# Agenda Item 9



# **Report to Policy Committee**

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Report of:		Alex Westran Operational Manager – Cost of Living Support Hub					
Report to:		Strategy and Resources Policy Committee					
Date of Decision:		12 <sup>th</sup> July 2023					
Su	bject:	Household Support Fund					
На	Has an Equality Impact Assessment (EIA) been undertaken?  Yes X No						
If Y	ES, what EIA reference number	er has it been given? 2211					
На	s appropriate consultation take	n place?	Yes	Х	No		
На	s a Climate Impact Assessmen	t (CIA) been undertaken?	Yes		No	X	]
Do	es the report contain confidenti	al or exempt information?	Yes		No	Χ	
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below: -							
Pu	rpose of Report:						
	<ol> <li>To update Strategy and Resources Committee on the "Cost-of-Living Cohort Analysis" including findings on cohorts most affected by the cost-of-living crisis and financial inequalities, as requested by the Committee in April 2023.</li> </ol>						
2.	. To seek this Committee's approval to spend the Household Support Fund from DWP in line with the spending plan detailed in this report and as guided by findings of the Cohort Analysis.						
3.	<ol> <li>To seek this Committee's approval to make changes to the application scheme as detailed in this report.</li> </ol>					e as	
4.	<ul> <li>To inform the committee of future considerations and decisions that would need to be made should the Household Support Fund grant be discontinued in March 2024</li> </ul>						
5.	<ol><li>To seek approval for ringfencing £700,000 that the Director of Communities will be able to use to respond flexibly to the Cost-of-Living issues.</li></ol>					l be	

#### Recommendations:

It is recommended that the Strategy and Resources Committee:

- 1. Approves the spending plan for Free School Meal Vouchers for 23/24 as detailed in the report.
- 2. Approves the targeted award to households who are in receipt of Housing Benefit and/or Council Tax Support but not benefits from DWP or HMRC and therefore not receiving Cost of Living payments.
- 3. Approves the spending plan and changes to the grant application scheme as detailed in the report.
- 4. Approves ringfencing of £700,000 from the Housing Support Fund that is to be used in the period July 2023 to March 2024 by the Director of Communities to respond flexibly to Cost of Living issues and; to the extent not already covered by existing delegations, delegate authority to the Director of Communities in consultation with the Director of Finance and Commercial Services and the General Counsel, to make decisions on spending this money in order to meet the aims and objections in this report.
- 5. Notes the Household Support Fund runs ends in March 2024 with no guarantee that it will be extended beyond that point.

#### **Background Papers:**

Report dated 31<sup>st</sup> March 2023 which gave approval of a continuation of current arrangements to cover the period between April and July, and requested a cohort analysis to guide the spending plan.

Cost-of-living Cohort Analysis, detailing the impacts on different communities as a result of the Cost-of-Living Crisis <u>HSF Background paper.docx</u>

Report dated 05 July 2022 which gave approval for the 22-23 Fund allocation: (Public Pack)Item 15 - Housing Support Fund Report Agenda Supplement for Strategy and Resources Policy Committee, 05/07/2022 14:00 (moderngov.co.uk)

1 April 2023 to 31 March 2024: Household Support Fund guidance for county councils and unitary authorities in England - GOV.UK (www.gov.uk)

2023-24 Grant Launch Letter Guidance, and Grant Determination

Lea	Lead Officer to complete: -				
1	I have consulted the relevant departments in respect of any relevant implications	Finance: Duncan Cruickshank & Kayleigh Inman, Finance and Commercial Services			
	indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Legal: Marcia McFarlane Legal Services			
		Equalities & Consultation: Ed Sexton, Equalities and Engagement			
		Climate: N/A			
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.				
2	EMT member who approved submission:	Ajman Ali			
3	Committee Chair consulted:	Cllr Tom Hunt			
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.				
	Lead Officer Name: Alex Westran	Job Title: Service Manager – Cost of Living Support Hub			
	Date: 12th July 2023				

