

Report

# The localisation era

## Assessing the post-2013 rise of localised social security

Alex Clegg  
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## Executive summary

Social security in the UK is typically understood as a system of benefits, designed and administered by national governments, with rules that determine when a family can receive support and how much they can get. In recent years, there has been a growing recognition of the ways in which the UK social security system interacts with devolution at this national level – specifically in Scotland and Northern Ireland. But there is also a small yet increasingly important network of schemes where decisions about who gets support and how it is delivered are handled by local authorities.

This report analyses the provision of, and spending on, ‘localised social security’ (by which we mean support controlled by local authorities). This remains a small part of the overall system – spending on localised support represented 1.2 per cent of overall social security spending in 2024-25 – but it is now 122-times higher in real terms than it was in 2010-11.

The report goes on to consider when delivering support locally is an appropriate and effective alternative to delivering support at a national level, and how the current range of localised support – the vast majority of which is done by English local authorities – meets these principles. Localised support has been most successful where the UK government has provided secure funding and clear, but not constraining, guidance. But the UK government should also avoid a pattern seen in recent years of overclaiming what is possible for local authorities to achieve with what is still a very small proportion of overall social security spending. Council Tax Reduction is an example of localisation done badly – suffering from some of the downsides of localisation without benefiting from many of the upsides. Finally, we cannot ignore that the localisation era in England has occurred alongside sharp reductions in local authority spending power, meaning large financial pressures have crowded out funding for non-statutory responsibilities, including local social security. Localisation could be an opportunity to reflect local priorities, but in practice it has been used as a vehicle to make cuts in a politically expedient way.

### **We have been in a new era for localised support since 2013**

Annual spending on localised support in the UK averaged £33 million in each year between 2001-02 and 2012-13 (in 2025-26 prices) but jumped to £3.4 billion in 2013-14, reached a peak of £4.2 billion in 2021-22, before a slight fall back to £3.9 billion in

2024-25. The step up in 2013-14 reflected the then government's 'localism' agenda, which was centered around an argument that local actors were best-placed to diagnose and address the underlying causes of hardship facing their residents. This post-2013 era of localisation has largely been an English phenomenon; the other UK nations have used their devolved social security powers to deliver the types of support that have been localised in England more often at the national level. As a result, 96 per cent of expenditure on localised social security in 2024-25 was in England, reflecting an increased divergence since 2013 between the UK's four nations in the level of government at which certain forms of support are delivered.

Most localised support schemes are discretionary, where decisions around who receives support and how much they get are made on a case-by-case basis by local authority staff. But the biggest component of localised support by spending volume is entitlement-based, where local authorities design rules of eligibility and entitlement. That's due to one scheme - working-age Council Tax Reduction, now controlled by English local authorities - which has made up 75 per cent of all spending on localised support in the UK since 2013-14.

### **Spending on local discretionary support soared during Covid, after falling in the 2010s**

The post-2013 era of localisation has seen shifts in local authorities' responsibilities for delivering discretionary support, with its primary purpose fluctuating between providing crisis support and mitigating UK welfare reforms. Its level and security of funding has also varied over time.

The main change in 2013-14 was the replacement of the discretionary elements of the (UK-wide, DWP-run and Jobcentre-delivered) Social Fund crisis support schemes with different configurations of discretionary crisis support across the UK's four nations. In England, local authorities received funding from central government to provide their own schemes, known as Local Welfare Assistance. This funding was not ring-fenced, and pressures on local authority budgets meant that spending fell from £235 million in 2013-14 (in 2025-26 prices) to £45 million by 2019-20, at which point one-in-four English local authorities had no crisis support provision at all. By contrast, schemes with discretion operating at the national level and with national funding were set up in Wales (the Discretionary Assistance Fund) and Northern Ireland (Discretionary Support), while Scotland established a localised discretionary scheme (the Scottish Welfare Fund) that had ring-fenced national funding.

2013-14 also saw a seven-fold rise in spending on Discretionary Housing Payments (DHPs) in Great Britain compared with 2011-12 (a rise to £247 million from £32 million in 2025-26 prices). The DWP made this change and ring-fenced the funding to help local authorities blunt some of the sharpest consequences of contemporary cuts to housing support and the introduction of the benefit cap. But DHP spending has declined more recently: since 2017-18, real spending in England and Wales has fallen from £217 million in 2017-18 to £102 million in 2024-25 due to cuts in the grants given to local authorities. In contrast, since DHPs were devolved to Scotland in 2017-18, spending has increased from £78 million to £92 million in 2024-25 (both in 2025-26 prices). This reflects an approach taken by the Scottish Government partly to use DHPs to automatically mitigate some UK government welfare cuts in full, in effect sidestepping their supposedly ‘discretionary’ element.

The Covid-19 pandemic reversed the trend of falling spending on local discretionary support. The establishment of the Household Support Fund (HSF) in 2021 initially provided £500 million for six months to local authorities in England (and to the devolved nations through Barnett-formula funding). The HSF was renewed in 2022 as the pandemic gave way to the cost of living crisis and has continued since. From April 2026, the HSF and DHPs will be combined into the new Crisis and Resilience Fund, which currently has confirmed funding up to March 2029, albeit at a slightly lower real-terms level than the original HSF.

This fall and then rapid rise saw overall local discretionary spending reach a peak of £1.3 billion in 2022-23 (in 2025-26 prices), after fluctuating between £371 million and £435 million between 2015-16 and 2019-20. Nevertheless, localised discretionary support remains a small part of the UK’s social security system, at 0.4 per cent of total UK social security spending in 2024-25.

### **The majority of spending on localised support goes on working-age Council Tax Reduction in England**

The other category of localised support – that based on locally designed entitlement rules rather than case-by-case discretion – is currently represented by just one type of support, working-age Council Tax Reduction (CTR) in England, which was localised from the GB-wide Council Tax Benefit (CTB) in 2013. As part of this process, powers for delivering Council Tax Reduction were also devolved to Scotland and Wales, but both nations decided to deliver it at a national level under the old CTB parameters rather

than localise it. (Northern Ireland has Rates instead of Council Tax, support for which is delivered through a national entitlement-based system).

Localisation in England came alongside a reform to the way support for Council Tax was funded: local authorities were given non-ring-fenced grants to fund their CTR schemes, based on 90 per cent of the total forecast spending on Council Tax Benefit, rather than being refunded for their actual costs, meaning they have had to provide less generous working-age schemes than CTB or find additional funds. 70 per cent of English local authorities have now reduced their maximum level of CTR below 100 per cent of Council Tax liability (the level in the old CTB) for standard claims - with the least generous covering only 50 per cent of a Council Tax bill. Despite real-terms increases in Council Tax liability, real spending on support for Council Tax has fallen by 31 per cent since the year before it was localised, and the caseload has fallen from 5.9 million claimants in 2012-13 to 3.7 million in 2024-25.

There are two big implications of these changes. One is that the support available varies hugely within England. A family living in a Band D property and receiving the maximum level of CTR in Doncaster would pay no Council Tax in 2025-26, but if they moved across the border to North Lincolnshire, which has a maximum CTR of 50 per cent of Council Tax liability and caps support at Band B liability, they would have to pay nearly £1,400. Another is that average support levels are lower in England than in other parts of the UK. In the average local authority in England, a family with an average Council Tax liability receiving maximum CTR would have to pay £248 per year, compared to nothing in Scotland and Wales.

### **When is localisation an effective and appropriate way to deliver support?**

It can be argued that localising social security allows the design, administration and allocation of support to benefit from the knowledge of local decision makers (by, for example, responding to specific local needs and contexts, designing systems that link with other forms of local support, and providing some services more efficiently). Proponents also argue that it can give local authorities a direct financial interest in their residents' circumstances, and that it allows local government to respond to the preferences of local voters.

But localisation can have downsides. First, there is an inevitable trade-off between providing locally-tailored support and the concept of fairness and equity in the support provided to people with similar circumstances across different locations. Second,

compared to a national programme, having every local authority design and administer its own schemes could be inefficient, taking up resources that could be spent more usefully elsewhere. It can also increase confusion among residents or those providing advice and support and so lead to lower take-up.

As well as these principled arguments on both sides, the way that local authorities in England are funded also has practical implications for how we should think about localisation. In reality, local authorities face more difficult financial or fiscal choices than does the central UK government: they cannot borrow to fund day-to-day spending; they have less control over their revenue streams as their ability to increase Council Tax is limited; much of their other spending is driven by unavoidable statutory responsibilities; and they have faced significant cuts to their overall funding from central government in recent years. So, we must recognise that the localisation agenda in England has involved local authorities being given responsibilities for delivering support without them having many realistic choices over how much resource to devote to these.

Arguably, it was the non-ring-fencing of funding for Local Welfare Assistance (combined with the tough financial circumstances of local authorities) that resulted in the fracturing of crisis support provision in England in the 2010s. And, although the HSF was ring-fenced, the short-term and often last-minute funding settlements between 2022 and 2025 gave local authorities little time to design effective schemes. Fortunately, most of the more recent incarnations of localised discretionary support schemes have been designed with these failings in mind. The HSF and forthcoming Crisis and Resilience Fund in England, the Scottish Welfare Fund, and DHPs across Great Britain have centralised ring-fenced funding with local decision-making around allocation and delivery (although with varying levels of flexibility around the extent of discretion given to local authorities).

But some elements of existing schemes remain at odds with the principles of localisation. For example, the widespread use of HSF to meet ongoing costs, such as providing Free School Meals support during school holidays, may not be the best use of localised discretionary funds. While there may be some benefits through local coordination of services, the predictability of such needs means the utility of local actors' specific knowledge is less clear than it is for providing case-by-case crisis support. These needs could arguably be better served through the mainstream social

security system, which would free up localised funds for types of support that more obviously benefit from local delivery.

More generally, we should not forget that cuts to the UK-wide entitlement-based social security system have meant local authorities face enormous challenges in providing adequate support with small budgets, and have voiced concerns that people are increasingly relying on what could be temporary schemes to meet permanent shortfalls between their income and costs.

Working-age Council Tax Reduction in England is falling into many of the pitfalls of localisation. The principles for this type of support are already well-established in the UK social security system - entitlement is based on need, has consistent rules around deductions and exemptions, and is reduced smoothly as earned income increases. Requiring each local authority to design and publish its own scheme is, at best, inefficient, but has also led to legal challenges as local authorities have introduced schemes that have, for example, double-counted certain income sources or discriminated against specific groups. Many local authorities have turned to 'income-banded' CTR schemes, in part to reduce their own administration costs, but in doing so have reintroduced the sort of cliff-edges into the social security system that Universal Credit was supposed to eliminate.

What about the idea that localised CTR allows for people to affect the design of local schemes through the ballot box? A quantitative examination of the variation in CTR generosity shows that it is correlated with local authorities' political control: specifically, Conservative-run local authorities have less generous schemes (all other things equal) than local authorities run by other parties. But local decision-making is evidently highly constrained by funding, with greater financial pressures for local authorities being correlated with less generous schemes. Across England, less generous schemes are more likely to be found in areas with higher levels of deprivation and higher Council Tax bills, suggesting that localisation has, on balance, weakened support for those most likely to be struggling to pay Council Tax. Indeed, Council Tax arrears have risen every year since CTR was localised (after falling for three years beforehand) as families have struggled with the increased burden, and bills are widely expected to continue to rise at 5 per cent a year over the rest of this Parliament.

The alternative to continuing with localised CTR would be to return its design and funding to DWP (i.e. 'centralising' CTR). The impact on overall spending on CTR awards

would depend on how generous a new centralised scheme would be: centralising CTR under the current ‘default’ scheme, which mirrors the old Council Tax Benefit and covers up to 100 per cent of Council Tax liability, would cost around £400 million more in higher support than the current funding model in 2029-30, and would equalise support between England, Scotland and Wales. There would also be a question of whether to roll it into Universal Credit and Pension Credit or keep it as a separate benefit.

### **Social security support should be localised when it is improved by local authority delivery, not simply to shift responsibilities from central to local government**

Localised support is not a well-understood aspect of the UK social security system, but since 2013 it has become an increasingly important part of the support that is available to low-income families. But the post-2013 localisation era has had mixed success. In theory, most of the current localised discretionary schemes meet most of the principles determining when localisation should be effective, and in practice these schemes are frequently described as a vital final safety net to prevent destitution. But there are ongoing tensions around whether this form of support can meet the demands placed on it, both from increasing numbers of residents in need and from central government rhetoric that it is there to make up for cuts to the UK social security system that add up to multiple times its budget. Localisation has been ineffective where the design of schemes has hindered local authorities in using their specific local knowledge and proximity to the population to provide efficient and well-targeted support. And it is difficult to see how entitlement-based support like Council Tax Reduction can benefit from each local authority designing their own scheme when we already have well-established principles for how this kind of support should operate.

In the context of highly strained finances, there are significant challenges for local authorities to make the most of the possible benefits of localisation and there is a tension between localisation as a vehicle for greater local choice and as a vehicle for delivering cuts. The future success of localised support will depend on national governments continuing to enable local authorities to deliver the benefits of localisation through providing secure funding and effective guidance, while avoiding constraining them with prescriptive rules over who gets support and how much. But support that does not work effectively when localised – specifically Council Tax Reduction in England – should be returned to central funding and delivery.

## Section 1: We have been in a new era for localised support since 2013

The UK's post-war social security system has been largely based on entitlement-rules that govern access to a network of UK-wide or national-level benefits, and in recent years there has been a growing recognition of how the UK social security system interacts with devolution at the national level – specifically in Scotland in Northern Ireland.<sup>1</sup> But beneath this is a small yet increasingly important patchwork of 'localised' support, where delivery and decisions around who can access support are handled by local authorities.<sup>2</sup> Compared with the mainstream system, this support is poorly understood. Research institutions, including the Resolution Foundation, often overlook localised support in their work on the UK social security system, largely due to the complexity and range of support schemes and the inconsistency of data at the local authority level. In addition, the DWP's Family Resources Survey, which underpins the majority of our distributional modelling of tax and benefit policies, does not include information on which local authorities individuals live in. These flaws in our understanding and knowledge base of social security within the UK are something the Safety Nets project is looking to correct.<sup>3</sup>

### **Localisation of social security is not new, but its role became much more important from 2013**

Support delivered at a sub-national level is far from a new phenomenon in the UK: it was the dominant form of delivery dating back to at least the 16<sup>th</sup> century Elizabethan Poor Laws, which were administered by parishes. These continued in various guises before being subsumed by reforms in the first half of the 20<sup>th</sup> century that gradually expanded the coverage and uniformity of social security support. The 1942 Beveridge Report proposed comprehensive, national-level entitlement and delivery as the defining structure of the modern social security system, which was then implemented with the formation of the post-war Welfare State. But locally varying support still existed in various guises; for example, before Housing Benefit was introduced in 1982-83, many local authorities ran their own rent rebate schemes to support low-income

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<sup>1</sup> See M Simpson, [Social security in the four UK countries: Who does what and where?](#), Safety Nets, May 2025 for a detailed overview.

<sup>2</sup> We define 'localised support' as cash or in-kind support that is delivered by local authorities and for which local authorities decide who receives support. Under this definition, we do not consider benefits like Housing Benefit and the old Council Tax Benefit 'localised', as entitlement rules are determined by the central government, which also funds payments and administration, and only administration is handled by local authorities.

<sup>3</sup> Information about the Safety Nets project is available at: <https://safetynets.study/>

renters. Discretionary crisis support – which, as we will show, is now a big part of localised support – was established through the introduction of the Social Fund in the late-1980s, policy for which was set by the UK government and delivery was handled by Jobcentres rather than local authorities, so it was not ‘localised’ under our definition for this report.

The first big change in localised support in the UK in recent times came in 2013. That year saw the implementation of sweeping changes announced in the Welfare Reform Act 2012, both to the social security system as a whole with the introduction of Universal Credit, but also by significantly expanding the role played by English local authorities in delivering support and by devolving responsibilities for discretionary crisis support and Council Tax Reduction to the other UK nations. Within England, discretionary crisis support and Council Tax Benefit were both localised, and across Great Britain there was a seven-fold rise in local authorities’ allocations of Discretionary Housing Payment funding. As a result, real spending on localised support increased from £33 million a year on average in the ten years to 2012-13, to £3.4 billion in the year 2013-14 (in 2025-26 prices), with Council Tax Reduction in England making up £2.8 billion of this. The second point of change came during the Covid-19 pandemic, when the Government re-established comprehensive crisis support across England, and significantly increased investment in it with the introduction of the Household Support Fund (HSF). This brought total spending on localised support up to a peak of £4.2 billion by 2021-22 (it then fell back slightly to £3.9 billion in 2024-25).<sup>4</sup>

### **Localisation of social security has been most prominent in England, while the UK’s other three nations have retained a more centralised approach**

This post-2013 era of localisation has seen different approaches across the UK’s four nations. Local authority-delivered support and the widespread use of case-by-case decision-making has largely been an English phenomenon, with Scotland, Wales and Northern Ireland distinguishing themselves through greater centralisation and more constraints on local authority discretion.<sup>5</sup> As a result, 96 per cent of expenditure on localised social security in 2024-25 was in England. In particular:

- Northern Ireland has the most centralised approach. Discretionary Housing Payments have been delivered at the national level since their introduction in 2001 and the Northern Ireland government established Discretionary Support in 2016 following the abolition of the Social Fund crisis support schemes in 2013.

