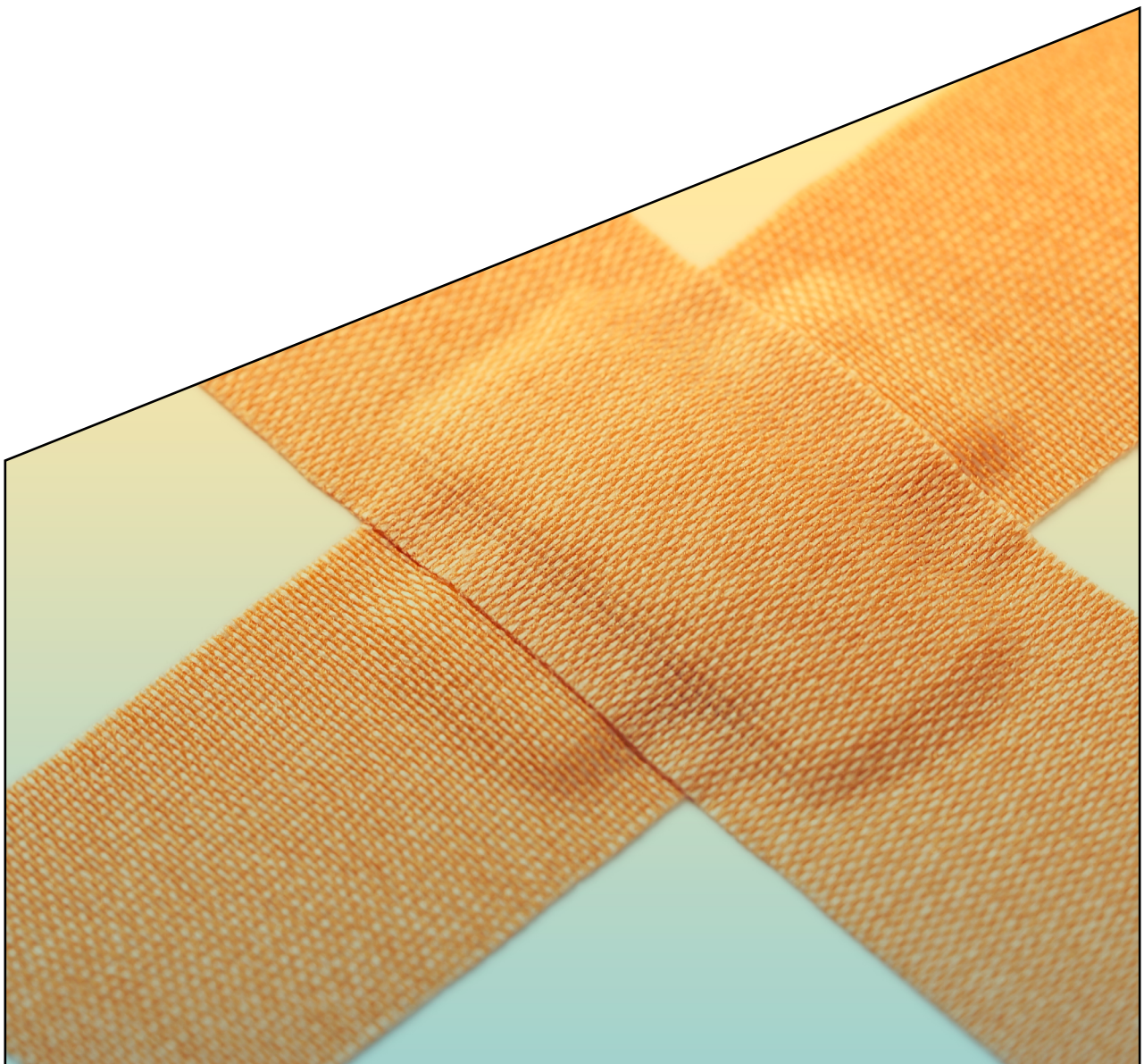


# Sticking plasters

An assessment of discretionary welfare support

Karl Handscomb

October 2022



## Acknowledgements

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## Summary

The UK benefit system is largely based on entitlement: it provides cash support to individuals and families that fit a specific set of circumstances (those with no or low household earnings, for example, or those who have additional costs because of a disability). But this rules-based system is complemented by a number of discretionary funds that can be allocated to those in need. Support from such schemes is not automatic: there is no entitlement on the part of the claimant and no obligation on the part of the decision maker to provide. But discretionary welfare support of this type plays a vital role in providing ad hoc support to individuals and families in times of acute need (in the event of an emergency cost like a broken cooker, for example; a delayed benefit payment; or additional expenses during a life transition).

This briefing note assesses this small but increasingly important part of our benefit system. The UK's safety net was almost entirely based on discretion prior to the founding of the modern welfare state (think the Poor Laws), but since 1945 an entitlement-based model has prevailed. An element of discretion was introduced in 1988-89 when the Social Fund (SF) was established to help individuals and families with crisis costs, followed by Discretionary Housing Payments (DHPs) in 2001 to assist those temporarily struggling with housing costs. These schemes have waxed and waned in recent years: the SF was restructured as of April 2013, for example, and its funding cut considerably from that point on. In contrast, DHP spending, which stood at around £26 million per year (in 2019-20 prices) before 2011-12, increased seven-fold in 2013-14 to almost £200 million and has remained at elevated levels ever since. Most recently, the Government introduced the Household Support Fund (HSF) to help individuals and families in the Covid-19 period and beyond, a facility which to date has been funded to the tune of £1.5 billion.

Conventionally, discretionary welfare schemes have had a clear purpose: to provide crisis support to those experiencing extraordinary and usually one-off costs. In recent years, however, this rationale has become blurred. From 2013-14 onwards the DHP budget was increased explicitly to offset the sharpest impacts of cuts to housing entitlement such as the benefit cap and the bedroom tax. Likewise, the introduction of the HSF in 2021 coincided with the withdrawal of the £20-a-week pandemic boost to Universal Credit (UC), with a clear link drawn by the Government between the two. Over the last decade, then, we observe discretionary schemes being used not just to help individuals and families manage one-off crises, but to compensate some for cuts to benefit entitlements.

But discretionary funds are clearly stretched thin: although working-age benefits were cut by £29 billion between 2010-11 and 2019-20, the amount allocated to discretionary funds remained flat in real terms over this period. In England, the challenge of deciding how to distribute these limited discretionary funds largely falls to local authorities today

(DHPs are administered locally everywhere, but the HSF is run nationally in Wales and in Scotland is governed by a national set of rules). Focusing our attention on the HSF, we find that four-in-five English local authorities are using the scheme to provide automatic additional payments or vouchers to all recipients of certain entitlement-based benefits in the local area. While this is no doubt very welcome to recipients, passporting the HSF in this way provides yet further evidence that discretionary welfare is no longer providing just crisis support, but is also being used in many places to tackle the longer-term issue of benefit (in)adequacy. Indeed, we found that one-in-four English local authorities offer no discretionary crisis provision at all through the HSF, instead seemingly disbursing all the funds through top-ups to existing entitlements.

Of course, there are a number of practical as well as needs-driven reasons why local authorities might choose to take this tack. First, this approach minimises the burden of administering a truly discretionary scheme. We note that the HSF, for example, was introduced at short notice – one local authority worker we interviewed described how they first heard of it on the radio – and therefore left little time to hire decision makers to deal with a large number of applications or to design appropriate policy guidance. Second, central government mandated that at least one-third of the second tranche of the HSF be spent on pensioners. In practice, however, many local authorities received low numbers of requests from pension-age applicants, unsurprising given that one-in-three upper-tier local authorities have a pensioner-population share of less than 15 per cent. In these circumstances, many local authorities chose to disburse one-third of the HSF through an automatic payment to those in receipt of Pension Credit, rather than return a slice of the funds.

Pensioner under-subscription aside, it is reasonable to assume that demand for discretionary funds seriously outstrips supply nationwide. (Although there are no centralised figures for England and Wales, annual applications for discretionary crisis support in Scotland have more than doubled since 2013-14). The long-term erosion of the value of working-age benefits, pandemic pressures and now the current cost of living crisis will all inevitably leave low-income individuals and families exposed in the event of an extraordinary cost. But our research shows that even when discretionary funds are available, issues still abound. Those in need do not always know support is available; limited funds mean reasonable requests can still be turned down; and the fundamental nature of discretionary schemes means two identical cases can have different outcomes.

Localisation exacerbates these fairness problems. Although there is a genuine rationale for administering such schemes locally (it is easier for councils to identify need, for example, or to signpost to other support in the area), there is an inevitable postcode lottery when it comes to crisis support. As previously discussed, one-quarter of English

local authorities offer no discretionary crisis provision at all, but when they do there is still much variation. Our analysis shows, for example, that only three-in-ten (29 per cent) local authorities were offering cash awards as part of the HSF, with the remainder of those with provision offering in-kind support. Moreover, there are considerable differences between the nations: in 2019-20, total discretionary spending per head in England was over six-times lower than in Scotland (£2.83 compared to £18.97), and twice as low as that in Wales (where it stands at £6.65 per head).

Overall, we find that discretionary welfare support has undergone a significant change in recent years, with locally-delivered support increasingly used to soften the sharp edges of large-scale benefit cuts. As a result, crisis support schemes are often overburdened; can be arduous to administer; and provide very different support depending on where an applicant lives (not to mention when in the financial year they apply to a scheme, or which decision maker they get). However, there are a number of ways discretionary welfare support could be improved. There should be a clear minimum expectation that local authorities provide at least some crisis support, for example. Moreover, access could be improved through a common naming convention, and a central government website listing all the schemes. But at the end of the day, discretionary welfare schemes cannot substitute for an adequate social safety net; they can only work as efficiently as possible to help those on low incomes navigate crisis situations.

