

**Report to
Value For Money Scrutiny Committee - 19 November 2021
Cabinet – 22 November 2021**

Wards: All

Household Support Fund – proposal for the distribution of funds

Report of the Director of Finance and Transformation

1. Purpose of the Report and Summary

- 1.1 To brief the Members on the Household Support Fund provided by the Government in response to the impact of the pandemic on the cost of living.
- 1.2 To seek agreement from Members on how the fund will be distributed to make best and most efficient use of the money available for the benefit of residents.

2. Recommendations

- 2.1 That Members agree to the Household Support Fund being distributed as outlined in the proposals shown in the table at section 6 of this report. That the Director of Finance and Transformation (S151 Officer) is delegated to distribute the funds in consultation with Director of Legal Services and Partnerships, and the Portfolio Holder for Finance.

3. Reasons for Recommendation

- 3.1 To ensure the Household Support Fund is directed to support financially vulnerable households in need over the Winter period.

4. Background

- 4.1 Residents of the City have been severely impacted by the pandemic and associated cost of living increases that have occurred as restrictions have been lifted and the economy reopens and recovers. The Government has provided £421m nationally to Local Authorities in England to support those most in need over the winter period.

- 4.2 The Council has been allocated £3,038,293.68 and has discretion on how the funding is used within the scope of the guidance provided by the DWP. The expectation is that the money is used to financially assist those residents most in need using data sources at the Council's disposal to identify a broad range of vulnerable households across the City.
- 4.3 At least 50% of the funding has to be used for vulnerable households with children, the remainder of the funding is available to help those households without children.
- 4.4 Funding is paid in arrears based on two statements of Grant usage and management information returns on expenditure in January 2022, for the 06 October 2021 to 31 December 2021 period, and April 2022 for the whole period from 06 October 2021 to 31 March 2022. The management information provided in January will inform an interim payment followed by a final payment based on information provided in April 2022.
- 4.5 This fund has already been used to provide food vouchers worth £15 per week to those households in receipt of Free School Meals over the October 2021 half term school holiday period. This costs approximately £210,000 per week and this report includes a proposal to repeat this provision for all holidays up to and including Easter 2022 which will amount to 6 weeks holidays or £1,260,000. The DWP have confirmed that food vouchers distributed before 31 March 2022 can be used after that date and will count towards spend against this fund.
- 4.6 This report considers the options for the distribution of the remaining funding between now and 31 March 2022. It should be noted that any administration costs have to be met from within this funding, no separate administration grants are to be provided. Therefore, when considering options for targeting and distributing this funding it is important to minimise the administration costs involved to maximise the benefit to residents.
- 4.7 It should also be noted that the DWP have emphasised that the Household Support Fund is not Covid specific and should be used for direct support for food, energy and wider essentials to vulnerable households over the coming winter.

5. Issues for consideration.

Eligible Spending for the fund

- 5.1 The table below provides a summary of eligible spend for this fund as outline in guidance from the DWP:

Eligible Spend	Conditions
Food	To provide support with food whether in kind or through vouchers or cash.
Energy and Water	Provide support with energy bills for any form of fuel that is used for domestic heating, cooking, lighting and water bills for drinking, washing, cooking or sanitary purposes.
Essentials linked to Energy and Water	Warm clothing, blankets, soap, sanitary products, boiler service/repair, equipment such as fridges, freezers, cookers etc.
Wider Essentials	Essentials not linked to energy or water; can include other bills including Council Tax, clothing and transport costs.
Housing Costs	Only in exceptional circumstances of genuine emergency where existing housing support schemes don't meet an exceptional need. Other funding must be considered first.
Administrative costs	Reasonable costs for staff, advertising / publicity, web page design, application forms, IT work such as for MI provision.

- 5.2 The Fund cannot be used to provide mortgage support, though homeowners could still qualify for the other elements of the Fund (such as food, energy, water, essentials linked to energy and water and wider essentials). The guidance states that homeowners having difficulty with their mortgage payments should contact their lender as soon as possible.
- 5.3 The DWP undertook a conference call for Local Authorities on 12 October 2021 and clarified various aspects of the guidance.
- They are happy for LA's to make bulk payments of cash or vouchers based on using existing data to identify vulnerable households.