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<sup>4</sup> Outturns for 2025-26 are not available, not least because spending on CTR is dictated by demand.

<sup>5</sup> M Simpson, [Social security in the four UK countries: Who does what and where?](#), Safety Nets, May 2025.

There is no role for local authorities and no geographical variation. Support with Rates (equivalent to Council Tax) is based on entitlement criteria and also delivered centrally.

- Scotland has a more mixed approach, combining centralised policy-setting with local administration and delivery. The Scottish Welfare Fund, established in 2013, is delivered by local authorities, but the use of local discretion is more limited than it is for Local Welfare Assistance in England as the Scottish Government sets broad eligibility criteria. DHPs, devolved to Scotland in 2017, are administered locally, but there is also a limited discretionary function, as a significant portion of the DHP budget is spent on automatic mitigations of UK welfare reforms, such as the benefit cap and the removal of the spare room subsidy (bedroom tax). Scotland's Council Tax Reduction is delivered nationally.
- Wales also operates a mixed approach, with central delivery of its Discretionary Assistance Fund and Council Tax Reduction and local delivery of DHPs (with no automatic mitigation of UK welfare policies).<sup>6</sup>

Figure 1 shows how spending on localised schemes has varied over time and across the UK's four nations (for completeness, and as discussed more below, the chart includes spending on discretionary schemes that are delivered nationally in Wales and Northern Ireland but provide the equivalent type of support as local authorities do in England and Scotland and that are now funded in part through Barnett consequentials from the Household Support Fund; spending on these schemes amounted to £71 million in 2023-24.<sup>7</sup>) As a result of the 2013 and 2021 changes, local authorities' role in delivering social security is now the largest it has been in more than three decades: real spending on localised support was 122 times higher in 2024-25 than it was in 2010-11, and it has made up between 1.2 and 1.4 per cent of overall UK social security spending (including the State Pension) in each year since 2020-21.

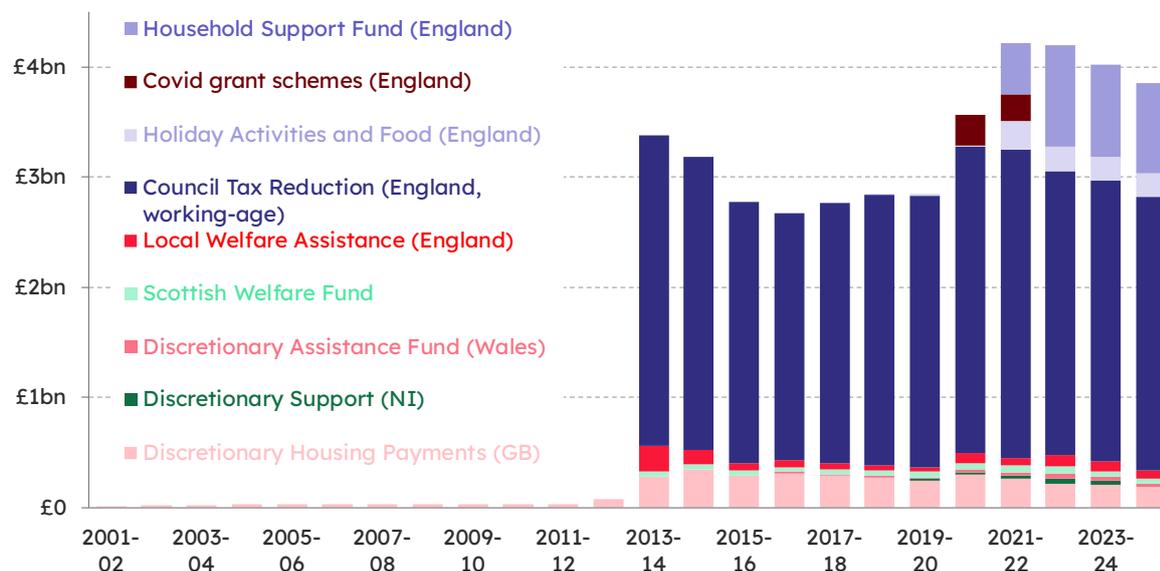
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<sup>6</sup> J Meers, A Clegg and M Brewer, 'Local welfare schemes: spending and scale', in H Bennett et al., 'The state of local welfare', Safety Nets, Forthcoming; Bevan Foundation, [A Welsh Benefits System, how it can help solve poverty](#), September 2020.

<sup>7</sup> 2025-26 prices. More recent data is not yet available for spending on Northern Ireland Discretionary Support.

**Figure 1: There were big expansions in localised support in 2013-14 and 2021-22**

Real annual expenditure on localised support: UK



Notes: 2025-26 prices, deflated by GDP. Data not available for NI Discretionary Support before 2019-20 and after 2023-24. NI Discretionary Support shows expenditure net of loan recovery in each year. Local Welfare Assistance spending in England includes that which is funded through the Household Support Fund (this spending is removed from the Household Support Fund side).

Source: RF analysis of DWP, Expenditure and caseload forecast tables, Spring Statement 2025; DWP, Discretionary Housing Payments statistics; Scottish Government; Welsh Government; Northern Ireland Government; End Furniture Poverty data.

The rest of this report assesses the trends and geographical variation in localised support in two sections. We first look at localised support that is delivered on a discretionary basis – the Household Support Fund, DHPs, and Local Welfare Assistance in England and its equivalents in the devolved nations – and then on localised support delivered on an entitlement basis – specifically, working-age Council Tax Reduction in England.<sup>8</sup> The final section considers when localisation is an appropriate and effective way to deliver social security, and assesses the extent to which the current range of localised schemes are successful.

<sup>8</sup> Council Tax Reduction is also known as Council Tax Support (CTS) or Localised Council Tax Support (LCTS) depending on the local authority.

## Section 2: Localised discretionary support has been defined by shifting purposes and varying spending

Current localised discretionary schemes can be split into two broad categories: those which provide crisis support for families facing sudden shocks to their income or costs, and those that are intended to blunt the sharpest edges of cuts to the UK social security system. In England, crisis support was localised in 2013 and cut back heavily and unevenly across the decade as local authorities struggled to fund their schemes. At the same time, funding for Discretionary Housing Payments was significantly expanded. This shifted the purpose of the bulk of discretionary spending from crisis support to welfare reform mitigations in England. Responsibility for crisis support was also devolved to the Scottish, Welsh and Northern Irish governments in 2013, which established national crisis support schemes, while Scotland and Northern Ireland brought in some automatic mitigations of UK welfare reforms.

The introduction of the Household Support Fund in 2021 represented a re-establishment of comprehensive crisis support in England (and an increased spending on the other nations' crisis support schemes through Barnett consequentials), and this is set to be continued in the Crisis and Resilience Fund from April 2026. Funding for HSF is ring-fenced and has been allocated to English local authorities based on a formula reflecting population and levels of deprivation. This means that variation between local authorities in spending broadly reflects need (unlike for Local Welfare Assistance). However, the form that HSF spending has taken has varied markedly between local authorities, who have been granted a relatively high level of discretion in determining how their HSF allocations are spent.

Discretionary support – where decisions around who receives support and how much they get are made on a case-by-case basis without rigid entitlement rules – has been a consistent feature of the UK social security system since the late 1980s. At that time, there was no formal role for local authorities; discretionary support was originally part of the UK-wide Social Fund, funded by the DWP (and its predecessors) and administered by Jobcentres (and their predecessors). A role for local authorities was not established until the introduction of Discretionary Housing Payments in 2001 (see Box 1 for a brief history). The DWP now has almost no role in the delivery of

discretionary support, with schemes being run either by local authorities or the devolved governments.<sup>9</sup>

Current discretionary schemes (whether run by local authorities or the devolved governments) can be broadly thought of in two categories: those that cover exceptional costs or sudden losses of income in crisis situations, and those that are geared towards mitigating the impacts of UK welfare reforms.<sup>10</sup> Of the current array of discretionary support across the UK, Local Welfare Assistance in England, the Scottish Welfare Fund, the Discretionary Assistance Fund in Wales and Discretionary Support in Northern Ireland cover crisis support; DHPs are intended to mitigate UK government reforms relating to housing support (but occasionally function as crisis support too); and the Household Support Fund in England is primarily intended as crisis support but also plays a role in mitigation. Where discretionary decision-making is situated varies by place and by scheme. Some local authorities devise standard policies, while others rely on individual workers in revenues and benefits, social work or education teams. In the devolved nations, decision-making power in discretionary schemes more often sits with the devolved governments themselves, rather than with local authorities.

In the rest of this Section, we focus on the localised discretionary schemes, but we also discuss the equivalent programmes in other nations of the UK where they are operated at the national level.

### **Box 1: Before 2013, the majority of discretionary support was delivered by Jobcentres through the UK-wide Social Fund**

Comprehensive discretionary crisis support was established in 1988-89 through the UK-wide Social Fund Community Care Grants and Crisis Loans. These were funded by the DWP (and its predecessors) and administered by Jobcentres on a discretionary basis to help households cover costs in a crisis (so they were not ‘localised’ under our definition in this report, as there was no formal role for local authorities). Applicants could receive support in a range of circumstances, such as relocation or moving out of

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<sup>9</sup> The DWP does have the Flexible Support Fund, part of Universal Credit and delivered through Jobcentre Plus, which helps UC recipients with extra costs when starting or increasing work. But this is better thought of as a labour market policy rather than part of the mainstream social security system.

<sup>10</sup> The exception to this is the Holiday Activities and Food programme, introduced in England in 2018-19 and significantly expanded in 2021-22. The programme requires provision of free holiday club places for all children eligible for FSM for a minimum of four hours a day, four days a week, over four weeks in the summer, in addition to a week of provision during Easter and Christmas holidays. This scheme is perhaps an unusual candidate for an inclusion alongside more traditional local welfare funds, but we include it in our summary of total discretionary spending as qualitative research with local authorities shows many consider it a key part of their local welfare offer. However, we omit it from our discussion of discretionary support covering crisis situations and welfare reform mitigation as it does not clearly fit into either of these categories. See J Meers, A Clegg and M Brewer, ‘Local welfare schemes: spending and scale’, in H Bennett et al., ‘The state of local welfare’, Safety Nets, Forthcoming.

care, as well as one-off crisis situations that put people at risk of not being able to meet their immediate essential costs. Expenditure on these schemes gradually increased from £138 million in 1988-89 to £380 million in 2010-11 (2025-26 prices).

The introduction of Discretionary Housing Payments in 2001 gave local authorities in Great Britain a direct role in delivering discretionary support, enabling them to provide additional support for residents struggling with housing costs. Funding was allocated to local authorities based on Housing Benefit caseloads and expenditure. The initial scale was small, though, with spending hovering around £30 million per year throughout the 2000s (in 2025-26 prices).

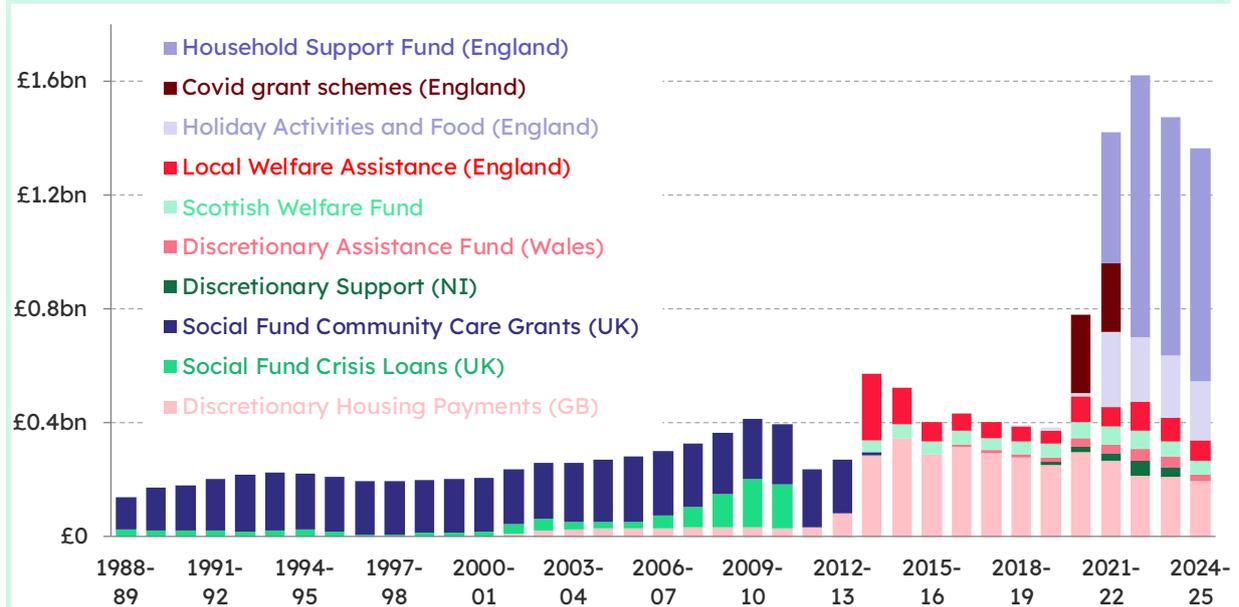
As shown in Figure 2, overall spending on all discretionary support in the UK (including the non-localised Social Fund schemes) was stable across the 1990s at £180 million to £230 million per year (2025-26 prices), then increased steadily during the 2000s due to increased demand for Social Fund Crisis Loans (which the Government attributed to the introduction of telephone applications in 2006), reaching £413 million by 2010-11.<sup>11</sup> Expenditure then stayed at around this level across the 2010s (with a small spike in 2013-14 and 2014-15 thanks to some additional transitional funding for Local Welfare Assistance schemes from central government) before increasing dramatically with the introduction of the Household Support Fund in 2021 and peaking at £1.6 billion in 2022-23 (the first full financial year of the HSF). Real spending has fallen gradually each year since then as the HSF has been maintained at £1 billion in cash terms and then cut to £900 million in 2025-26. But despite this fall, the announcement that the new Crisis and Resilience Fund, a £1 billion per year (in cash terms) scheme combining the Household Support Fund and DHPs and starting in April 2026, will run until at least the end of 2028-29 means we can view the 2020s as a new era for discretionary support, with significantly higher spending than in the previous three decades.

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<sup>11</sup> [House of Commons Debate 3 March 2011: Column 46WS](#)

**Figure 2: Spending on localised and national discretionary support schemes rose gradually from the 1990s to the 2010s, and then dramatically in 2021**

Real annual expenditure on localised and national discretionary support: UK



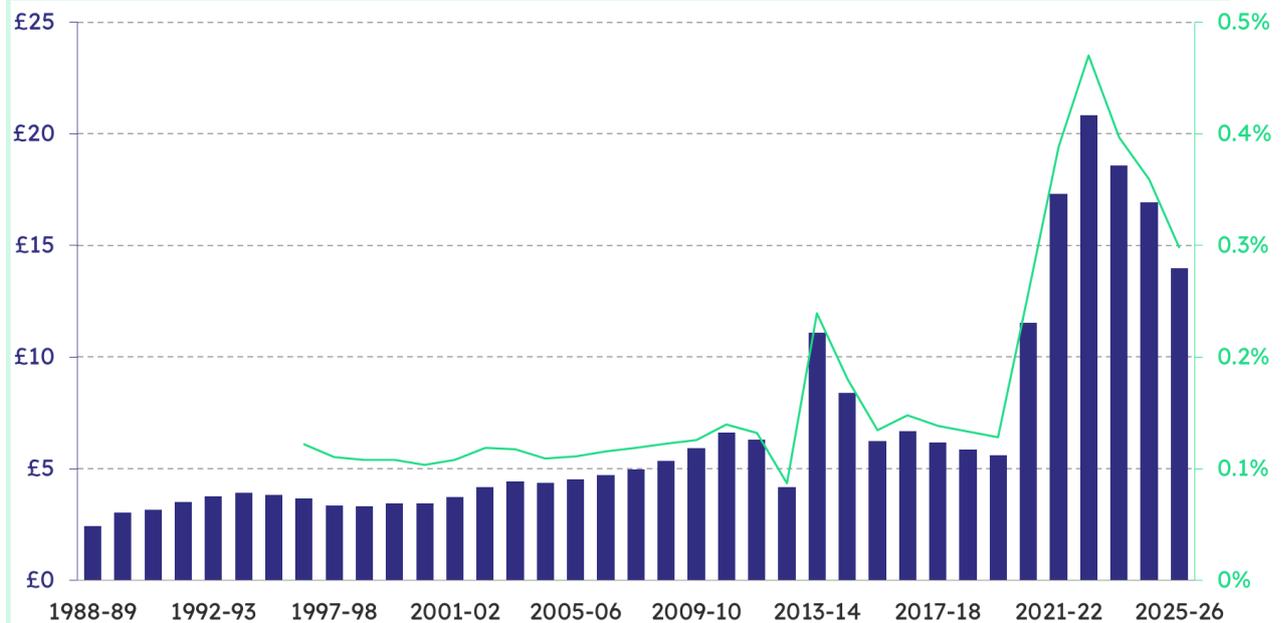
Notes: 2025-26 prices, deflated by GDP. Data not available for Welsh DAF allocation in 2025-26 or NI Discretionary Support before 2019-20 and after 2023-24. Social Fund Crisis Loans were repayable before localisation in 2013, figures shown here are net of repayments. Local Welfare Assistance spending in England includes that which is funded through the Household Support Fund (this spending is removed from the Household Support Fund side).