# 1 Proposal

- 1.1 The Department of Work and Pensions (DWP) has been giving Household Support Fund (HSF) to local authorities since October 2021 so they can provide emergency support to vulnerable households. Sheffield's funding is used to assist households via small grants administered by Sheffield City Council. Households use this towards daily needs such as food, energy and wider essentials they cannot afford, or where they cannot secure other local hardship support.
- **1.2** Local Authorities are responsible for delivering the scheme through a variety of routes including providing vouchers to households, making direct provision of food, and awarding grants to third parties for the benefit of households.
- 1.3 In March 2023, this Committee was presented with spending proposals for the latest round of HSF funding which is for the period April 2023 to March 2024. At that Committee meeting members requested detailed Cohort Analysis to guide spending proposals, and asked for the analysis to be brought back with recommendations for how the grant could be spent based on that analysis.
- **1.4** The cohort analysis was completed in June 2023. Information and data on the impact of cost-of-living for different groups is complex and fragmented, making direct comparison

between different groups difficult. As such, the analysis draws on multiple information sources both internally within SCC and externally from partners in the VCFS to present an overall picture of cohorts most disproportionately affected. Details of sources and their data are in the Cohort Analysis document (<u>HSF Background paper.docx</u>).

- 1.5 As well as guiding decisions on how best to direct funding towards those who need it most, the cohort analysis will also inform wider decisions on where to focus support and resources in the work of the Cost-of-Living Support Hub.
- 1.6 This report sets out groups identified as being most impacted by the cost-of-living crisis, and based on this, the report makes recommendations on how we can direct funding to those who are most in need. These are set out in the spending plan and changes to the application process below.
- 1.7 The report recommends changes to the application process and describes how the council can reduce the evidence burden on applicants, making it easier for households to make applications. Also, making it easier for the council to provide higher level of support to communities that need it most.
- 1.8 The report also explains how we will ensure the application fund stretches through the winter to ensure support is available when most needed and acknowledges that further focussed work will be carried out to assist disproportionally impacted communities to understand what support is available and how to access it. This work includes communications campaigns, development of the Welcome Places offer, additional trusted assessors supporting specific communities and accessibility improvements to the Community Support Helpline.

#### **Current Position**

- 1.9 The council receives Household Support Fund (HSF) under funding agreements based on terms and conditions set by DWP. Each year that DWP approves this funding to the council, they slightly vary their terms and conditions when identifying target groups and the council distributes payments consistent with those terms and revised groups.
- 1.10 HSF payments arrive retrospectively in the council and in tranches, they are paid three months after the council demonstrates expenditure to DWP. The first HSF grant was HSF1, subsequent HSF awards identified by the number. This report proposes arrangements for spend for the fourth HSF grant (HSF4) which is given to cover 12 months.
- **1.11** HSF is distributed using one of two delivery methods, 'proactive targeted awards' or 'reactive application-based scheme'.
- 1.12 'Proactive targeted awards' These are made when the council uses information it has to make proactively award payments to target groups in need. For example, eligibility for Free School Meals (FSM) has been used to make 'Proactive targeted awards' to deliver free school meals during school holidays to families with children where DWP funding terms identified these as a target group. Also, when administering the second HSF grant (HSF 2), the council made a one-off payment to pension aged households as per the funding terms and conditions that identified these persons as a target group for that round of funding.

- 1.13 'Reactive application-based scheme' has been used to make awards to those in need who approach us for assistance to bridge income gaps. Award decisions are made after receiving and considering evidence that includes details of income, expenditure, and review of bank statements. Awards are based on the cost we anticipate the household would incur for food, energy and wider essentials in the period between the date of application and when the applicant will next receive income. A payment is made to cover the shortfall to allow for costs to be covered for the things mentioned above.
- To date, the application process has been open to everyone with no limits on the number of applications households could make or level of awards households receive. Demand for the HSF scheme continues to grow as we continuously promote the scheme via trusted assessors in the Community, Voluntary and Faith Sector, via SCC managed communications campaigns, and through communications delivered by the government.
- 1.15 reedback from applicants, trusted assessors and other partner organisations have drawn our attention to barriers that exist within our current processes. We realise that those who need assistance the most are sometimes disadvantaged by the evidence burden (i.e. providing bank statements, evidence of income and expenditure). Some applicants may have communication needs or are digitally excluded presenting difficulties with them being able to access this assistance.

