

Report to: Cabinet



Date of Meeting 2 November 2022

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Household Support Fund (HSF) 3 and Discretionary Fund

Report summary:

Due to concerns being raised by Members over the pressure on household's bills for our residents this winter we agreed that we would bring this late report to Cabinet on the Household Support Fund 3 which covers the period 1 October 2022 to 31 March 2023.

The HSF is money provided by the Department for Works and Pensions (DWP) to Devon County Council who have allocated us a proportion of their fund to help low income households in our district. We have been working as part of Team Devon to align spend as closely as possible with other districts, whilst also having consideration of the Council's poverty strategy by helping those on the lowest incomes build financial resilience, which is a key aim of our poverty strategy.

This report sets out the proposal for our approach for utilising this fund to ensure support is directed to those most in need.

In addition, this report provides an update on what was approved following the motion at Council on 19 October 2022 where it was agreed that "Council requests officers to investigate creating an additional discretionary energy support fund based on evidence from the poverty dashboard data. This will look at taking into account existing funds, how this additional fund could be financed from the level of grants and also explore the systems and staff resources required to design and administer the scheme. The report will be presented at a Poverty panel meeting for consideration and potential recommendations".

Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

Recommendation:

Cabinet:

1. Adopt the Devon Framework agreement
2. Approve the approach for targeted support and for the remaining funding to be used under an open application basis as outlined under section 5 of the report.
3. Delegate authority to the Service Lead for Revenues, Benefits, Corporate Customer Services, Fraud & Compliance, in consultation with the Finance Portfolio Holder to finalise the HSF Hardship policy document in line with this report and if necessary to make subsequent changes in order to ensure all funding is spent before the 31 March 2023

Reason for recommendation:

Since October 2021 the Council has been receiving funding from the DWP to help low income households provide extra financial support to those most in need. A further sum of money has been allocated to us for the period 1 October 2022 to 31 March 2023 to help support those low income households who are going to struggle to afford essentials due to the current cost of living crisis and rising energy costs. Our proposals for a proportion of our allocation have been based on the recommendations contained within the DWP's guidance as well as aligning with the other Devon authorities. A further proportion has been targeted to support residents who we have identified from our social resilience (poverty) dashboard as likely to need further support. The remainder of our budget will be used to help other households who we have not been able to identify as needing further support in line with our anti-poverty strategy. Once these funds are exhausted we will utilise our existing hardship fund to support vulnerable households.

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Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Democracy, Transparency and Communications
- ☐ Economy and Assets
- ☒ Finance
- ☐ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Tourism, Sports, Leisure and Culture

Equalities impact High Impact

Equalities Impact [assessment](#) has been carried out for our proposed scheme due to having high relevance to those with protected characteristics and the outcome has been assessed as 1.

Climate change Low Impact

Risk: Low risk

Links to background information [Household Support Fund \(1 October 2022 to 31 March 2023\): final guidance for county councils and unitary authorities in England - GOV.UK \(www.gov.uk\)](#)
[Devon funding agreement](#)

Link to [Council Plan](#)

Priorities (check which apply)

- ☒ Better homes and communities for all
 - ☐ A greener East Devon
 - ☒ A resilient economy
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1.0 Background

1.1 An extension to the HSF for the period 1 October 2022 to 31 March 2023 was announced by the government on 26 May 2022, with the final guidance on how the fund should be used issued on 30 September 2022.

- 1.2 Previous HSF ran from 1 October 2021 to 31 March 2022 and 1 April 2022 to 30 September 2022.
- 1.3 Each separate HSF has had conditions for spend attached to them. For the first fund a third of the allocation had to be paid to households with children. The second fund had to have a third allocated to households with children and another third to households with pension age residents.
- 1.4 Each of the lower tier districts in Devon have worked with Devon County Council (DCC) on a Team Devon approach to help distribute the funds allocated under a joint framework. This has allowed each authority to ensure that local needs are taken into account whilst residents across Devon are mostly treated in the same way.
- 1.5 Since the Covid pandemic began in 2021 we have been working on developing the Social Resilience (poverty) dashboard. Through the administration of previous HSF and prior Covid Hardship funds we have continued to record data on those households who have applied for and been given a discretionary award. We now have data from November 2021 available which has allowed us to analyse and better understand what the need in the district is and to be in a position where we can target support to those most in financial need.
- 1.6 We also have a Financial Resilience Team whose aims are to help residents reach financial resilience. This is done through maximising income, minimising expenditure and working with partners to help resolve the root causes of hardship. Discretionary funds, including the HSF are available to the team to help support residents during this time. Alongside this they will also encourage and signpost or refer residents to access hardship funds that other organisations/companies have in place. This means that East Devon residents are able to benefit from increased financial help. As well as providing emergency financial support the team combine this support to achieve long term outcomes.
- 1.7 Since February 2022 the government have provided a number of financial measures/schemes to help with rising energy costs that will provide support up until the end of March 2023. Due to the number of different schemes and the different eligibility criteria in relation to these I have included a summary of these which is shown under appendix 1.