Source: RF analysis of DWP, Expenditure and caseload forecast tables, Spring Statement 2025; DWP, Discretionary Housing Payments statistics; Scottish Government; Welsh Government; Northern Ireland Government; End Furniture Poverty data.

But despite the considerable rise in spending in 2021-22, discretionary support still represents a small proportion of total UK social security spending. Figure 3 shows expenditure on all discretionary support in the UK per person (including that which is not localised) and as a proportion of total social security spending (including the State Pension) since 1988-89. Average annual expenditure on discretionary support per person was £3.55 in the 1990s, £4.56 in the 2000s, £6.72 in the 2010s, and has been £16.53 since 2020. This rise is significant but should be understood in the context of all social security spending: spending on discretionary support peaked at just 0.5 per cent of total UK social security spending in 2022-23 after rising from around 0.1 per cent per year over the 2000s and 2010s and has now fallen back to 0.4 per cent.

**Figure 3: Spending on discretionary support still makes up a small proportion of total UK social security spending**

Real annual expenditure on discretionary support per person (left axis) and as a proportion of total social security spending (right axis): UK.



Notes: 2025-26 prices, deflated by GDP. Data not available for Welsh DAF allocation in 2025-26 or NI Discretionary Support before 2019-20 and after 2023-24. Social Fund Crisis Loans were repayable before localisation in 2013, figures shown here are net of repayments. Total UK social security spending includes the State Pension.

Source: DWP, Expenditure and caseload forecast tables, Spring Statement 2025; DWP, Discretionary Housing Payments statistics; Scottish Government; Welsh Government; Northern Ireland Government; End Furniture Poverty data; ONS population estimates.

### The big shift to local authority-delivered support in 2013 reflected the coalition Government's localism agenda

2013 saw a big shift towards localising support in England, as well as a point of divergence between England and the devolved nations in how to deliver discretionary crisis support. The Welfare Reform Act 2012 significantly expanded the role played by local authorities in delivering discretionary support. There was a seven-fold increase in spending on Discretionary Housing Payments (DHPs) in Great Britain between 2011-12 and 2013-14, (a rise from £32 million to £247 million in 2025-26 prices). Alongside this, the Social Fund schemes were abolished from 2013; discretionary crisis support was localised in England, with local authorities receiving funding from central government to provide their own crisis support schemes, known as Local Welfare Assistance; Wales and Northern Ireland established national-level schemes, and Scotland established a scheme with national ring-fenced funding but local delivery. This move was part of the

Conservative-Liberal Democrat coalition Government's 'localism' agenda. Iain Duncan Smith, then Secretary of State for Work and Pensions, said:

*“ (Localisation) will provide the flexibility and the framework to respond to those in greatest need according to local circumstances. Local communities will now be able to determine how best to deliver this critical service and they will be closer to people who need it. They will be able to diagnose the underlying causes of an individual’s problems rather than just providing grants or additional loans which may in the past have compounded financial problems by increasing personal debt.”<sup>12</sup>*

The funding local authorities received from central government for Local Welfare Assistance was not ring-fenced, meaning that, in practice, they had to trade-off spending on these schemes against other demands. Furthermore, the notional Local Welfare Assistance funding gradually declined over the decade, from £235 million in 2013-14 to around £45 million in 2019-20 (in 2025-26 prices), reflecting the Government’s belief that spending on the Social Fund had become “unsustainable”.<sup>13</sup> As a result, Local Welfare Assistance schemes soon became uneven in their size and approach, and by early 2020 one-in-four English local authorities had no crisis support provision at all.<sup>14</sup>

In contrast to the approach in England, the schemes in Wales (Discretionary Assistance Fund) and Northern Ireland (Discretionary Support) were (and still are) nationally administered, while Scotland established a scheme with local authority delivery but ring-fenced national funding (the Scottish Welfare Fund). In a different tone to the UK Government’s rhetoric on localism, the Scottish Government highlighted that the Scottish Welfare Fund would “take advantage of local delivery, while maintaining a national character” and emphasised that it sought to standardise the scheme through comprehensive guidance, a standard application, model documentation and a national training programme for decision makers.<sup>15</sup> The introduction of these new schemes led to large divergences in crisis support spending between England and the devolved nations. In 2019-20, English local authorities spent 81 pence per person on crisis support, eleven times lower than the £8.81 in Scotland,

<sup>12</sup> DWP, [Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012](#), July 2012

<sup>13</sup> [House of Commons Debate 3 March 2011: Column 46WS](#)

<sup>14</sup> K Handscomb, [Sticking plasters: An assessment of discretionary welfare support](#), Resolution Foundation, October 2022; D Peake, [A bleak future for crisis support](#), End Furniture Poverty, August 2024.

<sup>15</sup> Scottish Government, [Welfare Funds \(Scotland\) Act 2015](#).

eight times lower than the £6.31 in Northern Ireland, and six times lower than the £5.12 spent per person in Wales.

### **Comprehensive localised crisis support was re-established in England during the pandemic, and now has secure funding for the first time**

The next big moment for discretionary support in the UK was the Covid-19 pandemic. Recognising a heightened need for crisis support, the Government established the Covid Winter Grant Scheme in 2020 and the Covid Local Support Grant in 2021, allocating £229 million and £200 million, respectively, to local authorities in England to provide discretionary crisis support (with similar ad hoc schemes in the devolved nations). These schemes were succeeded by the Household Support Fund (HSF) in 2021, which provided £500 million to English local authorities and to the other UK nations through Barnett formula funding for six months, initially intended to help families through the “final stages of recovery” from the pandemic.<sup>16</sup> The HSF was renewed in 2022 as the cost of living crisis bit and has continued since, with waves of funding lasting six months or a year. From 2026-27, the HSF and DHPs will be combined into the new Crisis and Resilience Fund, which currently has confirmed funding up to March 2029.<sup>17</sup>

Unlike Local Welfare Assistance, funding for HSF is ring-fenced and has been allocated to local authorities based on population and levels of deprivation. As shown in Figure 4, this means that variation between local authorities in spending per person broadly matches variation in deprivation (which should be a good proxy for need), rather than local authorities’ financial pressures or political control (as, we shall see below in Section 4, has been the case with Council Tax Reduction).

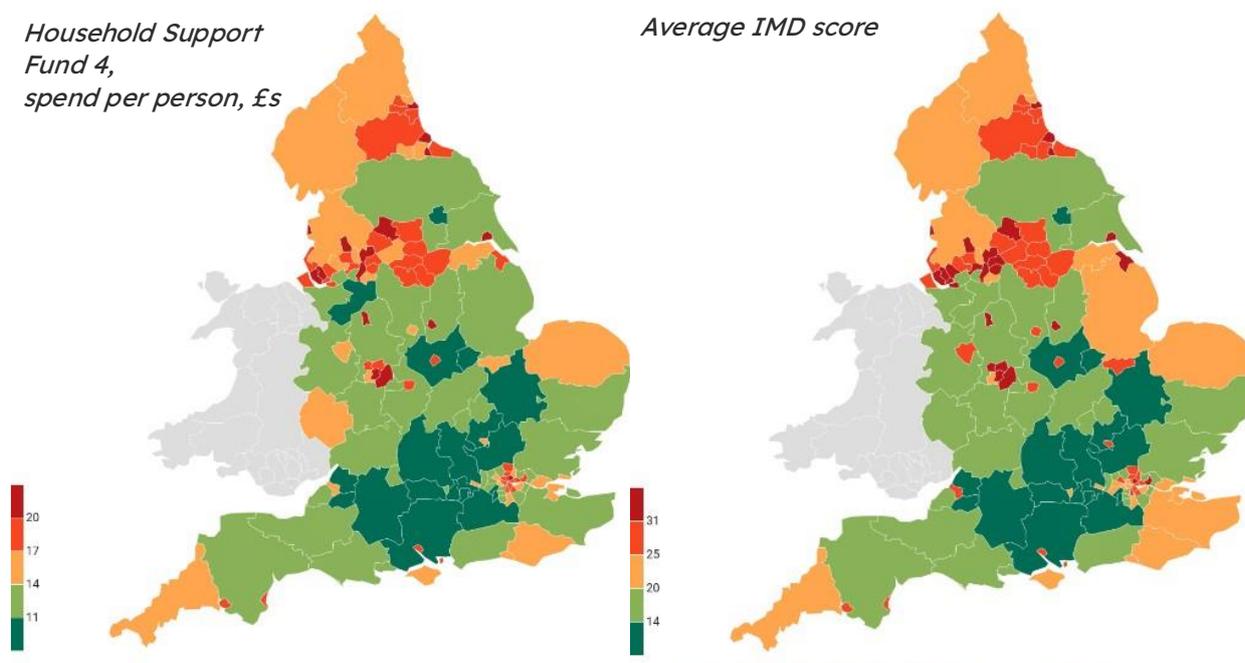
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<sup>16</sup> DWP, [Government launches £500m support for vulnerable households over winter](#), September 2021.

<sup>17</sup> HM Treasury, [Spending Review 2025](#), June 2025.

### Figure 4: Variation in per-person spending on Household Support Fund is closely related to levels of deprivation, reflecting the funding formula

Spending per person on Household Support Fund wave 4 by upper tier local authority: England, 2023-24 (left panel); Average Indices of Multiple Deprivation score by upper tier local authority: 2019 (right panel)



Notes: Colour categories are based on natural breaks in the data. Created with Datawrapper.

Source: RF analysis of DWP, Household Support Fund management information; MHCLG, English indices of deprivation 2019. Map data: Crown copyright and database right 2020.

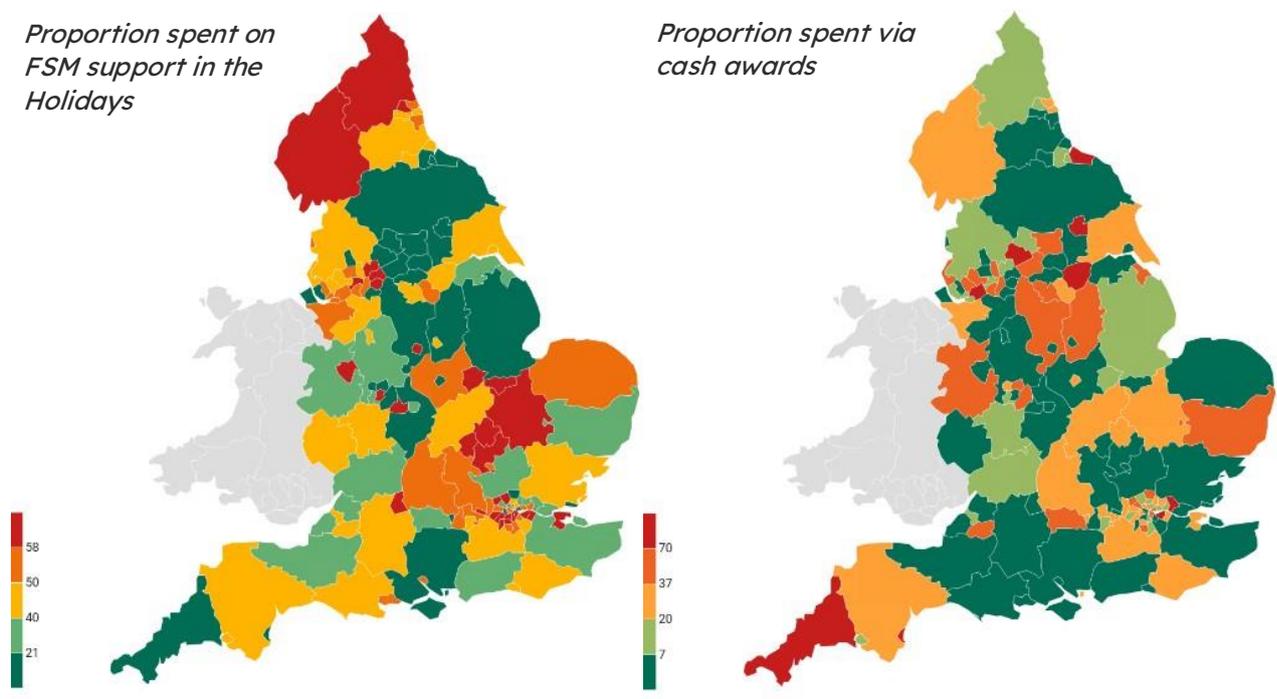
However, the form of HSF spending has varied markedly between local authorities. Guidance from central government sets out the types of support that local authorities can provide through the HSF.<sup>18</sup> Currently these are: help with food, energy and water bills, Free School Meals (FSM) support in the holidays, household items (such as white goods, air fryers, slow cookers), advice services, and, in exceptional circumstances, support with housing costs. But within this framework, local authorities have discretion over how they design and administer their schemes, and they can also decide what form awards take, from vouchers, cash, tangible items such as white goods or furniture, advice services, to support delivered through third-party organisations. This means the HSF gives them more flexibility than more prescribed schemes like DHPs, but less than any Local Welfare Assistance schemes they have established themselves. In contrast to overall spending levels, the variation in types of HSF spending between

<sup>18</sup> DWP, [Household Support Fund: guidance for local councils](#), March 2025.

local authorities does not seem to follow any geographical pattern. Figure 5 illustrates this for two factors: the proportion of HSF wave 4 allocations spent on FSM support in the holidays (the largest overall category of expenditure) and the proportion spent on cash awards.

**Figure 5: The type of support that local authorities have provided through the Household Support Fund varies geographically**

Proportion of Household Support Fund wave 4 allocations spent on Free School Meals support in the holidays (left panel); and via cash awards (right panel), by upper tier local authority: England, 2023-24



Notes: Colour categories are based on natural breaks in the data. Created with Datawrapper.

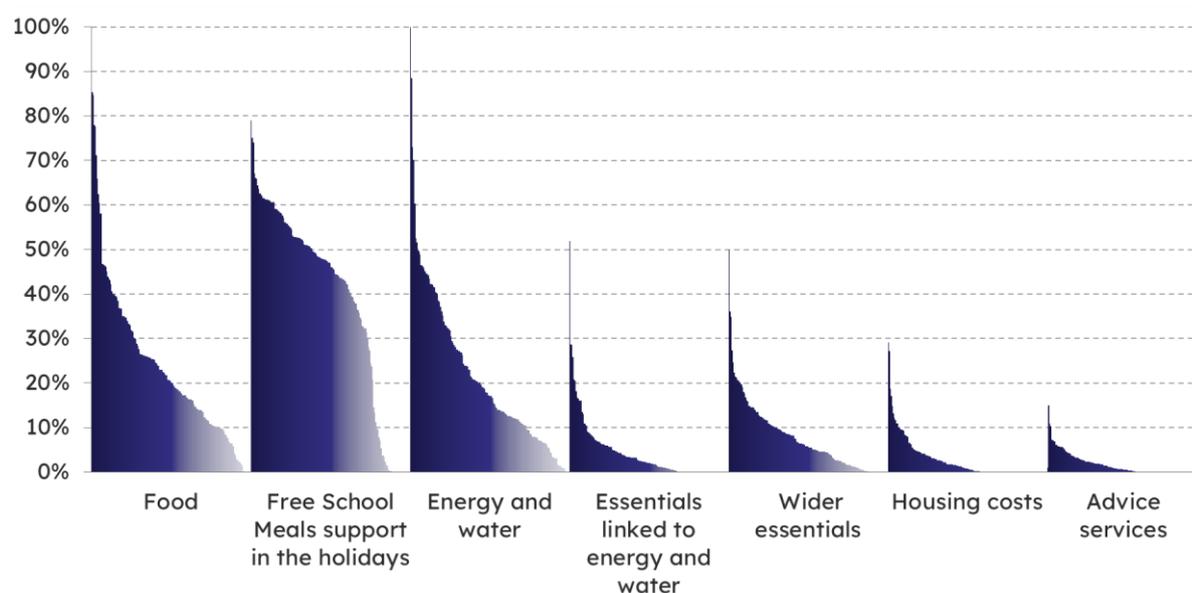
Source: RF analysis of DWP, Household Support Fund management information. Map data: Crown copyright and database right 2020.

