensions officials to share evidence from councils on the benefits and impact of the fund.
 - 18.7 The LGA has coordinated an open letter from council leaders to the Chancellor on HSF ahead of the Budget, which is set to be published on the week commencing 26th February 2024.

Proposed next steps

19. Councils continue to emphasise the benefits – both in outcomes for residents and reduced pressures on services – of increasing financial wellbeing and resilience in their places. It is proposed that the LGA:

19.1 Until an announcement on the fund is made, the LGA will continue to call for the HSF – or equivalent localised fund for local welfare – to be continued and for government to provide urgent clarity on the future of the HSF.

19.2 If the government decides that the HSF will not be extended beyond 31 March 2024 or significantly reduces the quantum of funding, we will continue to engage with councils through the LGA's Cost of Living Network to identify the impact of the scheme ending on residents and wider public services.

19.3 Continues to make the case for local welfare funding to be put on a long-term, sustainable footing to enable councils to improve financial wellbeing and resilience in their places, as part of their wider work to improve life chances, reduce inequality and improve economic prosperity.

19.4 Commission 'think pieces' on the long-term role of councils in the benefits system, including the design and delivery of an effective local safety net, to share with the sector through our cost of living hub, webinars and networks.

19.5 Continues to work with Government departments to set out a clear, long-term role for councils in supporting low-income households, including work with the Universal Credit programme on 'managed migration', the Department for Education on Free School Meals and work with the Government Debt Management Function in HM Treasury.

Implications for Wales

20. Welfare is devolved. We continue to work closely with Welsh councils and the WLGA to share learning where possible.

Financial Implications

21. No financial implications

Equalities implications

22. Reducing socioeconomic inequality remains a priority for councils. The LGA is engaging with an increasing number of councils who are developing proactive and preventative local anti-poverty strategies

23. Financial hardship and disadvantage affects people with some protected characteristics more than others. For example, councils' role in improving outcomes for disabled people will be an important consideration in our developing work on employment support and conditionality. There are particular risks faced by children and the elderly from living in cold, damp homes and from food poverty. We will continue to take all of these matters into account in our work.

Next steps

24. We would welcome views from members on delivering the proposals set out in paragraph 19 – 19.5.