2.0 Gaps in government support schemes/ groups of concern

- 2.1 By setting out and reviewing the government support schemes we have been able to consider households that may have fallen through the gaps or where the level of support may still not be sufficient. These are as follows:
- Pensioners not in receipt of Pension Credit but in receipt of Housing Benefit (HB) will only receive £300 pensioner Cost Of Living (COL) payment in their winter fuel payment so would miss out on £650.
 - Working Age households on Council Tax Reduction (CTR)/HB not in receipt of Tax Credits, Universal Credit (UC), Job Seekers Allowance (JSA) income based (IB), Employment and Support Allowance (ESA) Income Related (IR) and Income Support (IS)
 - Working age households on new style JSA or ESA and not in receipt of UC.
 - Old style JSA and ESA contributions based (C) on low incomes.
- 2.2 In addition to those claiming certain benefits who miss out on the £650 COL payment there are also those households who aren't on main gas or electric for heating their homes. These properties where they are heated through alternative means such as Heating oil and LPG will only be eligible to apply for £100 on their electricity bill or via an alternative fund (still to be announced). When you consider the Energy Price Cap Guarantee for this winter will provide on average savings of £700 for a typical household this doesn't appear comparable.

2.3 Alongside the above there will also be households who haven't claimed means tested benefits but nevertheless would be entitled and therefore miss out on the £650 COL payment. We are unable to identify these residents (who may fall into the 'hidden poverty' group) from our records because they haven't approached us for help, for instance it is recognised that there are many pensioners who do not claim their benefit entitlements. There are also residents who have incomes that are just above the eligible thresholds for means tested benefits or are just above the pension credit thresholds and will therefore struggle with the rising costs of household bills, including energy costs this winter.

2.4 It is also recognised that disabled households are twice as likely to be struggling with the cost of living crisis*. This is also reflected in our dashboard with households with a disabled resident living in the property being the highest group (along with carers) presenting for emergency help. We have previously targeted support to disabled households and those with caring responsibilities via our Discretionary Council Tax Rebate Scheme.

*[September: Disabled households and cost of living crisis | News and features | University of Bristol](#)

2.5 Finally, residents who are being supported in their homes for end of life care can experience their energy consumption doubling and how to afford energy costs can be a real concern for these low income families.

3.0 Government guidance for Household Support Fund

3.1 Guidance issued by the DWP on 30 September 2022 has confirmed that the scheme can be used to help ease pressure on households with low incomes and to support those in need over the winter of 2022/23. [Household Support Fund \(1 October 2022 to 31 March 2023\): final guidance for county councils and unitary authorities in England - GOV.UK \(www.gov.uk\)](#)

3.2 Support can be provided for the following:

- Energy and water.
- Essentials linked to energy and water.
- Wider essentials.
- Housing costs in exceptional cases of genuine emergency, where existing housing support schemes do not meet this exceptional need.

3.3 Funding cannot be used to provide advice services including debt advice or to cover mortgage costs.

3.4 The government's expectation is that the fund should be used to support households in the most need. Primarily the fund is to support low income families however it is not only limited to those who are in receipt of welfare benefits. The guidance advises that authorities have the flexibility to identify which vulnerable households are in most need of support and should use a range of data to identify and provide support to a broad cross section of vulnerable households.

3.5 The guidance also makes clear that there are some low income households that are on means tested benefits that have not been included in the COL Payment and therefore these should be considered for support via our HSF such as those on Housing Benefit or those that have claimed after the qualifying eligibility dates.

3.6 It is also noted that authorities should prioritise supporting households with the costs of energy support that can have a sustainable impact on energy costs and are particularly encouraged to provide items such as insulation of hot water tanks, fitting draft excluders, replacing inefficient lightbulbs or white goods.

3.7 Consideration should also be given to provide support to disabled people who the DWP note may in particular be facing challenges due to the disproportionate impact of rising costs due to their individual needs.

4.0 Devon County Councils proposals on allocation of the HSF

4.1 DCC has been awarded funding of £5,064,876 for HSF to cover the period 1 October 2022 to 31 March 2023.

4.2 The HSF must be spent or committed by 31 March 2023 and cannot be held over for future use.

4.3 As the fund is finite once the money has been spent the fund will close. This therefore may be earlier than 31 March 2023.