Figure 6 further demonstrates the extent of the variation between local authorities, charting the proportion of each local authority’s HSF allocation spent on each permitted category in wave 4 (covering financial year 2023-24). There is substantial variation: some local authorities chose to spend the majority of their allocation on individual categories (e.g. food or energy support) while others took a more mixed

approach.<sup>19</sup> But the popularity of providing FSM support in the school holidays stands out, with two thirds of local authorities spending more than a third of their budget on this category. As we have outlined in previous research, this popularity may be driven in part by administrative pressures faced by local authorities and the short-term and often last-minute nature of HSF funding.<sup>20</sup> They are also easy to administer: FSM vouchers can be ‘passported’ to all families deemed eligible by the Department for Education to receive FSMs, rather than requiring any form of decision by a local authority official. Traditional crisis support often requires an application process.<sup>21</sup>

### Figure 6: There is wide variation across local authorities in expenditure on different types of support provided through the Household Support Fund

Proportion of Household Support Fund wave 4 expenditure by type of support, across individual local authorities administering the scheme: England, 2023-24.



Notes: ‘Food’ does not include Free School Meals support.

Source: RF analysis of DWP, Household Support Fund management information.

Despite this variation, the introduction of the HSF re-established a comprehensive form of discretionary crisis support across all local authorities in England. It did this directly through the HSF and through local authorities using HSF funding to fund their

<sup>19</sup> Other work within Safety Nets is helping us understand that such variation exists due to a number of factors, including administration pressures, preferences of local authority decision makers, and delivery patterns within existing Local Welfare Assistance schemes. See H Bennett et al., ‘Local government and local welfare’, in H Bennett et al., ‘The state of local welfare’, Safety Nets, Forthcoming.

<sup>20</sup> A Clegg et al., *Renew and improve: Setting up the Household Support Fund for the future*, Resolution Foundation/Safety Nets, May 2025, <https://doi.org/10.63492/zfx491>.

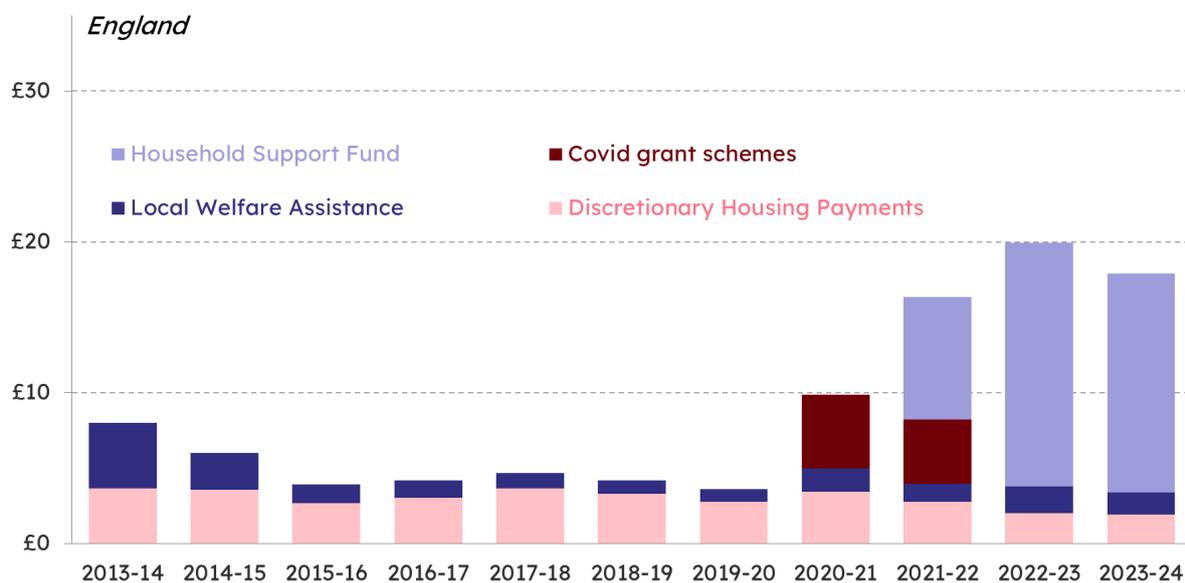
<sup>21</sup> J Meers et al, *Sticking plaster support: the Household Support Fund and localised assistance in the UK welfare state*, Policy Press, December 2023, <https://doi.org/10.1332/17598273Y2023D000000008>. Forthcoming research by colleagues on Safety Net will drill down into some of the drivers behind these variations, drawing on interviews with those designing and delivering these schemes across 14 case study sites.

existing Local Welfare Assistance schemes (English local authorities used an annual average of £46 million of HSF funding on Local Welfare Assistance schemes between 2021-22 and 2024-25).<sup>22</sup>

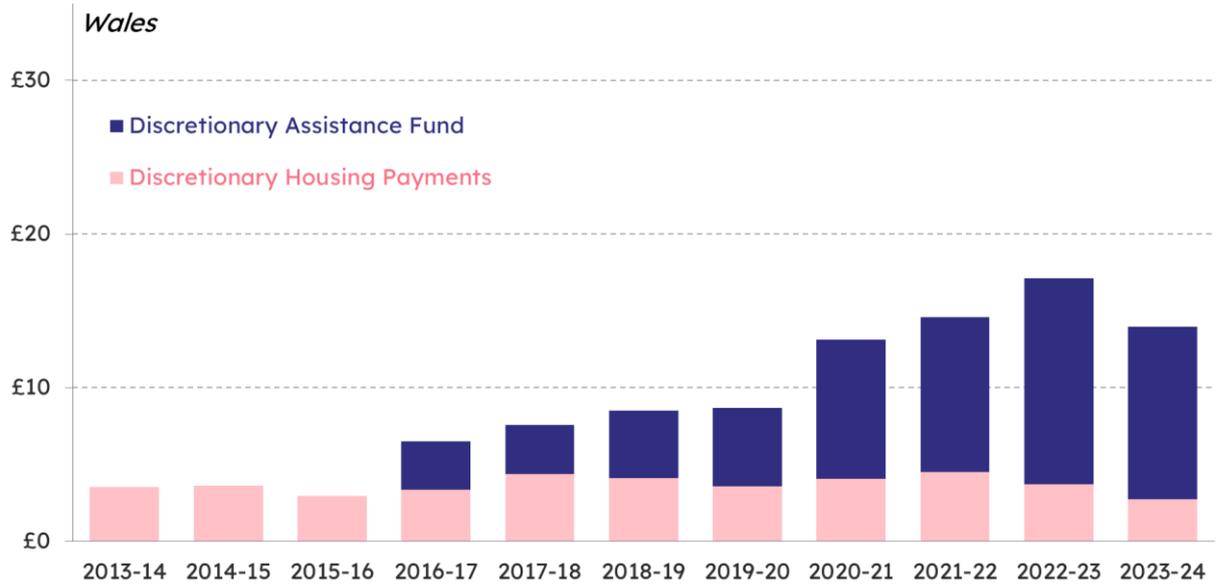
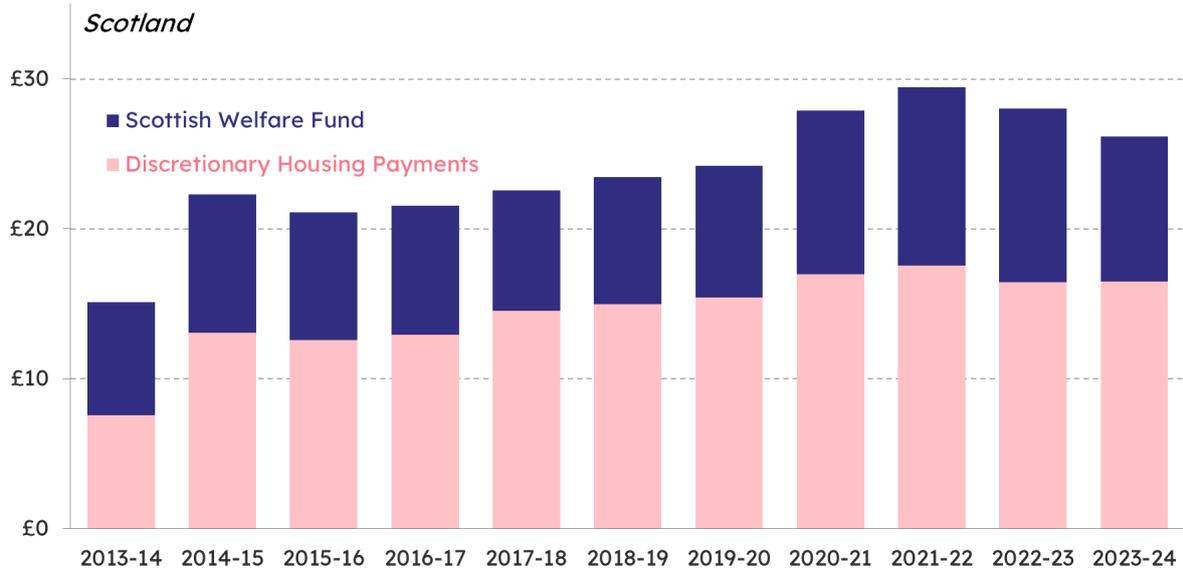
The introduction of the HSF also helped England catch up with the devolved nations on *total* per person discretionary support spending (including DHPs and the nationally delivered schemes in Wales and Northern Ireland). Scotland has spent the most in recent years, but, as outlined above, this is in part due to reducing the discretionary function of DHPs in Scotland and establishing an entitlement function, as families impacted by certain UK welfare reforms are automatically eligible for payments. England now spends more than Wales on discretionary support per person, though it has not fully caught up with Scotland and Northern Ireland. In 2023-24, Scotland spent £26.16 per person in total on discretionary support, compared to £21.68 in Northern Ireland, £17.47 in England, and £13.97 in Wales (see Figure 7).

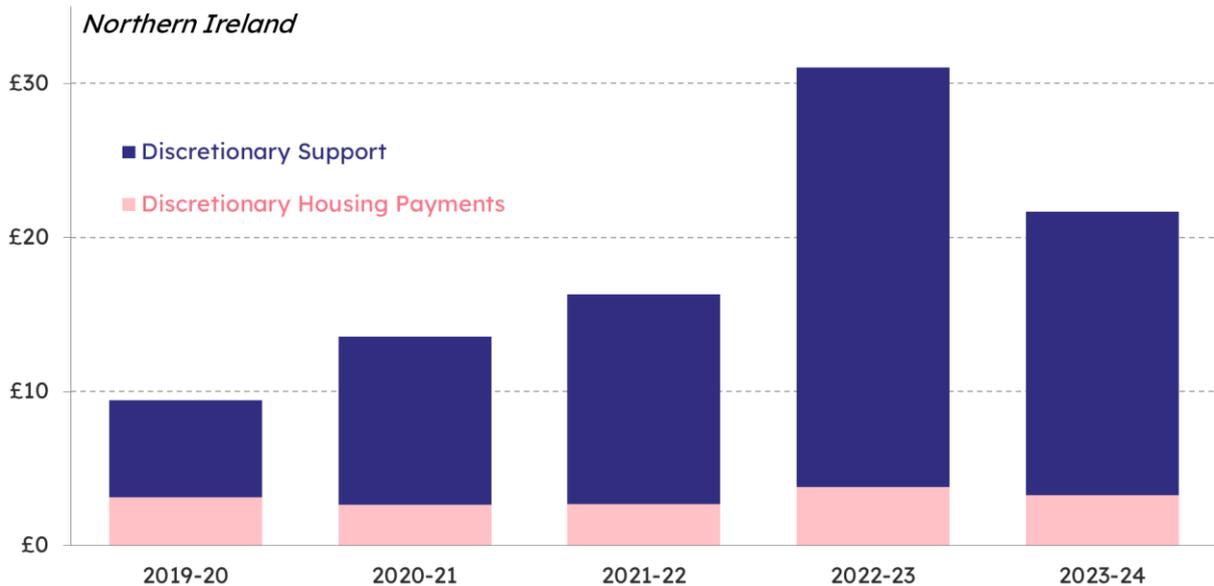
**Figure 7: Scotland has spent the most per person on discretionary support in recent years**

Real per person expenditure on discretionary support, by nation: UK



<sup>22</sup> Source: End Furniture Poverty data.





Notes: 2025-26 prices, deflated by GDP.

Source: RF analysis of DWP, Expenditure and caseload forecast tables, Spring Statement 2025; DWP, Discretionary Housing Payments statistics; Scottish Government; Welsh Government; Northern Ireland Government; End Furniture Poverty data; ONS population estimates.

### **The purpose of most discretionary spending shifted from crisis support to welfare reform mitigation in 2013, and then to a combination of the two from 2021**

The story of a steady and then dramatic expansion of discretionary spending across the last three decades masks shifts in the purpose of that spending and, by extension, the role of local authorities. As shown earlier in Figure 2, total UK spending on discretionary support hardly changed from the late-2000s to the late-2010s (outside of a spike in 2013-14 due to some initial transitional Local Welfare Assistance funding). But the composition of spending shifted markedly from 2013-14, with a dramatic enhancement of Discretionary Housing Payments offsetting a big reduction in spending on now-localised crisis support. This meant that most discretionary spending from 2013 onwards was geared towards mitigating cuts to the UK social security system rather than support for one-off crisis situations.

The UK Government made clear that the large boost in DHP allocations from 2013-14 was intended specifically to help local authorities blunt some of the sharpest edges of contemporary cuts to housing-related support for short periods. These include the introduction of the benefit cap, the removal of the spare room subsidy (RSRS, commonly referred to as the ‘bedroom tax’), and cuts to the Local Housing Allowance. Funding was distributed between local authorities based on a formula reflecting how

much their residents were impacted by these reforms (although this funding did not come close to covering the total amounts they were affected by).<sup>23</sup> DHPs can cover rent shortfalls that are a result of crisis situations, but this support is much more limited than the crisis provided through the Social Fund and local welfare schemes. This illustrates how the post-2013 move towards localisation did not just give local authorities “flexibility ... to respond to those in the greatest need”; it also transferred to them responsibilities for helping those who lose out from UK-level reforms.<sup>24</sup> Social Fund crisis support made up 92.3 per cent of the £413 million (2025-26 prices) spent on discretionary support in 2010-11, with DHPs (before they were explicitly defined as focusing on mitigation) making up 7.7 per cent. By 2017-18, total real spending was similar at £405 million, but the now mitigation-focused DHPs made up 72.8 per cent and crisis support made up 27.2 per cent.

DHPs were devolved to Scotland from 2017-18, and the Scottish Government has used this power to use DHPs to provide automatic, ongoing and full reversals of the impact of certain UK welfare reforms in Scotland, rather than just providing short-term relief. In particular, the Scottish Government has used automatic entitlement to DHPs for Scottish citizens as a way to fully compensate those affected by the benefit cap and the removal of the spare room subsidy (the ‘bedroom tax’), essentially sidestepping the discretionary element of DHPs and instead using the funding to pursue a diverging welfare agenda from that set by the UK Government for the rest of the UK.<sup>25</sup> As a result, real spending on DHPs in Scotland has increased by 27 per cent since 2017-18, up from £78 million to £99 million in 2025-26 (see Figure 8). At the same time, the ability of DHPs to mitigate cuts in England and Wales diminished as spending fell from £217 million in 2017-18 to £102 million in 2024-25, even as the benefit cap has become more punitive (by being frozen in nominal terms) and the uprating of LHA remained sporadic.<sup>26</sup>

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<sup>23</sup> DWP, [S1/2013 Housing Benefit and Council Tax Benefit Circular](https://www.gov.uk/government/publications/housing-benefit-subsidy-circulars-2020/s22020-2020-21-discretionary-housing-payments-government-contribution-for-english-and-welsh-local-authorities), January 2013; <https://www.gov.uk/government/publications/housing-benefit-subsidy-circulars-2020/s22020-2020-21-discretionary-housing-payments-government-contribution-for-english-and-welsh-local-authorities>.