## 1.16 Cohort Analysis - Most Impacted Groups

Emerging findings show that the following groups are disproportionately impacted by the cost-of-living crisis: people on low incomes, people on benefits, families with children, people with disabilities and long-term health conditions, young people, unpaid carers, people from diverse communities, and tenants in private rented accommodation.

- 1.17 Within the above cohorts, the analysis has identified those most impacted and are likely to have limited financial and other support (whether from the welfare system or, for example, their landlords). These are families with more than two children, lone parents, families with at least one child under age 5, under 25s living alone, unpaid carers, and private rented tenants.
- **1.18** Further, other impacted groups (for example those whose first language is not English) will receive additional support by improving engagement, comms and support with the community, voluntary and faith sectors.

For detailed information about what data was used, and what the data showed, please see appendix A.

### 2 <u>2023-2024 Delivery Plan</u>

**2.1** The total amount of funding available to be spent in this period for 2023-24, and its breakdown are follows:

Funding available	Amount (£)
FSM Food Voucher Returns	330,000
Pensioner Voucher Returns (must be re-spent on pension aged households)	112,000
HSF4 Grant awarded	10,407,651
Total Award available	10,849,651

The proposed delivery plan for the total funding amount for 2023-24 is as follows:

Delivery Plan	Amount (£)
Reactive spend - application-based scheme	4,000,000
(A) Targeted support – directed to existing cohort of children and families via food voucher scheme	4,620,000
(B) Targeted support for CTS/HB only claimants	789,500
(C) Administration costs	738,000
(D) Ringfenced spend for decision re use by Director of Communities later in yr.	702,151
Planned Spend	10,849,651

#### Reactive Spend – application-based scheme.

- 2.2 The delivery plan will follow the DWP guidance of continuing to deliver an application-based scheme as part of our HSF4 delivery and allocate a little over one third of the fund (£4,000,000), to the "reactive application-based scheme" in our delivery plan. In line with how previous grants have been allocated, this will be delivered through the Council's Community Helpline, which is also delivering several energy support schemes and the LAS Crisis Grant scheme.
- 2.3 This report proposes adjustments to the scheme that takes account of information from the cohort analysis to (i) facilitate the scheme being targeted to those who need it the most (ii) remove barriers that exist for those who find it difficult to apply and (iii) make the limited funding available for this part of the scheme last for the duration of the scheme.
- Where possible the council will remove evidence burden from the application-based scheme for applicants who appear to be disproportionately impacted by the cost-of-living crisis <u>and</u> for whom the council can obtain necessary evidence from elsewhere in the council; for example, information we hold in benefits system. This proposal will make applications easier for persons and households on means-tested benefits who also have 'Impacting Factors', i.e. any of the following: more than two children, lone parents, families with at least one child under the age 5, under 25s living independently, unpaid carers or those in private-rented accommodation, also disabled people in receipt of means tested benefits. (Note: these disabled persons will be fast-tracked without being asked to provide further evidence).
- 2.5 The value of awards to households will be determined by means testing but Impacting Factors can increase the amount.
- This proposed change for considering applications should help with protecting this fund from potential abuse. For example, under these arrangements the council would use information already available and verified from council tax records and benefits and not reliant on information from applicants that could be inadvertently inaccurate, misleading or fraudulent. This use of other source of information is permitted under the Council's HSF privacy notice that has been reviewed by the Council's Information Management Team.

- 2.7 There will be a small cohort that the council will unavoidably have to continue processing under the current system. For example, where an applicant is in the process of applying for but not yet in receipt of benefits. We have established other authorised access to information that will assist with making these decisions.
- 2.8 We expect an inevitable increase in the number of people eligible for and receiving awards to impact on the delivery plan. In response, we propose awards to households be limited to 4 per year and the baseline value of an award will be reduced by 50% (currently the average award is £350). We also propose awarding enhanced payments based on cohort information that allows us to target cohorts most disproportionately impacted. Where for example an individual has multiple Impact Factors, their award will receive multiple enhancements: a *single person family* with *more than 2 children* where at least *one child is under 5* and they are living in *private rented accommodation* would receive 4 enhancements to their award (enhancement entitlement identified by italics).
- 2.9 Where an applicant may struggle to evidence that they meet the criteria for a particular cohort, the council will increase support to that group and provide support to community and voluntary sector organisations who support that cohort to improve access. We will carry out targeted communications in diverse communities where people may experience barriers. We will increase the number of trusted assessors that we work with (e.g. advice centres, food shelters etc) and make it easier for trusted assessors to support their clients and communities.

