

WEST NORTHAMPTONSHIRE COUNCIL CABINET

11 October 2022

Member for Finance: Councillor Malcolm Longley, Cabinet

Report Title	Household Support Fund 3 Proposal: Distribution of Funds and Recipients for HSF3
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List of Appendices

Appendix A – Department for Work and Pensions (DWP) HSF3 Guidelines

1. Purpose of Report

- 1.1. The Household Support Fund 3 scheme has been announced by government as part of the Cost-of-Living support packages. The draft allocations and guidelines for the scheme from DWP have been distributed. The HSF3 scheme operates between 1st October 2022 and 31st March 2023 and this report sets out the preferred option to complement the WNC Anti-Poverty Strategy and indicates how the scheme could be delivered to maximise the local impact across a wide set of situational needs. The three original options proposed were discussed at the Executive

Leadership Team and a favoured option, which is most closely aligned with the local needs, has been put forward for further approvals and contained within this report.

2. Executive Summary

- 2.1 The Household Support Fund (3), announced by the Department for Work and Pensions on the 26th May 2022, is the third version of the Fund, the previous scheme (HSF2) operated successfully between 1st April 2022 and 30th September 2022 across West Northamptonshire. DWP Guidelines indicate *“Authorities have the flexibility within The Fund to identify which vulnerable households are in most need of support and apply their own discretion when identifying eligibility. Rather than focus on one specific vulnerable group, Authorities should use the wide range of data and sources of information at their disposal to identify and provide support to a broad cross section of vulnerable households to prevent escalation of problems. Authorities should ensure that they consider the needs of various households including families with children of all ages, pensioners, unpaid carers, care leavers, and people with disabilities.”*
- 2.2 The expectation is that it should primarily be used to support households in the most need with food and energy bills because of the recent cost of living increases. The fund can also be used to support households with essential costs related to those items and other essential household costs. The draft DWP guidelines have been issued and the key changes are that there will be no ringfence of any proportion of funding for any cohort of people. Also amongst the changes is a requirement for all authorities to operate at least part of their scheme on an application basis i.e., residents should have the opportunity to come forward to ask for support. There is also an expectation of authorities to particularly consider those groups who may not have benefitted from any of the recent cost of living support.
- 2.3 The latest fund can be delivered to households between 1st of October 2022 and 31st March 2023. There is no DWP stipulation of how the funds must be allocated or indeed the recipient cohorts however we know from experience that families on low benefits with children on free school meals are reliant on financial support over school holidays.
- 2.4 West Northamptonshire Council (WNC) has been allocated a sum of £2,599, 628.53. Payment for the grant will be made in arrears, following the submission of an interim MI return by 25th January 2023 for spend for the period 1st October 2022 to 31st December 2022. A final MI return will be required showing total spend from 1st October 2022 to 31st March 2023 by 28th April 2023
- 2.5 The report provides a background to the HSF fund and the recommendations section provides the key focus of the type of support that the Unitary is recommending. This support ranges from Children’s Winter Food Support; households who contain employed contributors but who are on low income and do not receive full cost-of-living benefits; to a food and fuel concept which is operated through a Voluntary Community Services Enterprise (VCSE) and distributed through the voluntary sector. Management and oversight will be provided by the Public Health Recovery and Wellbeing Programme Team.

3. Recommendations

3.1 It is recommended that the Cabinet/Committee:

- a) Notes that the Household Support Fund (3) investment is to be managed locally.
- b) Approves the Recommended Scope and Diversity of Distribution as set out in section 4 of this report.
- c) Approves the control and oversight approach to be undertaken through a central operational team.
- d) Authorises any funds that have not been assigned or committed to by 31st January 2023 according to the distribution methodology set out in section 4, to be redistributed in line with the wider Department for Work and Pensions Guidelines (attached as Appendix A)

4. Reason for Recommendations

- To ensure that the Household Support Fund (3) is directed to funding a lower income sector of the working community, and families with children.
- To enable the distribution of funds to meet the wider communities' financial needs, where other grants and funding are not available
- To ensure that the application process is managed in-house to provide additional security and confidentiality of data
- To minimise the duplication of grants for the same purpose
- To provide financial support to underpin the West Northamptonshire Anti-Poverty Strategy and ensure residents most in need receive that support
- To build on the successful Household Support Fund (2) partnership with the VCSE in distributing funds via the downstream voluntary organisations to residents that may not otherwise be identified through the benefits system

5. Report Background

Building on the Success of Household Support Funds 1 and 2

5.1 This report follows on from two very successful Household Support Fund (HSF) scheme operating from December 2021 until March 2022 (referenced as HSF1), and April 2022 until September 2022 (HSF2) respectively.