- However, they do want some funding to be available for anyone who contacts the Council outside of targeted payments stating they are in hardship and in need of financial help.
- They clarified that households could receive more than one payment for different purposes, i.e., food vouchers and energy related payments.
- Following a specific question from one LA, they confirmed that some of the money can be used to reduce Council Tax bills for vulnerable people.
- It was recognised that having an application form and means test approach could be resource intensive and overwhelming for Councils.
- They agreed that paying energy costs directly was difficult, but it was acceptable to give food vouchers or other payments in lieu of energy funding so that the money saved could help towards energy costs.

5.4 The distribution of funding needs to:

- Use existing Council data and information supplied by the DWP to target funding at the households most in need.
- Consider the need to distribute the funds efficiently and with minimum administration costs
- Enable payments to individuals who approach the Council directly outside of targeted payments

6. Options and Risk Assessment for use of the Household Support Fund

6.1 Officers have considered the options for the distribution of this fund and identified the proposals in the table below:

Option	Considerations and Risks	Category	Estimated Number of households	Estimated Value
1. Food vouchers to Free School Meal recipients during holiday periods, £15/week.	Well targeted at low income households with children, cheap and quick to administer. Risk - Spend will require close monitoring to assess impact of increasing FSM numbers.	Food	13,000	£1,260,000 (41% of families with children requirement)
2. UC claimants under 25, both in Hostels and not in Hostels.	This group have been impacted hardest by the £20 reduction in UC. DWP, Housing Benefit and Council	Food Energy and Water Energy and	900	Fund Hostel Service charges for food and fuel directly to Hostels.

	<p>Tax support data can be used to identify the eligible group to provide support payments to.</p> <p>Risk – Due to their transient nature it is difficult to pay hostel residents money directly to be used on food and energy costs linked to their accommodation.</p> <p>To ensure funding assists with food and energy costs for those residents in Hostels, the funding will be used to pay Hostel service charges directly for these costs.</p>	<p>Water Essentials</p> <p>Wider Essentials</p>		<p>Figures to be clarified</p> <p>Estimated £180,000 at £200 per household</p>
3. Warm Homes team funding	<p>Targets those with known fuel poverty issues including those with capped gas supplies.</p> <p>Provide funding to those identified to assist with energy costs.</p> <p>Risk – that the demand from households exceeds allocated funding.</p> <p>Payment volumes will be closely monitored to redistribute funding where it is most needed.</p>	<p>Energy and Water</p> <p>Energy and Water Essentials</p>	400	£80,000
4. Local Assistance Scheme top up. Current £350k budget.	<p>Existing and known scheme that pays Community Support Grants (for furniture, white goods and transport) and Crisis payments both Covid and non-covid related.</p> <p>The Local Assistance Scheme</p>	<p>Food</p> <p>Energy and Water</p> <p>Energy and Water Essentials</p> <p>Wider Essentials</p>	Households approaching the Council directly for help, estimated 2000	£400,000

	<p>eligibility conditions will be adjusted to change the qualifying conditions from a means test to the needs assessment used by Welfare Rights.</p> <p>Payments will be grants not loans.</p> <p>Risk – that the demand from households exceeds allocated funding.</p> <p>Payments volumes will be closely monitored with redistribution of funding to those most in need and limitations on the total number of applications that can be made per Household.</p>			
5. Housing Tenancy Sustainment Team and Homelessness prevention	<p>Prevention of evictions where tenancies usually sustainable but for cost of living increases or short term covid related income reduction.</p> <p>Risk – the value of individual rent arrears exceeds the level of funding that can be provided.</p> <p>Funding is to maintain tenancies that are viable were it not for the impact of covid or current cost of living increases. Funding will help with these pressures and enable payment arrangements towards arrears rather than clearing them completely.</p>	<p>Housing costs</p> <p>Energy and Water Essentials</p> <p>Wider Essentials</p>	200	£75,000