## Discretionary welfare support has waxed and waned over time

This briefing note focuses on social security support that is provided not as an entitlement, but at the discretion of someone (usually a local government official) who decides whether and how much an applicant gets.<sup>1</sup> Welfare spending has historically been largely discretionary (think the Poor Laws, dating from the 16th century), but the Beveridge reforms in the 1940s ushered in a system of support based largely on entitlement. Put differently, so long as a claimant fits the rules, support is forthcoming.<sup>2</sup> As Figure 1 shows, discretionary welfare support forms a relatively small part of the British benefit system today: before the Covid-19 pandemic, for example, just £1 was spent on discretionary welfare support for every £780 spent through entitlement-based benefits.<sup>3</sup>

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<sup>1</sup> This note focuses on Great Britain as benefit policy is fully devolved in Northern Ireland, and comparable data is not easily available.

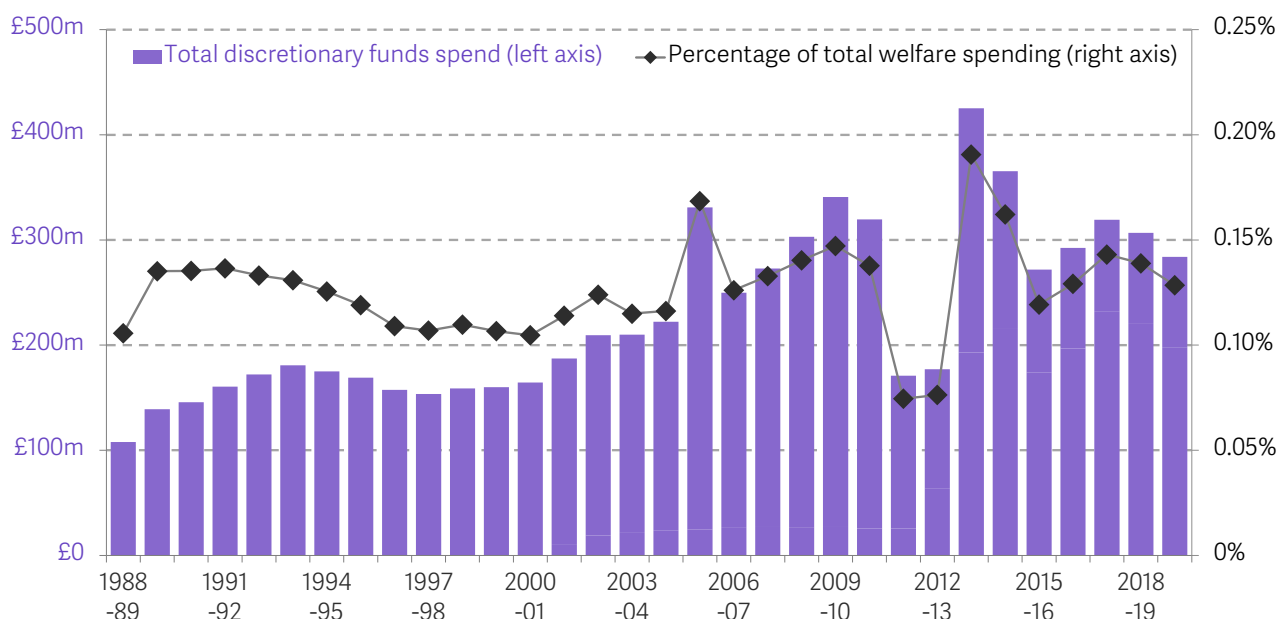
<sup>2</sup> N Timmins, *The Five Giants: A biography of welfare state*, Harper Collins, November 2017.

<sup>3</sup> See Figure 1 for details.



FIGURE 1: Discretionary welfare is a relatively small part of the benefit system

Spending on discretionary welfare support, 2019-20 prices: Great Britain



NOTES: Discretionary spending includes crisis and relocation discretionary spending such as Social Fund net expenditures on Community Care Grants and Crisis Loans, and comparable schemes now provided by local authorities and devolved governments; as well as spending on Discretionary Housing Payments. Figures exclude Social Fund Budgeting Loans as comparative information for Universal Credit Budgeting Advances is not available. Social Fund Crisis Loans were repayable before localisation in 2013, and spending figures on this shown here are net of repayments. Figures for crisis and relocation support in England for 2016-17 and 2017-18 are estimates based on previous and later years of data.

SOURCE: DWP, various; Scottish Government; Welsh Government; End Furniture Poverty, NAO.

Despite its relatively small size, however, discretionary welfare support plays a very important role for low-income individuals and families. It is the only way they can access emergency non-repayable support in a crisis from the state, for example;<sup>4</sup> get resettlement support when setting up a new home after leaving, say, care or prison to buy basic home furnishings (such as a bed and a cooker); and receive extra help with housing costs when they prove hard to cover. Over time, discretionary welfare support has been provided via the following funds:

- In 1988, a discretionary Social Fund (SF) was established with three main functions.<sup>5</sup> First, it provided Community Care Grants (non-repayable) designed to support those going through a difficult relocation (for example moving home after experiencing domestic violence, leaving care, or after leaving prison).

<sup>4</sup> It is possible for families to apply for a Budgeting Loan or repayable Budgeting Advance from DWP, which can also cover emergency expenses. However, such support is not available to those with significant existing debts.

<sup>5</sup> Department for Work and Pensions, *Social Fund Account 2003-2004*, June 2005.

- Second, Budgeting Loans designed to help individuals manage large expenditures over several months. And third, Crisis Loans to give support when a household experienced an emergency (such a fire or flooding). Loans were repaid at variable rates as low as 5 per cent of benefit income.<sup>6</sup>
- In 2001, the then Government introduced Discretionary Housing Payments (DHPs) to help individuals and families that needed further financial assistance with their housing costs.<sup>7</sup>
- In 2013, the Government localised the majority of the discretionary Social Fund in England, and devolved the matter to the other nations in the UK. Although there was no statutory duty placed on local authorities in England to provide Local Welfare Assistance Schemes (LWAS) to substitute for Community Care Grants and Crisis Loans, the DWP did tell councils that it expected them to provide 'flexible help to those in genuine need'.<sup>8</sup> Budgeting Loans remain the preserve of central government, and in future will be fully provided as UC Budgeting Advances.
- Scotland and Wales have taken a more centralised approach to delivering crisis and relocation support since 2013. Their schemes, the Scottish Welfare Fund (SWF) and the Welsh Discretionary Assistance Fund (DAF), have maintained most of the structure of the original Social Fund.<sup>9</sup>
- During the Covid-19 crisis, the Government provided additional discretionary welfare support for households with the Emergency Assistance Grant in England in 2020-21; the Covid Winter Grant in England in 2020-21; the Covid Local Support Grant in England from April 2021 to September 2021; with other support in Scotland and Wales available.
- In October 2021, the Household Support Fund (HSF) was introduced for six months to allow local authorities and devolved nations in the UK to provide discretionary welfare support for individuals and families struggling in the post-pandemic world, 'including small grants to meet daily needs such as food, clothing and utilities'.<sup>10</sup> This has subsequently been funded for two further six-month periods up to March 2023.

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<sup>6</sup> This is a significantly lower repayment rate than the current UC Advance deductions (which are replacing Social Fund Budgeting Loans as UC rolls out) – which are repaid at 25 per cent of the equivalent UC benefit income. For more details, see: Department for Work and Pensions, [Universal Credit advances](#), October 2022; Department for Work and Pensions, [The Social Fund: technical guidance](#), September 2013.

<sup>7</sup> P Loft & W Wilson, [Discretionary Housing Payments](#), House of Commons Library Briefing Paper 6899, August 2020.

<sup>8</sup> National Audit Office, [Local welfare provision](#), January 2016.

<sup>9</sup> National Audit Office, [Local welfare provision](#), January 2016; [gov.wales/discretionary-assistance-fund-daf](#), accessed 24 October 2022; Scottish Government, [Scottish Welfare Fund](#), June 2022.

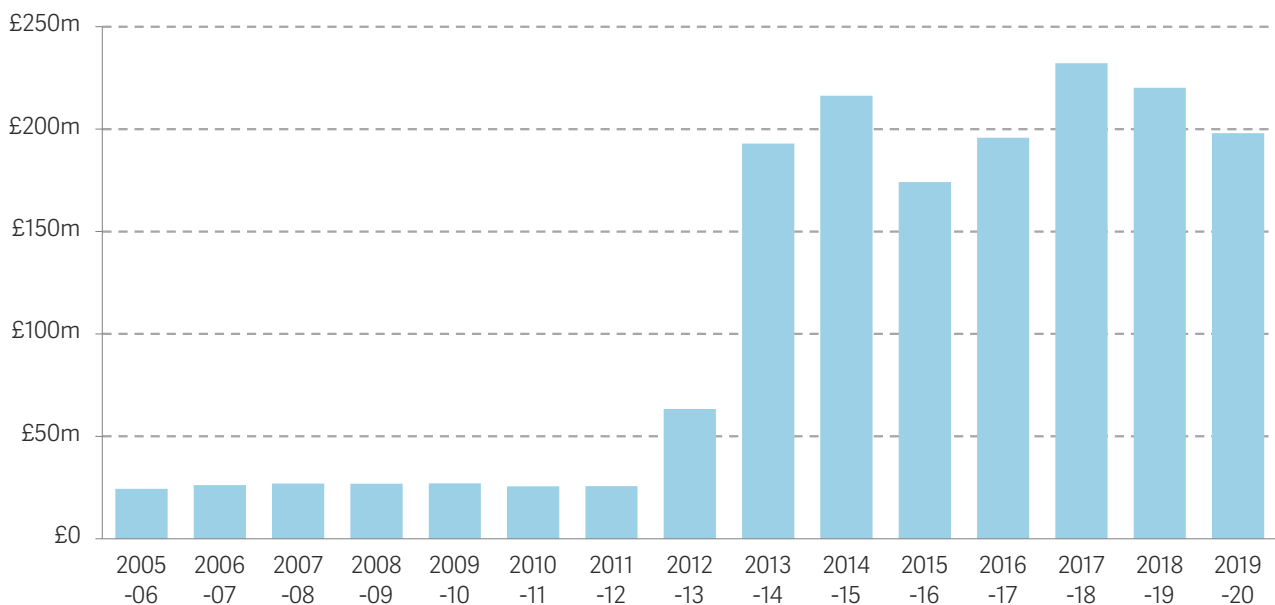
<sup>10</sup> Department for Work and Pensions, [Government launches £500m support for vulnerable households over winter](#), September 2021.