5.2 During the operation of HSF 1 we were able to build a highly efficient on-line application portal which enabled residents to self-service their application rather than utilising the voluntary sector set up. Not only did this provide an effective option but it also removed a level of pressure from our partner, the Citizens Advice Bureau. In total we were able to distribute close to 100k food and fuel vouchers across Northamptonshire and issue all funds provided for, as well as achieving over 82% of the funding going to families with children.

- 5.3 For HSF2 we were able to distribute funds across several cohorts; families with children, pensioners who received pension credit and additional funds for these pensioners who were also registered as disabled and households who evidenced that they were suffering poverty for both food and fuel. This last category was distributed, for the first time, by a set of voluntary organisations managed by the Northamptonshire Community Foundation (NCF). All elements of the distribution were successfully managed and over 95% of all allocated funds were distributed.
- 5.4 Following the announcement on 26 May 2022 of a third tranche of government funding from the Department of Work and Pensions, Table 1 below sets out our proposed methodology to reach out and distribute just under £2.6m to approximately 17,620 households which acknowledges the increased hardship that families and individuals may experience over the period 1st October 2022 to 31st March 2023.
- 5.5 Where any funds have not been assigned or committed to by 31st January 2023 in accordance with the distribution methodology in table 1 below, in order to maximise the Council’s reach and support to the community, it is proposed to redistribute them in line with the wider Department for Work and Pensions Guidelines (attached as Appendix A), and under the control and oversight of the Public Health Recovery and Wellbeing Programme Team, acting as a central operational team.

5.6 Table 1: Proposed Scope and Diversity of Funds Distribution

COMMUNITY COHORT	HSF3 REFERENCE	£ RECOMMENDED	AVERAGE AWARD	DISTRIBUTION METHOD	HOUSEHOLDS SUPPORTED
Families with Children	Children's Food Support	1,008k	£15 x 6 weeks of planned school holidays (October 22 – April 23)	Retail voucher	11,200
Anti-Poverty for those Working	Issued via online application process to Employed with Low Earnings	884k	£200	Cash to Bank	4,420
Community Engagement, Foodbanks and Winter Emergency's	Local community groups (to include Food Bank Donations and winter emergency's). Allocated funds to VCSE to	650k	Up to £250 per household as assessed on a case-by-case basis. Up to £20k per food bank and	Food or Fuel Vouchers or Cash to Bank or Practical Products via third party	2,000

	distribute via voluntary organisations		large charities donation		
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6. Issues and Choices

- 6.1 There were three considerations that have been considered by officers:
- 6.1.1 Wider Distribution Option – this option created a wide range of recipients for delivery over the six months of the scheme. It included families with children, households on low income, pensioners, community hubs and donations to food banks. It was felt that this option was too complex and may confuse residents where applications were required. It was discounted due to feasibility concerns.
- 6.1.2 Simple Segmentation – this option consolidated many of the recipient types which simplified and enhanced the understanding of the delivery scope. However, it was felt that a greater proportion of the funds should be provided to families with children and households who are receiving a very low income despite a working household member. It was discounted due to a desire to recalibrate the distribution of the funds.
- 6.2 Lower Income Segment – was the preferred option and represents the recommendation within this report. This option rebalanced the funding for families with children and the lower income segment but also allowed funds to be allocated to the community through food banks, community engagement activities, voluntary organisations and support for households with winter emergencies
- 6.3 Significant feedback was sought from recipients of the HSF1 and HSF2 schemes who recognised that within the requirement of the scope presented by DWP, their ability to apply for a proportion of the funding was essential. This provided a level of control to the households.
- 6.4 The use of an on-line application portal has been developed as this is a requirement of the Department for Work and Pensions. This will be used for applications from the sector who are working but remain on a low salary. Steps have been taken to adjust the design to ensure fraudulent activity is minimised.
- 6.5 The experienced of HSF 1 demonstrated that individual voluntary sector organisations have a limited capacity to meet the level of payment distribution in a short period of time and therefore several voluntary organisations within the food support sector will be provided with funds proactively.
- 6.6 Utilising supermarket vouchers for the payment of the HSF award provides additional household income and enables fuel or food to be paid for which can offset the normal household bills.

