

Household Support Fund: best practice briefing for local authorities

Contact:

Laura Burgess, Senior Policy and Research Advisor, Greater Manchester Poverty Action, laura@gmpovertyaction.org

Penny Rimmer, Policy Officer, Greater Manchester Poverty Action, penny@gmpovertyaction.org

April 2023

Overview

In November 2022, the government announced in the Autumn Statement that the Household Support Fund (HSF) would be extended for the fourth time. Funding worth £842 million is being given to local authorities which can be spent between 1 April 2023 and 1 March 2024. A total of £53.8 million has been allocated to Greater Manchester's ten councilsⁱ. The extension of funding comes during a time of increased pressure on households as they continue to navigate the Cost-of-living Crisis. The scheme is a vital mechanism to provide support to households experiencing or at risk of financial hardship.

This briefing explores how local authorities can maximise the impact of the HSF to support low-income residents. We outline best practice recommendations for local authorities to consider when developing and implementing their schemes. We draw primarily on GMPA's ongoing advocacy and support to local authorities in response to hardship funding provided by central government since the outset of the Covid-19 pandemic and our work on local welfare assistance schemesⁱⁱ. This is the first in a series of briefing documents on the policy actions that sit underneath a local strategic response to povertyⁱⁱⁱ.

We are calling on local authorities to:

- Take a cash-first approach to the delivery of the HSF. A cash-first approach maximises choice, flexibility, and dignity for individuals, and is cost-effective for local authorities to administer.
- Ensure the HSF is linked to holistic support to help residents through advice-based services, using the HSF to fill gaps in existing advice provision where necessary.
- Make the HSF application process as simple as possible. The design of the application should not be overly complex, and applicants should be able to clearly describe their situation to reduce barriers and minimise delays.
- Ensure that residents can apply for the HSF scheme through a variety of ways to meet different needs including online, by telephone, and via referrals from frontline professionals.
- Identify and target households who may need support maximising the use of local-level data such as Council Tax records.
- Relax eligibility criteria to ensure it is sufficiently flexible to support those in genuine need and crisis.
- Promote the HSF widely to the local community working in partnership with key local partners to ensure residents have a clear understanding of the support available, eligibility criteria, and how to apply.

How should the Household Support Fund be used?

The Covid-19 pandemic and cost-of-living crisis have sharpened the role of local authorities in responding to their residents' financial needs. The HSF was introduced in October 2021 during the Covid-19 pandemic. Since then, it has provided £2 billion to local authorities and has made up the local element of the government's support with the cost-of-living crisis^{iv}.

The HSF provides local authorities with a degree of flexibility to target the funding according to the needs of localities, providing support for essential costs related to energy, food, water, and wider spending needs. The latest guidance provided by the government has made some improvements and offers further opportunities for local authorities to deliver the scheme in a more flexible, innovative way, that goes beyond offering a one-off transactional piece of support.

At GMPA, we welcome the additional boost of funding for local authorities. We believe local authorities can use the HSF strategically, following the best practice recommendations outlined below to ensure the funding is used as effectively as possible to support the most vulnerable households. However, the level and ad-hoc nature of the funding are inadequate to address the scale of the challenges facing local authorities and residents. A long-term funding settlement is needed to give local authorities the confidence and ability to plan for the future.

Key recommendations for designing and implementing the Household Support Fund

Cash-first approach

The HSF guidance recommends cash as an option for providing support to households. At GMPA, we strongly advocate for a cash-first approach as the most appropriate and dignified form of support for people facing, or at risk of, a financial crisis. One of the most dehumanising features of seeking crisis support is losing the ability to make decisions about your own life, so responses to financial crises should give people maximum choice and control, which is best done by providing people with monetary payments rather than in-kind support (food aid, vouchers, or goods).

A cash-first approach is the most accessible and preferred form of support. Cash enables people to meet the multiple needs that they may have and reduces the stigma associated with crisis support, as it puts trust in the recipient. For example, Leeds City Council operated a cash-first pilot scheme in partnership with the Trussell Trust and three food banks in Leeds, who acted as the referral agencies^v. It ran for six months from October 2021 and distributed £45,450 between 187 grants, supporting 283 individuals. The scheme was well-received by grant recipients; 94% of the recipients preferred a cash option rather than a food parcel and 91% of grant recipients reported an improvement in their finances while receiving the cash grant^{vi}. Following the success of the pilot scheme, the council is looking at embedding a cash-first approach within its Local Welfare Support Scheme. Since the end of the pilot in April 2022, the council has begun to do this through the distribution of the HSF^{vii}.

Providing people with money also has a positive impact on the local economy by increasing the likelihood of payments being spent with local, independent retailers. It has 'multiplier effects' in a way that in-kind assistance vouchers are unlikely to.

Furthermore, taking a cash-first approach to distribute the fund creates greater efficiencies for local authorities. It has low implementation costs, is not logistically complex, and supports a wider financial inclusion agenda to ensure recipients are aware of the financial entitlements they may be eligible for. For example, Wigan Council has supported families in receipt of free school meals

during the school holidays by paying approximately 350,000 meal payments to an average of 9,000 families each holiday in the last two years. They have provided a choice of BACs payment or a cash voucher to recipients. Processing payments has been developed with IT and simple file transfers now allow automated routines to award payments.

