

Title of report: Household Support Fund

Decision maker: Cabinet member, finance corporate services and planning

Decision Date: 30 June 2022

Report by: Director of Resources and Assurance

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Wards affected

(All Wards);

Purpose

To approve the Household Support Fund allocation from the Department of Work and Pensions for April to September 2022 and the local eligibility approach for allocation of the funding for the Household Support Fund for 2022/23.

Recommendation(s)

That:

- a) The Household Support Fund allocation of £1,329,601.78 grant funding from the Department of Work and Pensions for April to September 2022 is approved;**
- b) the local eligibility approach for allocation of the funding is approved;**

- c) application of the principles of local eligibility as set out in this report is approved for any further extensions of the Household Support Fund, subject to any additional guidance issued by central government; and**
- d) That all operational and budgetary decisions in accordance with the local eligibility criteria regarding this scheme be delegated to the director of resources and assurance.**

Alternative options

1. Not to approve the allocation and a local eligibility framework and approach for the Household support Fund (HSF) scheme at this time. This is not recommended. The HSF is to be used between 1 April 2022 and 30 September 2022 to support vulnerable households. This is a key decision as the council will be incurring expenditure over £500,000 and it will impact on a significant number of residents within the county. Approval is therefore required for the framework and approach. Without approval, Herefordshire Council will be unable to incur the expenditure of the grant allocation of £1,329,601.78 for Herefordshire.
2. To use all the funding allocation exclusively on those identified through means-tested benefits identified through data from the Department of Work and Pensions (DWP). This is not recommended. The guidance issued by the DWP recognises that there will be other vulnerable households who are struggling with essential household costs and that local authorities can use other data and sources of information to identify those households. Following central government's announcement of additional cost of living payments on 26th May 2022, which included targeted support to those on means-tested benefits, the flexibility of the HSF will enable support to be provided to those on low incomes but who do not qualify for means-tested benefits.
3. To use all the funding allocation exclusively on those who are on non means-tested benefits. This is also not recommended. There are a number of constraints on the Fund which means that there is a risk of not taking up the full allocation due to timescales and ring-fencing of grant to specific household types.

Key considerations

4. On 23 March 2022, the government announced in the Spring Statement that the Household Support Fund would be made available from 1 April 2022 to 30 September 2022. The HSF was to be made available to County Councils and Unitary Authorities in England to support those most in need. In a grant determination letter dated 20 April 2022, the DWP provided notification that Herefordshire Council had been allocated a grant of £1,329,601.78 for the HSF scheme to cover the period 1 April to 30 September 2022.
5. The Household Support Fund 2022 is part of a package of measures by central government to support households who are experiencing financial hardship, particularly as a result of increases in cost of living. Appendix 1 provides more information on the additional cost of living support being financed by central government to households in Herefordshire in 2022/23. Further information can be found here: <https://www.gov.uk/government/publications/cost-of-living-support/cost-of-living-support-factsheet-26-may-2022>
6. The guidance issued with the grant determination letter stated that the HSF should primarily be used to support households in the most need, particularly children and pensioners who would otherwise struggle with energy bills, food and water bills. The HSF can also be used to support households with wider essential costs. In exceptional cases of genuine emergency, it can also be used to support housing costs where existing housing support schemes do not meet this exceptional need.

7. The grant is provided to local authorities as a section 31 grant of the Local Government Act 2003 and local authorities should particularly consider how they can support low-income households that cannot increase their income through work, such as pensioners, and disabled people, unpaid carers and parents of very young children. Authorities can proactively identify households who may benefit or those households may apply for support. Authorities can also adopt an approach which uses both methods.
8. Awards must be based on the following framework; at least one third of the total funding will be ring-fenced to support households with children and at least one third will be ring-fenced to support pensioners with up to one third of the total funding to support other households in need of support, or for additional spend of the named groups. Support may include households not in receipt of DWP welfare benefits. Below is the breakdown of funding in accordance with this framework. Within these figures there may be an allowance for administrative costs:

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| Total allocation | £1,329,601.78 |
| At least 33% on households with children | £443,200.59 |
| At least 33% on pensioners (aged 66 and above) | £443,200.59 |
| Remaining allocation | £443,200.59 |

9. Local authorities have discretion on exactly how this funding is used within the scope set out in the grant determination letter and guidance. In terms of type of support, the expectation is that the HSF should be used to help vulnerable households with essential costs, with an emphasis on supporting households with energy bills. Food and water bills are also priorities. It can also be used to support households with essential costs related to these specified items and with wider essential costs. <https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils/household-support-fund-final-guidance-for-county-councils-and-unitary-authorities-in-england>
10. The local eligibility framework for the HSF will follow the DWP guidance. It will therefore comply with the ring-fencing requirements specified by the DWP guidance, as well as allowing enough flexibility to support vulnerable households struggling to meet essential household costs. The framework will therefore provide targeted support for low income families with children and pensioner households using data provided by DWP but there will also be further flexibility to reach other residents through identification of households in need using local data and intelligence through council services and local partners to provide additional support.
11. The Household Support Fund will be delivered in Herefordshire using a local eligibility framework with the following main principles:
 - a) Support to individual households will include vouchers and other payment methods, making direct provision of food or other goods and as well as issuing grants to third parties to provide support to individual households;
 - b) For direct provision to an identified mass cohort, such as vouchers for children eligible for free school meals a standard amount will be paid to each household. Outside of this, the financial benefit to households will be for an amount deemed appropriate for the recipient, and should be no greater than £500 in total for each household for the period of the HSF (April to September 2022);