4.4 As with previous HSF an amount of £15 per child per week of the school holidays will be allocated to those who qualify for free school meals. Vouchers will be automatically distributed to eligible households before the October half-term (1 week), the Christmas holiday (2 weeks), February half term (1 week), and the Easter holiday (2 weeks).

4.5 Citizens Advice Devon Energy Relief scheme for pre-payment and credit meters will allow those using pre-payment meters to apply for funds to top up meters. The scheme will run until 31 March 2022 or until funds are exhausted.

4.6 Early Help will also be allocated an amount to distribute for families on low incomes to provide support with food and utility costs. Access to these funds will be by referrals via professionals working with the families.

4.7 DCC are also currently working with Cosy Devon on providing practical remedies to help households lower energy usage over the winter. Further details will be available once agreed.

4.8 Remaining allocation will be distributed amongst the lower tier districts in line with the Devon framework agreed by districts. All districts have agreed that they will use appropriate and accessible datasets to proactively identify vulnerable and in need households to offer a one-off financial award including those who were not eligible for a payment through the government's COL financial support.

4.9 For East Devon the proposed budget allocation by DCC for the period 1 October 2022 to 31 March 2023 is £323,033.00. The Devon funding [agreement](#) and the Devon framework approach for the HSF hardship fund is available [here](#).

5.0 Proposals for East Devon's policy (including predicted costs)

5.1 Reflecting the government guidance and the Team Devon agreed framework our approach is in two parts

- Direct and targeted funding for those we have identified as eligible for financial support
- An open application based service

Part 1 – Targeted Support

5.2 The DWP have given recommendations that we should be targeting those on Housing Benefit (HB) as they had been excluded from the COL payment where they are not on one of the other

eligible benefits. As HB is a DWP benefit we are proposing that they are paid at the same amount as the COL £650 payment.

- 5.3 There are also households that are on contribution based ESA /JSA who are also on low incomes and therefore should also be treated in the same way as priority group 1
- 5.4 We are also proposing those working age residents on CTR would be entitled to a one-off payment of £200.00. Current figures suggest that there are a total of 137 households. The reason we aren't including pension age residents is because they have been catered for by government under the COL payment scheme and these households will receive an extra £300 on top of the winter fuel payment (see appendix 1 for details).

Priority group	Group	Number of cases	One off payment	Total cost
1	Not received a COL payment & on HB only (and not claiming CTR)	110	£650	£71,500
2	Not received a COL but claiming Council Tax Reduction and on ESA/JSA contribution based, etc.	62	£650	£40,300
3	Council Tax Reduction Working Age not in receipt of COL or included in priority 1 & 2 above	137	£200	£27,400
1-3	Sub total	309		£139,200

Priority group 1 - HB cases

- 42 disabled resident in household
- 4 children in household
- 62 pension age and 48 working age

Priority group 2 & 3 CTR cases

- 78 disabled resident in household
- 19 children in household
- 199 working age households

- 5.5 As highlighted under para 2.2 there are also those properties who aren't able to heat their homes through main gas or electric due to a number of our rural areas not having a mains gas supply. This means that those households aren't able to benefit from the same level of protection that the government have provided for under the Energy Price Guarantee scheme. This was an issue last winter for a number of our residents who couldn't afford to purchase a tank of oil. We are therefore proposing that those claiming CTR or HB will be targeted for £200 per household.
- 5.6 In addition we are aware that there are a group of residents living in accommodation that is likely to cost more due to poor conditions. These properties are those that have Energy Performance Certificate (EPC) ratings of F and G. There are 3,793 properties in East Devon in bands F & G where we have details of the EPC rating for the property, however not everyone living in one of these properties is on a low income. We have identified those on a low income by cross referencing against our CTR and HB records. Of these, 285 households identified we are proposing awarding them an extra payment of £100.
- 5.7 Numbers and cost of providing support for those not on mains gas/electric for their heating or in poorly EPC rated properties:

Priority group	Group	Households	Amount of award per household	Total
4	Not on mains gas or electric and in receipt of CTR/HB	276	£200.00	£55,200
5	Residents in receipt of CTR/HB living in EPC rated F & G	285	£100.00	£28,500
4&5	Sub total	561		£83,700

Priority group 4

- 97 disabled resident in household
- 88 households with children
- 121 pension age and 155 working age

Priority group 5

- 88 disabled resident in household
- 68 households with children
- 119 pension age and 164 working age

5.8 Estimated cost of providing targeted funding:

Total Funding (allocated to East Devon)	£323,033
Targeted Support- priority groups 1-5	£222,900
Remaining Balance	£100,133

Note: From experience we know that not all households that have been identified for targeted support will want to claim this payment and therefore it is likely that the remaining balance could be higher than this figure.