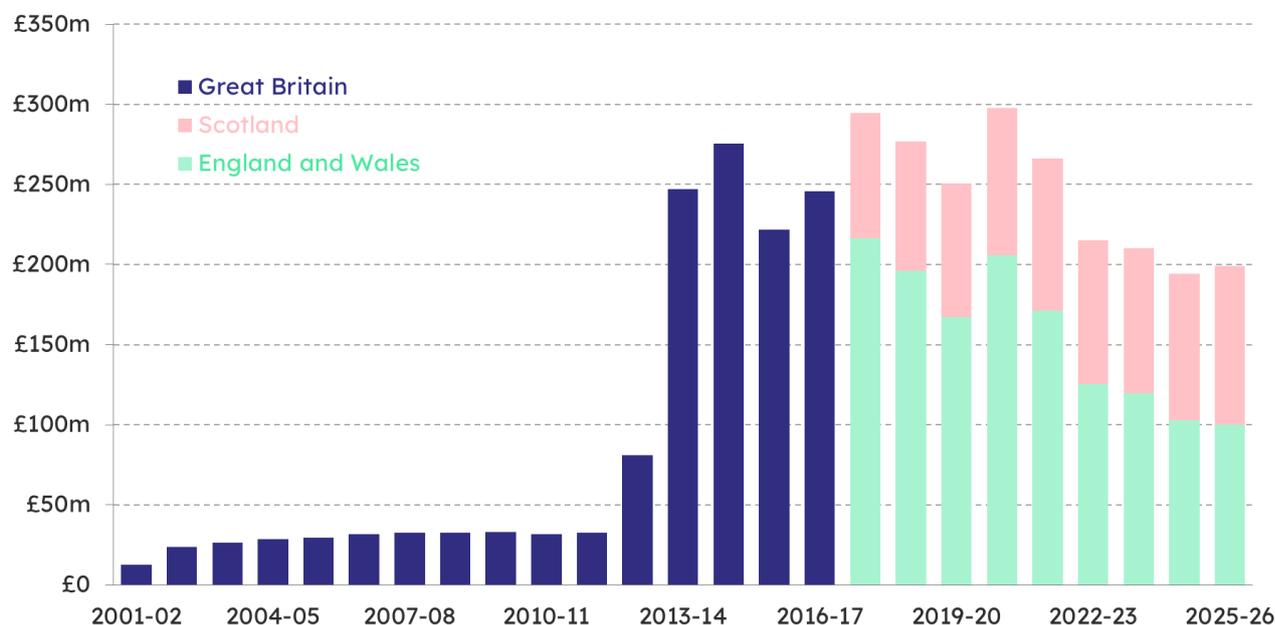
<sup>24</sup> DWP, [Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012](#), July 2012.

<sup>25</sup> Northern Ireland also fully compensates families affected by UK welfare cuts through Welfare Supplementary Payments. These are delivered centrally and are not discretionary. The changes compensated are the benefit cap, the RSRS, the time-limiting of contributory Employment and Support Allowance, the transition to Personal Independence Payment, loss of Carer Payments, and loss of disability-related premium

<sup>26</sup> The benefit cap has been uprated once since it was introduced, in 2023 during the cost of living crisis. Nevertheless, the real value of the benefit cap for couples/families is £14,500 lower in 2025-26 than when it was introduced in 2013-14 (in 2025-26 prices).

**Figure 8: Discretionary Housing Payment funding has declined in England and Wales since 2017, but increased in Scotland**

Real annual expenditure on Discretionary Housing Payments, by nation: GB



Notes: 2025-26 prices, deflated by GDP. Data up to 2023-24 includes local authority top-ups; data for 2024-25 and 2025-26 is total government allocations only and does not include local authority top-ups, as this data is not yet available.

Source: DWP, Expenditure and caseload forecast tables, Spring Statement 2025; DWP, Discretionary Housing Payments statistics; Scottish Government, Discretionary Housing Payments in Scotland.

The balance between crisis support and the mitigation of cuts changed again in 2021 with the introduction of the Household Support Fund, which has to some extent blurred the line between the two. The DWP’s guidance to local authorities describes crisis support as the “primary objective” of the HSF, yet in practice there is still a substantial role for the mitigation of UK-level cuts and to top up support from the mainstream benefit system.<sup>27</sup> The announcement of the HSF in Autumn 2021 coincided with the end of the £20 per week uplift to Universal Credit, and both the current and previous Governments have referred to the HSF when asked about their efforts for dealing with the impact of specific reforms (such as the 2024-25 cut to Winter Fuel Payments), ongoing cost of living pressures or addressing outcomes that are ongoing rather than one-offs, such as child poverty.<sup>28</sup> Interviews with HSF recipients and local authority

<sup>27</sup> DWP, [Household Support Fund guidance for county councils and unitary authorities in England](#), March 2025; A Clegg et al., [Renew and improve: Setting up the Household Support Fund for the future](#), Resolution Foundation/Safety Nets, May 2025, <https://doi.org/10.63492/zfx491>.

<sup>28</sup> For example, see Parliamentary Questions [27589](#), [27911](#), [35659](#), [27066](#), [902289](#), [22339](#), [977](#), [47722](#).

administrators have confirmed that some HSF spending is used to top up inadequate benefit incomes, rather than to meet singular and unpredictable crises.<sup>29</sup>

Spending on discretionary schemes is now a lot higher than it used to be (almost three times higher in 2024-25 than in 2010-11), and that has meant a much greater role for local authorities, especially within England. Local authorities are now required to step in when residents are facing unpredictable emergencies, and to help residents navigate a social security system that can generate ongoing financial pressures for those that rely on it for a significant portion of their income. As a result, families in need of crisis support or those feeling the sharpest edges of UK social security cuts are now dependent on schemes designed by local authorities, and sometimes on the individual decisions of local authority employees, for help. However, despite the numerous discretionary schemes across the UK, this type of support still makes up a minority of total spending on localised support: just 30 per cent in 2024-25. The next section discusses the one scheme that makes up the bulk of localised spending: working-age Council Tax Reduction in England.

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<sup>29</sup> A Clegg et al., [Renew and improve: Setting up the Household Support Fund for the future](#), Resolution Foundation/Safety Nets, May 2025, <https://doi.org/10.63492/zfx491>.

## Section 3: Council Tax Reduction is the only entitlement-based localised support, but it makes up the majority of localised spending

Working-age Council Tax Reduction in England is the only current example of localised support that is based on entitlement rules rather than discretion, but it has made up 75 per cent of localised spending in the UK since 2013. It took its current form in 2013, when the DWP-run, GB-wide, Council Tax Benefit was localised in England as Council Tax Reduction, with local authorities taking responsibility for designing their own schemes, and devolved to Scotland and Wales. Funding for these schemes was initially based on 90 per cent of the projected spend on Council Tax Benefit from 2012-13, but has never been ring-fenced. As of 2025-26, 70 per cent of local authorities in England have cut the generosity of their schemes compared to the old Council Tax Benefit, and the proportion of a Council Tax bill covered by a maximum CTR award is now as low as 50 per cent in some areas. This means discrepancies in the amount of Council Tax that families in similar circumstances have to pay in different areas can be above £1,000 per year.

Localised support based on local authority-designed entitlement rules, rather than case-by-case discretion, is currently represented by just one scheme – working-age Council Tax Reduction in England – but it makes up 75 per cent of all spending on localised support in the UK since 2013 (see Figure 1 above).<sup>30</sup> This section outlines the trends in spending on Council Tax Reduction and looks at the resulting variation in current Council Tax Reduction schemes across England and between England, Scotland and Wales.

Before 2013, local authorities administered Council Tax Benefit (CTB) across Great Britain, but within parameters set by the UK government and with local authorities' expenditure funded by grants from DWP. In 2013, at the same time as the localisation and devolution of crisis support, local authorities were given the responsibility for designing and administering CTR schemes for working-age residents (Scotland and Wales retained national-level schemes; Northern Ireland has Rates instead of Council

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<sup>30</sup> Council Tax Reduction operates as a reduction in Council Tax bills rather than as a cash award. Some people argue that this means that, unlike its predecessor, it should not be thought of as part of the social security system. References in this section to spending on Council Tax Reduction refers to the amount of Council Tax foregone through reductions in Council Tax bills as a result of Council Tax Reduction awards.

Tax, support for which is entitlement-based and delivered nationally; the parameters governing CTR for pensioners in England are set by the UK government).

Initially, English local authorities were given grants to fund CTR that were set at 90 per cent of the Office for Budget Responsibility's total projected spend on CTB (including working-age and pensioners); this meant that local authorities had to provide less-generous working-age schemes than CTB, or find additional funds.<sup>31</sup> Since 2014-15, the formula for allocating funding to each local authority has remained the same (it is based on the forecast spend on CTB in 2012-13), but funding has been rolled into local authorities' Revenue Support Grants with no dedicated line informing local authorities how much of their grants are dedicated to CTR.<sup>32</sup> Scotland and Wales chose a different path with the powers for Council Tax Reduction that were devolved to them. Both decided to deliver support nationally and to retain the parameters of the old Council Tax Benefit, meaning support for residents in Scotland and Wales did not change.

Perhaps predictably given the lack of ring-fenced funding, localisation of Council Tax Reduction in England has led to reductions in total spending compared to the previous Council Tax Benefit programme. Despite real-terms increases in Council Tax liability (which would on its own push up entitlement to CTR), real spending on support for Council Tax fell by 31 per cent in England between 2012-13 (the year before it was localised) and 2024-25. This is due to a combination of the caseload falling from 5.9 million to 3.7 million and average awards declining. Real spending on CTB in England in 2012-13 was 19.4 per cent of Council Tax receipts (£6.1 billion in 2025-26 prices); this fell to 16.2 per cent of Council Tax receipts on CTR in 2013-14 (£5.3 billion) and in the last year of data had reached just 10.3 per cent of Council Tax receipts (£4.2 billion in 2024-25) (all in 2025-25 prices) (see Figure 9).

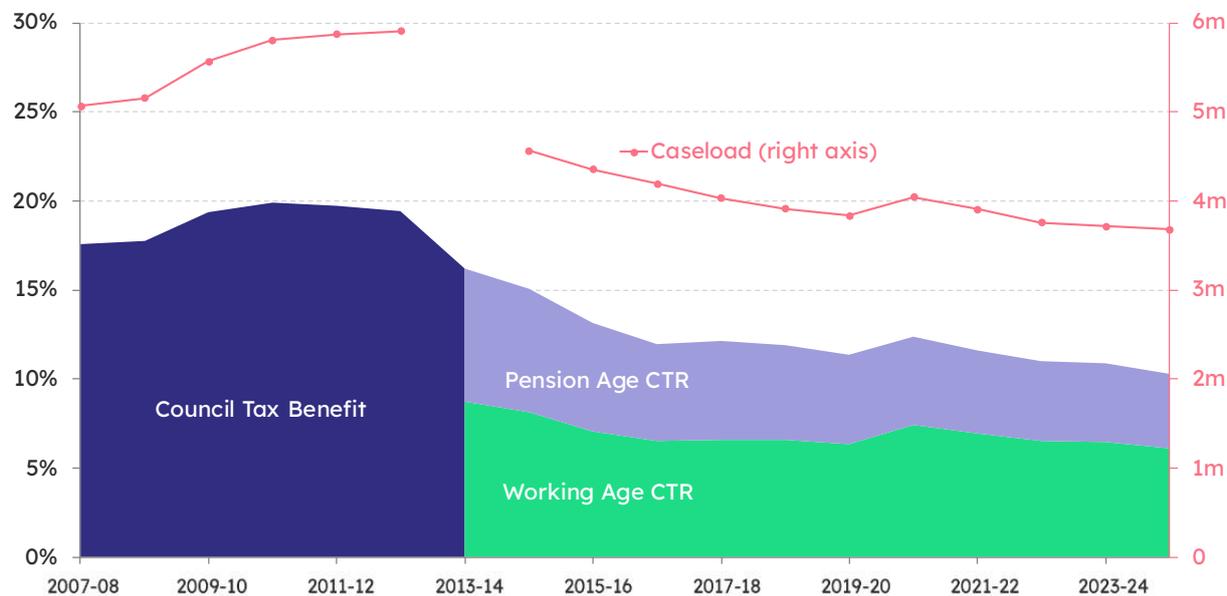
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<sup>31</sup> Indeed, the grants reflected estimated spend on CTB across all residents, including pensioners, but the fact that support for pensioners was protected under the CTB parameters meant that councils with above-average proportions of residents over pension age would have faced greater pressure on their working-age CTR schemes.

<sup>32</sup> Local authorities have criticised this arrangement as "opaque"; it means they have not only had to bear an increased burden of funding their CTR schemes, but they cannot easily predict the funding they will receive to provide CTR in coming years. See: E Ollerenshaw, [Three Years On: An Independent Review of Local Council Tax Support Schemes](#), March 2016.

**Figure 9: In England, Council Tax Reduction expenditure and caseloads declined when it was localised**

Council Tax Benefit / Council Tax Reduction expenditure as a proportion of Council Tax receipts, and caseload: England



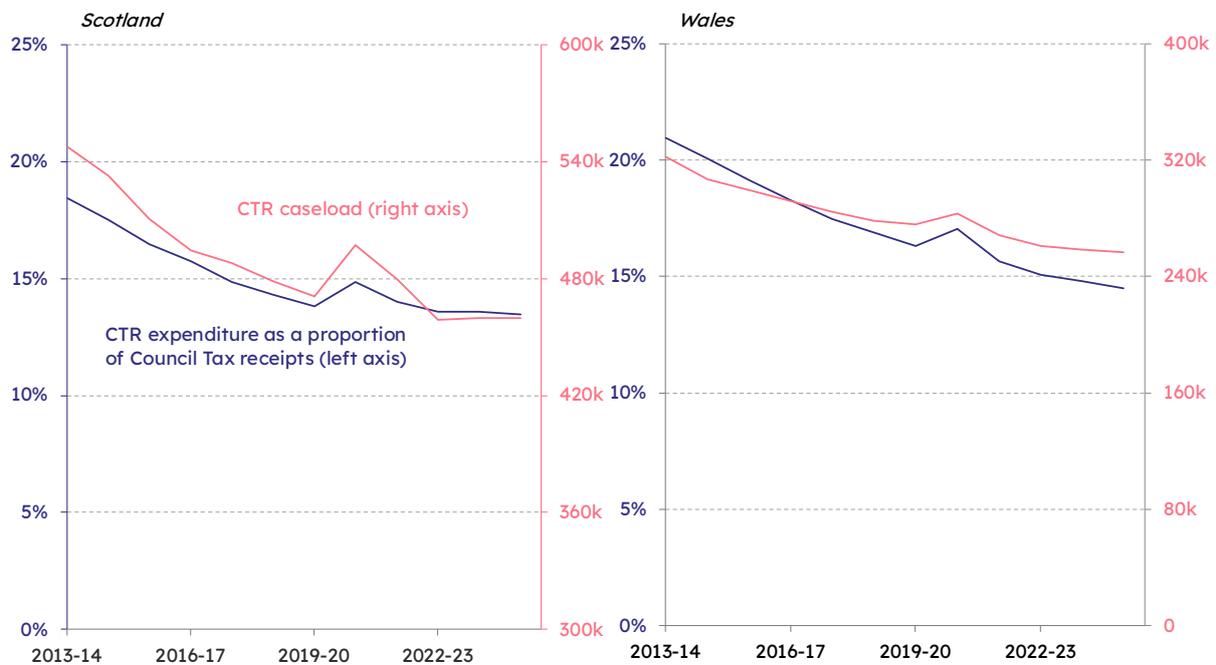
Notes: Caseload data not available for 2013-14.

Source: RF analysis of DWP, Expenditure and caseload forecast tables, Spring Statement 2025; MHCLG, local authority revenue expenditure and financing; MHCLG, Council Tax support experimental statistics; MHCLG, Council Tax receipts live table.

As Figure 10 shows, spending on CTR in Scotland and Wales has also fallen over the past decade as caseloads have declined, but by less than it has in England. CTR spending was 18 per cent of Council Tax receipts in Scotland and 21 per cent in Wales in 2013-14; this fell to 13 per cent and 15 per cent respectively by 2024-25.

**Figure 10: Council Tax Reduction expenditure in Scotland and Wales has declined with falling caseloads, but remains higher than in England as a proportion of Council Tax receipts**

Council Tax Reduction expenditure as a proportion of Council Tax receipts, and caseload: Scotland (left panel) and Wales (right panel)



Source: RF analysis of Scottish Government, Council Tax Reduction in Scotland; Scottish Government, Council Tax collection statistics; Welsh Government, Council Tax Reduction scheme annual reports; Welsh Government, Council Tax collection data.

