

REPORT TO EXECUTIVE

Date of Meeting: 29th November 2022

REPORT TO COUNCIL

Date of Meeting: 13th December 2022

Report of: Deputy Chief Executive

Title: The Local Household Support Fund - scheme 3

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report seeks members' agreement on the scheme for disbursing funding from the third Household Support Fund.

2. Recommendations:

2.1 That Executive agrees and RECOMMENDS to Council that the proposed Local Household Support Fund - scheme 3 (HSF 3) is adopted. The proposed scheme being that the majority of the funding allocation of £337,853 is targeted as one-off grants to households receiving council tax support with one or more of the following priority characteristics:

Priority characteristic		Component value
Disabled child		£100
Carer		£100
Non dependant deduction		£150
In work		£150
Large family	3 or more children	£100 OR
	4 or more children	£150

Component amounts are cumulative, so household awards will range between £100 and £650. Component amounts may need to be amended following the final data extract to ensure the scheme can be delivered for the available budget.

Eligibility will be determined based on the household position on 14 December 2022. This will be the Entitlement Date.

Awards will be paid by way of a cash voucher posted to the recipient's claim address for redemption at a Post Office branch. These vouchers will be sent in January 2023. Although the period of the scheme is from 1 October 2022 to 31 March 2023, timing these payments for the New Year is intended to help households who may be struggling with

their budgets at a time when fuel costs are likely to be at their highest and other national support has largely already been paid.

These direct awards will use in the region of 90% of the available funding, depending on the precise caseload make-up at the Entitlement Date. The remaining balance will be used to support those customers in exceptional need who we are already working with. It will also allow us to support customers who meet the entitlement conditions between the Entitlement Date and 31 March 2023 when the HSF scheme 3 ends.

3. Reasons for the recommendation:

3.1 There is insufficient budget available to provide additional help to everyone who may need it, therefore this option focusses support where our data tells us it is most needed.

3.2 A number of options have been considered for disbursing these funds. The recommended scheme is felt to be the option which best achieves the aims of the third Household Support Fund as it allows the funding to be directed towards those households identified locally as a priority through our own data. There is a strong rationale to prefer this method for disbursing the funding to other options where the data is either less reliable or less detailed.

3.3 Utilising cash vouchers for redemption at a Post Office branch as a method of making an award was used successfully to disburse over £350,000 to 4,300 residents quickly under the second Household Support Fund earlier in 2022.

3.4 Caseload modelling indicates around 1,830 households will receive an award under this scheme with three quarters entitled to receive either £100 or £150 which is meaningful support. The remaining 450 households with multiple priority characteristics will receive higher awards. Adding more categories would significantly reduce the amount of awards making the support less productive.

4. What are the resource implications including non-financial resources

Funding is received from Devon County Council to cover customer grants up to an agreed value. The grant agreement includes administration funding at 15% of the value of awards made. The scheme will be administered using existing staff resources within Benefits & Welfare and Customer Support. Beyond officer time there is therefore no cost to Exeter City Council.

5. Section 151 Officer comments:

Given that the funding from Devon County Council covers administrative costs, there are no financial implications for the General Fund arising out of the scheme.

6. What are the legal aspects?

Devon County Council receive funding from Department for Work and Pensions for Household Support Fund. Devon districts are allocated funding under a framework agreement and grant funding agreement to deliver local support schemes.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring officer.

8. Report details:

- 8.1 Exeter City Council has been allocated £337,853 by Devon County Council to deliver support to low income residents struggling with the cost of living over this winter. The funds are to be spent in line with the Department for Work and Pensions guidance and the agreed framework with Devon County Council.
- 8.2 The framework agreement with Devon County Council anticipates districts using their data to target support at local priority groups. The DWP guidance highlights several groups that should be considered when considering scheme design. There are no requirements to provide support to any particular group – the decision on scheme design is down to local circumstances.
- 8.3 DWP guidance says the Fund is intended *“to support households in the most need; particularly those who may not be eligible for the other support government has recently made available but who are nevertheless in need.”* It goes on to say *“There may be groups who are vulnerable to rising prices even though they are supported through these schemes... It is important to stress that The Fund is intended to cover a wide range of low income households in need...”*
- 8.4 The most complete data for low income households in Exeter comes from the means tested Council Tax Support database. This has been combined with data on Council Tax arrears in order to give a better picture of the type of households which may be finding it most difficult to manage rising bills.
- 8.5 That picture shows a strong overlap with the groups highlighted in the DWP guidance as needing support from HSF 3 with two notable exceptions, these being pension age households and households including a disability premium within their calculated Council Tax Support. These groups actually show less arrears than other groups.
- 8.6 Overall, arrears proportions are higher in all working age claims which could be due to the maximum council tax support award available limited to 80%. The highest proportion of cases in arrears were seen in groups:
- Large families (3 or more children)
 - Large properties (bands E,F & G)
 - Deduction for adult family member
 - Disabled child in household
 - Carer in household
 - In receipt of Universal Credit
 - In employment
- 8.7 There is an obvious trade-off between the amount of households that can receive help and the amount of support that can be given to each household. Having identified these groups as a local priority for support, a number of models were explored in order to evaluate how to deliver support in the most effective way. This meant looking at the average financial value of arrears to see who was showing the biggest jump in arrears as an indicator of potentially struggling.
- 8.8 Initial modelling showed that component amounts could be awarded as follows:

Characteristic	Cases	Component amount	Component total
3+ children	402	£50	£20,100
4+ children	121	£50	£6,050
Bands E, F, G	93	£50	£4,650
ND with charge	224	£100	£22,400
Disabled child	156	£100	£15,600
Carer	760	£100	£76,000
UC	2264	£50	£113,200
In work	865	£50	£43,250
			£301,250

