

## North Yorkshire Council

### Report to the Chief Finance Officer in consultation with Councillor David Chance, Executive Member for Corporate Services

25 April 2024

#### Household Support Fund (1 April 2024 – 30 September 2024)

#### 1.0 Purpose of the Report

- 1.1 To set out, and seek approval for, the deployment of a fifth Household Support Fund (HSF) allocation (1 April 2024 – 31 September 2024) in order to provide crisis support to those most in need, with the cost of essentials over the next 6 months.

#### 2.0 Background

- 2.1 £421m has been made available to County Councils and Unitary Authorities in England to support those most in need with the cost of essentials via the HSF. HSF should be used to meet immediate need, and support those who are struggling to afford household essentials including energy and water bills, food and wider essentials. Funding can also be used to support households with housing costs where existing housing support does not meet this need, and to supplement support with signposting and advice.
- 2.2 Funding allocations are provided under section 31 of the Local Government Act 2003. This scheme will be delivered over 6 months, between 1 April 2024 and 30 September 2024.
- 2.3 North Yorkshire Council will receive an allocation of £3,537,549.92. The timing of the announcement and the public expectation that the scheme will be available to access, means that prompt action is necessary to deliver the scheme as soon as possible.
- 2.4 As this is the fifth round of Household Support Fund, it is being treated as a recurring grant of over £200,000 in line with the Grant Application and Acceptance Procedure and the requirements of the Finance Procedure Rules. As this is an allocation which is drawn down in arrears, there has been no application process and subsequently no grant application form has been submitted. Therefore, an acceptance of this allocation is being sought.
- 2.5 In guidance received from DWP, the local authority has flexibility to determine eligibility in their area and to channel support through a variety of routes, for example through vouchers or cash, direct provision or via third party suppliers. At least part of the scheme must be operated on an application basis.
- 2.6 Although this is considered an extension to the HSF scheme, it is a new grant subject to its own conditions. Support should be extended to a wide range of low-income households in need, including families with children of all ages, pensioners, unpaid

carers, care leavers and disabled people, larger families, single-person households, and those struggling with one-off financial shocks or unforeseen events.

2.7 Eligible expenditure includes:

- Energy and water. This may include support with energy bills for any form of fuel that is used for the purpose of domestic heating, cooking, or lighting, including oil or portable gas cylinders. It can also be used to support water bills including for drinking, washing, cooking, as well as for sanitary purposes and sewerage.
  - Food. HSF can be used to provide support with food, whether in kind or through vouchers or cash.
  - Essentials linked to energy and water. The Fund can be used to provide support with essentials linked to energy, water and food (for example insulation or energy efficient items which reduce bills, the purchase of equipment such as fridges, freezers, ovens, slow cookers or costs associated with obtaining these essentials such as delivery and installation). Authorities are encouraged to consider supporting households on low incomes to repair or replace white goods and appliances with more energy efficient ones, or to invest in simple energy efficiency measures which will pay back quickly, such as insulating a hot water tank, fitting draft excluders to a front door, or replacing energy inefficient lightbulbs or white goods. The intention of this is to provide sustainable support which results in immediate and potentially long-lasting savings for the household.
  - Wider essentials. HSF can be used to support wider essential needs not linked to energy, water or food should Authorities consider this appropriate in their area. These may include, but are not limited to, support with other bills including broadband or phone bills, clothing, period and hygiene products, essential transport-related costs such as repairing a car, buying a bicycle, or paying for fuel. This list is not exhaustive. It can also include one-off payments to prevent a crisis.
  - Advice services. HSF may be used to provide supplementary advice services to award recipients, including debt, benefit and/or employment advice, where Authorities consider this appropriate and where it complements the objectives and practical delivery of HSF.
  - Housing costs. HSF can be used to provide support with housing costs to those in need. However, where eligible, ongoing housing support for rent must be provided through the Housing cost element of Universal Credit (UC) and Housing Benefit (HB) rather than HSF. In addition, eligibility for Discretionary Housing Payments (DHPs) must first be considered before housing support is offered through HSF. The Authority must also first consider whether the claimant is at statutory risk of homelessness and therefore owed a duty of support through the Homelessness Prevention Grant (HPG). It is expected that the focus of support should be on bills and that support for housing costs should only be given where existing housing support schemes do not meet need. Beyond this, Authorities have discretion to determine the most appropriate use of HSF for their area, based on their understanding of local need and with due regard to equality considerations.
- Households in receipt of HB, UC, or DHPs can still receive housing cost support through HSF if it is deemed necessary by their Authority. However, it should not be used to provide housing support on an ongoing basis or to support

unsustainable tenancies. Individuals in receipt of some other form of housing support could still qualify for the other elements of HSF, such as food, energy, water, essentials linked to energy and water and wider essentials.