<p>6. Fund Volunteer / Charitable organisations to help residents with household costs.</p> <p>Counts as spend once left HCC accounts</p>	<p>Voluntary and Charitable groups have received Community Local Support Grant (CLSG) funding previously to provide support to residents with food and fuel pressures, including household items, during the pandemic.</p> <p>Further funding could be provided to continue this work.</p> <p>Risk – funding is not used to directly support households but the organisation itself.</p> <p>Direct payments to households in need is made a requirement of the funding allocation to the organisation.</p>	<p>Energy and Water Essentials</p> <p>Wider Essentials</p>	<p>To be determined.</p>	<p>£150,000</p>
<p>To be paid December 2021 to reduce assist with costs from 01 January to 31 March 2022</p>				
<p>7. Support with essential bills including utilities and Council Tax.</p>	<p>Use Council Tax Support data to identify those in need and provide support with essential bills.</p> <p>Risk – payment of the funds for specific purposes such as energy costs can be administratively difficult and costly.</p> <p>Payment via transfer to bank accounts are problematic due to the need to gather customer bank details before payment. Also, if overdrawn already the money is absorbed and does not help the household.</p> <p>The DWP have</p>	<p>Energy and Water</p> <p>Energy and Water Essentials</p>	<p>21,000</p>	<p>£840,000 (at £40 per household)</p>

	<p>confirmed they are happy for one bill to be paid in lieu of another. i.e., reducing overall costs to free up money to spend on energy or food costs.</p> <p>It is recommended that payment is achieved by reducing low paid working age Council Tax Bills with a further hardship payment in addition to the £30 already provided from Covid hardship funds, thereby freeing up money to spend on food and energy.</p>			
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- 6.2 The options in the table above amount to an estimated £2,985,000 allowing a £40,000 contingency for any unidentified costs. Should this contingency not be needed it would be added to the other options for distribution to households.
- 6.3 Payments under the options above will be monitored and reviewed regularly to ensure that all the available funding is used. Members are asked to agree that the Director of Finance and Transformation (S151 Officer), in consultation with the Director of Legal Services and Partnerships and the Portfolio Holder for Finance, is given the discretion to redistribute funding between the options stated in the table above in response to variations in demand and take up of the help available. The purpose of this discretion is to make effective use of all the funding available and direct it where it is most needed.
- 6.4 There will be duplication between the different options with some households receiving multiple payments, i.e., Free school meals vouchers and essential bills payments.
- 6.5 The Free School Meal food vouchers (£1.26m) makes a significant contribution to the requirement for 50% of the funding to be allocated to families with children. The remaining £250,000 to reach 50% will be identified through management information recorded for the other payment options.
- 6.6 Option 4 utilises the existing Local Assistance Scheme to provide the facility to help those who approach the Council directly whether or not they have been identified through existing data sets.

7. **Consultation**

7.1 Consultation has taken place with Members, including the Portfolio Holder for Finance. Officers have also consulted with the Welfare Rights Service and Voluntary / Charitable organisation representatives.

7.2 Full consultation with members of the public has not been possible due to the time constraints to put payments in place to support financially vulnerable households during the winter period.

8. Comments of the Monitoring Officer (Director of Legal Services and Partnerships)

8.1 The Household Support Fund is a grant made under S. 31 Local Government Act 2003, providing the Authority with wide discretion as to its distribution, although this must be maintained within the DWP guidance. The report sets out some of the logistical difficulties relating to direct payment of certain elements, which are further compounded by the requirement to keep administrative costs to a minimum. The options appear to represent a suitable compromise and practical way forward and are supported. Where grants are made to a third party, such as voluntary or charitable bodies for onward distribution, suitable terms and conditions should be applied to ensure that all funds are directed as the Authority and DWP envisage. [CA]

9. Comments of the Section 151 Officer (Director of Finance and Transformation)

9.1 The Section 151 Officer is the author of this report.

10. Comments of the City Human Resources Manager and compliance with the Equality Duty

10.1 The Assistant Director HR & OD notes the proposal to distribute funds to some of our most financially vulnerable households. Consideration will need to be given to the equality impact of this distribution to ensure all vulnerable groups are considered. There are no staffing implications arising from this recommendation. (KM)

11. Comments of Overview and Scrutiny

11.1 This report is due to be considered by the Finance and Value for Money Overview and Scrutiny Commission at its meeting of Friday, 19 November 2021. Any comments or recommendations made by the Commission will be tabled alongside the report at Cabinet. (Ref. Sc6573 (FH))

12. Comments of the Portfolio Holder for Finance

12.1 I welcome the proposals set out in the report which reflect rigorous consideration by Members and provide a balanced package of support for residents. Whilst the funding provided by Government is welcome it is not sufficient to fully compensate for the removal of the £20 per week Universal Credit benefit and certainly does not provide a panacea for the needs of the vulnerable in the City.

David Bell, Director of Finance and Transformation

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Officer Interests: None

Background Documents: - None