

Title of report: Household Support Fund

Decision maker: Cabinet member finance, corporate services and planning

Decision date: 9 November 2022

Report by: Director of Resources and Assurance

Classification

Open

Decision type

Key

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.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To accept the Household Support Fund allocation from the Department of Work and Pensions for October 2022 to March 2023 and the local eligibility approach for allocation of the funding for the Household Support Fund.

Recommendation(s)

That:

- a) The Household Support Fund allocation of £1,329,601.78 grant funding from the Department of Work and Pensions for October 2022 to March 2023 is accepted;**
- b) The local eligibility approach for allocation of the funding, as set out in paragraph 8, 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) **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 accept 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 October 2022 and 31 March 2023 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, the 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 expectation is that the HSF should be used to support households in the most need, particularly those who are not eligible for the other government support recently made available, but who are nevertheless in need. The flexibility of the HSF and the local eligibility framework will enable support to be provided to those on low incomes 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 may be those on means-tested benefits, who despite the level of support received through the government's cost of living package of support, are vulnerable to rising prices, for example large families, households with a disabled family member, or single-income families.

Key considerations

4. On 26 May 2022, the government announced a package of measures to help households with the increased cost of living. This included an extra £500 million of local support, via the HSF, which has been extended from October 2022 to March 2023. The objective of the HSF is to provide support to vulnerable households in most need of help with significantly rising living costs and is available to County Councils and Unitary Authorities in England. In a grant determination letter dated 30 September 2022, the DWP provided notification that the council had been allocated a grant of £1,329,601.78 for the HSF to cover this six month period.
5. The HSF 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. The council has already received £1.3 million HSF for the period 1 April to 30 September 2022. The funding was used as follows.
 - a) Food Vouchers have been provided for children entitled to Free School Meals during the May half term and during the summer holidays. The vouchers are based on £15 per week for each week of the holidays and schools have been organising this direct with families who are entitled to claim this. Over 4,600 children have been supported (c. £480,000).
 - b) Low-income pensioners: Direct awards of £170 have been made to Herefordshire residents in receipt of Pension Credit Guarantee and not living in a residential or nursing care home. The council wrote to all those eligible – over 3,200 pensioners amounting to over £540,000 funding.

- c) Support has also been provided to Voluntary and Community Organisations with money allocated to a number of local organisations to support residents who are struggling to pay essential bills as a result of the cost of living increases. About £250,000 was awarded to these organisations, who were able to support 380 households with fuel payments; provide 2,200 food parcels / food vouchers; and support 260 households with other household costs, such as white goods and school uniforms.
 - d) Administration of the scheme was kept to a minimum by all parties (less than 4% across the scheme), so that direct benefit to households could be maximised. The [Talk Community Money on Your Mind](#) website has also played a pivotal role in providing information on organisations like Citizens' Advice as well as others who may be able to help. Direction to emergency welfare support has also been offered for those in most urgent need of assistance.
6. The expectation for the next round of the HSF for October 2022 to March 2023 is that it should be used to support households in the most need; particularly those who may not be eligible for the other support government has recently made available but who are nevertheless struggling due to the increased cost of living. Further information and details and eligibility for this other government support can be found in Appendix A. Local authorities have discretion on exactly how the HSF is used within the scope set out in the grant determination letter and guidance. The HSF is intended to cover a wide range of low income households in need, including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people. The latter are highlighted as particularly vulnerable to rising costs in utility bills. Support for households with the cost of energy should be prioritised, including low-cost energy efficiency measures. The HSF can also be used to support households with the cost of food and water bills, essential costs related to energy, food and water, and with wider essential costs. In exceptional cases of genuine emergency, it can additionally be used to support housing costs where existing housing support schemes do not meet this exceptional need.
7. There have been some important changes to the guidance compared with the previous scheme running from April to September 2022. The first, is that the DWP no longer requires ring-fencing of any proportion of funding for any particular cohort of people. Secondly, there is now a requirement for all authorities to operate at least part of their scheme on an application basis, to ensure that those in need have a route to emergency support. This may be delivered directly by the local authority or by a third party organisation.
8. The local eligibility framework for the HSF which incorporates the requirements specified in the DWP guidance has the following main principles:
- a) Support to individual households will include vouchers and other payment methods, making direct provision of food or other goods as well as issuing grants to third parties to enable them to provide support to individual households in the same manner;
 - 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 (October 2022 to March 2023);
 - c) The council already operates an application scheme for those in need in an emergency through its Local Welfare Provision service. Additional resource will be provided for this service during the HSF period;

- d) 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. This should include low income families with children of all ages, pensioners, unpaid carers, care leavers, and disabled people particularly those vulnerable as a result of rising costs of utility bills;
- e) Outside of the direct awards to children eligible for free school meals, 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. Herefordshire Council and its partners will particularly consider how it can support those vulnerable households who are ineligible for other government support with the cost of living. Whilst this should be a key consideration, in order to respond to individual need, there will be no one single definition of a vulnerable household as services will be best placed to assess vulnerability and set their own criteria;
- f) Eligible spend is for essential household costs as detailed in the full guidance for the HSF October 2022 to March 2023 issued by the DWP. This local eligibility framework should be read alongside the guidance. 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.