- HSF cannot be used to provide mortgage support, though homeowners could still qualify for the other elements of HSF (such as energy, food, water, essentials linked to energy and water and wider essentials).
  - The Fund can exceptionally and in genuine emergency be used to provide support for historic rent arrears built up prior to an existing benefit claim for households already in receipt of UC and HB. This is because these arrears are excluded from the criteria for DHPs. However, support with rent arrears is not the primary intent of The Fund and should not be the focus of spend.
- Reasonable administrative and management costs for administering the fund.

2.8 Local authorities are required to develop a 'local delivery framework' to enable them to distribute grant funding that best supports households most in need. This must be underpinned by a clear rationale or documented policy / framework outlining their approach including how they are defining eligibility and how households access the scheme. Local authorities have the ability to deliver the scheme through a variety of routes including provision of vouchers to households, making direct provision of food, or issuing grants to third parties. Authorities must operate an inclusive and accessible application-based service for emergency support as part of their HSF scheme.

2.9 Where a local authority chooses to use third party organisations, this should be done on an objectively fair, transparent and non-discriminatory basis, having regard to the time available to deliver the scheme.

2.10 The scheme requires local authorities to use a wide range of data and sources of information including engagement with third party organisations, to identify and provide support to a broad cross section of vulnerable households in their area. In doing so, local authorities should particularly consider how they can prevent escalation of problems in order to support those vulnerable households. Eligibility cannot be conditional on being employed or self-employed, or directly linked to a loss of earnings from employment or self-employment. Authorities should ensure that they consider the needs of various households including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people, larger families, single-person households, and those struggling with one-off financial shocks or unforeseen events.

2.11 Local authorities can provide a basic safety net of support to an individual, regardless of their immigration status, if there is a genuine care need that does not arise solely from destitution. Authorities must use their judgement to decide what legal powers and funding can be used to support individuals who are ineligible for public funds or statutory housing assistance. The Fund does not create new, or restrict existing, Authority powers or duties to support people with No Recourse to Public Funds but provides additional funds which Authorities can use on a case-by-case basis for expenditure on their existing powers and duties (where the support also falls within the scope of HSF).

- 2.12 Local authorities can proactively identify households who may benefit and must also operate an application process for emergency support as part of the scheme. There is no requirement for a means test or to conduct a benefit check unless this forms part of the local eligibility criteria. However, in relation to housing costs, local authorities must establish whether other forms of support are available to the household, such as DHPs.
- 2.13 The local authority will be asked to report and manage spend in relation to the conditions set out above. Information will, however, be requested from DWP on which groups have benefitted from grants, administrative costs and payment assurance, alongside reporting delivery plan progress. Management information provided to DWP in July and October 2024 must be copied to the Section 151 officer to provide assurance on validation of funding spend.
- 2.14 The Delivery Plan detailing the proposed deployment of HSF in North Yorkshire, which is to be submitted to DWP by 10 May 2024, must be endorsed and signed off by the Section 151 Officer and Executive Member for Corporate Services.

### **3.0 Local Eligibility Framework and Approach**

- 3.1 The North Yorkshire eligibility framework and approach is intended to recognise the current cost of living pressures, particularly on essential goods and services. Whilst the proposed framework acknowledges these pressures, it is not the intention to replicate any other scheme.
- 3.2 Evaluation of the previous four phases has been built into the development of the phase 5 approach; this encompasses a customer engagement exercise undertaken in March 2024. A letter and paper survey were distributed to 1,000 households that benefitted from direct award support in the fourth phase of HSF in order to understand the customer experience. The main findings from the 601 respondents are as follows:
- 96% of respondents rated their experience of using HSF as good or very good.
  - Although 35% of people claimed without any support, 26% needed help from family, 14% got help from a library, 11% at a council office, 8% via the council by telephone, and 6% from a friend.
  - 84% felt that the best way to contact people is by letter, 26% said email, 13% text message and 8% telephone call.
  - 83% wouldn't change anything, and free text responses indicated that the chase process implemented (an outbound text or call from the council) provided a useful and helpful prompt to redeem.
- 3.3 The proposed North Yorkshire eligibility framework and approach offers different ways of providing support to households who may be in need. The aim is to provide targeted support that is delivered both effectively and efficiently, taking account of varying personal circumstances. The proposed framework and approach has been developed in consultation with the NYC Welfare and Benefits service, and drawing upon the experience and insight gained from the delivery of the previous four phases of HSF as outlined in Section 3.2.

