



CP&R Committee

Wednesday, 7 June 2023

Subject: Household Support Fund 4

Report by:	Director of Change Management, ICT & Regulatory Services
Contact Officer:	Angela Matthews Benefits Manager angela.matthews@west-lindsey.gov.uk
Purpose / Summary:	To provide a summary of the Household Support Fund 4 (HSF4) and how this will be delivered through the District Councils.

RECOMMENDATIONS:

1. Approve the delivery process of the Lincolnshire District Councils' Household Support Fund 4, which runs to March 2024 to be distributed to residents most in need as follows:
 - 40% via food banks and voluntary organisations (to include 10% administration costs)
 - 50% via an open application process that will be administered until March 2024 via a 3rd part charitable organisation (to include 15% administration costs)
 - 10% to be retained by WLDC for internal administration of the fund and contingencies.
2. Approve that where there are minor amendments made to the scheme, unless these are considered 'significantly material' then the Benefits Manager in consultation with the Director of Change Management, ICT and Regulatory Services is delegated to implement these changes after consultation with the Committee Chair.

IMPLICATIONS

Legal:

Any awarding of funding to Voluntary & Community Sector (VCS) partner organisations will be treated as a grant award. All grant awards will be subject to a Grant Funding Agreement. Existing grant funding agreement templates used for Council funding activity will be used and have been approved for use by the Legal team.

Financial: Grant funding will be received from the County Council to cover the fund and Administration costs.

FIN Ref: FIN/16/24/SL

Staffing: The fund will be administered by the Benefits Manager covering attendance at meetings, financial returns and general administration and the Communities Manager covering grant agreements with third parties and fund distribution. Capacity will be kept under review during delivery.

Equality and Diversity including Human Rights: The decision should not have an adverse effect on any group of people, an application can be made for assistance by any person.

Data Protection Implications: Information Sharing Agreement established for the sharing of data from DWP via Lincolnshire County Council to District Councils. Data protection included within grant funding agreements and any terms and conditions for voucher issuing providers.

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: The delivery of Household Support Fund 4 will have a direct impact on the health and wellbeing of identified households in West Lindsey facing financial hardship. The fund will provide support aimed at helping households with the increasing cost of food, energy and other household essentials. The scheme should not be seen as a complete solution, but it is part of a broader range of financial support being made available from the Government.

Title and Location of any Background Papers used in the preparation of this report:

<https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils>

<file:///\\sl-netwldata\Revben\Benefits\HSF3\urgent%20delegated%20decision%20notice%20and%20report%20considered%20-%209%20March%202023%20-%20Household%20Support%20Fund%20Round%203%20-%20Phase%202.pdf>

Risk Assessment :

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

Yes No

Key Decision:

Yes No

Executive Summary

The Household Support Fund (HSF) was first introduced in October 2021 and has been renewed every 6 months since then. West Lindsey has been successful in distributing £908k by way of over 6,500 awards of either a food parcel, a voucher for food or utilities or a BACS payment into a resident's bank account.

The Household Support Fund 4 (HSF4) was announced in November 2022 and the details of the fund were clarified in February 2023. The fund will run for the full financial year 2023-24 and Lincolnshire County Council (LCC) have been awarded £10.9m.

The funding will be received from the Department for Work and Pensions (DWP) who issue guidance on how the money may be spent. LCC have agreed that each District will receive a percentage of the fund to distribute to its residents and it is estimated that West Lindsey will receive funding of approximately £160,000.

Using the learning from the previous 3 HSF distribution methods, it has been established that to reach as many residents as possible we need to involve partner organisations such as food banks and charitable organisations. Previous administration of HSF has proved both costly and time consuming, relying on a high-volume of administrative hours from existing officers if each Local Authority chooses to accept direct applications from residents wishing to apply for funding.

This report recommends that to reach as many residents as possible whilst keeping the administration costs of the Local Authority as small as possible, we distribute funding via food banks and voluntary organisations with at least one of the voluntary organisations administering an application-based process.