Area of Support	Proposed framework of support to include
Food excluding FSM support in the holidays	Support provided by foodbanks / other emergency food providers / specialist support agencies / warm spaces / schools during term-time
Free School Meals support in the holidays	Vouchers worth no less than £15 per week to be provided via schools for each child entitled to FSM during the school holidays within the period (October half term, Christmas, February half term, Easter – 6 weeks)
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. To include energy efficiency measures which will result in ongoing savings for the household.
Support for wider essentials	Households supported by third party organisations for support for essential household items to include help with essential transport related costs.
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.
Emergency support	To be provided by Herefordshire Council through an application process.

Community impact

9. Applying the Government's new 'low income, low energy efficiency' measure*, around 17% (14,000) of households in Herefordshire were in fuel poverty in 2019 (higher than England's 13%). This is likely to be a substantial under-estimate. More current estimates, based on data from the End Fuel Poverty Coalition and taking into account the government's recently

announced energy price cap, indicate that about 7 million UK households (24.5%) are likely to be in fuel poverty in October 2022 (about 16.5 million people). Due to its rurality and housing stock, this percentage may be higher in Herefordshire. This takes into account a number of risk factors for fuel poverty and excess cold: there are a higher proportion of detached houses (40%) compared to England (23%); many houses were built pre 1,900 (39% compared to 8% nationally) and may be expensive and inefficient to heat; and 14,300 Herefordshire homes (17%) are deemed to have an excess cold hazard compared to 3% for England.

10. Under the Energy Price Guarantee announced in September 2022, the average annual gas and electricity bill for a direct debit customer with 'typical' levels of consumption is estimated at £2,500. This is 27% higher than the summer 2022 price cap and 96% higher than the winter 2021/22 price cap. 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. 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), 9.9% higher in August 2022 than a year before.
11. The HSF 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. HSF should be used alongside this advice and support.

Environmental Impact

12. 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.
13. 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

14. 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.
15. 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 October 2022 to March 2023 issued by the Department of Work and Pensions and the local eligibility framework which is set out in paragraph 5 of this report. In prioritising low income households, there is likely to be a positive impact for people who are financially disadvantaged (although this is not in itself a protected characteristic within the Equality Act 2010). 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.
16. The scheme specifically targets families on low income with children who are eligible for free school meals. It will also aim to target disabled households, especially those that have high utility bills. The Household Support Fund will provide additional financial support to other 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 third party agencies.
17. 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

18. The HSF is provided to local authorities as a section 31 grant of the Local Government Act 2003 by the DWP. The HSF allocation of £1,329,601.78 grant funding from the DWP has been made to the council for spend during the period October 2022 to March 2023. 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 1 October 2022 to 31 March 2023. 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 30 April 2023.
19. An allowance of 7% which equates to £93,072 has been estimated within the total allocation for all administrative costs associated with the scheme, which leaves £1,236,529.78 available to support vulnerable households. Whilst the administrative figure for the April to September 2022 scheme was less than 4%, it is felt prudent to put in an allowance of 7%, to meet any additional administrative costs linked to requirement to run an application process as part of the scheme from October 2022 to March 2023.
20. Although this is considered an extension to the previous two HSF schemes, it is a new grant subject to its own grant conditions as is set out in the Grant Determination letter. Any underspends from the previous schemes cannot be carried forward.
21. Funds should be spent or committed before 31 March 2023 and cannot be carried over for future usage.
22. The HSF is paid in arrears on receipt of satisfactory claims, the interim statement of grant usage is due by 25 January 2023 and the final statement by 28 April 2023

Legal implications

23. The HSF grant must only be used to provide support as defined within the s31 grant conditions. This requires the council 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. Further the council will be required to comply with specified reporting criteria and failure to do so could lead to delayed payments or refusal of payments by DWP.

Risk management

Risk / opportunity	Mitigation
Managing the risk of fraud	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 council will carry out due diligence checks with any third party organisation helping to deliver the scheme, including information on how applications for support will be assessed. Wherever possible financial support will not be a direct cash payment.
Overspend / Underspend of the HSF	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 partners 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

24. Due to the short lead in time for the HSF, it has not been possible to conduct extensive consultation. However, the Cabinet Member for Finance, Corporate Services and Planning has been involved in developing the recommendations and content of this report. There has also been some consultation with internal departments and external stakeholders who support vulnerable households, especially those third party organisations which have had a key role in supporting the HSF April to September 2022.

25. A political consultation was undertaken on 20 October 2022 with ten councillors taking part. The councillors were broadly supportive of the approach. They were concerned that best use of funding was pursued, including using it alongside other funding, services and initiatives to provide a package of measures which maximise impact and ensure value for money. Suggestions were made about working with schools to support struggling families unable to afford some of the basics, such as school uniform and breakfast.

26. Appendices

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

Background papers

None identified.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Sarah Buffrey, Democratic Services Officer	Date 24/10/2022
Finance	Louise Devlin	Date 27/10/2022
Legal	Alice McAlpine	Date 27/10/2022
Communications	Luenne Featherstone	Date 21/10/2022
Equality Duty	Harriet Yellin	Date 26/10/2022
Procurement	Mark Cage	Date 21/10/2022
Risk	Kevin Lloyd	Date 25/10/2022
Approved by	Andrew Lovegrove	Date 31/10/2022