## On the eve of the pandemic, DHPs comprised two-thirds of all discretionary spending

In the simplest terms, then, discretionary welfare support can be thought of having two main components: DHPs and crisis support including help for those relocating. Starting with the first, Figure 2 shows that since their introduction in 2001, spending on DHPs remained relatively constant at around £26 million per year (in 2019-20 prices) up until 2011-12. From that point on, spending on DHPs increased more than seven-fold in real terms (a 651 per cent increase to £193 million by 2013-14). There was a very clear policy rationale for this increase: the Government itself made clear at the time that DHPs were increased to offset partially the various benefit reforms that have reduced housing entitlement (Housing Benefit and later the housing element of UC) over this period such as the benefit cap, removal of the spare room subsidy (RSRS - a.k.a. the bedroom tax) and the changes to the Local Housing Allowance.<sup>11</sup>

**FIGURE 2: Discretionary housing support has increased dramatically since 2011-12**

Spending on Discretionary Housing Payments, 2019-20 prices: Great Britain



=NOTES: Includes UK Government, local authority and devolved nation spending.

SOURCE: RF analysis of DWP and Scottish Government data.

Figure 3 looks at the second element of discretionary welfare support over time: crisis payments and support for people experiencing a relocation such as leaving care, prison

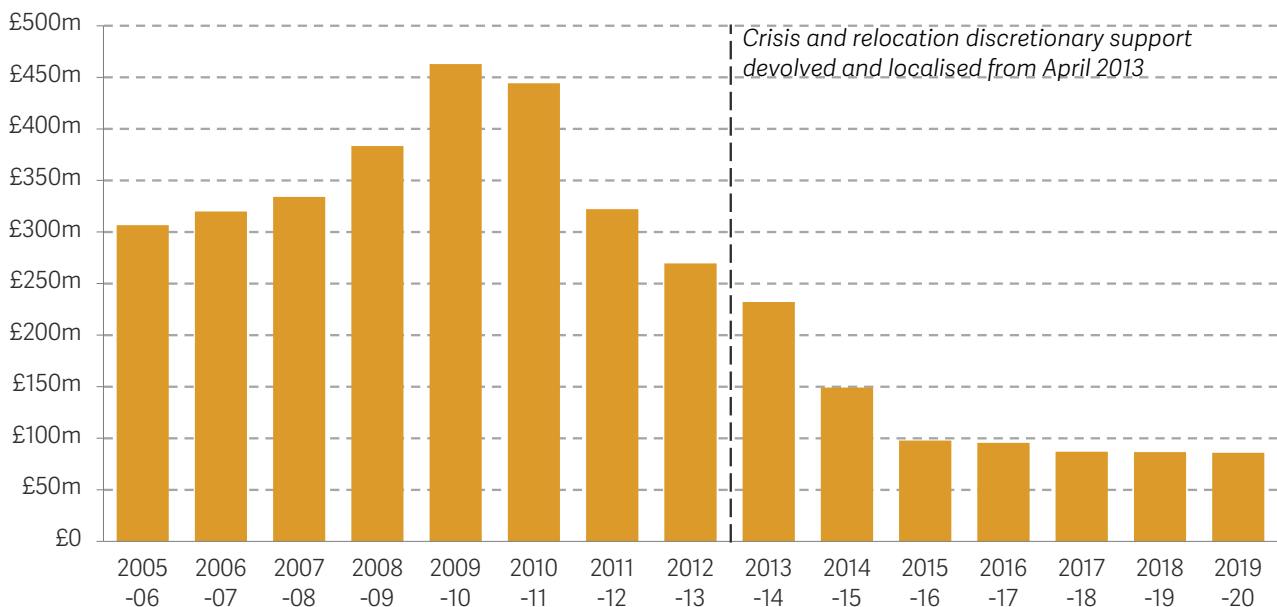
<sup>11</sup> W Wilson & P Loft, [Discretionary Housing Payments](#), Briefing Paper 6899, House of Commons Library, August 2020.



or an abusive relationship.<sup>12</sup> Reductions in support of this kind began in the early 2010s, falling from the high point of £463 million in 2009-10 to £270 million by 2012-13 (all figures are again expressed in 2019-20 prices). But the key structural break for this element of discretionary support is 2013-14, when the SF was disbanded and responsibilities devolved and localised. In subsequent years, spending on this type of support fell even further, to £86 million on the eve of the pandemic in 2019-20. Over the ten years as a whole, spending on crisis and relocation support fell by more than four-fifths (81 per cent) across Great Britain.

**FIGURE 3: Discretionary crisis and relocation support has fallen by more than 80 per cent since 2009-10**

Spending on discretionary crisis and relocation support, 2019-20 prices: Great Britain



NOTES: Spending includes Social Fund net expenditures on Community Care Grants and Crisis Loans, and comparable schemes now provided by local authorities and devolved governments. Figures exclude Social Fund Budgeting Loans as comparative information for Universal Credit Budgeting Advances is not available. Social Fund Crisis Loans were repayable before localisation in 2013, and spending figures shown here are before any repayments are included. Figures for crisis and relocation support in England for 2016-17 and 2017-18 are estimates based on previous and later years of data.

SOURCE: DWP, various; Scottish Government; Welsh Government; End Furniture Poverty; NAO.

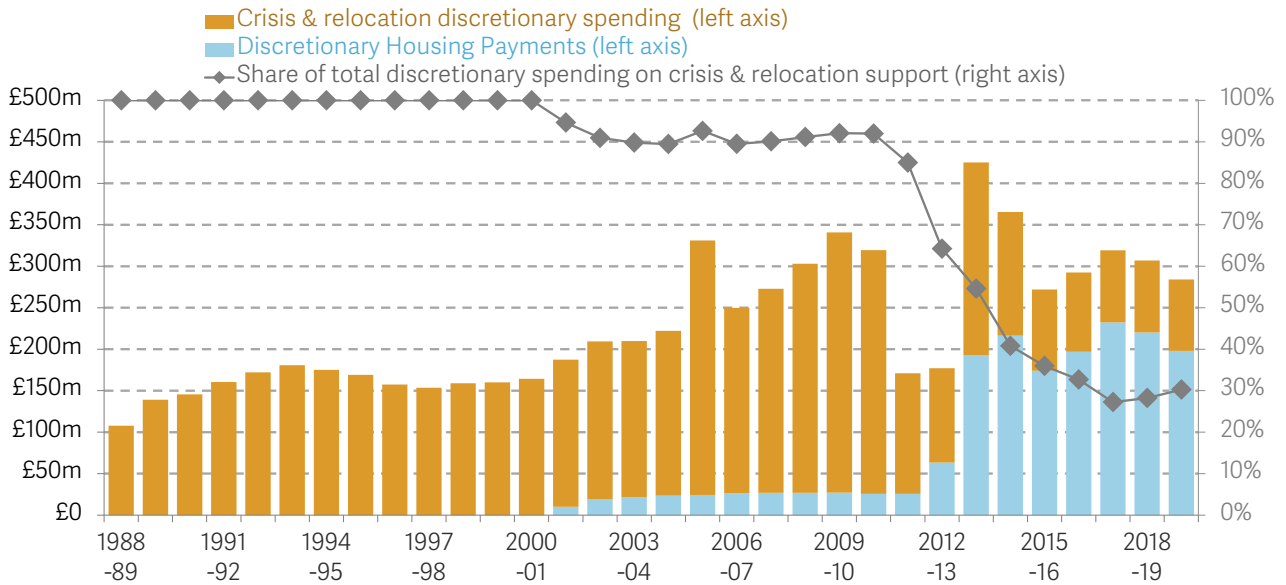
When we bring these two trends (the bolstering of DHPs and the diminishment of crisis and resettlement support) together as we do in Figure 4, we can see that there has been a great deal going on beneath the relative stable picture we presented at the outset in Figure 1. Spending on crisis and relocation support went from taking up the vast majority

<sup>12</sup> An important distinction is that Figure 3 (and Figure 6) look at gross expenditure, whereas Figure 1 (and Figure 4) look at spending incurred net of repayments, a difference that only affects spending relating to Social Fund Crisis Loans before 2013-14. The advantage of looking at a comparison of net spending is that it shows a fair comparison of the cost of delivering these schemes, and why we do so in Figure 1 and Figure 4. The advantage of comparing gross expenditure is that it shows a fair comparison of the value of support that claimants are receiving at the point of claim, and why we focus on this measure in Figure 3 and Figure 6.

of discretionary welfare support spending in 2010-11 (92 per cent of all discretionary spending in that year) to a much more minor part (30 per cent) on the eve of the pandemic in 2019-20.