5.9 Ideally we would like to have identified those households who have missed out for the COL payment because they weren't in receipt of the eligible benefits on the qualifying dates but have since become entitled or have only received one of the two payments. These are difficult to identify from our records due to the way the data is held within the systems and also how information is passed across from DWP therefore we have not been able to determine these residents affected at present. Our aim is to deal with these via the application process. Our plan is to proactively engage to proactively engage those we can identify to highlight that they could apply.

Part 2 – Application process

5.10 The estimated costs of providing this targeted support will mean that we will have approximately £100K for our residents who have not been targeted for support to apply for financial assistance via our application process. For those that have received £650 COL payment or via our targeted help we would only provide further support in exceptional circumstances.

5.11 The application process will enable us to provide support to other households and as we recognise that there will be residents that we've not been able to identify or cater for via the targeted approach it is really important to have funds available.

6.0 Timescales for delivering support

6.1 To be able to deliver on this policy we will need to identify and write to all those who can apply for a payment.

6.2 As per the DWPs guidance authorities should take reasonable steps to protect against fraud and error as well as allow the opportunity for residents to opt out of receiving a payment. We are also aware from administering previous HSF and energy rebate schemes that residents may choose to have their funds in different ways due to personal circumstances. For example some residents may already be in an overdraft and therefore may wish to not have an award paid into their bank account and would prefer a post office voucher whilst others will be happy to receive a BACS payment.

6.3 To address all of the above we need to design and implement a simple application form that residents can complete to confirm they wish to receive their payment and state how they wish that to be made. Writing to residents and setting up forms will require input from Strata services. Due to the above considerations and subject to members approving the policy we will aim to be providing targeted payments to resident no later than the end of 2022.

7.0 Summary of Household Support Fund

7.1 Our proposed scheme aims to strike the right balance between providing targeted support to those most in need and reflecting the government guidance whilst retaining just under a third of the funding to ensure we can support those households we're unable to identify in being able to access emergency support.

7.2 Ideally we would have liked to have provided further support under this scheme however the level of HSF does not permit this due to the need to retain a proportion of the funding for 'open applications. However, as Members have requested officers to explore creating an additional discretionary fund this provides the potential for further opportunities on this.

8.0 Update on creating an additional discretionary fund

8.1 As highlighted in the report summary section it was agreed that we would explore:

- creating an additional discretionary energy support fund
- how this fund could be financed
- resources and systems needed to design and administer the scheme

8.2 Although it was approved for this to be presented to the Poverty panel I thought it would be useful to highlight this within this report due to the synergies of the two schemes and the importance of linking the two together so that we are not duplicating support. This will mean that we are able to better support those most in need alongside providing more sustainable outcomes.

8.3 In terms of how this scheme could be financed, Members may recall that we already have in existence a Financial Hardship Fund. This fund was initially created as a result of Covid and is now available to support residents who are struggling to afford essentials. Details of all our Discretionary schemes was presented in a report to Cabinet at their 5 January 2022 meeting. [Agenda for Cabinet on Wednesday, 5th January, 2022, 6.00 pm - East Devon](#). As part of that meeting it was also recommended to utilise a grant fund from government of £151,878 to be transferred to this fund. As highlighted in that report we prioritise spend from the Household Support Fund first due to this being time limited before drawing on the Financial Hardship Fund. The current balance of this fund is £257K

8.4 As we already have £257K available to support households I would propose that we utilise this fund to provide the additional support to households struggling with rising energy costs.

8.5 If Members are in agreement with this principle then we can look to update this policy to better align with the HSF to address where there are still potential gaps in support but also consideration on how we can utilise some of this funding to support vulnerable households

with more energy efficient measures which will provide pay back to the resident in helping to reduce energy bills which is a key aim of our poverty strategy.

8.6 Once we are clearer on the best approach for this fund we will be able to consider the staffing resources, administrative process that will be needed for this.