### 3.3.1 Proactive identification of households using eligibility criteria

- Based on data modelling, approximately 22,000 households who are in receipt of maximum means tested council tax reduction (CTR). There will be an eligibility cut off date in May 2024 (to be confirmed) through which identified eligible households will receive a single voucher of between £130 and £150. The voucher value will be subject to confirmation; this is due to the impact of UC uprating on household income, which will subsequently impact on those being eligible for maximum means tested CTR. The effect of this will be unknown until May 2024, and therefore accurate household numbers are not yet available.

Based on data supplied by NYC's Welfare and Benefits service, it is proposed that the above eligible households will be contacted directly by post to advise them how to claim their voucher.

Given the focus in the DWP guidance on allowing for exceptional circumstances, it is proposed to implement an application process to complement the direct awards element of the scheme whilst it is live in summer 2024. This will be exclusively for:

- Exceptional circumstances which led to individuals not being included as being in receipt of maximum CTR in May 2024 (date to be confirmed), for example relocating at the time of the data cut and therefore temporarily falling out of the CTR scheme, delays to processing their CTR claim which were outside of the household's control etc. A proposed single voucher award of between £130 and £150 (voucher value subject to confirmation).

It is proposed at this stage, that the application and voucher award process for the exceptional circumstances elements will be hosted by Family Fund Business Services (FFBS) via a dedicated portal set up on the Flexigrant system to ensure cases are accurately managed and monitored in line with DWP guidelines. As part of this process, applications will be reviewed and assessed by the Welfare and Benefits service utilising a robust eligibility criterion, ensuring that comprehensive evidence is provided by the household to validate the exceptional circumstances they have outlined. Successful applicants will then be awarded their voucher via email by FFBS. The decision of the Council will be final with no appeals process.

It is proposed that a total of c£2.97million is allocated entirely to the direct awards element of the scheme.

It is proposed that vouchers will be distributed in summer 2024, with the detailed timetable to be agreed by the Assistant Director for Customer, Revenues and Benefits.

It is proposed that the vouchers will be supermarket vouchers, redeemable at a number of national supermarket chains, with the recipient being able to

choose the national supermarket chain. Arrangements will be in place (including through libraries and customer service access points) to ensure households who need additional help to access or utilise vouchers are able to do so. As in previous rounds, consideration has been given to other ways of distributing the awards, but supermarket vouchers are the most cost-effective and efficient method of distribution available at short notice to the Council.

- 3.3.2 Food Banks – In the previous phases of Household Support Fund, up to 18 voluntary sector food bank operators and other food projects were supported, to ensure increased capacity was available in the free or low cost food supply infrastructure across the county. Based on this learning, it is proposed that grants are once again made available in spring 2024, the size of which will be based on the size of the operator and their local offer. In total, it is proposed to award up to £160K in total to voluntary sector free or low cost food providers and projects.
- 3.3.3 Energy Support in previous rounds has been administered by North Yorkshire Citizens Advice and Law Centre through the Public Health Warm and Well contract, and in phase 4, through the HSF Energy Support contract; this had a particular focus on the delivery of a fuel voucher scheme to households in greatest need, including those who use oil or solid fuel for heating. It is proposed that a grant of £250K including reasonable staffing costs is made available to launch and deliver this fund over the summer until 30 September 2024.
- 3.3.4 North Yorkshire Local Assistance fund (NYLAF) is the North Yorkshire Council managed scheme that provides support for vulnerable people including emergency food vouchers and utility top-ups. NYLAF is already experiencing increased demand from households who are struggling to buy food, pay essential utility bills or meet other essential living costs. It is proposed to allocate a total of £100K to NYLAF to help meet the increased demand and to enable the maximum entitlement of four emergency food and / or utility applications in a 12-month rolling period to continue until 30 September 2024.
- 3.3.5 Care Leavers were supported through the 4<sup>th</sup> phase of HSF due to the barriers they face as they leave the care system and start to live independently. Given the focus on Care Leavers in the guidance, it is proposed to allocate £10K to the NYC Care Leavers team to support this cohort over the summer months.
- 3.4 Funding allocations will continue to be monitored throughout the grant period; with any residual funding across the support streams to be re-allocated as required to meet demand. It is proposed that should this be required, this decision can be undertaken by the Assistant Director for Customer, Revenues and Benefits in liaison with the Executive Member for Corporate Services.