**FIGURE 4: Support with housing costs dominated the discretionary welfare system prior to the pandemic**

Spending on discretionary welfare support, 2019-20 prices, by category: Great Britain



NOTES: Discretionary spending includes crisis and relocation discretionary spending such as Social Fund net expenditures on Community Care Grants and Crisis Loans, and comparable schemes now provided by local authorities and devolved governments; as well as spending on Discretionary Housing Payments. Figures exclude Social Fund Budgeting Loans as comparative information for Universal Credit Budgeting Advances is not available. Social Fund Crisis Loans were repayable before localisation in 2013, and spending figures on this shown here are net of repayments. Figures for crisis and relocation support in England for 2016-17 and 2017-18 are estimates based on previous and later years of data. SOURCE: DWP, various; Scottish Government; Welsh Government; End Furniture Poverty, NAO.

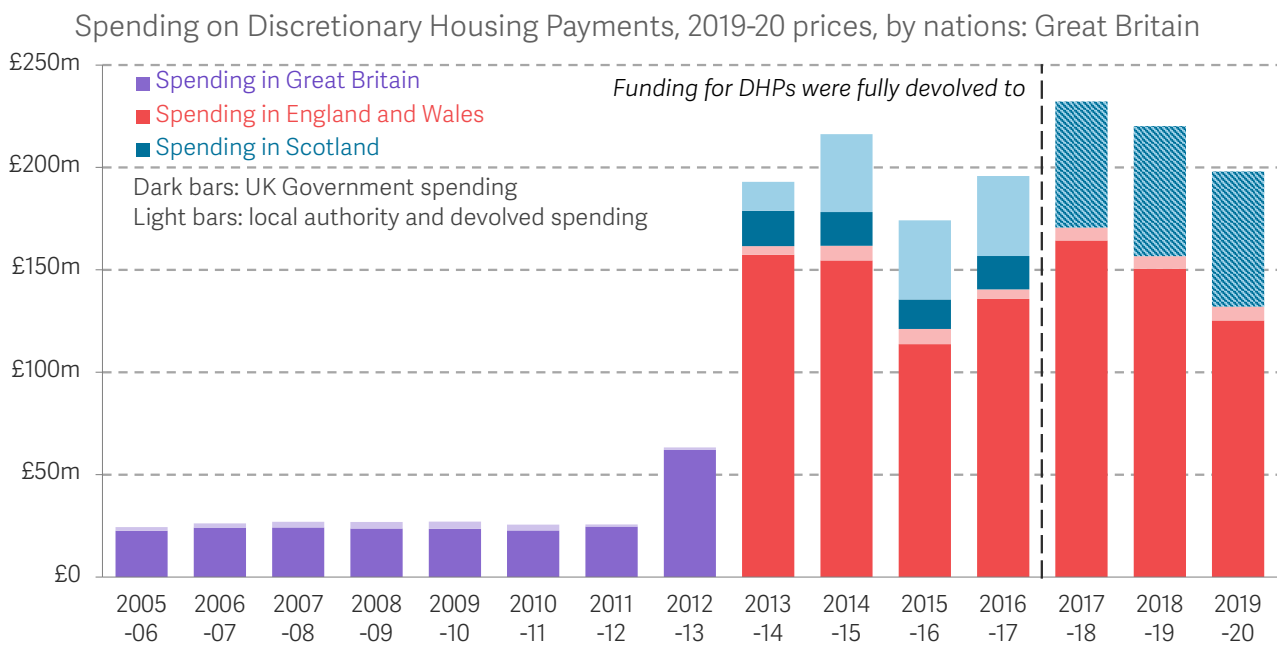
## Different parts of the country can choose to top up discretionary funds to a greater or lesser degree

There is another key dynamic that sits beneath the headline figures for discretionary welfare support spending prior to the pandemic, however, and this is differing approaches taken across Great Britain. Funding for DHPs is provided by central government but local authorities can top this up – and did so in England and Wales by £7 million (or 5 per cent) in 2019-20 (see Figure 5). But it is Scotland that we see this effect the most because the Scottish Government has had an explicit policy objective of offsetting far more of the effects of the benefit cap and RSRS.<sup>13</sup> In 2016-17 (before the full devolution of DHPs to Scotland, as this makes it difficult to distinguish the source of DHP funding), funding of

<sup>13</sup> Scottish Government, *Welfare reform - impact on households with children: report*, April 2022.

DHPs by the Scottish Government and Scottish local authorities was more than twice (240 per cent) the amount provided directly by the UK Government.<sup>14</sup> While total DHP support in Great Britain has been constant, in England and Wales the amount of support provided (of which 93 per cent is funded by the UK Government) has been falling – by 18 per cent in real-terms from 2013-14 to 2019-20. In Scotland, DHP spending has risen by 140 per cent over the same period.

**FIGURE 5: The Scottish Government tops up the spend on DHPs to a significant extent**



NOTES: Includes UK Government, local authority and devolved nation spending. From 2017-18, Scotland receives some funding for UK Government spending on DHPs within the overall block grant for Scotland.  
 SOURCE: RF analysis of DWP and Scottish Government data.

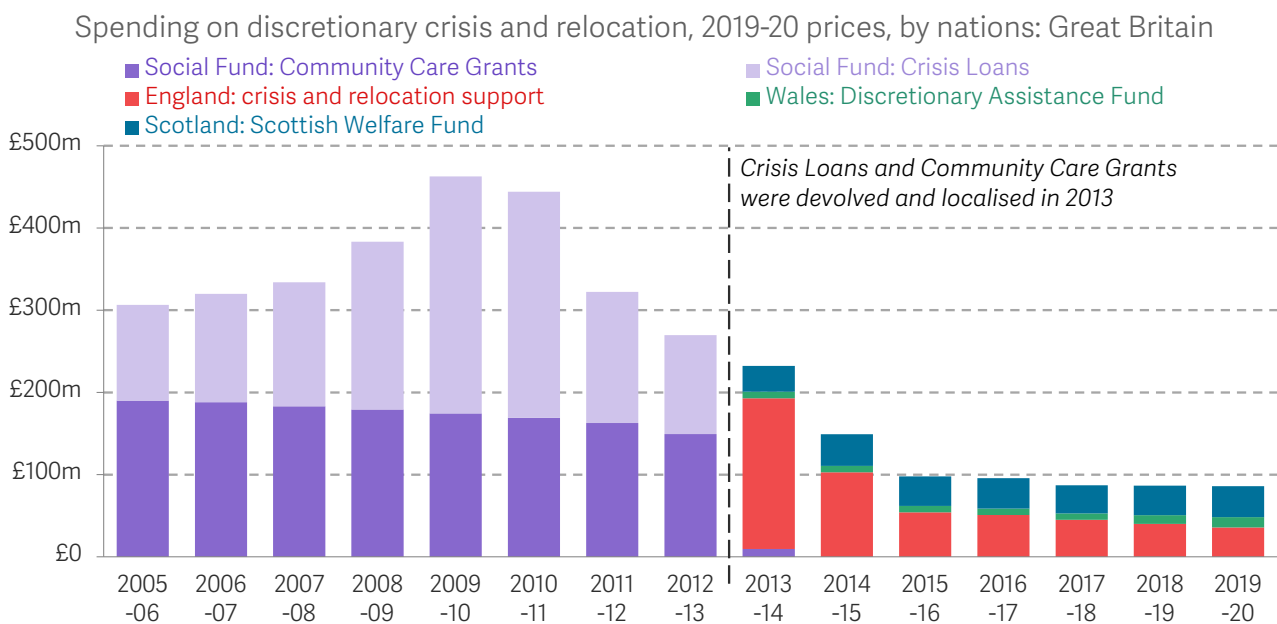
Discretionary crisis and relocation support – originally provided by Department for Work and Pensions (and predecessors) through the Social Fund – was localised in England and devolved to Scotland and Wales in 2013-14.<sup>15</sup> This change saw responsibility for providing, and funding, this support shift from central to local government, but with no legal obligation for local authorities to have any provision at all. For the first two years of the localisation (2013-14 and 2014-15), the government provided specific allocations to local authorities (and devolved nations) to spend on this discretionary welfare provision, although this was not ring-fenced and 78 per cent of local authorities did not spend all of their funding in the first year.<sup>16</sup> Since then some funding has been notionally included

<sup>14</sup> In one sense this spending makes DHPs in Scotland far less discretionary – and effectively entitlement-based for most recipients.  
<sup>15</sup> The rationale for localising this support lies in the idea that local administration could result in financial savings by improving the targeting of support, or allowing for a more joined-up approach with other local government services. See: HC Committee of Public Accounts, *The Community Care Grant*, Eleventh Report of Session 2010-11, HC 573, December 2010.  
<sup>16</sup> National Audit Office, *Local welfare provision*, January 2016.

in the annual block grant settlement, although local authority financing reforms – and significant cuts to the block grants since 2010 – make it impossible to know to what degree central government is funding local discretionary welfare provision.<sup>17</sup>

However, two things jump out from Figure 6, which shows how spending on crisis and relocation support has changed over time by nation. First, spending in England since localisation has fallen considerably: from £183 million in 2013-14, to just £36 million in 2019-20 (a fall of 80 per cent). Second, and in stark contrast, spending in the other nations has increased over time. Wales spent 59 per cent more on its Discretionary Assistance Fund in 2019-20 than it did in 2013-14 (£13 million compared to £8 million), and Scotland 20 per cent more on the Scottish Welfare Fund over the same time period (£38 million to £31 million).