- c) In addition to using DWP data, the council will use a range of other data and sources of information at its disposal as well as working with third party organisations to identify vulnerable households, primarily those in the most need. This should include low income households that cannot increase their income through work;
- d) Outside of the direct awards to children eligible for free school meals and low income pensioners as identified by DWP, there will be no need to use a means test or conduct a benefit check, but there should be some assessment that a household is genuinely in need of support, before financial assistance is provided. In order to respond to individual need, there will not be additional criteria on the definition of a vulnerable household as services will be best placed to assess this;
- e) Eligible spend is for essential household costs as detailed in the full guidance for the Household Support Fund April to September 2022 issued by the Department for Work and Pensions;

The above local eligibility framework should be read alongside the guidance published by the DWP for The Household Support Fund April to September 2022. All services and partners involved in the delivery of the HSF will be required to pay 'due regard' to the public sector equality duty in the delivery of services funded through HSF.

12. The following mechanisms for delivery have been identified to the areas of support specified for the HSF.

| Area of Support | Framework of support to include |
|---|---|
| Food: Support for households without children | Support for pensioner and other households to be provided by foodbanks / other emergency food providers / specialist support agencies |
| Food: Support for children eligible for FSM during the holidays | Vouchers to be provided by schools for each child for each week of holidays within the period |
| Food: support for children not currently eligible for FSMs | Support being provided by foodbanks / emergency food providers / child support services |
| Support for energy and water | Households supported by third party organisations for direct financial support to alleviate fuel debt |
| Support for wider essentials linked to energy and water | Households supported by third party organisations and internal service areas |
| Support for wider essentials | Households supported by third party organisations for support for essential household items |
| Support for housing costs | Households supported by third party organisations and internal service areas for limited support with housing costs as prescribed in the DWP guidance |
| Other Spend: pensioners on low income | One off payment to low income pensioner households identified by DWP (those on pension credit). |

If there are households in urgent need due to rising living costs, they may access support through the Local Welfare Provision service of the Council.

13. The HSF will be administered by the Talk Community Service in conjunction with the Finance Service of the Council with any operational issues delegated to the Director of Resources and Assurance.
14. Communication of the availability of the Household Support Fund will be through internal services and external providers as well as information provided on the Council's webpages and other communication channels.

Community impact

15. In 2019, of the estimated 84,000 households in Herefordshire, 16.5% were living in fuel poverty (13,900); a higher proportion than in England as a whole (13.4%). The majority of households affected by fuel poverty lived in rural areas. Indeed, living costs is 10-20% higher for rural households. Since 2019 it is likely that the number of households in fuel poverty has increased, especially with the recent rises in energy costs: the price cap increased by 54% in April and it is anticipated that there will be a further increase in energy costs in October leading of about 40%. Spending on energy varies less by income than any other spending category. This means lower income households have to spend a much larger share of their family budgets on energy than higher income groups. Therefore the recent increases in energy prices will have a disproportionate impact on lower income households.
16. The April 2022 price rise and expected increase in October 2022 suggest that it would cost the poorest 20% of households an additional £1,300-1,400 to use as much energy in 2022-23 as they did in 2019-20. This is likely to mean that the poorest households wherever they live in Herefordshire will be significantly adversely affected. The increase in energy prices has also been a significant factor in the increase in the cost of living with consumer prices, as measured by the Consumer Prices Index (CPI), 9.0% higher in April 2022 than a year before.
17. There are significant inequalities due to the financial position for many households in Herefordshire. Workplace-based earnings in the county are consistently the lowest in the region and amongst the lowest in England and Wales (current average of £500 per week). Information received from the Department of Work and Pensions (DWP) for mid May 2022 show that 6,216 individuals of working age and 4,025 pensioners were claiming universal credit. Other data from DWP indicates that 4,022 pupils currently receive Free School Meals as they live in low income households.
18. The Household Support Fund will provide additional financial support to the most financially disadvantaged households in Herefordshire. By fully utilising the funding from government, this will have a positive impact on the community by minimising the debt burden on those that struggle to pay essential bills. There is also other help which has been put in place by government, energy suppliers as well as locally available advice and support. There will be specific support for low income households with children eligible for free school meals. The HSF should also support other households with children and young people who are struggling to manage the increased cost of living.