Introduction

- 1.1 On 6th October 2021 the Government announced a new fund being made available to all County and Unitary authorities to support those residents most in need over the Winter of 2021-22. £421 million was made available in England to support those households for the 6 months up to 31 March 2022. This has become known as Household Support Fund 1 and was followed by HSF2 and HSF 3 that ran from 1 April 2022 to 31 March 2023.
- 1.2 Under the three funds Lincolnshire County Council were awarded £5.46m each time and each fund came with a separate guidance from the Department for Work and Pensions on who the funding should be distributed to.
- 1.3 The County collaborated with the seven Lincolnshire District Councils on each of the three funds to reach as many people as possible with the funding.
- 1.4 On each round of funding the County has distributed vouchers to all families entitled to income-related free school meals.
- 1.5 On each round the seven Lincolnshire Districts have been awarded a percentage of the total fund to distribute in their areas and the districts have attempted to align their distribution to avoid a 'postcode lottery' of who gets funding and how much.
- 1.6 In the Autumn Statement in November 2022, it was announced that there would be a 4th round of Household Support Fund and in February 2023 some details of the funding were released. HSF4 will run for a full year up to 31 March 2024 and the funds distributed to County Councils and Unitary Councils reflect that the term is for a full year rather than 6 months.
- 1.7 The County and all seven District Councils have been meeting to discuss all the HSF processes since October 2021 and discussions on HSF4 started in February 2023.
- 1.8 It has been agreed that the County will distribute to families entitled to income-related free school meals and a portion of the funding will be set aside for a group of benefit recipients who the Department for Works & Pensions have omitted from their 'Cost of Living' 2023-24 payments and a group of Lincolnshire care-leavers. The remainder of the 2023-24 fund will be distributed to the seven Lincolnshire District.
- 1.9 It is estimated that WLDC will receive approximately £160,000.

2 Options for Distribution

- 2.1 Under the previous 3 HSF schemes different distribution methods have been tested by the District Councils in line with the guidance given by the DWP on each fund.
- 2.2 WLDC have tested a 'referral process' for funding whereby referrals were received from internal WL departments and external partners (e.g., Citizens Advice, Acis etc) who then accepted applications, assessed the applicants need and then referred the case for a payment via a food voucher and/or a utilities payment. WLDC have also tested distribution via 3rd parties including food banks and voluntary organisations and have tested an open application process where a fund was advertised, and residents applied for payments to be paid into their banks.
- 2.3 Each method of distribution has administration costs and the most expensive proved to be the referral process and the direct application process. The most cost effective and successful distribution to date has been to distribute the funds via third party organisations who have reached far more residents in need.
- 2.4 The guidance for HSF4 suggests that some funding be made available up to 31 March 2024 for residents to access via an 'open application' process and the guidance also suggests that the funding is distributed to residents who may not have benefited from previous schemes, or 2023-24 'Cost of Living' payments being paid out by the DWP.
- 2.5 Any household receiving a DWP means-tested benefit will automatically be given a 'Cost of Living' grant of £900 in 2023-24 and anybody claiming a disability benefit will get a £150 payment in Summer 2023 – payments will be made by the DWP.
- 2.6 Neighbouring Districts have tested using a 3rd party charitable organisation to administer an application-based process for HSF3 and this has been successful both in terms of reaching those in need and providing additional support in other areas of 'cost of living' challenges.
- 2.7 Given that HSF4 will run through to March 2024, it is suggested that West Lindsey distributes funding using a layered approach to ensure wider reach to customers and a reduced costly impact on the authority to administer the scheme for a year.

3. The Preferred Distribution Model.

- 3.1 Having administered HSF funds for the last 18 months using different distribution methods which produced different results, it is recommended that the HSF4 fund is paid out to residents via several different channels and processes but with them all being administered by 3rd party organisations.
- 3.2 The food bank and voluntary organisations distribution route has been tried and tested over the last 12 months and has proved very successful and attracts a small administration fee (10%)
- 3.3 An application- based process via a 3rd party charitable organisation has been tested by neighbouring Districts and has proved very successful and attracts an administration fee of 15%. This application-based process when administered by WLDC was very labour-intensive.
- 3.4 The District Council should retain a small percentage (10%) of the funding for contingencies and the cost of monitoring the spend and submitting returns to the County each month.

4. Recommendation

- 4.1 The Committee agree that the District funding received from Lincolnshire County Council should be distributed to residents most in need as follows:
 - 40% via food banks and voluntary organisations (to include 10% administration costs)
 - 50% via an open application process that will be administered until March 2024 via a 3rd party charitable organisation (to include 15% administration costs)
 - 10% to be retained by WLDC for internal administration of the fund and contingencies.
- 4.2 Where there are relatively minor amendments made to the scheme, unless these are considered 'significantly material' then the Benefits Manager in consultation with the Director of Change Management, ICT and Regulatory Services and the Committee Chair is delegated to implement these changes. This aids the scheme to adapt to any change in requirements that may need prompt action if required.