Recommendations:

- Local authorities should take a cash-first approach to the delivery of the HSF. A cash-first approach maximises choice, flexibility, and dignity for individuals and is cost-effective for local authorities to administer.

Advice-based approach

A key part of preventing further financial crises is offering wider support that aims to improve the financial situation of individuals in lasting ways. The government's latest HSF guidance allows local authorities to spend some of their allocation on funding advice services; this is a welcome step forward.

At GMPA, we believe it is vital that financially vulnerable households have access to advice-based support services to access the financial advice, services, and products that will help them to improve their circumstances in the long-term – through income maximisation, debt, and benefits advice. Often people are simply unaware they are eligible for support. In Greater Manchester alone approximately 36,000 qualifying households are not claiming pension credit that would give them an additional average of around £1,950 a year^{viii}.

However, for many frontline organisations dealing with poverty, it can be difficult to find information on where to refer people for appropriate support and advice. To simplify the process in Greater Manchester we have co-produced a Money Advice Referral Tool (MART) in six boroughs- Bury, Manchester, Oldham, Tameside, Trafford, and Wigan. These have been created in partnership with local councils, food banks, voluntary groups, and people with lived experience of poverty. The tool identifies key local organisations where people can go for advice and other income maximisation support^{ix}.

The MARTs can be used by professionals to guide a conversation with a person about their financial difficulties to:

- refer them to an organisation that can help them maximise their income, and/or
- refer them to an organisation that can provide advice/help on issues that may have caused their financial difficulties, or made those difficulties worse (such as their mental health)

Local authorities should provide residents with access to benefit and debt advice services alongside the HSF, and collaborate with other organisations to ensure there is knowledge of what support is available and how to access it in local areas.

Recommendations:

- Local authorities should ensure the HSF is linked to holistic support to help residents in the longer term, using the HSF to fill gaps in existing advice-based provision where appropriate. This might involve income maximisation support, including referrals to specialist welfare rights or a local third-sector organisation.

Resident-focused approach

Application for the HSF provides an opportunity for councils to engage with residents and provide tailored support to individuals' needs on a case-by-case basis to prevent them from reaching a crisis point in the future. A number of Greater Manchester boroughs and other councils nationally have local welfare assistance caseworkers who spend their time with a resident to understand their financial challenges and help them access the most appropriate support.

The caseworker model represents a better service for residents. A "one front door" approach is convenient and humanises the experience of what is often a highly stressful process. It helps residents move towards a more sustainable ongoing financial situation and in turn, can save the council money. In areas that have used this approach, they have documented a high return to residents in terms of increasing their income; money that may then be spent in the local economy, benefiting local businesses. A London report cited millions of pounds of additional benefits being received by residents, some at a return of £18 per £1 invested^x.

Recommendations:

- Local authorities should adopt a resident-focused approach, offering wider support to residents who apply for the HSF using local welfare assistance caseworkers, as opposed to providing a transactional service.

Partnership working

The guidance encourages local authorities to work in partnership with both internal council services and external partners working in the local community to support residents.

Local councils' welfare services should improve cross-departmental collaboration to ensure that individuals requesting HSF assistance also get benefits advice and welfare rights support. Staff must be upskilled to provide information about what elements of local welfare provision people are entitled to and where they should be directed inside the system. Discretionary Housing Payments and Council Tax Support are examples of local welfare provision that staff must be aware of.

Local authorities should be at the forefront of delivering the HSF. However, with the limited funding, it is critical that local authorities collaborate with local delivery partners to promote awareness of what support is available through the HSF. Partnership working should be built upon the principle of 'cash-first' so that agencies can work together to ensure people are accessing all the available financial support.

Application process, eligibility criteria, and communication of support

The guidance highlights that local authorities must operate the HSF on an application basis, so applications to the scheme need to be via systems that are easily accessed. Local authorities should provide a choice of application channels to meet the different needs of residents including online, telephone, and face-face, to ensure that any digital accessibility issues do not become a barrier to accessing support when it is needed. The application itself needs to be simple; if it is complex and/or lengthy individuals may miss out on support and face delays in receiving it. HSF applications should be processed as soon as possible, and applicants should be kept updated throughout the process. Once a decision has been made, successful applicants should receive their award within 48 hours.

Recommendations:

- Local authorities need to take a place-based approach to ensure they are considering residents' access needs, enabling multiple channels for residents to apply to the HSF scheme.
- The design of the application should not be overly complex, and residents should be able to clearly describe their situation.
- Applications should be processed as soon as possible, and successful applicants should receive their awards within 48 hours.

Key considerations for HSF application:

- Review the questions being asked - can the number be reduced or can wording be simplified?
- Ensure a telephone line is advertised and readily available to support applications.
- Ensure applicants must only complete the form once if they are applying for multiple support.
- Ensure language is appropriate for residents and alternative languages are available where necessary.
- Test webforms and telephone lines periodically and monitor call waiting times.