Award breakdown		
HSF pyt	Households	Cost
£50	1459	£72,950
£100	1038	£103,800
£150	316	£47,400
£200	195	£39,000
£250	82	£20,500
£300	39	£11,700
£350	11	£3,850
£400	4	£1,600
£450	1	£450
		£301,250

- 8.9 By making the support cumulative, a household with several of the priority characteristics will receive a larger award than a household with only one.
- 8.10 However further analysis of the arrears data provided the recommended option which it is felt is more effective at targeting households with large arrears as larger support components could be allocated to the groups showing larger arrears.
- 8.11 When looking at the size of current year council tax debt we see that the arrears for Universal Credit cases is lower than the average amount of arrears across all CTS cases. This group sees more fluctuation in their council tax bills due to frequent changes in their Universal Credit and therefore council tax support awards. The smaller arrears figures could be related to difficulty keeping up with the changes rather than indicating a fundamental problem meeting their liabilities. This group will also have received the £650 Cost of Living Payment, therefore they have been removed as a priority group in the recommended scheme.
- 8.12 The number of arrears cases within the large property group is low. This characteristic is to do with property rather than occupiers therefore it is felt to be more appropriate to support this group outside of the HSF 3 scheme.
- 8.13 The highest financial value of arrears is found in the group of customers who are in work and still entitled to help through CTS. These low income workers have an average debt on this year's account of £323, compared to £114 for all CTS cases with a current year debt. They are also less likely to be receiving a benefit that entitled them to the £650 cost of living payment.

8.14 Households with a non-dependant deduction (often an adult relative) have current year arrears two and a half times the average. Households with 3 or more children have arrears more than 20% higher than the average.

8.15 So in the recommended scheme, support for households with a member in work is increased from £100 to £150, and with a deduction for an adult relative or with 3 or more children, is increased to £100 from £50.

8.16 By targeting more of the available funding at those groups with the highest average arrears, it is likely that the scheme will be more effective at supporting those struggling the most.

8.17 The recommended scheme would provide support broken down as below, based on caseload data from the end of September.

Characteristic	Cases	Component amount	Component total
Working age	4346	£0	£0
3+ children	402	£100	£40,200
4+ children	121	£50	£6,050
Bands E, F, G	93	£0	£0
ND with charge	224	£150	£33,600
Disabled child	156	£100	£15,600
Carer	760	£100	£76,000
UC	2264	£0	£0
In work	865	£150	£129,750
			£301,200

Award breakdown		
HSF pyt	Households	Cost
£100	590	£59,000
£150	789	£118,350
£200	104	£20,800
£250	169	£42,250
£300	97	£29,100
£350	41	£14,350
£400	18	£7,200
£450	6	£2,700
£500	9	£4,500
£550	2	£1,100
£600	2	£1,200
£650	1	£650
	1828	£301,200

9. How does the decision contribute to the Council's Corporate Plan?

The Local Household Support Fund scheme 3 will support Exeter's communities and neighbourhoods by helping low income residents manage increased costs.

10. What risks are there and how can they be reduced?

If a scheme cannot be agreed and delivered before 31 March 2023, the available funding will not be able to be provided to Exeter's low income residents.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal, potential impact has been identified on people with protected characteristics as determined by the Act and an Equalities Impact Assessment has been included in the background papers for Member's attention.

12. Carbon Footprint (Environmental) Implications:

12.1 Distributing vouchers in paper form may carry a higher environmental cost than electronic methods such as email or SMS voucher. However records of customer email and mobile contact methods is limited. The groups being supported may also be digitally excluded and less willing or able to transact online.

12.2 By utilising the Post Office network for redemption of the vouchers there is a better chance that customers can collect their money as part of day to day activities. If a special trip is required, the journey should be local for most people and achieved by foot or public transport.

13. Are there any other options?

13.1 The funding for HSF 3 comes with less restrictions than earlier schemes, allowing for a wide variety of options for disbursing this allocation. Several of the alternatives were considered and modelled as part of the development of this policy.

- 13.2 One group highlighted in the guidance is Housing Benefit customers who missed out on the £650 cost of living payment because they were not receiving a qualifying benefit. Using our own data we are able to get close to estimating customers in this group but there is no way to check that our data is correct. This is because we are not able to have access to all of the necessary data held by the DWP to be confident that we have identified the right cases.
- 13.3 Using our best estimates of the size of this group of Housing Benefit customers, several options for providing support through HSF3 to this group were modelled. There are over 750 households in this group; too many to be able to provide the full £650 payment with the available funding. Without full confidence that our data is identifying the correct households, pursuing this option also carries risks of double paying some and missing out others.
- 13.4 In addition, there would be little justification for paying this group and ignoring customers who only receive Council Tax Support yet miss out on the £650 Cost of Living payment. That would increase the size of this group to over 1,100 cases, by our best estimate, and further reduce the value of support that could be paid to each household.
- 13.5 Using the full allocation to support either of these groups also means we are not able to direct support to any priority groups identified through our own data as needing help.
- 13.6 Alternative distributions of the recommended option have also been considered including other priority groups and different component values. The other priority groups included households with a disability indicator, or in receipt of Universal Credit or pensioner households. Selecting any of these groups for support would allow help to be given to more households, but clearly at a much lower amount which would make the awards insignificant as support. Additionally the data for disability is incomplete due to the way Council Tax Support is calculated, so would miss households with a genuine disability.
- 13.7 Ultimately the other distribution methods did not have such a strong rationale when looking at the Council Tax arrears data.

Deputy Chief Executive, Bindu Arjoon

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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