Appendix 1

Government Support – Support with Energy Costs

Since February 2022 the government have announced a number of support packages to help residents with rising energy costs and these are summarised below:

No	Scheme	Amount
Announced 3 February 2022		
1	Council Tax Energy Rebate – Main & Discretionary Scheme The council tax rebate 2022-23 – billing authority guidance - GOV.UK (www.gov.uk)	
1a	Main scheme (government criteria based scheme) Residents living in Council Tax Bands A-D. Eligibility based on living at the address on 1 April 2022. Administered by local authorities. In East Devon we paid out £6,998,500 to 46,659 households Scheme closed on 30 September.	One off amount of £150.00. (Non means tested but linked to your council tax band)
1b	Discretionary Scheme – we were allocated an amount of £269,850 to provide extra support with energy costs. Scheme closes 30 November 2022 and any unspent funds will need to be repaid to government. Scheme approved by Cabinet. Agenda for Cabinet on Wednesday, 4th May, 2022, 6.00 pm - East Devon Our local scheme is in two parts – targeted support and special cases to be considered on a case by case basis. Targeted support was directed at those on low incomes who were not eligible under the main scheme and alongside this to provide an additional top-up payment to disabled households and households with carers.	Two levels of payments £40 or £150 (Based on eligibility to certain qualifying benefits or council tax discounts).
Announced 26 May 2022		
2	Energy Bills Support Scheme Getting the Energy Bills Support Scheme discount - GOV.UK (www.gov.uk)	
	Provides a £400* non-repayable discount to households with a domestic electricity connection in England, Scotland and Wales to help with their energy bills over winter 2022 to 2023. Discount will be applied:	One off £400 discount off your electricity bill.

	<p>£66 in October and November</p> <p>£67 in December, January, February, & March</p> <p><small>*This replaced the £200 repayable discount that was previously announced in February 2022.</small></p>	Non means tested
3	<p>Cost of Living Support – providing 3 different levels of targeted support and extending the Household Support Fund</p> <p>Cost of living support factsheet: 26 May 2022 - GOV.UK (www.gov.uk)</p>	
3a	<p>£650 one-off Cost of Living Payment for those on means tested benefits:</p> <ul style="list-style-type: none"> • Universal Credit • income-based Jobseeker's Allowance (JSA) • income-related Employment and Support Allowance (ESA) • Income Support • Pension Credit • Child Tax Credit • Working Tax Credit <p><u>Qualifying period and amounts – no award if qualifying period nil UC award</u></p> <p>£326 for qualifying period 26.04.2022 – 25.05.2022</p> <p>£324 for qualifying period 26.08.2022 to 25.09.2022</p> <p>Tax Credit has annual award of £26 or above</p>	£650 one off payment which is means tested
3b	<p>b) £150 Disability Cost of Living Payment</p> <p>For those receiving:</p> <ul style="list-style-type: none"> • Attendance Allowance • Constant Attendance Allowance • Disability Living Allowance for adults • Disability Living Allowance for children • Personal Independence Payment • Armed Forces Independence Payment • War Pension Mobility Supplement <p>Must have received payment for one of these qualifying benefits as of 25.05.2022 to get the payment.</p>	£150
3c	<p>c). One off £300 Pensioner Cost of Living Payment</p> <p>Pensioner households will receive an extra £300 this year to help them cover the rising cost of energy this winter.</p> <p>All pensioners who receive the Winter Fuel Payment (between £200-£300) will receive an extra £300 this year to help them cover the rising cost of energy this winter.</p>	£300
3d	<p>£500m increase and extension to the Household Support Fund (HSF)</p>	No fixed amount but local policy to be agreed.

	<p>The HSF helps those in most need with payments towards the rising cost of food, energy and water bills. Funding is provided to upper tier councils.</p> <p>As part of Team Devon framework, East Devon receives a proportion of that funding in order to operate our own HSF scheme.</p>	
Updated October 2022		
4	<p>Energy Price Guarantee</p> <p>Energy bills support factsheet - GOV.UK (www.gov.uk)</p>	
a)	<p>The Energy Price Guarantee will reduce the unit cost of electricity and gas (those on main gas and electric) so that a typical household will save around £700 this Winter, based on what energy prices would have been under the current price cap.</p> <p>Scheme will be in place from – 1 October 2022 to 31 March 2023.</p>	<p>Typical household will save £700 this winter – reducing bills by roughly a third.</p>
b)	<p>If not using main gas for your heating</p> <p>The Alternative Fuel Payment (AFP) will provide a one-off £100 payment to UK households that use alternative fuels for heating, such as heating oil or LPG.</p>	<p>One off £100 payment who use alternative fuels for heating.</p>

Financial implications:

The proposed scheme and support being recommended in this report is to be funded from Government funding passed from the County Council to EDDC and sums already committed and budgeted for by this Council to support its resident. There is no additional request for funding other than already approved.

Legal implications:

It is within the power of the Council to use the funding for the purpose specified. Otherwise, there are no specific legal implications requiring comment.