Environmental Impact

19. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
20. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

21. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
22. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Local authorities have discretion on exactly how the Housing Support Fund is used within the scope set out in the guidance for April to September 2022 issued by the Department of Work and Pensions and the local eligibility framework which is set out in paragraph 11 of this report. In prioritising low income households, there is likely to be a positive impact for people with protected characteristics who are financially disadvantaged. If there are households in urgent need due to rising living costs, they may access support through the Local Welfare Provision service of the Council.
23. The scheme specifically targets families with children on low income that are eligible for free school meals and pensioners on low income. The Household Support Fund will provide additional financial support to the most financially disadvantaged households in Herefordshire many of these households will include those who share a protected characteristic e.g. age, so by utilising the scheme this will support the council in discharging its Equality duty by supporting many of these households to access these funds through 3rd party agencies.
24. All agencies involved in the distribution of the funding will be made aware of their equality responsibilities in regards to the Equality Act.

Resource implications

25. The Household Support Fund is provided to local authorities as a section 31 grant of the Local Government Act 2003 by the Department of Work and Pensions. The HSF allocation of £1,329,601.78 grant funding from the Department of Work and Pensions has been made to Herefordshire Council for spend during the period April to September 2022. The definition of spend includes grant funding that has been provided to vulnerable households, within the scope of the eligibility criteria and within the period of the scheme 01 April 2022 to 30 September 2022. Spend also includes 'committed spend'. For the purpose of this scheme committed spend relates to grant funding that has been spent and delivered to vulnerable households even though the vulnerable household may not have used their grant funding. There is an expectation that the household will have used the grant by 31st October 2022.
26. As already covered in the report, awards of funding support must be based on the following framework; at least one third of the total funding will be ring-fenced to support households with children and at least one third will be ring-fenced to support pensioners and up to one third of the total funding to support other households in need of support, or for additional spend of the named groups. It should be noted that the ringfenced proportions to these groups form part of the grant agreement, so if each distribution does not reach the required threshold then there is a risk that some expenditure will be deemed ineligible and may not be reimbursed.
27. An allowance of 7% which equates to £93,100 has been made within the total allocation for all administrative costs associated with the scheme, which leaves £1,236,501.78 available to support vulnerable households.

28. The HSF is paid in arrears on receipt of satisfactory claims, the interim statement of grant usage is due by the 22 July and the final statement by the 21 October 2022.

Legal implications

29. The HSF funding Grant must only be used to provide support as defined within the grant conditions. To this end, the Council is required to develop a local eligibility framework and approach. To avoid any claw back or loss of funding, a clear record of both the decision making and the detail of the allocations will assist with this. The Council is further required to comply with specified reporting criteria and failure to do so could lead to delayed payments or refusal of payments.

Risk management

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| Risk / opportunity Managing the risk of fraud | Mitigation As with any welfare payment there is a risk of fraud as recipients might appear to be eligible when they are not. To help mitigate this risk services and partners already have well established systems to help identify genuine need. The authority will carry out due diligence checks with any third party organisation helping to delivery the scheme, including information how applications for support will be assessed. Wherever possible financial support will not be a direct cash payment. |
| Overspend / Underspend of the Household Support Fund | The HSF will be closely monitored including close liaison with any third party organisations delivering support through the scheme. There is contingency amount included in the budget to take into account unforeseen expenditure, as well as some flexibility at the end of the scheme for funds to be committed to be spent within a month of the scheme ending. |
| Not reaching vulnerable households most in need | The local authority will work closely with its third party organisations to support the identification of the more hard to reach households and promote the opportunity to refer such households to the council services and third party organisations delivering the scheme. |

Consultees

30. Due to the short lead in time for the Household Support Fund and the requirement to have it committed by 30th September 2022, it has not been possible to conduct extensive consultation. However, the Cabinet Members (need to specify) have been consulted on the recommendations of this report. There has also been some consultation with internal departments and external stakeholders who support vulnerable households where possible within the timeframe.

31. A political consultation was undertaken on 13th June with fourteen councillors taking part. The councillors were broadly supportive of the approach and recognised the constraints placed on the implementation of the scheme particularly due to the timescales and the ring-fencing element. There was also concern expressed in the reduction in weekly financial support to families with children entitled to free school meals during the school holidays as a result of changes in the guidance on the Household Support Fund from the DWP. They suggested a number of local organisations and approaches which would add value, including the Talk Community Hub network and minimising food waste. There were suggestions of using some of the remaining funding to provide additional support to low income households, including those who fall just outside qualifying for means tested benefits as well as more hard to reach households. These suggestions will be actively considered as part of the implementation.

Appendices

Appendix 1 - Impact of Cost of Living Support - 26.05.22 and Energy Rebate Scheme

Background papers

None identified

Report Reviewers Used for appraising this report:

| | | |
|----------------|-------------------|-----------------|
| Governance | John Coleman | Date 20/06/2022 |
| Finance | Kim Wratten | Date 19/06/2022 |
| Legal | Sam Evans | Date 16/06/2022 |
| Communications | Alex Floyd | Date 20/06/2022 |
| Equality Duty | Carol Trachonitis | Date 15/06/2022 |
| Procurement | Mark Cage | Date 14/06/2022 |
| Risk | Jo Needs | Date 20/06/2022 |

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| Approved by | Andrew Lovegrove | Date 23/06/2022 |
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