The old CTB provided reductions of up to 100 per cent of a household’s Council Tax liability, with a taper rate of 20 per cent kicking in when the family’s income exceeded an amount based on their family make-up and circumstances. This ‘default’ scheme has continued for all families in Scotland and Wales, and for pensioners in England. In designing their working-age schemes, English local authorities can vary the maximum amount of support available; the taper rate; the value and applicability of deductions for non-dependent adults in the household; which groups are protected and automatically receive the maximum level of support; they can also cap the Council Tax band used to calculate support. In addition, they can instead choose income-banded schemes, where residents receive set discounts on their bill if their family income falls within specific bands. Income-banded schemes are increasingly popular due to their relative simplicity and potential for delivering administrative savings for local authorities: under a banded scheme, income changes do not trigger recalculations of

support and re-billing as often as would the standard scheme that withdraws support smoothly as earnings change.<sup>33</sup> There is also an argument that a banded scheme is easier to explain than the operation of a taper of 20 per cent applying to after-tax income, although the downside of this is that banded schemes always involve cliff-edges where small rises in income can lead to significant declines in support. There are 126 income-banded schemes in England in 2025-26, a figure that has risen consistently since these schemes were introduced in 2016-17.<sup>34</sup>

Our analysis of Policy in Practice's database of CTR schemes shows that, as of 2025-26, 70 per cent of English local authorities have reduced their maximum level of CTR below 100 per cent of Council Tax liability (the level in the old CTB) for standard claims, meaning that all non-protected claimants have to pay some amount of Council Tax. In addition, 32 per cent have capped the Council Tax band used to calculate support. Increases in generosity compared to CTB have occurred sporadically, with a few local authorities reducing the taper rate below 20 per cent for short periods, but these have been rare, and no local authority in 2025-26 has a more generous scheme than the old CTB.<sup>35</sup>

As a result of these cuts, there is now large variation in the generosity of working-age Council Tax Reduction schemes across England, with the maximum proportion of a Council Tax bill covered ranging from 50 to 100 per cent (see Figure 11). This means the amount of Council Tax that similar families are required to pay fluctuates significantly across the country. For example, a family living in a Band D property and receiving the maximum level of CTR in Doncaster would pay no Council Tax in 2025-26, but if they moved across the border to North Lincolnshire, which has a maximum CTR of 50 per cent of Council Tax liability and caps support at Band B liability, they would have to pay nearly £1,400. There is also divergence between England and Scotland and Wales (where CTR is delivered nationally and mirrors the old CTB scheme): in the average local authority in England, a family with an average Council Tax liability receiving maximum CTR would have to pay £248 per year, compared to nothing in Scotland and Wales.

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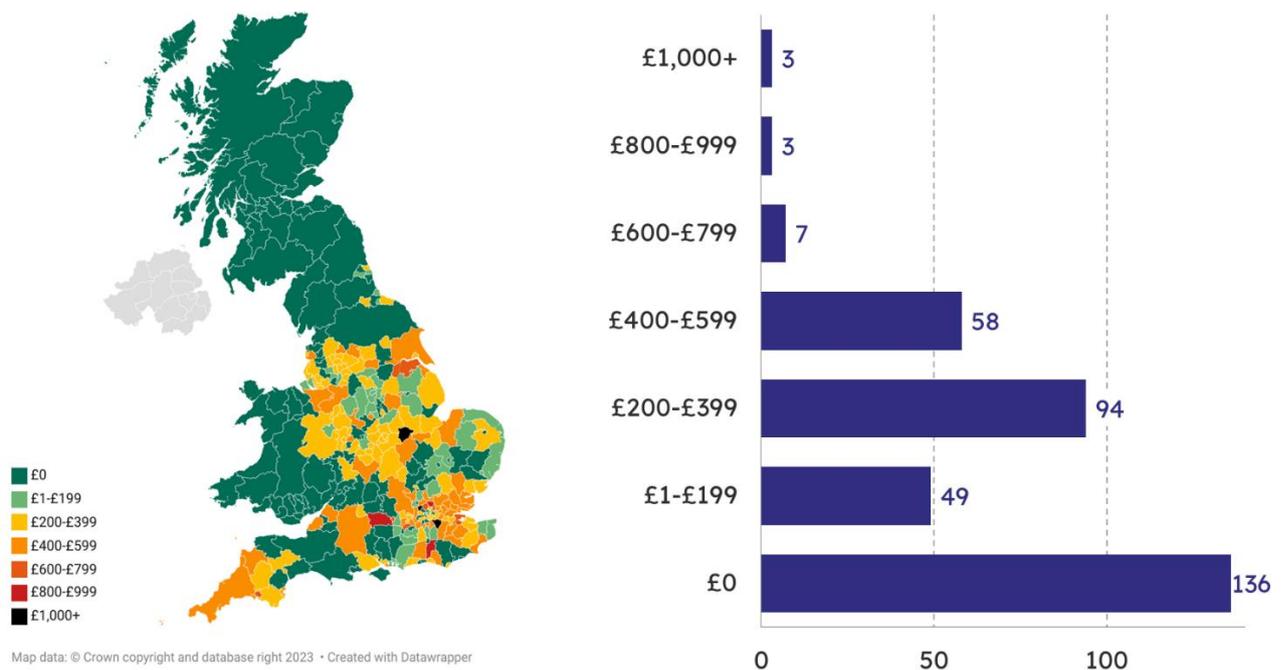
<sup>33</sup> I Bahia, [Rising arrears, shrinking support: Five years of CTR trends](#), Policy in Practice, May 2025.

<sup>34</sup> P Agulnik and K Holmes, [Review of Council Tax Reduction schemes 2025-26](#), EntitledTo, May 2025.

<sup>35</sup> Indeed, the Government's impact assessment prior to localisation stated that "local authorities will be able to choose – through the design of their scheme – whether some awards will be reduced" and does not mention any potential for increasing awards. See: Department for Communities and Local Government, [Local Government Finance Bill: Localising support for council tax, Impact assessment](#), 2011.

**Figure 11: The generosity of working-age Council Tax Reduction varies widely across Great Britain**

Annual Council Tax left to pay if a family receives the maximum amount of Council Tax Reduction and has an average per dwelling Council Tax Liability, by local authority (left panel); and number of local authorities where the Council Tax left to pay falls into each band (right panel): Great Britain, 2025-26



Note: Scotland and Wales included, although schemes are set nationally here. Orkney and Shetland Islands have been omitted but have the same CTR as the rest of Scotland.

Source: RF analysis of Policy in Practice data; MHCLG, live tables on Council Tax.

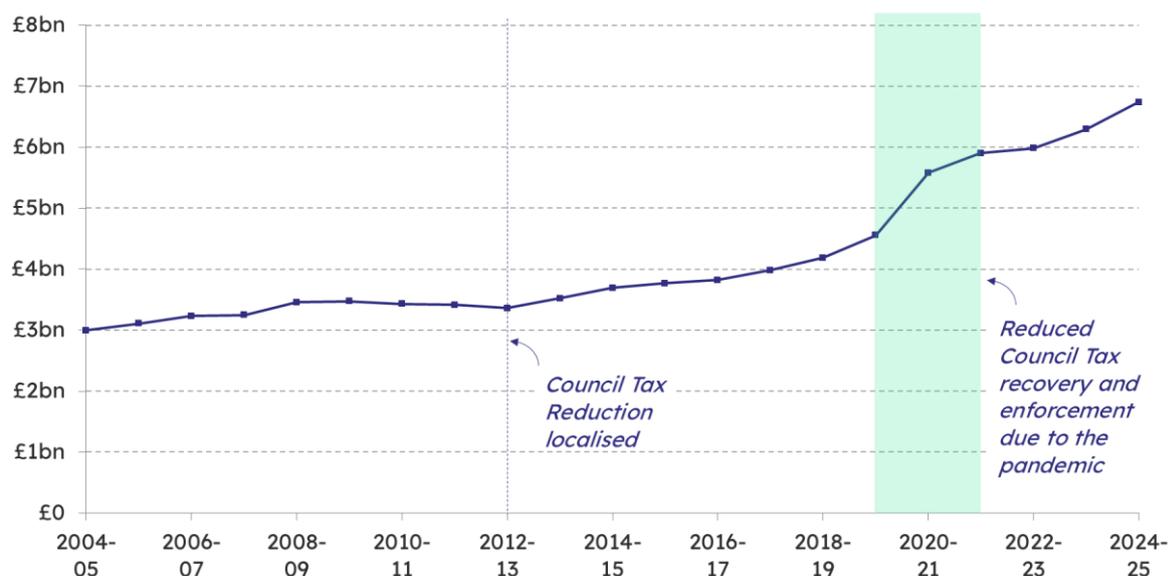
Previous Resolution Foundation work has shown that the combination of rising CT bills and cuts to the generosity of CTR are contributing to Council Tax becoming an increasing burden on low-income families. By 2020-21, the poorest fifth of households spent 4.8 per cent of their gross household income on Council Tax (net of Council Tax Reduction), up from 2.9 per cent in 2002-03.<sup>36</sup> This has inevitably had an impact on Council Tax arrears as families have struggled with the increased burden. In 2012-13, the year before CTR localisation, total Council Tax arrears in England were £3.4 billion (in 2025-26 prices) and had been falling for the previous three years. Since then, arrears have risen every year and were at £6.7 billion in 2024-25, almost double their 2012-13 level (see Figure 12). And this pressure is set to continue ramping up, as Council

<sup>36</sup> L Try, *Money, money, money: The shifting mix of income sources for poorer households over the last 30 years*, Resolution Foundation, February 2025, <https://doi.org/10.63492/p3505p>.

Tax bills are widely expected to continue rising by 5 per cent each year for the rest of this Parliament.

**Figure 12: Council Tax arrears in England have risen every year since Council Tax Reduction was localised**

Real-terms stock of Council Tax arrears at fiscal year-end: England



Notes: Amounts have been converted to June 2025 prices using a CPIH deflator.

Source: RF analysis of MHCLG, Collection rates for Council Tax and non-domestic rates in England; ONS, Consumer prices. A version of this chart first appeared in F Odamtten and S Pittaway, [Money on my mind: Understanding the savings, debt and financial resilience of low-to-middle income families](#), Resolution Foundation, September 2025.

Having described the evolution of discretionary and entitlement-based localised support, the final section of the report looks at the potential advantages and disadvantages of local delivery of support and considers how much the current array of localised discretionary and entitlement-based support in the UK meets these principles.

## Section 4: When is localisation an effective and appropriate way to deliver support?

Some of the arguments for localisation are that it allows the design and administration of programmes to benefit from the specific knowledge and expertise of local decision makers; it gives local authorities a direct financial stake in their residents' circumstances; and it permits local residents to express their preferences for social security design through the ballot box. But localisation can be inefficient if it results in local authorities duplicating efforts in design or administration, or if having many schemes (rather than a single central one) can increase confusion. In practice, local authorities' lack of control over their revenue streams and overall expenditure, plus cuts to their funding from the UK government, means they are under considerable pressure to cut spending where funding is not ring-fenced. Existing localised discretionary schemes have mostly been designed with these principles in mind, but evaluation of their effectiveness is difficult given a lack of data on how support is allocated and targeted and little published information about local authorities' internal policies and decision-making practices. We argue more strongly that the entitlement-based working-age Council Tax Reduction in England is failing to benefit from localisation. Although reform would be difficult and may not be the most pressing issue affecting local authorities right now, it would be made fairer and more efficient if its design and funding were returned to central government.

To assess the post-2013 era of localisation, it is useful to discuss the arguments for and against delivering support at the local authority level.

We can think of three arguments in favour. First, localisation allows the design, administration and allocation of support to benefit from the specific knowledge of local decision makers and their proximity to the population needing support. In principle this can enable decision makers to consider local needs and issues (for example, the demographics of those in poverty, or the nature of the local labour market), keep track of individuals seeking help across multiple services, provide advice and links to other types of support, and provide some services more efficiently. Second, localisation can give local authorities a direct financial interest in their residents' circumstances, thereby incentivising them to help their residents into more secure financial positions. Finally, localisation in theory allows local government to respond to the preferences of local voters, in the same way that, for example, the

current devolution settlement allows Scottish voters more control over the Scottish social security system compared to when we had a GB-wide social security system.

But localisation also has downsides. Requiring each local authority to design and administer their own scheme could be inefficient and take up resources that could potentially go towards providing higher levels of support. And schemes that vary by local authority add complexity to the system, are likely to increase confusion among residents or those providing advice and support, and lead to lower take-up. Further, concerns have been raised about perceptions of low trust in some local authorities due to their association with statutory duties related to debt collection and social services, and the potential that decision-makers' familiarity with particular postcodes and even individual families could lead to bias.<sup>37</sup> There is also an inevitable trade-off between the provision of locally tailored support and the concept of fairness and equity in the support provided to people in similar circumstances across different areas. As outlined above, the UK's four nations have taken different decisions about the appropriate tier of government for the delivery of social security powers devolved to them, with England featuring greater localisation and the devolved nations generally taking a more centralised approach. This may reflect underlying differences in the nations' attitudes towards the principles for and against local authority delivery.

In practice, we cannot ignore that the localisation agenda in England has seen responsibilities for delivering support transferred to local authorities at the same time as their financial positions have become increasingly strained. In general terms, we should not overstate the freedom of financial choices available to local authorities: they have little control over their revenue streams, given caps on how much they can increase Council Tax, and little control over their spending, with much of their other spending driven by statutory responsibilities, such as adult social care and SEND provision. On top of this, budgets have been increasingly squeezed through real-terms cuts to their funding: as Figure 13 shows, local authority core spending power per person in England was 32 per cent lower at the start of the pandemic than it was in 2010-11 and, although it has recovered slightly since, it is still 24 per cent lower in 2025-26. In this context, large financial pressures have crowded out spending on non-statutory responsibilities, like local social security, and have inhibited local actors' ability to apply their local knowledge to the design of support; as some have argued, the English localisation agenda can be seen as the UK government just devolving

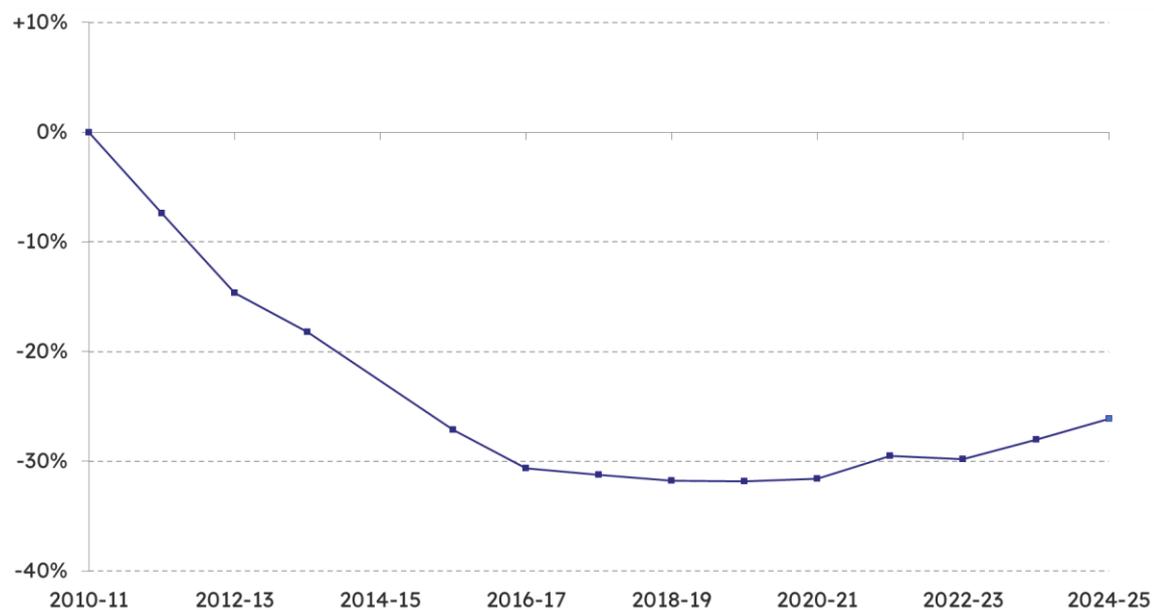
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<sup>37</sup> H Bennett et al., 'Local government and local welfare', in H Bennett et al., 'The state of local welfare', Safety Nets, Forthcoming.

austerity.<sup>38</sup> At the same time, the UK government has repeatedly placed rhetorical emphasis on schemes like the HSF as the intervention it is making to address financial hardship, but there is a clear disconnect between the total funding available and the emphasis placed on it as a panacea for households experiencing crisis and hardship.<sup>39</sup>

### Figure 13: Local government core spending power in England has fallen since 2010-11

Change in real per person local government core spending power: England



Notes: Assumes England population numbers over this time period have changed in a similar way to the UK population. Source: RF analysis of HMT, Spending documents; MHCLG, Core Spending Power table; provisional local government finance settlement 2025 to 2026; MHCLG, Spending power by local authority, 2013; MHCLG, Government confirms progressive settlement and fair deal for communities, January 2011. A version of this chart first appeared in Aref-Adib et al., [A healthy State? Putting the 2025 Spending Review into context](#), Resolution Foundation, June 2025.