**FIGURE 6: The devolved nations spent considerably more on discretionary crisis and relocation support in 2019-20 than in 2013-14, in contrast to English local authorities**



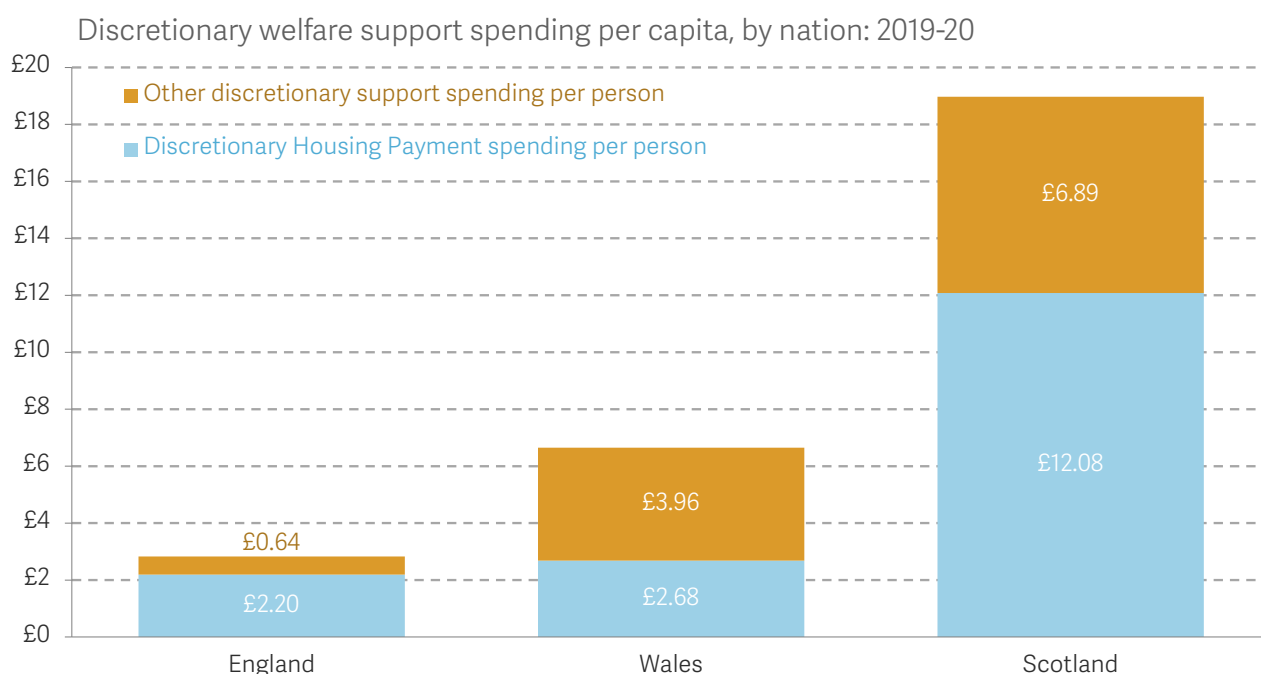
NOTES: Spending includes Social Fund net expenditures on Community Care Grants and Crisis Loans, and comparable schemes now provided by local authorities and devolved governments. Figures exclude Social Fund Budgeting Loans as comparative information for Universal Credit Budgeting Advances is not available. Social Fund Crisis Loans were repayable before localisation in 2013, and spending figures shown here are before any repayments are included. Figures for crisis and relocation support in England for 2016-17 and 2017-18 are estimates based on previous and later years of data.

SOURCE: DWP, various; Scottish Government; Welsh Government; End Furniture Poverty; NAO.

<sup>17</sup> D Gibbons, *The Decline of crisis and community care support in England: why a new approach is needed*, Centre for Responsible Credit, September 2017.

When we look at the spending on DHPs and on crisis and relocation support in the nations on a per capita basis, starker differences in provision emerge (see Figure 7). In 2019-20, Scotland was spending more than five-times more on DHPs per person, and a staggering ten-times more on crisis and relocation support than England, meaning that in total Scotland spent over six-times (670 per cent) more than England on discretionary welfare support that year (£18.97 per head compared to £2.83). The figures for Wales (£6.65 per head) are also striking and in total left Wales spending more than twice as much on a per capita basis on discretionary welfare support than English local authorities did in 2019-20.

**FIGURE 7: In 2019-20, Scotland spent more than six-times as much per capita on discretionary welfare support than England**



SOURCE: RF analysis of DWP; Scottish Government; Welsh Government; End Furniture Poverty; ONS, population estimates 2019.

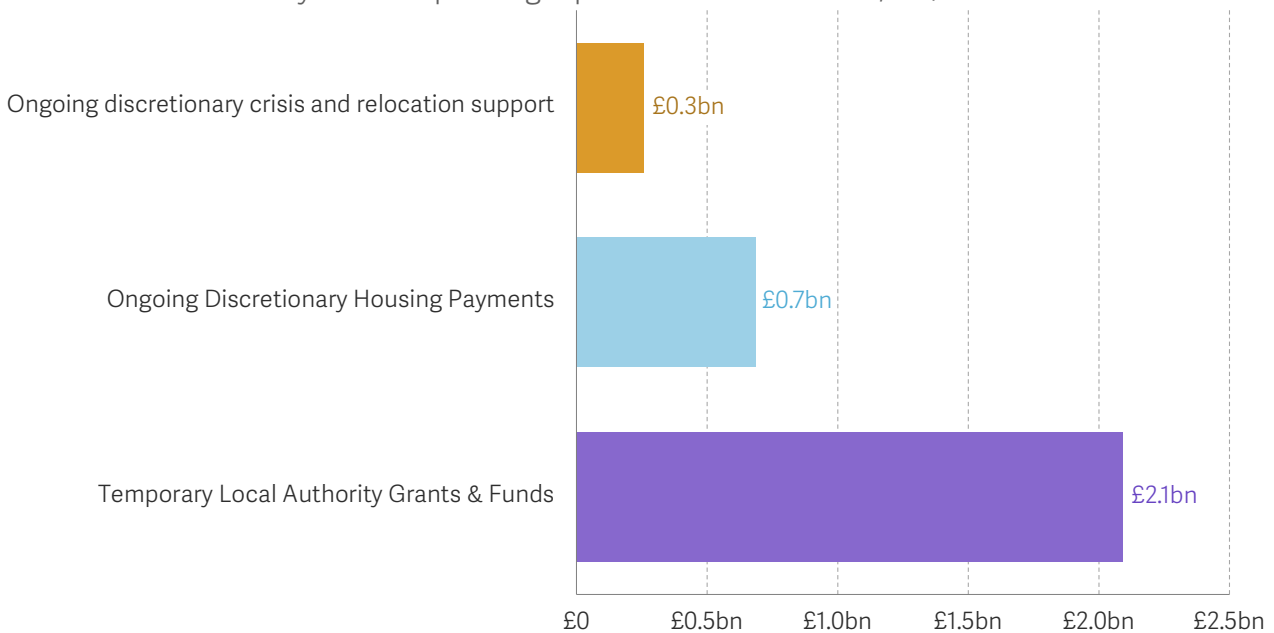
## Discretionary welfare has become more prominent during the pandemic and cost of living crisis

So far, we have looked at discretionary support in Britain before the pandemic and shown that underneath what looks like a fairly stable picture was a great deal of change. During the Covid-19 crisis, the Government provided additional discretionary support for households through a number of facilities: the Emergency Assistance Grant in England in 2020-21 (£63 million), the Covid Winter Grant (and extension) in England in 2020-21 (£229 million), the Covid Local Support Grant (and extension) in England from April 2021

to September 2021 (£200 million), and equivalent grants in Scotland (£100 million).<sup>18</sup> In October 2022, at the point when it was withdrawing the temporary pandemic £20 per week uplift to UC, the Government announced the introduction of the Household Support Fund. Originally funded to the tune of £500 million for six months, the HSF has been refunded by the same amount for two further six-month periods (taking its funding to a total of £1.5 billion, currently secured up to end March 2023).

**FIGURE 8: Discretionary welfare support has increased by 221 per cent over the last three years, in response to the pandemic and cost of living crisis**

Total discretionary welfare spending: April 2020 to March 2023, GB/UK



NOTES: Discretionary crisis and relocation support includes Scottish Welfare Fund, Welsh Discretionary Assistance Fund and England local authority funded schemes based on 2019-20 data to avoid double counting support. Spending on DHPs in 2022-23 assumed to be the same as in 2021-22. Temporary Local Authority Grants & Funds include Household Support Fund for the UK, Emergency Assistance Grant in England, Covid Winter Grant in England, and Scottish Winter Support Fund, and are therefore likely under- and over-estimating the total extra support provided across Great Britain. SOURCE: HM Treasury; MHCLG; OBR; End Furniture Poverty.

Figure 8 puts the scale of all this temporary support in the context of pre-pandemic levels of assistance. The chart shows that the additional support provided to local authorities (and devolved nations) for household support since March 2020 equates to 221 per cent of the value of pre-existing discretionary welfare spending. (To fairly compare to existing levels of support, we estimate what three years of discretionary crisis and relocation spending would have been if spending remained unchanged from 2019-20 – otherwise we would be double counting the HSF as in Scotland and Wales, which partly supported their crisis support schemes. We also assume spending on DHPs is the same

<sup>18</sup> There was also additional funding for Wales through Barnett consequentials.



in 2022-23 as in the previous year. In addition, some of the temporary support has been provided on different geographical bases, and so the comparison should be considered approximate).<sup>19</sup>

The introduction of the Covid-19 schemes and latterly the HSF has clearly required local authorities and the devolved nations to administer far larger amounts of discretionary support than they have ever have to date (as Figure 1 shows, in 2013-14, the year at which discretionary welfare spending peaked prior to the pandemic, local authorities and devolved nations disbursed around £425 million).<sup>20</sup> So, what can practice over the last three years tell us about the role that discretionary support is playing in the welfare state today? In order to answer this question, we conducted research through two further exercises. We focussed on England given crisis and relocation support in Scotland and Wales is similar to SF provision before 2013. First, we interviewed five local authority employees in England who worked on delivering discretionary welfare support, and five welfare advisors in the same local authorities to get a sense of the claimant perspective.<sup>21</sup> Second, we scrutinised a random sample of local authority websites in England (50 out of a total 333 lower-tier and combined authorities, equivalent to 15 per cent) to assess how discretionary welfare was provided in these places.<sup>22</sup> What, then, did we find?