#### 4.0 Financial Implications

4.1 The Household Support Fund is funded by a Section 31 grant from the Department for Work and Pensions and ring-fenced to be spent in line with the terms and conditions set out in the Grant Determination. Payment of the grant will be in arrears:

- First payment: after the submission of an MI return in July 2024.
- Final payment: following the submission of the final MI return and delivery plan record at the end of the grant period in October 2024.

4.2 Payments by DWP to the local authority are dependent on the submission of MI returns and they must be endorsed by the Section 151 officer.

4.3 As with any welfare payment to vulnerable recipients, there is a risk of fraud. Risk management implications are discussed in Section 8.0 of this report.

4.4 The total grant allocation for North Yorkshire is £3,537,549.92 and covers the period from 1 April 2024 to 30 September 2024. All funds should be spent or committed by 30 September 2024, with no carry forward for future usage permitted. It is however acceptable for vouchers that have been purchased and delivered to households before the end of HSF to be spent shortly thereafter; this should however be minimal.

4.5 Based on financial modelling, indicative allocations are:

Part	Description	Total
(a)	Payments based on eligibility criteria	£2,970,000
(b)	Food Bank Operators	£160,000
(c)	Energy Support	£250,000
(d)	NYLAF	£100,000
(e)	Care Leavers	£10,000
(f)	Management (including postage & comms)	£47,500
<b>TOTAL</b>		<b>£3,537,500</b>

4.6 Although not expected, any overspend incurred will be the responsibility of the Council. In the first four rounds of HSF, there has been an underspend on the direct award element of the scheme, resulting in the reallocation of funds to the broader HSF support strands to ensure full defrayal within the grant period.

4.7 A light-touch evaluation of the scheme will be undertaken in September 2024 to support the submission of the final MI return to DWP.

#### 5.0 Legal Implications

5.1 The Household Support Fund round 5 is considered to be compliant with the Subsidy Control Act 2022.

5.2 The Council's Procurement and Contract Procedure Rules, and Public Contracts Regulations 2015, where applicable, shall be complied with in the expenditure of the grant monies.

## **6.0 Equalities Implications**

6.1 The Department for Work and Pensions has undertaken an Equality Impact Assessment on the national scheme. For the local implementation of the scheme in North Yorkshire, as identified in the attached Equality Impact Assessment (attached at **Appendix A**), there is not an adverse impact on any protected characteristics.

6.2 In this phase, it is mandatory for Authorities to make their plans on how to deliver the scheme public, including any application-based support available. North Yorkshire Council will continue to have a dedicated webpage for the fund and consider inclusive and accessible ways to advertise the scheme through a dedicated communications plan.

## **7.0 Environmental Implications**

7.1 There are no significant environmental implications arising from this report (see attached Initial Climate Change Impact Assessment Form attached at **Appendix B**).

## **8.0 Risk Management Implications**

8.1 The Household Support Fund is not a direct replacement for other policy decisions taken by national government and/or the local authority. There are a number of known and acknowledged pressures facing households. Whilst a significant proportion of the funding will be allocated based on eligibility criteria/data held by the local authority, it is anticipated that there will be demand for additional applications for support either from (i) households in receipt of the direct award where further support is requested, or (ii) from households who are facing pressures that are not identified by the eligibility criteria/data.

8.2 Given the profile and visibility of this fund, there is a tight turnaround for the local authority to deliver the scheme with high levels of public expectation.

8.3 Measures will be used to minimise the chance of fraudulent and multiple applications; there are two verification steps within the direct award processing phase to ensure that monies are not distributed to ineligible households as well as other challenges, such as multiple requests per households. In conjunction with Veritau, Officers from across the Council will convene a weekly HSF Fraud Investigation Panel whilst the direct award element of the scheme is live to review and examine any potential fraud cases. Fraud cases have been minimal in previous rounds of HSF.

## **9.0 Recommendation**

- 9.1 To request approval from the Chief Finance Officer in consultation with the Executive Member for Finance and Executive Member for Corporate Services to authorise the acceptance of grant funding, totalling £3,537,549.92 for Household Support Fund Phase 5.
- 9.2 It is recommended that Executive Member for Corporate Services agrees the proposed local eligibility framework and approach for the fifth phase of Household Support Fund as set out above, which will inform the Delivery Plan submitted to DWP on 10 May 2024.
- 9.3 It is recommended that any subsequent residual funding decisions are undertaken by the Assistant Director for Customer, Revenues and Benefits in liaison with the Executive Member for Corporate Services.

### **Report Authors**

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Appendix A – Equality Impact Assessment Form

Appendix B - Initial Climate Change Impact Assessment Form