### Existing localised discretionary crisis support has learned from past errors, but there are still improvements to be made

There are definitely some examples of past localised discretionary schemes that have had features that do not look compatible with effective local delivery. One is the short-term and often last-minute funding settlements for HSF. The HSF is currently in its seventh wave of funding, with each wave lasting either 6 months or a year, and only

<sup>38</sup> R Hick, [Austerity, Localism, and the Possibility of Politics: Explaining Variation in Three Local Social Security Schemes Between Elected Councils in England](#), Sociological Research Online, March 2021, <https://doi.org/10.1177/136078042199066>.

<sup>39</sup> See Parliamentary Questions [27589](#), [27911](#), [35659](#), [27066](#), [902289](#), [22339](#), [977](#), [47722](#).

two of these were confirmed more than a month before the funding was allocated.<sup>40</sup> This gave local authorities little time to design their delivery policies, limiting the extent to which local knowledge and expertise could be taken advantage of, and made it hard to retain administrative staff.<sup>41</sup> The longer-term funding settlement for the new Crisis and Resilience Fund is a vast improvement and will go a long way to help local authorities provide more effective support. The other example is the non-ring-fencing of funding for Local Welfare Assistance that resulted in the fracturing of crisis support provision in England in the 2010s.

Fortunately, most of our existing localised discretionary support schemes have been designed by central governments with the principles we outlined above in mind. The HSF, DHPs, and the Scottish Welfare Fund have national-level, ring-fenced funding determined by population and need – which, from the point of view of ensuring an effective safety net through the social security system, is especially needed in the current funding environment for local authorities – but with local decision-making around allocation and delivery (although with varying levels of rigidity around the extent of discretion that local authorities are granted). In theory, this should allow local authorities to design schemes without consideration of their overall funding pressures. However, qualitative research with local authority staff delivering discretionary support has revealed a mixed picture of the effectiveness of these schemes. Decision-makers point to the advantages of local expertise and flexibility and the important role of discretionary support in providing “a safety net below the safety net”. But the interviews also highlight a tension between local authorities’ desire for more control and autonomy to support people experiencing financial hardship and the enormous challenges of doing so effectively with budgets that are a fraction of what has been cut from the UK social security system over recent decades, often piecemeal and short-term funding, and growing demand.<sup>42</sup> Local authorities also voice concerns that families can become reliant on sources of support that may not be available in the future.<sup>43</sup>

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<sup>40</sup> HSF 4 and 7 were announced at Autumn Budget 2022 and Autumn Budget 2024 respectively, and began in April 2023 and April 2025. All other extensions were announced in the month prior to funding being allocated.

<sup>41</sup> Here, local authorities that could not afford to retain their Local Welfare Assistance schemes in the 2010s were at a greater disadvantage, as the necessary apparatus for delivering discretionary crisis support needed to be rebuilt when the HSF was announced. See: A Clegg et al., [Renew and improve: Setting up the Household Support Fund for the future](https://doi.org/10.63492/zfx491), Resolution Foundation / Safety Nets, May 2025, <https://doi.org/10.63492/zfx491>.

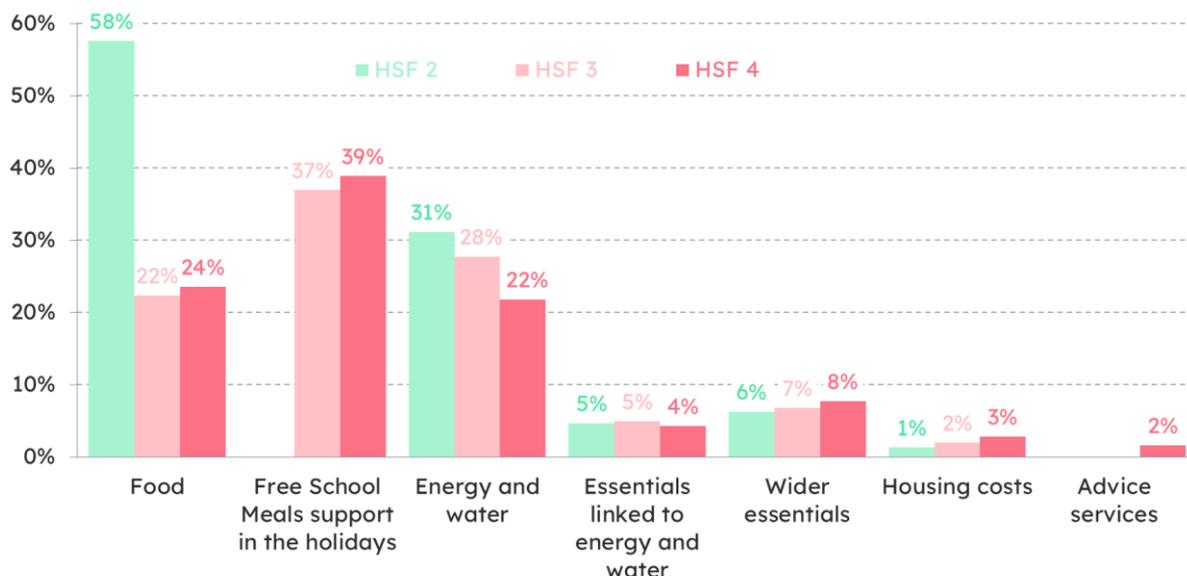
<sup>42</sup> H Bennett et al., ‘Local government and local welfare’, in H Bennett et al., ‘The state of local welfare’, Safety Nets, Forthcoming.

<sup>43</sup> H Bennett et al., ‘Local government and local welfare’, in H Bennett et al., ‘The state of local welfare’, Safety Nets, Forthcoming.

And some elements of existing schemes are still at odds with the principles of localisation. The HSF is still frequently used to meet predictable and ongoing costs. An example of this is the provision of FSM support during the school holidays, a programme that was invented during the pandemic and which became the largest category of HSF expenditure in waves 3 and 4 (at 37 and 39 per cent of total spending) after the Government added it to the guidance as a potential use of the fund from wave 3 (see Figure 14). There may be some ways that local authorities are able to coordinate local services, but the predictability of the need for support in this case means the utility of local actors' specific knowledge is less clear than it is for providing case-by-case crisis support. These needs could arguably be better served through the mainstream social security system, which would free up localised funds for types of support that more obviously benefit from local delivery. As Figure 14 shows, HSF spending that supports families struggling to pay for (non-FSM) food and utility bills declined as spending on out-of-term FSM support was introduced.

**Figure 14: The largest share of Household Support Fund expenditure shifted from food to Free School Meals support in the holidays when guidance changed**

Proportion of Household Support Fund expenditure by type of support and HSF wave: England, 2022-23 to 2023-24.



Notes: 'Food' does not include Free School Meals support.

Source: RF analysis of DWP, Household Support Fund management information. This chart originally appeared in A Clegg et al., [Renew and improve: Setting up the Household Support Fund for the future](#), Resolution Foundation/Safety Nets, May 2025.

As the DWP works with local authorities this autumn and winter to design the forthcoming Crisis and Resilience Fund, it needs to ensure the scheme enables local authorities to effectively target residents and provide timely and efficient support that addresses the specific situations they are in. The multi-year funding settlement should give local authorities certainty and time to develop and improve their delivery approaches, but guidance from the DWP should also aim to enable local authorities to take full advantage of their local expertise and knowledge by outlining clear principles about the purpose of support while giving local authorities flexibility. The DWP also needs to address some of the HSF's weaknesses to make the most of the scheme's local delivery. This includes avoiding hard prescriptions over who should get support, tackling low awareness and take-up through national advertising and refining application processes, and thinking about how out-of-term FSM support can be provided through the FSM budget.<sup>44</sup> The Government should also be clear that the scheme cannot be expected to fully make up for shortfalls in support in the UK-wide, entitlement-based social security system.

### **The variation in the generosity of Council Tax Reduction schemes in England is partly related to political control and partly reflects financial circumstances**

In contrast to this ambiguous assessment of localised discretionary support, the only current form of localised entitlement-based support, working-age Council Tax Reduction in England, is, we argue, more clearly failing to benefit from the advantages of localisation while falling into many of the pitfalls.

First, there are few practical benefits from allowing local authorities to vary the design of Council Tax Reduction. Council Tax is a local tax, so it may seem appropriate that local authorities have discretion over the design of support for it. But there are significant aspects of Council Tax that are out of local authorities' control, including how much it can be increased by, the definition of the bands, and the ratios between tax liability for properties in different bands. More fundamentally, design principles for means-tested support are well-established in the mainstream social security system: entitlement should be based on needs defined at the family- or household-level, have consistent rules around deductions and exemptions, and be reduced smoothly as income increases. It seems difficult to see how the local knowledge of local authority staff helps in tweaking these design parameters, and requiring each local authority to design and administer its own scheme is inefficient compared to this being done just

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<sup>44</sup> A Clegg et al., [Renew and improve: Setting up the Household Support Fund for the future](https://doi.org/10.63492/zfx491), Resolution Foundation / Safety Nets, May 2025, <https://doi.org/10.63492/zfx491>.

once within DWP. As described in Section 3, the prevailing trend is towards income-banded CTR schemes, first introduced in 2016-17 and which now make up 36 per cent of working-age schemes in England. These are popular because they are generally cheaper to administer (because small income changes do not trigger the need for a new assessment and bill as often as under standard schemes) and because they are simpler for residents to understand. But they also re-introduce ‘cliff edges’ into the system, where earning an extra pound can mean families are worse off overall, something that successive UK governments have striven to eradicate from the social security system.

Indeed, the fact that some local authorities find it difficult to design CTR schemes can be seen in the number of legal challenges that have been mounted against them. In the most recent example, two residents won a High Court legal challenge against Trafford Borough Council in July 2025 on the grounds that the local authority’s new working-age CTR scheme was discriminatory against disabled people and carers, in that it double counted their benefit income (as well as being unlawfully adopted).<sup>45</sup> In 2023, the London Borough of Croydon’s CTR scheme was found to be discriminatory against a self-employed blind man through its imposition of the Minimum Income Floor.<sup>46</sup> And in 2014, Sandwell Borough Council’s CTR scheme was found to have unlawfully imposed residence restrictions, as it discriminated against women who had been housed in a refuge within the borough but by another council.<sup>47</sup>

Second, just as we discussed with the pre-HSF local welfare schemes, local authorities’ choices over their CTR schemes are highly constrained by their funding environment. To examine how these constraints are playing out in reality, we have looked at how economic, demographic and political factors are correlated with the generosity of working-age CTR schemes across England. Previous research found links between CTR scheme generosity and the political control of local authorities in 2018-19, with Labour- and Liberal Democrat-controlled local authorities, as well as those with no overall control, having more generous schemes than Conservative-controlled local authorities when controlling for economic factors and local authorities’ age profiles.<sup>48</sup> This could be argued as localisation working to some extent, in that differences in scheme

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<sup>45</sup> [LL & Anor, R \(on the application of\) v Trafford Metropolitan Borough Council - Find Case Law - The National Archives](#)

<sup>46</sup> LocalGovernmentLawyer, [Judge awards damages and costs after changes to council tax reduction scheme discriminated against self-employed blind man](#) (accessed on 18 November 2025).

<sup>47</sup> [Winder & Ors, R \(on the application of\) v Sandwell MBC \[2014\] EWHC 2617 \(Admin\) \(30 July 2014\)](#).

<sup>48</sup> R Hick, [Austerity, Localism, and the Possibility of Politics: Explaining Variation in Three Local Social Security Schemes Between Elected Councils in England](#), Sociological Research Online, March 2021, <https://doi.org/10.1177/136078042199066>.

generosity could be reflecting local democratic preferences.<sup>49</sup> However, the same study found that higher levels of deprivation and worse economic conditions within a local authority also both predicted less generous CTR schemes, meaning residents more likely to struggle paying Council Tax were more likely to live in areas with less generous schemes.

We have undertaken a similar analysis similar to update this work for CTR schemes in 2025-26. Our approach is to investigate the factors that are correlated (in a multiple regression framework) with the proportion of an average Council Tax bill in each local authority that is covered by a maximum CTR award for a standard claim. This choice of dependent variable takes into account the key factors that local authorities vary when designing their schemes: the maximum percentage reduction of Council Tax liability plus any cap on the Council Tax band used to calculate support.<sup>50</sup> It thereby captures variation in CTR generosity for families receiving the maximum CTR award (i.e. there is no withdrawal from earned income) who do not fall into a protected group.

Our independent variables were:<sup>51</sup>

- local authorities' average Indices of Multiple Deprivation (IMD) score;<sup>52</sup>
- the percentage of local authorities' populations that are working-age (as a higher proportion of working-age people could place more pressure on working-age schemes);<sup>53</sup>
- the total amount of local authorities' financial reserves divided by their annual net expenditure in 2023-24 (reserves are a key measure of a local authority's financial resilience, given restrictions on borrowing and the requirement to

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<sup>49</sup> Research has shown that Conservative voters generally favour lower welfare spending than Labour voters; are less likely to support the government redistributing income; and are more likely to believe that a significant proportion of social security recipients are committing fraud or are not deserving of support. See: R Shorthouse and D Kirkby, [Give and take: how conservatives think about welfare](#), Bright Blue, 2014; R Benson et al., [Attitudes to inequalities](#), Oxford Open Economics, 3, 2024, <https://doi.org/10.1093/ooec/odad069>; B Baumberg Geiger et al., [British Social Attitudes 40: Poverty](#), National Centre for Social Research, September 2023.

<sup>50</sup> We applied the published maximum Council Tax Reduction percentage to the lowest of the average Council Tax liability and the Council Tax liability for the Council Tax band at which CTR support is capped in each local authority. We then calculated the resulting amount as a percentage of the average Council Tax liability.

<sup>51</sup> The regression model in the earlier work examines variation in the minimum percentage of a Council Tax bill a resident with a maximum CTR award was required to pay in 2018-19 (so similar to our independent variable but without considering Council Tax Band caps). Like our model, this used the proportion of local authorities' populations that are working-age, their political control, and their average Indices of Multiple Variation scores as dependent variables. It used a measure of a local authority's Gross Value-Added to represent economic conditions, whereas we use a local authority's total financial reserves divided by their net annual expenditure as a measure of financial resilience. See: R Hick, [Austerity, Localism, and the Possibility of Politics: Explaining Variation in Three Local Social Security Schemes Between Elected Councils in England](#), Sociological Research Online, March 2021, <https://doi.org/10.1177/136078042199066>.

<sup>52</sup> Taken from: MHCLG, [English indices of deprivation 2019](#).

<sup>53</sup> Taken from: ONS, Population estimates 2023.

balance budgets annually, so this variable compares the amount of financial pressure a local authority is under when it designs its CTR scheme);<sup>54</sup>

- local authorities' average Council Tax per dwelling in 2025-26;<sup>55</sup>
- local authorities' per person spending on Council Tax Benefit in 2012-13 (the 10 per cent cut in funding when CTR was localised was based on projected CTB expenditure, so local authorities with higher CTB expenditure had a larger cut to their funding in cash terms and may have faced more pressure to cut their schemes)<sup>56</sup>; and,
- local authorities' political control.<sup>57</sup>

Of these factors, only spending on CTB in 2012 was not a statistically significant predictor of CTR generosity.

This model will not capture all potential drivers of scheme variation, and is also insufficient to establish causality, which in reality is likely to be multi-faceted. Nevertheless, the correlations that we found are in line with the previous work, with Conservative control, higher levels of deprivation, and greater financial strain all correlating with less generous CTR schemes. We also found that local authorities with higher average Council Tax liabilities per dwelling have less generous schemes when controlling for the other variables in the model.