6.7 The following table illustrates how the recommended option meets the guidelines and best practices set out by DWP

DWP Guidelines	Option 3 Lower Income Sector
The Fund 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	MET
There may be groups who are vulnerable to rising prices even though they are supported through these schemes, for example large families or single-income families.	MET
The Fund 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 people with disabilities.	MET
Support which can make a quick but sustainable impact on energy costs is particularly encouraged – for example, insulation of hot water tanks, fitting draft excluders to a door, or replacing inefficient lightbulbs or white goods.	MET
The Fund 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.	MET
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.	MET
Authorities have the ability to deliver the scheme through a variety of routes including providing vouchers to households, making direct provision of food or goods, or issuing grants to third parties (with the exception of grants for advice provision).	MET
Every area must operate at least part of their scheme on an application basis i.e. residents should have the opportunity to come forward to ask for support.	MET
However, support is not restricted only to vulnerable households in receipt of benefits.	MET
Authorities should also use other sources of information to identify vulnerable households, including advice from professionals who come into contact with vulnerable households such as social workers and Supporting Families keyworkers and housing workers.	MET

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 The Household Support Fund is incremental to the base budget for 2022/23. It is recommended that a temporary team is recruited to manage the fund and provide clear distribution controls to be approved formally. The staffing costs will be extracted as Administration Costs from the fund as allowed for in the terms and conditions. All fund monies are expected to be distributed into the community by the end of March 2023.

7.1.2 There are no direct resources or financial implications to Council budgets arising from the proposals that are not already covered by the grant.

7.2 **Legal**

7.2.1 The Council has statutory duties in relation to the needs of vulnerable individuals and to apply resources in order to alleviate hardship. The council must also have regard in relation to these decisions to the public sector equality duty . As these measures are intended to remove obstacles for many people with protected characteristics the aim of these proposals is to seek to address inequality.

7.3 **Risk**

7.3.1 Excess requests, for use of funds, from the assumptions provided and therefore the grant will be exhausted. The mitigation would include utilisation of the other Public Health funds available as appropriate.

7.3.2 Excess funds remain prior to the closure of the scheme. The mitigation would provide weekly tracking of the funds run rate and as the distribution rate is modelled early contingency arrangements can be put in place

7.3.3 Duplicate requests may be received. The mitigation will be in the form of a control record, held at the centre, of all beneficiaries receiving the drawdowns from the fund.

7.4 **Consultation**

7.4.1 Consultation with internal HSF stakeholders has occurred and a formal lessons learnt document has been produced post the closure of HSF (2). Consultation with the various voluntary organisations and Northamptonshire Community Foundation has also been undertaken to provide input to the wider use of the Voluntary Sector. As a result, changes to the application process, the product choice and the back-office procedures have been updated to be more efficient and user friendly.

7.5 **Consideration by Overview and Scrutiny**

7.5.1 The Programme will ensure that any requests from the Scrutiny Commission will be responded to, and formal engagement or presentations required will take place.

7.6 **Climate Impact**

7.6.1 Nothing specific relating to the recommendations in this report

7.7 **Community Impact**

7.7.1 The community will benefit significantly from this Programme. Additional funds will support those who are experiencing severe financial hardship during the winter period and working with voluntary organisations will enhance the co-ordination of the many referral teams within the council and external.

7.7.2 The distribution of funds is closely aligned to the areas of deprivation within the region, thus ensuring that the communities living in areas of highest poverty are prioritised.

7.8 **Communications**

7.8.1 Communication will be critical to the Programme

7.8.2 The inclusion of specific web pages, member briefings and external press statements will be managed internally.

7.8.3 The communication themes will be linked to the Cost-of-Living information which is introduced by both Central Government and the localised teams

7.8.4 HSF3 will also benefit from the wide-ranging voluntary organisations we operate with and their local network of communications

8. **Background Papers**

None