## There is huge demand for discretionary support because of broader welfare cuts

To begin, those dealing with low-income individuals and families on a daily basis made it clear that there are situations where entitlement-based benefits are either insufficient or not timely enough. In such crisis cases, discretionary funds are invaluable. Without exception, all the welfare rights advisors we spoke to were clear: sometimes people need immediate help and discretionary support schemes were needed in such cases.

*“Three or four times a week, we get someone coming in with no money, no food. We can give them a voucher and refer them to the local food bank.”*

**Welfare advisor in England**

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<sup>19</sup> The £1.8 billion total will be a slight underestimate as we do not have all of the figures for the Barnett consequential of the England-only schemes.

<sup>20</sup> As Figure 7 shows however, Scotland and Wales were already providing much higher levels of crisis and relocation support, and so the increase in funding through the HSF was proportionally smaller than in England.

<sup>21</sup> We selected the local authorities to represent a range of urban and rural locations, spread across the country. Each was from a different quintile of the ranking of all local authorities by the ONS Index of Multiple Deprivation (2019). Interviews were conducted in July and August 2022.

<sup>22</sup> We spent at least ten minutes searching the website and internet for guidance relating to local authority local welfare provision and crisis support. We conducted the search, in August 2022, of a random sample of 50 lower-tier and combined authority websites, as well as the corresponding upper-tier authority websites for district and borough councils.

*“[The local authority] is really good at giving out emergency payments – just £50, but it makes a big difference.”*

### **Welfare advisor in England**

However, it is becoming increasingly clear that discretionary support is being used as an essential top-up for the main entitlement-based benefits. Welfare advisors were clear that higher demand for discretionary crisis support and DHPs was being driven by low benefit entitlements and higher costs such as expensive rents (relative to LHA rates). They noted that the pressure to cope on a very low income often created other problems such as poor mental health, which in its turn forced people into crises.

*“LHA [rates], Benefit Cap, [UC] Advances [repayments] – that’s why they end up in trouble, they don’t get enough money to begin with.”*

### **Welfare advisor in England**

*“The [LHA] rates just aren’t keeping up with rents round here. It’s just getting worse.”*

### **Welfare advisor in England**

*“More people needed more support even before Covid.”*

### **Welfare advisor in England**

*“Some people just get themselves into a right state. They just get into debt and stress and it’s a vicious circle you know.”*

### **Welfare advisor in England**

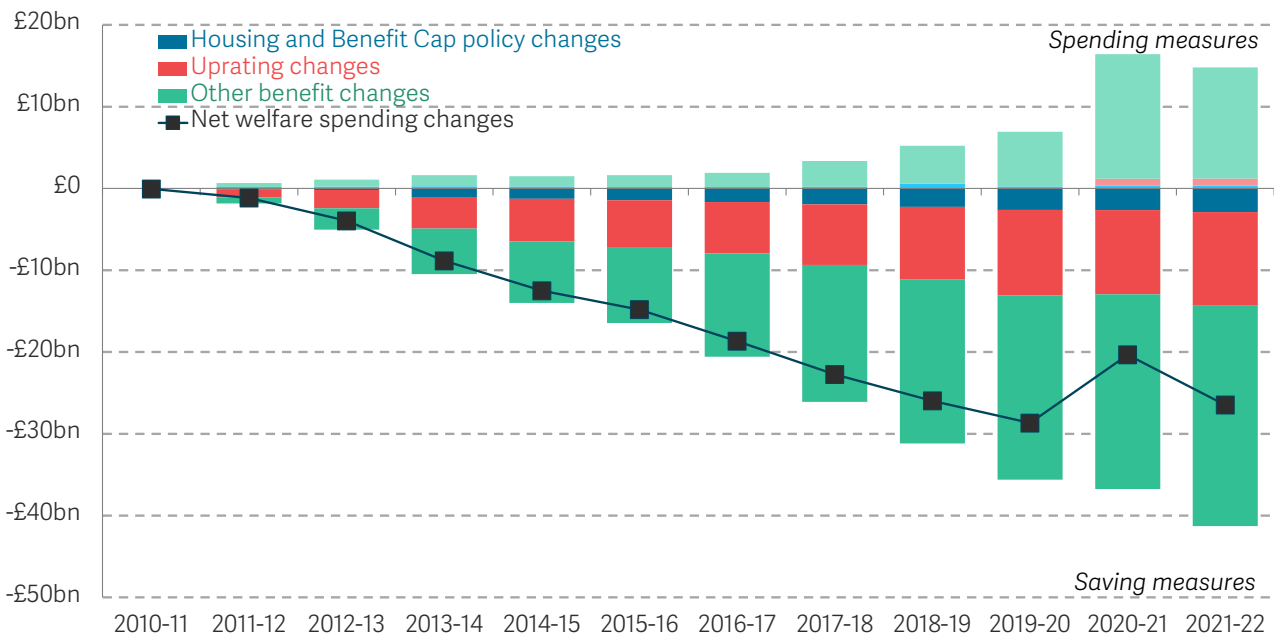
Overall, then, our interviewees drew a clear link between overall benefit (in)adequacy and a growing demand – indeed, need – for discretionary crisis support. In Scotland, where figures are collected on discretionary crisis support, there has been a 130 per cent increase in applications from 2013-14 to 2021-22 (rising by 154,000 to 268,000 in 2021-22).<sup>23</sup> And Figure 9 brings that point home for the whole of the UK. Here, we show the cumulative cuts that have been made to non-pensioner benefits since 2010. On the eve of the pandemic (2019-20), working-age benefits had been cut by £29 million while discretionary benefits overall had stayed broadly steady in real terms (as shown in Figure 1). Scroll forward to 2021-22 and the situation is marginally improved (not least because of the much more generously funded discretionary support), but working-age benefits are still £26 million lower than they were in 2010.

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<sup>23</sup> Scottish Government, *Scottish Welfare Fund Statistics: Annual Update: 2021-22*, July 2022.

**FIGURE 9: There have been £26 billion of cuts to non-pensioner benefits since 2010**

Total effect of non-pensioner welfare spending changes since 2010: UK



NOTES: Excludes policy changes to the State Pension. Figures show original costings uprated by GDP deflator. Nominal prices.  
SOURCE: OBR policy costings database.

Housing is the clearest area of welfare provision where there is a link between the generosity of entitlement-based benefits and the demand for discretionary benefits. As Figure 2 shows, DHP spending ballooned in 2013 as the Government increased their funding to partially offset the various benefit reforms that reduced housing support (either through Housing Benefit or UC).<sup>24</sup> The impact of these cuts (some £2.6 billion as of 2019-20) amounts to 15 times more than the increase in spending on Discretionary Housing Payments (£177 million more in 2019-20 compared to 2010-11).<sup>25</sup> This huge gap between the amount of support cut, and the amount of support provided through discretionary welfare is almost certain to leave thousands of families worse-off: 62 per cent of local authorities in England and Wales spend more than 95 per cent of their DHP allocation, at the very least suggesting that demand for DHPs outstrips their availability.<sup>26</sup>

## One-quarter of English local authorities currently provide no discretionary crisis support

Cuts to benefit entitlements over the last decade clearly mean that even small negative events can jettison many on low incomes into crisis. Given this, our next set of findings

<sup>24</sup> For more details, see: W Wilson & P Loft, *Discretionary Housing Payments*, Briefing Paper 6899, HC Library, August 2020.

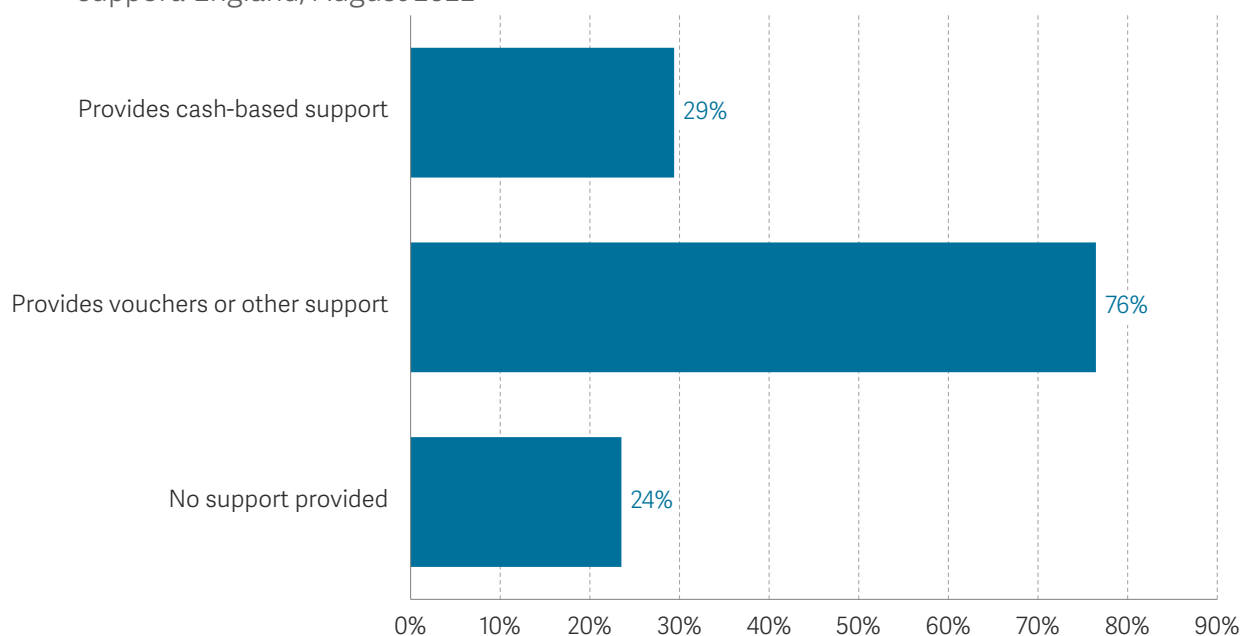
<sup>25</sup> As per Figure 2, in nominal terms.