Figure 15 presents these findings in a standardised format: it shows the predicted change in the proportion of an average Council Tax bill covered by a maximum CTR award if a local authority were to move from the 10<sup>th</sup> to the 90<sup>th</sup> percentile of each independent variable (while controlling for the others in the model), as well as the full predicted difference between local authorities under Conservative control and those controlled by other parties. It shows that the percentage of average Council Tax liability covered by maximum CTR is 6.2 percentage points higher in Labour-run local authorities, 8.8 percentage points higher in Liberal Democrat-run local authorities, and 5.2 percentage points higher in local authorities with no overall control than Conservative-run local authorities, when controlling for the other variables in the model; a local authority moving from the 10<sup>th</sup> to the 90<sup>th</sup> percentile of average IMD score (indicating an increase in deprivation) predicts an 11.5 percentage point fall in average Council Tax covered by maximum CTR; moving from the 10<sup>th</sup> to the 90<sup>th</sup>

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<sup>54</sup> Taken from: [CIPFA Financial Resilience Index, 2023-24](#).

<sup>55</sup> Taken from: MHCLG, [Live tables on Council Tax](#).

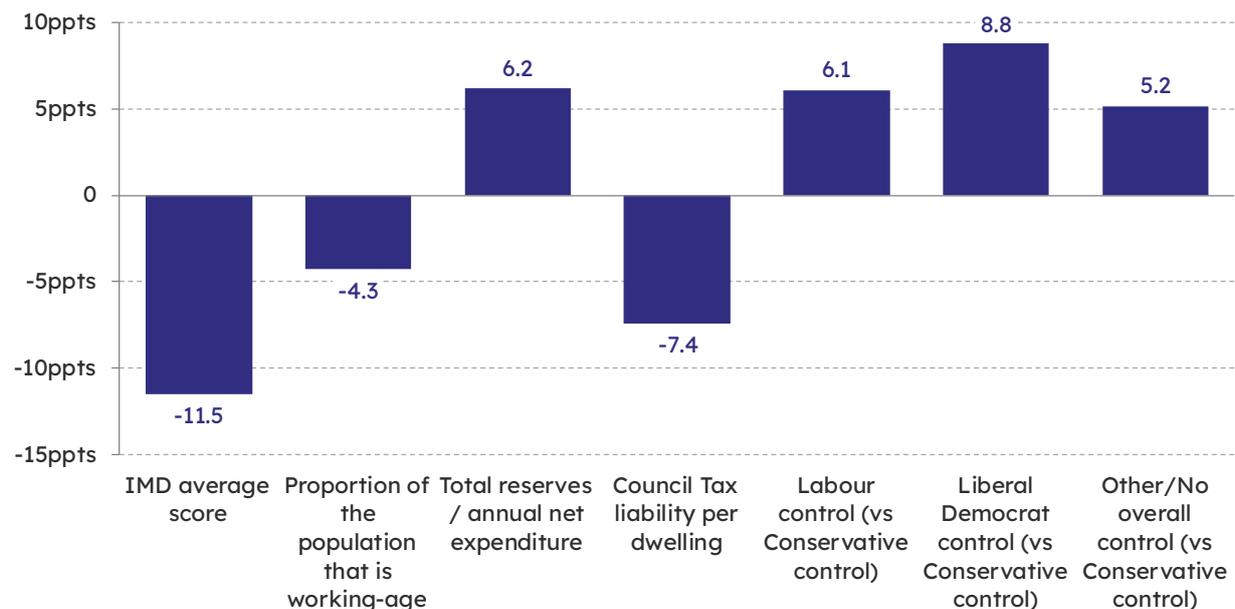
<sup>56</sup> Taken from: DWP, [Housing Benefit and Council Tax Benefit expenditure by local authority](#). For a fuller discussion, see: S Adam and J Browne, [Reforming Council Tax Benefit](#), Institute for Fiscal Studies, May 2012.

<sup>57</sup> Taken from: Open Council Data UK, [English Councils 2025](#).

percentile of average CT liability per dwelling in 2025-26 (an increase from £1,439 to £2,309 p.a.) predicts a 7.4 percentage point fall in average Council Tax covered by maximum CTR; moving from the 10<sup>th</sup> to the 90<sup>th</sup> percentile of total reserves divided by annual net expenditure (indicating a local authority has greater financial resilience) predicts a 6.2 percentage point rise in average Council Tax covered by maximum CTR; and moving from the 10<sup>th</sup> to the 90<sup>th</sup> percentile of the proportion of residents that are working-age predicts a 4.3 percentage point fall in average Council Tax covered by maximum CTR.

**Figure 15: Conservative party control, higher deprivation and lower financial resilience of local authorities are all correlated with less generous Council Tax Reduction schemes**

Predicted percentage point change in average Council Tax liability covered by maximum working-age Council Tax Reduction from a local authority moving from the 10<sup>th</sup> to the 90<sup>th</sup> percentile of the specified variables: England, 2025-26



Notes: Results of a linear regression analysis. The model also included CTB expenditure in 2012 as an independent variable. Conservative control (vs Labour control) shows the difference between Conservative and Labour controlled local authorities when controlling for the other variables.

Source: RF analysis of Policy in Practice data; CIPFA financial resilience index; MHCLG, live tables on Council Tax; Open Council Data UK.

These results back up the conclusion of the earlier research that “politics remains possible even in a harsh financial climate such as that faced by local authorities in England”, suggesting localisation may be reflecting local democratic preferences to an

extent.<sup>58</sup> However, they also reflect how decision making around CTR generosity is highly constrained by funding, as greater financial pressures for local authorities are correlated with less generous schemes. And across England, less generous schemes are more likely to be found in areas with higher levels of deprivation and higher Council Tax bills, meaning residents who are most likely to struggle paying Council Tax often have lower levels of support. If we are concerned about there being an adequate safety net across all parts of the UK, then these are worrying results.

### **Council Tax Reduction should be re-centralised in England**

The alternative to a localised CTR is to return its design and funding (within England) to DWP (something we call ‘centralising’ CTR), but retaining the idea that it is a discount on Council Tax bills, rather than paid as a cash award (so that the change doesn’t lead to higher CT arrears). Returning to a central scheme would ensure that the established design principles for entitlement-based support are consistent across the country, and avoid the inefficiency of requiring each local authority to design its own scheme.

Such a centralisation should reduce administrative spending in the long-run but also increase awareness, and perhaps increase take-up. Whether it leads to greater spending by the DWP on actual awards depends on the parameters of any new centralized scheme. We estimate that centralising CTR under the current default scheme, which mirrors the old Council Tax Benefit and covers up to 100 per cent of Council Tax liability, would cost around £400 million in higher support in 2029-30 compared to the current funding model (assuming take-up remains the same as it is now); this is effectively the cost of undoing the cuts that LAs have made since CTR was localised to them (see Annex for details). This would also bring CTR in England in line with the schemes in Scotland and Wales, would close one of the gaps in available support that has opened up as a result of country-level devolution of social security, and make Council Tax Reduction equitable across Great Britain and between working- and pension-age families. But the Government could clearly choose a less generous scheme provided it was happy with the idea that centralisation would mean losers as well as winners.

If Council Tax Reduction were centralised in England, the Government would also need to choose whether to roll it into UC and Pension Credit or keep it as a separate benefit.

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<sup>58</sup> R Hick, [Austerity, Localism, and the Possibility of Politics: Explaining Variation in Three Local Social Security Schemes Between Elected Councils in England](https://doi.org/10.1177/136078042199066), Sociological Research Online, March 2021, <https://doi.org/10.1177/136078042199066>.

Bringing CTR into UC would reduce the complexity and weak incentives to earn more caused by overlapping rates of withdrawal between UC and CTR. It should also improve take-up, as support for Council Tax would be included automatically for all those who received UC and had a Council Tax liability.

However, there are barriers to integrating CTR with UC. The most straightforward option – adding UC recipients’ Council Tax liability as a UC element that is subject to the standard taper rate in the same way as the other elements – would be very expensive: we estimate an upper-bound cost of around £4 billion in 2029-30. Most of this cost would come from a large increase in the number of families receiving support, which could conceivably increase from 2.3 million in 2024-25 to around 4.8 million, if we assume that around 80 per cent of the expected 6 million families in England that will be receiving UC in 2029-30 will have a Council Tax liability (see Annex for details). Existing CTR recipients in work would also see their support increase as the withdrawal of support would occur after, rather than alongside, the other UC elements, and all existing CTR recipients living in local authorities that have cut their schemes would get higher support if maximum reductions were set at 100 per cent of CT liability. There are, of course, other ways that support for Council Tax integrated into UC could operate, but it is difficult to see how they could avoid either significantly increasing the overall cost of UC, making support less generous for those out-of-work, or retaining the simultaneous withdrawal of CTR and UC (and thus negating one of the advantages of integration). Nevertheless, integration of CTR into UC should remain an ambition, as unifying withdrawal rates and boosting take-up would represent major improvements to its operation.

Of course, we recognise that, of all the policy issues concerning local authorities, this may not be the most pressing one to solve right now. We also recognise that, in the current very difficult time for local authority finances, any change that reduces the size of local authority grants or reduces their flexibility may be the straw that pushes more into serious financial difficulties. But in the medium-term, bringing the design and funding of CTR back into DWP while retaining local authority delivery and administration – essentially returning to the model of Council Tax Benefit rather than integrating CTR in UC – seems likely to be the best option. But, although the centralisation of CTR has the potential to improve outcomes for low-income families, it should be done with careful consideration of how it would impact local authorities’ financial positions.

## Section 5: Conclusions

Localised social security is not a well-understood aspect of the UK social security system. This is due to the complexity of the different schemes and types of support, inconsistency of data collection and reporting by local authorities, and the lack of local authority-level geographical information in the DWP's Family Resources Survey, which underpins the majority of distributional modelling of tax and benefit policies. But since 2013 it has become an increasingly important part of the support that is available to low-income families, who must now understand the full range of support that their local authority offers in order to maximise their incomes and to navigate through crises and shocks to their income or costs.

This report has argued that the post-2013 era of localisation has had mixed successes. Some past discretionary schemes (and elements of current ones) were designed in a way that actively prevented schemes from benefitting from the potential strengths of localisation. But the current localised discretionary schemes are designed in ways that should in theory enable local delivery to be effective (or at least do not have too many features that prevent the benefits of localisation from being realised). But localisation has been less successful where the type of support does not naturally benefit from variations based on local differences; Council Tax Reduction in England is a particular example here, with no clear logic as to why locally designed schemes can improve on the national default scheme (and several instances of less-well-designed schemes). More fundamentally, the localisation era in England has occurred alongside sharp reductions in local authority spending power, driven by cuts to their funding from the UK government, and a general lack of control over their revenue and expenditure. Large financial pressures have crowded out funding for non-statutory responsibilities, including local social security. So, while localisation could be an opportunity to reflect local priorities, it has in practice often been used as a vehicle to make cuts in a politically expedient way.

The future success of localised support will depend on the UK government continuing to enable local authorities to deliver the benefits of localisation through providing secure funding and effective guidance, while avoiding constraining them with prescriptive rules over who gets support and how much. The Government should also be clear that discretionary crisis support cannot be expected to fully make up for shortfalls in support in the UK-wide, entitlement-based social security system. And

support that does not work effectively when localised – specifically, Council Tax Reduction – should be returned to national-level funding and delivery.

## About Safety Nets: social security for families in a devolved UK

All too often we speak as if there is one UK social security system, but in fact that has not been the case for some time. Parallel but distinctive processes of devolution and localisation increasingly mean that the design, delivery and levels of support that a household may be entitled to through the social security system will depend, in part, on where in the UK they live. For example, a family on a low income with three children in Dundee will receive a devolved social security payment, the Scottish Child Payment, of £26.70 per week per child. This means that they will be entitled to an extra £4,165 a year more than an equivalent family living in Doncaster.

Today, there is a complex mix of UK government, devolved and localised social security support but this remains poorly understood and under-researched. Our major Safety Nets research programme aims to correct this, undertaking the first UK-wide study of the intersections of devolution and social security. Funded by the Nuffield Foundation, our research surfaces the nature, extent and impact of the devolution of social security, and capitalises on the scope to learn from the elements of difference that do exist, facilitated by the ‘laboratories of democracy’ that devolution opens up.

We are a team of academic researchers from across the four UK countries, working in partnership with Child Poverty Action Group and the Resolution Foundation. Our team includes an ‘Experts-by-Experience’ panel, made up of 12 individuals with lived experiences of the social security system. This panel is involved across the programme, contributing to the research’s design, delivery and dissemination, and ensuring that we draw on the invaluable lived expertise of social security in all that we do.

Our research encompasses foundational mapping, which creates a comprehensive picture of the devolved and localised landscape for social security, and includes a new dataset which enables us to see how this manifests in different entitlement to provision and support across the UK. We deliberately zone in on the experiences of families with dependent children partly because this is an area where there are significant differences, and partly simply to create boundaries for the study and to make the research effort manageable.

To drill down on how differences are experienced and responded to, we are convening a series of 14 ‘Devolved Conversations’, which create a space for individual claimants from across the four countries to come together for deliberative, participatory discussions about key aspects of difference. These conversations are co-facilitated by the research team and the experts-by-experience panel, and this innovative methodology characterises a wider approach to the research.

Recent years have seen a significant growth in the importance attached to localised, discretionary provision, and this has led to very significant variations in support and design. Our research programme uses an in-depth study across 14 case study sites, with interviews with local authority staff responsible for designing discretionary schemes, to understand how the relevant schemes are designed and delivered. Subject to funding, this research will also explore policymaker and public perspectives on the intersect between devolution and social security, and create more opportunities for policymakers from the four countries to come together to explore discrete policy areas where significant variation exists.

Taken together, our hope is that Safety Nets generates new and timely knowledge about the intersect between devolution and social security, with this knowledge shared in real-time with policymakers. This policy engagement can support policymakers in making future decisions both about how and where to devolve or localise social security provision, but also about how to design better social security policies, drawing out learnings from the differences that exist across the UK. Policymaking rooted in these new evidence bases has the scope to both improve trust in institutions, and to increase the likelihood of effective social security support, with the scope to directly improve wellbeing and future life chances.

Ruth Patrick, Safety Nets Project Lead

## Annex

### Costing the integration of Council Tax Reduction into Universal Credit

We have estimated the cost of integrating support for Council Tax into UC in England, assuming UC recipients' Council Tax liabilities were added as a new UC element and the rest of UC's structure remained the same.

We have done this with the DWP's Family Resources Survey (FRS) and the IPPR tax-benefit model.<sup>59</sup> Unfortunately, the FRS and the IPPR tax-benefit model does not allow for modelling of individual local authorities' schemes, so we compared a standard CTR scheme for all with a maximum award of 89 per cent of Council Tax liability to the proposed UC scheme (our analysis of Policy in Practice data on English Council Tax Reduction schemes in 2025-26 shows the average maximum reduction between English local authorities is 89 per cent).

The results showed that the mean gain for families who currently receive CTR would be £132 per year, while the mean gain for new recipients would be £1520 per year in 2029-30.

We estimate that around 4.8 million families in England would receive the new UC Council Tax element in 2029-30. The DWP projects there will be 7 million families on UC in Great Britain in 2029-30. 86.5 per cent of current UC claimants are in England, so we estimate that around 6 million English families will be receiving UC in 2029-30.

There are 30.4 million benefit units in England, according to the DWP's HBAI dataset and [24.9 million dwellings liable for Council Tax](#), suggesting 82 per cent of benefit units have a Council Tax liability. Together, this suggests that there will be around 4.8 million families with a Council Tax liability claiming UC in 2029-30.

This would mean 2.5 million new recipients, if we assume the 2.3 million working-age families in England currently receiving CTR continue to receive it in UC. 2.5 million families gaining an average of £1520 and 2.3 million gaining an average of £132 would cost around £4.1 billion in 2029-30.

This costing is an upper bound, and is by necessity a rough estimate, but is included to illustrate that the most straightforward method of integrating CTR into UC would be

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<sup>59</sup> Data citation: Department for Work and Pensions, NatCen Social Research. (2021). Family Resources Survey. [data series]. 4th Release. UK Data Service. SN: 200017, DOI: <http://doi.org/10.5255/UKDA-Series-200017>.

very expensive given other priorities in the social security system and the current fiscal position.

### **Data citations**

Family Resources Survey:

- Department for Work and Pensions, NatCen Social Research. (2021). Family Resources Survey. [data series]. 4th Release. UK Data Service. SN: 200017, DOI: <http://doi.org/10.5255/UKDA-Series-200017>

Households Below Average Income:

- Department for Work and Pensions. (2021). Households Below Average Income. [data series]. 3rd Release. UK Data Service. SN: 2000022, DOI: <http://doi.org/10.5255/UKDASeries-2000022>



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# Social security for families in a devolved UK

### Website

[safetynets.study](https://safetynets.study)

### Contact

[safety-nets-project@york.ac.uk](mailto:safety-nets-project@york.ac.uk)

### Principal Investigator

Prof Ruth Patrick