Cohorts that we know may be impacted, but not as much as other groups, are not excluded from receiving support. For example, low-income households who are not on means tested benefits can apply for a standard award. Those who still find themselves in hardship will be assessed via the current process, i.e., assessing hardship via bank statements.

#### (A) Targeted support

#### Support for Children and families via food voucher scheme

**2.10** A portion of the award should continue to be ringfenced to provide food vouchers to children and families in need during school holidays, identified through the criteria used previously, and following the amounts distributed in previous iterations of the scheme.

The proposal to Committee in April 2023 suggested an uplift to £15 per week in the summer holidays, compared with previous rounds of funding where £50 was given to each eligible child for the full summer period (6 weeks). We propose that the status quo of £50 for the summer is maintained to allow us to provide support to other cohorts impacted by the cost-of-living crisis, as set out in the Cohort Analysis.

**2.11** The total cost for this element is broken down as follows:

Holiday	No. of weeks	Voucher amount per period	Voucher Cost - £ (based on voucher cost x 33,000)
Easter	2	£15	£990,000
May half-term	1	£15	£495,000
Summer (reduced award)	6	£50 (for 6 weeks)	£1,650,000
Oct half-term	1	£15	£495,000
Christmas	2	£15	£990,000
Feb half-term	1	£15	£495,000
Total	13		4,620,000

The Free School Meal Voucher scheme provides support per eligible child, so larger families which are more impacted by the cost-of-living crisis are provided with a higher level of support. In further acknowledgement that larger families are significantly more likely to be impacted by the cost-of-living crisis, award amounts via the application scheme will be higher for this cohort, with a further increase for single parent families.

# Other cohorts

- 2.13 The cohort analysis highlights the most impacted groups, and based on the findings of the analysis we are satisfied that the council is already providing significant support to those groups.
- Persons classified as 'disabled' receive a £150 award via a separate cost of living scheme managed by DWP. Although the cohort analysis highlights disabled people as being one of the most impacted groups, this group will be provided with support via the council's 'application-based scheme' and the DWP disabled cost of living payment.

#### Asylum Seekers

- Asylum seekers stand out as particularly impacted as they are unable to claim mainstream benefits or other support, but there are restrictions on how much support can be offered to them under the HSF funding terms and conditions. We have worked with council Social Workers to provide these families with direct access to the HSF fund via section 17 payments. Section 17 Children Act 1989 allows Social Workers to access hardship support for asylum seeker families with children. These will be made under the 'Reactive application-based scheme' and paid in accordance with grant terms and conditions.
  - (B) Targeted support for CTS/HB only claimants

Support for those who have not received support from elsewhere.

DWP provides a Cost-of-Living Payment directly to households who are receiving a qualifying benefit. Details of the qualifying criteria can be found <a href="https://example.com/here.

criteria linked above, will not receive this Cost-of-Living Payment from DWP, even though Housing Benefit and Council Tax Benefit are means tested benefits with eligibility criteria set by the DWP.

- 2.17 In Sheffield, we estimate there are around 6,316 households who are receiving Housing Benefit and/or Council Tax Support, but don't receive one of the qualifying benefits, and as such, have not received the Cost-of-Living Payment. These will include pension age households, who don't receive Pension Credit and single working age people who are in work, on low income and in receipt of Housing Benefit. Also, people in private rented accommodation, families with children, disabled households and unpaid carers. it allows us to target support at a group of people who will fall into many of the impacted cohorts that we know are not receiving the support that others are receiving.
- **2.18** A one-off £125 payment made to the 6,316 individuals who fall into this category would cost £789,500. If this option was approved by members, we propose the payment to be made at the start of winter to help with the financial and psychological burden of increased energy costs in winter.