<sup>26</sup> Source: DWP, Discretionary Housing Payments statistics, 2021-22.

is of considerable concern. Our survey of 50 local authority websites in England (out of a total of 333 lower-tier and combined authorities) revealed that one-in-four (24 per cent) did not clearly offer any crisis or relocation discretionary support (Figure 10) – a result in line with other previous research findings.<sup>27</sup> Here, we define support as clearly stating that money, vouchers, or benefits-in-kind were available on the basis of an application. We did not include referrals to other charitable support unless it was clear that the local authority was using them as a delivery partner and funding the support.

### FIGURE 10: One-quarter of local authorities in England provide no discretionary crisis support

Share of local authorities providing different forms of discretionary welfare crisis support: England, August 2022



NOTES: Excludes DHPs, Council Tax Support, and any Household Support Fund spending. Analysis by lower-tier local authority, but reflects provision in relevant upper-tier.

SOURCE: RF analysis of sample of 50 local authority websites.

But Figure 10 also shows that there is not just variation in whether any support is provided at all, but what form the support comes in. Fewer than one-third (29 per cent) of local authorities in England provided cash support – with the rest of those who provided any support providing food or fuel vouchers or other support (such as direct payment for household items). In some cases, vouchers are likely to be a suitable substitute for cash payments, but for others may be far less so – such as those living in rural areas that are likely to face a limited choice of where they can use food vouchers.<sup>28</sup>

<sup>27</sup> Previous findings by End Furniture Poverty suggested that 1-in-5 local authorities did not provide any such support: A Nichols & C Donovan, *The State of Crisis Support*, End Furniture Poverty, February 2022.

<sup>28</sup> For example, see: NAO, *Investigation into the free school meals voucher scheme*, December 2020.

## Successful discretionary applications depend on chance as much as need

It is difficult to examine variation in decisions made on discretionary support without access to detailed data on the applicants and their applications. However, local welfare advisors we spoke to were clear that there was significant variation in whether an individual application for discretionary support was successful (for crisis support, relocation support, and DHPs).

*“You can put the same application in, for the same person and only one will get through”*

### Welfare advisor in England

Local authority workers we spoke to were also very clear that this happened, and explained that often it can be a function of whoever is approving the application, as well as the time of year and how much of the fixed annual budget had already been spent.

*“Sometimes there’s less money available, if it’s been busy the previous month. Some years there’s no money left, other times we struggle to give it away.”*

### Local authority employee in England

Variation also has another important consequence: there are hundreds of different schemes, while application forms and evidence required vary from authority to authority. While this does not present a barrier to the individual, it does make it harder for advice charities to provide support with applications. One case worker we spoke to also thought that variation between schemes directly led to lower awareness of the schemes – to the extent that without local advice charities, many people in need wouldn’t apply for or get any extra support. In contrast, awareness of the main national benefits is much higher – unsurprising given the UK government runs advertising campaigns for benefits such as UC and Pension Credit.<sup>29</sup>

*“No-one really knows that this [crisis support] is out there – they are confused by the different support and schemes available.”*

### Welfare advisor in England

Although take-up is an issue for all benefits – even entitlement-based ones – it seems very likely that more fragmented local provision will lead to lower take-up. This issue is particularly acute for crisis support, but applies to DHPs as well.<sup>30</sup> The scale of all this variation – and the inherent unfairness it represents – is a clear reminder of the

<sup>29</sup> See, for example: Department for Work and Pensions, [Eligible pensioners urged to apply for Pension Credit in new campaign](#), April 2022.

<sup>30</sup> A random sample of ten local authorities found each had completely different application forms for DHPs.

disadvantages of discretionary welfare support, especially when there are fixed budgets.

## The Household Support Fund has been widely used to top up existing benefit entitlements

The HSF was announced at the same time as the UC £20-per-week boost was coming to end, and the Government suggested that it would provide more targeted support which would partially offset the end of the UC boost,<sup>31</sup> despite it costing £1 for every £7 spent on the UC boost.<sup>32</sup> The intention was also that the HSF 'should primarily be used to support households in the most need'.<sup>33</sup> Local authorities had relatively broad freedom to spend this support as they saw fit, either on an entitlement-basis or as discretionary support. Given the Government's intent however – and the fact it didn't provide support through the main benefit system – suggests that the emphasis was for the HSF to be mostly discretionary.

Data published by the DWP on HSF spending in England includes no breakdowns on what form of support local authorities provided with the funding (only stating the number of recipients of any support and the proportion of these which were children).<sup>34</sup> Alongside the lack of timely and reliable data on how much local authorities are themselves contributing to discretionary welfare support, this means it is impossible to know how much has been spent in total on discretionary support in England since 2021. In contrast the situation is much clearer in Scotland, where there are quarterly statistics on all crisis and relocation support (as part of the Scottish Welfare Fund).<sup>35</sup>

To gain a better understanding of how the HSF was actually spent we turn once again to our sample of local authority websites. As Figure 10 above shows it appears that one-in-four local authorities are not offering any discretionary based support at all at present – suggesting none of their HSF funding is being provided on a discretionary basis.<sup>36</sup> In fact, more local authorities used the HSF to provide entitlement-based support. Figure 11, based on the same sample, shows that four-fifths of local authorities used at least some of their HSF funding to provide additional direct payments or direct food or energy vouchers to specific families based on their entitlement to other benefits.

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<sup>31</sup> Hansard, [End of Universal Credit Uplift](#), Volume 705: debated on Monday 13 December 2021.

<sup>32</sup> OBR, [Economic and Fiscal Outlook](#), March 2022.

<sup>33</sup> Department for Work and Pensions, [Household Support Fund \(1 April 2022 to 30 September 2022\): final guidance for county councils and unitary authorities in England](#), October 2022; Hansard, [Household Support Fund](#), Volume 703: debated on Monday 8 November 2021.

<sup>34</sup> Department for Work and Pensions, [Household Support Fund management information: 6 October 2021 to 31 March 2022](#), July 2022.

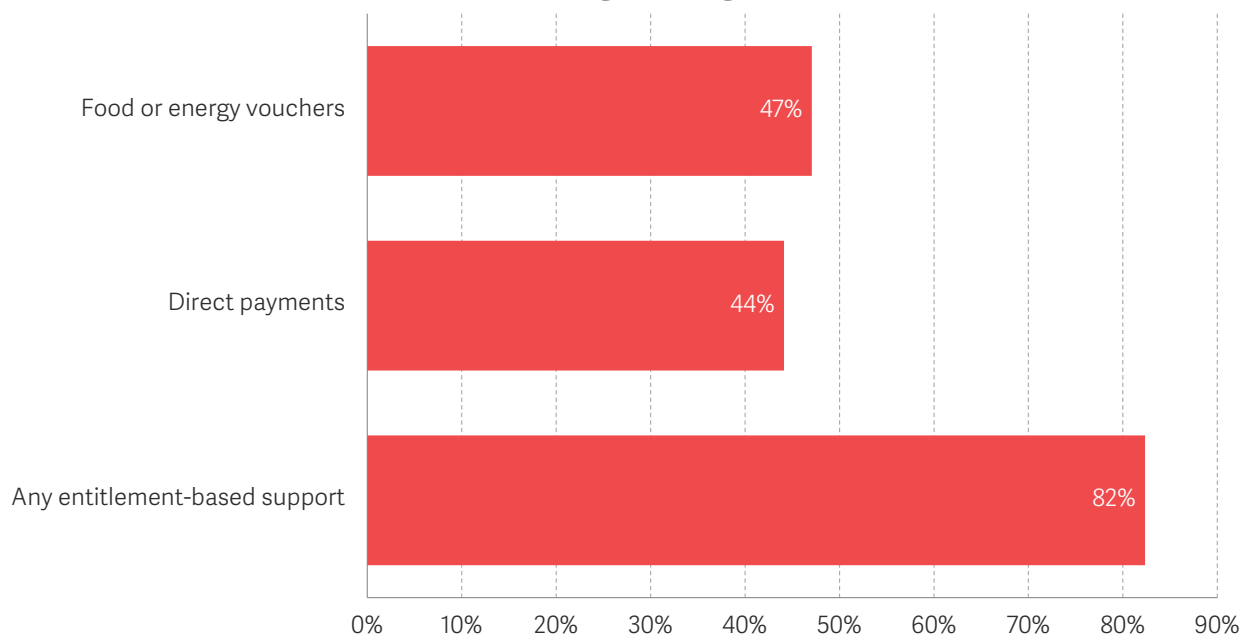
<sup>35</sup> Scottish Government, [Scottish Welfare Fund Statistics: Annual Update: 2021-22](#), July 2022.

<sup>36</sup> It is possible that HSF funding was used in some local authorities to provide discretionary support through third-parties, although there was no such information on the authority websites we looked at.



### FIGURE 11: Four-in-five local authorities in England use the Household Support Fund to top-up entitlement-based benefits

Estimated share of local authorities using Household Support Fund to supplement selected entitlement-based benefits: England, August 2022



SOURCE: RF analysis of a sample of 50 local authority websites.

For the majority of local authorities, it seems a mixed-approach was taken: for example, one local authority employee we interviewed explained how there was a direct payment for Pension Credit families alongside additional funding for discretionary crisis support.