Eligibility criteria

It is the responsibility of local authorities to identify and support vulnerable households to access the HSF using a variety of sources of information, from local-level data to taking referrals from professionals who come into contact with residents in financial crisis. Local authorities can use data to identify vulnerable residents for support; examples of metrics to consider include missed Council Tax payments in the last 12 months, late Council Tax payments in the last 12 months, household income level, and known rent or mortgage arrears. We advise local authorities to collect and maintain data on HSF awards and applicants to monitor individuals who come through the scheme, their demographics, and the number of times the same person has accessed help. This is essential to better understand how local authorities can strengthen how people in financial crises are supported.

Local authorities must take a flexible approach to eligibility, assessing and awarding when there is an obvious need and where a crisis for a resident could be avoided. Flexibility is especially important considering how often residents' circumstances might be changing in light of the current crisis.

Recommendations:

- Identify and target households who may need support, maximising the use of local-level data such as Council Tax records.
- Collect and maintain HSF data on awards and applicants.
- Local authorities should ensure eligibility criteria is sufficiently flexible to support those in genuine need and crisis.

Communication of support

Local authorities need to promote the HSF widely. Information about the support available, eligibility criteria, and how to access it needs to be communicated clearly and concisely. GMPA's research into HSF schemes has found that it can be difficult to find information about the scheme on local authority websites. Website content related to the HSF must be simple and in succinct English, and other languages as appropriate. Residents have fed back on required improvements.

Given the range of front-line staff that might be in contact with residents, building an awareness of the HSF and how to access it by training front-line staff groups is critical to reaching those residents in most need. Local authorities should bring together relevant partners who work in the community to disseminate information about the HSF.

Recommendations:

- Review website content relating to the HSF (and other cost-of-living support), ensuring that the scheme is signposted clearly.
- Actively promote the HSF scheme among partner groups and forums to reach communities that may be unaware of it.
- Offer outreach training to front-line staff to improve awareness of the HSF and residents' entitlements.

Conclusion

The HSF will go some way towards helping people experiencing financial crises when carefully planned and implemented. However, as prices rise yet further, millions of households across the country are beyond breaking point and the HSF is not adequate to meet the demand for support.

We call on the government to properly resource local welfare provision with long-term funding arrangements building on the national recognition of the HSF. This should involve the government providing greater guidance to local authorities on the operation and requirements for local welfare support, including ensuring local authorities adopt a 'cash-first' and 'advice-based' approach to support.

Endnotes

ⁱ Department for Work and Pensions (2023) 1 April 2023 to 31 March 2024: Household Support Fund guidance for county councils and unitary authorities in England. *GOV.UK*. [Online]. Available from: <https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils/1-april-2023-to-31-march-2024-household-support-fund-guidance-for-county-councils-and-unitary-authorities-in-england>.

ⁱⁱ GMPA (2020) Strengthening the role of local welfare assistance. Available from: <https://www.gmpovertyaction.org/wp-content/uploads/2021/03/Strengthening-the-role-oflocal-welfare-assistance-March-12-2021.pdf>.

GMPA (2022) Local Welfare Assistance Schemes - best practise for local authorities. Available from: <https://www.gmpovertyaction.org/wp-content/uploads/2022/06/LWAS-June-2022-FINAL-DRAFT.pdf>.

ⁱⁱⁱ Whitham, G., Rimmer, P., and Lopez, A. (2023) Local-anti poverty strategies: Good practice and effective approaches. Greater Manchester Poverty Action. Available from: <https://www.gmpovertyaction.org/local-anti-poverty-strategies/>.

^{iv} Department for Work and Pensions (2023) Household support fund extended from today to help families in need. *GOV.UK*. [Online]. Available from: <https://www.gov.uk/government/news/household-support-fund-extended-from-today-to-help-families-in-need>.

^v Trussell Trust (2022) Why local policy matters when it comes to ending the need for food banks., The Trussell Trust. Available at: <https://www.trusselltrust.org/what-we-do/research-advocacy/working-with-local-government/#cashfirst>.

^{vi} Lipscomb, L. and Walker, D.C. (2022) *An Evaluation of the Leeds City Council Cash Grant Pilot programme*. Available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/11/Vantage-Point-Research-Leeds-Cash-First-evaluation.pdf>.

^{vii} Leeds City Council. *Household Support Fund, Leeds.gov.uk*. Available at: <https://www.leeds.gov.uk/benefits/household-support-fund>.

^{viii} Greater Manchester Combined Authority (2021) *Cost of living and Pension top up campaign, Greater Manchester Combined Authority*. Available at: <https://www.greatermanchester-ca.gov.uk/what-we-do/ageing/cost-of-living-and-pension-top-up-campaign/>.

^{ix} [Money Advice Referral Tools - Greater Manchester Poverty Action \(gmpovertyaction.org\)](https://www.gmpovertyaction.org)

^x London Councils (2019). *Supporting Low-Income Londoners: the future of Local Welfare*, London. Available from: <https://www.londoncouncils.gov.uk/our-key-themes/tracking-welfare-reforms/local-welfare-provision/supporting-low-income-londoners>.