# (C) Administration costs

2.19 As per previous iterations of the scheme, the delivery plan includes an amount to cover the administration of the scheme. This amount is made up of the staffing costs for operational delivery of the scheme, namely the staffing of the Community Helpline, wider costs relating to scheme development, communications, and engagement. It also includes costs relating to the delivery of the support for free school meal vouchers in school holidays, transaction and licence fees for the funds disbursement tool which is used to deliver funds to individuals.

### (D) Ringfenced amount

2.20 Due to the evolving nature of the crisis, it is proposed that a £700,000 is ringfenced to the Director of Communities to enable the council to respond in an agile way to cost of living issues as they present themselves. Furthermore, we have seen over the last year that a significant number of households in hardship have missed out on other Government schemes such as energy support schemes and cost of living payments due to the criteria applied within those schemes. This £700,000 could either be used to top-up the HSF application scheme (if needed over the winter) or to provide further support for disadvantaged groups identified in the cohort analysis or where households miss out on other government schemes because of the criteria in those schemes.

#### What happens after March 2024

2.21 At the present time, HSF funding has been provided until March 2024, there is no indication whether the scheme will be extended further, this will be determined by central government decisions which historically, relating to HSF we have often received limited notice. This will leave a large hole in support that is available to households and where it may be expected by those who receive regular support, such as free school meals in school holidays, which have been provided by the Council since the start of the Covid-19 pandemic.

2.22 We therefore need to consider what our strategy will be towards Free School Meals holiday vouchers and hardship support if HSF funding is not available or is provided at a reduced amount.

# 3. HOW DOES THIS DECISION CONTRIBUTE?

3.1 This decision contributes to the Corporate Delivery Plan objective 'Tackling inequalities and supporting people through the cost-of-living crisis. The scheme itself is a valuable part of the city's cost of living response. By delegating decision making for key operational elements of the scheme, the Council will ensure that, through use of data and intelligence, those delivering the scheme are able to ensure that we are utilising the funding to tackle inequalities where it is needed the most.

#### 4. HAS THERE BEEN ANY CONSULTATION?

- 4.1 The Council has carried out consultation and communication with a range of strategic partners, as well as customers accessing essential hardship funding to date, to ensure the Household Support Funding is targeted at those in the most urgent need of support. Additional support has also been put in place for our most vulnerable as part of the delivery of mainstream support services and the work that is undertaken through the voluntary and community sector, to ensure that those who need support are helped to access the funding that is available.
- 4.2 Updates on progress and performance are delivered to key delivery and strategic partners at the Cost-of-Living Citywide Tactical Update meetings fortnightly and in person meetings with those who work closest with us, such as Citizens Advice monthly.

#### 5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

#### **Equality Implications**

- 5.1 Use and distribution of the HSF directly supports the Council's legal responsibilities under the Public Sector Equality Duty (e.g., to advance equality of opportunity) and its own Equality Objectives and other policy commitments (e.g., to recognise poverty and financial exclusion as causes and symptoms of inequality).
- 5.2 Supporting people financially when they experience a crisis is a key component to preventing further hardship. We recognise that groups in our communities who are already more affected by inequalities, exacerbated by the unequal effects of COVID-19 and the cost-of-living crisis, are more likely to need financial support.
- As is recognised in this report, there has been an imbalance in the way that funds have been distributed to different groups. The proposal is to re-balance this distribution towards cohorts that have been identified as disproportionately affected by the Cost-of-Living Crisis. This reflects the intelligence-gathering of the Cost-of-Living Support Hub and the steer from the DWP.

The Equality Impact Assessment has been reviewed to reflect this change of approach.

Equality implications will be monitored against awards made and they will be considered as part of the ongoing delivery of the scheme coordinated by a Household Support Fund Steering Group.