*“We’ve gotten extra funding [for crisis support], but they’ve also done a payment to all Pension Credit claimants”*

#### Local authority employee in England

### Local authorities had to find ways to disburse the HSF quickly and in line with guidance

Given the Government intent for local authorities to use the HSF to better target support, it does seem puzzling as to why local authorities would choose to top-up broad-based entitlement benefits. Our interviews with local authority employees suggest two reasons. First, local authorities were given very little notice about each iteration of the fund: in some cases employees were finding out at the time of the Government’s announcement of immediate support to the general public.<sup>37</sup> Running discretionary welfare systems takes a significant amount of resource given every application must be individually assessed and those assessors will need to be trained. Authorities that

<sup>37</sup> The HSF was announced one day before funding was said to be available: Department for Work and Pensions, [Government launches £500m support for vulnerable households over winter](#), September 2021.

had very limited existing crisis discretionary support would have found it very difficult to build the necessary infrastructure to deliver all of the HSF on a discretionary basis. Given the wide-scale publication of the HSF,<sup>38</sup> and the presumably large amount of pressure to provide support, it is easy to see why local authorities often spent their allocation on direct payments.

*“I first heard about the HSF on the radio while driving to work”*

**Local authority employee in England**

*“Anyone with children on benefits is getting food vouchers sent to them.”*

**Local authority employee in England**

A second reason for authorities’ preference for entitlement-based support, is that the second tranche of the HSF, covering the period from April to September 2022, required local authorities to direct at least one-third of the funding towards pensioners (a stipulation that has been wisely dropped from the third tranche of funding). Although such a restriction might be expected to increase the consistency in support provided between different local areas, it may have in fact undermined the intention for the support to be more targeted. As Figure 12

shows – fewer than 1 in 30 (upper-tier) local authorities (3.3 per cent) have a large pensioner population (which we define as over 25 per cent of the population being aged 65 and over).<sup>39</sup> In fact, one-third of upper-tier local authorities (33.6 per cent) had a relatively small population (defined as less than 15 per cent of the population). Given such varied demographics it is unsurprising that (as one local authority employee explained to us) there were relatively few applications from pensioners.

*“Not many pensioners apply, so I don’t think they [the local authority management] had much choice [but to give a direct payment to pensioners].”*

**Local authority employee in England**

As a result, we suspect that local authorities were choosing between providing a direct entitlement-based payment to pensioners, or having to hand-back some of the money to central government.

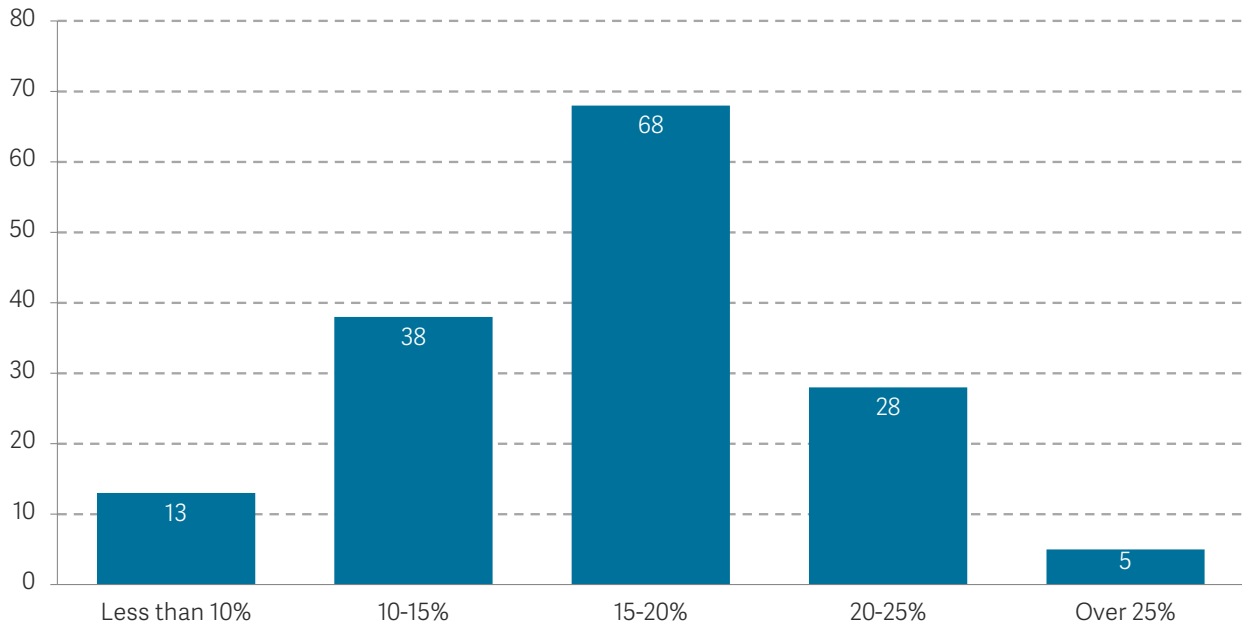
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<sup>38</sup> For example, see: <https://helpforhouseholds.campaign.gov.uk/housing-support/>, accessed 24 October 2022.

<sup>39</sup> HSF funding is provided to upper-tier local authorities who then have the power to spend or distribute the money to lower-tier local authorities as they see fit: Department for Work and Pensions, [Household Support Fund \(1 April 2022 to 30 September 2022\): final guidance for county councils and unitary authorities in England](#), October 2022.

### FIGURE 12: In one-third of local authorities, less than 15 per cent of the population are of pension age

Number of upper tier local authorities in England by share of the population aged 65 and over



NOTES: 152 upper tier local authorities include: metropolitan districts, London boroughs, unitary authorities, county councils, the Isles of Scilly and the City of London.

SOURCE: RF analysis of ONS, Mid-year Population Estimates, June 2020.

The HSF shows how spending on discretionary welfare support has clear trade-offs. Discretionary support is always going to have a degree of variability given claimants have to apply for support and decision-makers decide who receives support. Attempting to resolve some of that variation by imposing spending constraints is likely to make discretionary support less tenable – and in the case of the HSF – less discretionary. There are two key lessons from the HSF for discretionary welfare policy. First, it can be very difficult – if not impossible – to rapidly scale up discretionary support. Second, imposing arbitrary restrictions on discretionary support undermines the advantage that support can be given where decision-makers think it is most needed.

### Discretionary welfare support should be available and accessible to all who need support in a crisis

Discretionary welfare support has experienced significant changes over the last 15 years, and more recently it has been a key part of the Government's cost-of-living support (through the HSF). However, there are a number of clear conclusions that we draw from this review as follows.

## Ensure crisis support is available to all

- Now more than ever, everyone in the UK should have access to some form of discretionary crisis and relocation support. The fact that as many as one-in-four local authorities in England do not provide discretionary crisis support of this type is of real concern, leaving the most vulnerable individuals and families to fall back on charitable support. To prevent areas going without this support, the UK Government should mandate a minimum provision of crisis and relocation support by local authorities. If needed, ring-fenced funding should be provided to local authorities for this minimum provision, along with a long-term commitment so local authorities can make investments in the systems needed to operate these schemes.
- Crucially however, the Government should avoid setting targets, for example on what proportion of support should be for a given demographic, as these are likely to make it more difficult for local authorities to deliver discretionary support.
- The lack of central data and statistics on discretionary crisis and relocation support is also alarming. Without it, it is impossible to accurately say what the size of the welfare state is without repeatedly making FOI requests of all local authorities in England. The DWP should collect straightforward administrative data from local authorities. This should include detail on; total discretionary support spending, the number of awards made, and the form the support takes (cash payments, vouchers, or otherwise). It should then publish this data, in a timely manner, as official statistics as it already does so for DHP spending. This would greatly improve transparency of how public money is used for discretionary welfare support. The Welsh Government should also publish more up-to-date statistics on its Discretionary Assistance Fund in line with Scottish statistics.

## Improve access and awareness of the support

- The schemes in England as currently delivered also present another problem. There is very limited awareness among would-be-applicants that discretionary support exists at all – be that for crisis support or DHPs. This would be easy to improve by having a single naming convention for all schemes provided across England, along with a central government website that provided direct links to online application forms for all local authorities. Awareness of these schemes could then be raised through central government benefit websites, through online benefit systems such as UC, and in jobcentres.
- Access to discretionary schemes could also be improved by having a single application form, consistent across all authorities (which would help with central

data aggregation). The DWP could work with local authorities to design such a form. It would then be easier for charities to provide advice to would-be-claimants who would otherwise struggle to fill out forms on their own.

- Improved data sharing of benefit claimant data between the DWP and local authorities could enable local authorities to proactively target and support families on low incomes or those affected by housing benefit reforms (potentially removing the need to apply and increase take-up of support). A centralised system or database run by DWP would likely be the most efficient approach.

## Conclusion

Overall, we find that discretionary welfare support has undergone a significant change in recent years, with locally delivered support increasingly used to soften the sharp edges of large-scale benefit cuts. As a result, crisis support schemes are often overburdened; can be arduous to administer; and provide very different support depending on where an applicant lives (not to mention when in the financial year they apply to a scheme, or which decision-maker they get). However, there are a number of ways discretionary welfare support could be improved. There should be a clear minimum expectation that local authorities provide at least some genuine crisis support, for example. Moreover, access could be improved through a common naming convention, and a central government website listing all the schemes. But at the end of the day, discretionary welfare schemes cannot substitute for an adequate social safety net; they can only work as efficiently as possible to help those on low incomes navigate crisis situations.

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We do this by undertaking research and analysis to understand the challenges facing people on a low to middle income, developing practical and effective policy proposals; and engaging with policy makers and stakeholders to influence decision-making and bring about change.

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