# 6 Financial and Commercial Implications

- **6.1** The following implications are based on the DWP Household Support Fund 2023-24 Grant (£10,407,651), Launch Letter, Guidance, and Grant Determination, and the above project report information.
- Key features (not exclusive) of the DWP guidance pertaining to the grant are summarised below. The Grant Manager will need to read, understand, and comply with all the grant terms and conditions and will need to ensure that there are no ongoing unfunded costs once the grant has ended.

# **6.3** Financial Implications:

- Grant value £10,407,651
- Grant duration: 1st April 2023 to 31st March 2024
- Authorities should prioritise supporting (low-income) households with the cost of energy. The fund can also be used to provide support with food, essentials linked to energy and water, wider essentials.
- Advice services now considered eligible spend.
- Authorities are unable to carry forward any underspends from previous schemes because new grant with different conditions, however additional QA log guidance states: "expired vouchers or TPO funding returned to an Authority after the scheme has ended can be recycled and re-issued but must be done so as soon as possible, under the same categories of spend as originally reported and under the same terms as the scheme they were issued under. Further detail and what information to provide DWP has been included in the updated Guidance v2".
- Delivery plans must be signed off by both your 151 Officer and the responsible Cabinet Member
- Provide four quarterly MI returns outlining grant spend and volume of awards see letter.
- Grant payments will be made to Authorities in arrears on receipt of a fully completed, compliant and verified Management Information (MI) return.
- Provide summary spending plan by 17 May 2023.
- MI must be returned on MI template provided and copied to 151 Officer.
- Grant is subject to clawback if terms /conditions are not complied with.
- SCC must have regard to DWP guidance issued / information and data available that may assist in decision-making.
- Eligible expenditure is payments made/committed during the Grant Period.
- Certain cost is to be excluded from eligible expenditure by SCC/ third parties (see grant details) including input VAT reclaimable.

- SCC must not deliberately incur liabilities for expenditure before there is an operational need to do so.
- Grant may be subject to External Audit.
- SCC must maintain accurate accounting records (for at least 7 years)

# 6.4 Commercial Implications:

- Public sector procurement is governed by and must be compliant with both the grant terms and conditions and UK National Law. In addition, all procurement in Sheffield City Council must comply with its own Procurement Policy, and internal regulations known as 'Contracts Standing Orders' (CSOs).
- Contracts Standing Orders requirements will apply in full to the procurement of services, goods or works utilising grants. All grant monies must be treated in the same way as any other Council monies and any requirement to purchase/acquire services, goods or works must go via a competitive process. The Portfolio / Service Grant Manager will need to contact the Commercial Services Team for detailed guidance on adherence to these rules when spending grant monies.

# 7 <u>Legal Implications</u>

- 7.1 The grant funding will be paid to the Council under Section 31 of the Local Government Act 2003 using processes set out in the Financial Implications.
- Under the Childcare Act 2006, local authorities have a duty in relation to the well-being of young children and this will be a consideration when making payments to children and families. S111 Local Government Act 1972 allows the council to do anything which facilitates the discharge of, is conducive to or incidental to the council's functions under the Childcare Act 2006
- 7.3 The Council also has a general power under Section 1 of the Localism Act 2011 which allows the Council to do anything an individual may generally do provided it is not prohibited by other legislation; this general power must be used in accordance with the Act. The Council may use this general power to make payments where no other legislation gives the Council authority to do this.
- Payments must be made in accordance with funding terms, approved eligibility criteria and spending plans. Any unspent funds cannot be held over for future usage. The Council should ensure that all spend is in accordance with the eligibility criteria.
- 7.5 As these awards are being made to individuals and not enterprises there are no Subsidy Control implications.

**7.6** The council must comply with all existing legislation including those relating to GDPR and Data Protection

# 8 Other Implications

#### 8.1 ALTERNATIVE OPTIONS CONSIDERED

This report provides a detailed proposal and delivery that officers, in consultation with elected members, believe to be the best way of delivering the Household Support Fund.

#### 9. REASONS FOR RECOMMENDATIONS

9.1 The recommendations presented to the Strategy and Resources Committee will enable Sheffield City Council to provide the funds to support vulnerable households in the city to meet immediate needs and help those who are struggling to afford food, energy and water bills, and other related essentials through the cost-of-living crisis.

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