

CABINET

21 May 2024

Title: Local Hardship Scheme Policy 2024/25	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Summary: On 6 March 2024, the Government announced the extension of the Household Support Fund (HSF) for a further six-month period. The scheme funding period will run from 01 April - 30 September 2024. Prior to this announcement it had been expected that the Household Support Fund would close at the end of the 2023/24 financial year. The Council will be allocated Government funding for the financial year 2024/25 through the Household Support Fund to support residents with the ongoing issues surrounding the increased costs of living. This funding is in addition to allocated government funding for the Discretionary Housing Payment scheme (DHP) and Council funding for the Discretionary Council Tax Relief (DCTR) fund. This report sets out the Government Scheme's, minimum criteria and the Council's proposed approach to the allocation of Hardship Funds for the 2024/25 financial year. It proposes changes to the administration of the Household Support Fund to vary and target support for residents in the borough.	
Recommendation(s) The Cabinet is recommended to: (i) Approve the Council's updated Discretionary Housing Payment, Household Support Fund and Discretionary Council Tax Hardship Scheme policy for 2024/25, as set out at Appendix 1 to the report; and (ii) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to vary the allocation of funding and scheme criteria where appropriate to reflect future demand.	

Reason(s)

To assist the Council in achieving its priorities from the corporate plan 2023 to 2026 of supporting residents during the current cost of living crisis to build and maintain financial resilience moving forwards, ensuring interventions are both sustainable, help immediate need but also support a long-term route out of poverty.

1. Introduction and Background

- 1.1 We continue to be in the midst of the biggest cost of living crisis in over 30 years. Increasing inflation and further pressures on the cost of living are disproportionately affecting low-income residents in the borough who are more vulnerable than most due to the existing levels of deprivation and residual effects of the Covid-19 pandemic.
- 1.2 The cost-of-living crisis has had a substantial impact on poverty rates in the UK with hundreds of thousands of people being plunged into poverty.
- 1.3 In October 2023¹ around 2.8 million of the poorest households (47%) were in arrears with their household bills, or behind on scheduled lending repayments. 4.2 million households (72%) were going without essentials and 3.4 million households reported not having enough money for food. Analysis shows that basic rates of benefits are now below destitution levels. Universal Credit claimants are £140 short of the money needed to afford basic essentials each month, even after benefits increase.² Benefit claimants are 6% worse off in real terms than they were in 2019³. Living standards are expected to drop by 3.5% by 2024/25 compared to pre-pandemic levels, representing the largest reduction in living standards since ONS records began in the 1950's⁴. The Joseph Rowntree Trust states "In short, poverty in the UK is deepening. The deeper we look, the faster it is rising. People in poverty are moving further and further below the poverty line"⁵.
- 1.4 Residents in Barking & Dagenham experience some of the highest levels of deprivation in the country, with high unemployment and economic inactivity.
- 1.5 46,100 (62.4%) households in the borough have at least one measure of deprivation, the highest proportion in England and Wales. 46% of children are estimated to live in poverty, the third highest rate in England and Wales. 9,100 (5.6%) residents aged 16 or over were unemployed, the seventh highest proportion in England and Wales. 58,100 residents were economically inactive with 18% having never worked⁶.
- 1.6 With many households in the borough already with low incomes, with high levels of deprivation and poverty, reliance on welfare assistance has continued to increase becoming an important lifeline to meet basic living costs. All the financial challenges and continued increases in the cost of living, despite some headline inflation figures

¹ UK Poverty 2024 – Joseph Rowntree

² The Trussel Trust

³ The Institute for Fiscal studies (IFS)

⁴ The Office for Budget Responsibility (OBS)

⁵ UK Poverty 2024 – Joseph Rowntree

⁶ 2021 Census data

falling back by the end of 2023, will heavily impact our borough and its residents more disproportionately.

- 1.7 During the 2023/24 financial year the Council continued to administer the Household Support Fund and Discretionary Housing Payment schemes, funded by the Government to support residents in the borough. This sat alongside the Councils own hardship fund to capture residents who required an additional level of financial support or were excluded from the other schemes and the Discretionary Council Tax Relief fund.
- 1.8 Due to ongoing budgetary pressures the Council can no longer fund its own hardship scheme but has committed to continue to fund the Discretionary Council Tax Relief fund for 2024/25.
- 1.9 This paper sets out the Councils approach to the administration of all remaining discretionary financial support schemes for the 2024/25 financial year.
- 1.10 To simplify the resident's journey and align the policies and processes, the Discretionary Housing Payment, Household Support and Discretionary Council Tax Hardship Scheme have one application process and one policy as set out in Appendix 1.

2. The Household Support Fund

- 2.1 The Spring statement announced that the Household Support Fund (HSF) would be extended for a further 6 months running between April and September 2024. The Government had failed to previously commit to an extension of the scheme despite extensive lobbying for an extension and the expectation was that the fund would not be extended. The late notice of the extension and continuation of the fund means longer term planning for the administration of the fund was not able to be undertaken in advance.
- 2.2 The Government has made a further investment of £421 million into the scheme to deliver support to residents to help with the cost of essentials and the wider cost of living.
- 2.3 LBBD will be allocated £2,162,051.52 for the first six months of 2024/25, allocated for the period 01 April to 30 September 2024.
- 2.4 Government guidance dictates how the scheme should be administered. Policy stipulations from the extension of the scheme in 2024 remain in place in line with the previous iteration of the scheme in 2023/24. With the key objective of providing crisis support to vulnerable households in most need with the cost of essentials⁷.
- 2.5 Authorities must operate an application-based service for support based on the scheme guidance, to ensure those in need have a route to emergency support. The Council has operated an application-based service since the commencement of the Household Support Fund and already meets this requirement.

⁷ Household Support Fund guidance for Local Authorities 2024/25

- 2.6 The Household Support Fund extension will continue to be used to support households in the most need. It will cover a wide range of low-income households including families with children of all ages, pensioners, unpaid carers, care leavers, people with disabilities and will continue to operate in a similar way to the original Household Support Fund scheme, with a greater emphasis on supporting households with their cost of living with a particular focus and priority on energy, food, utility and water bills.
- 2.7 This can be summarised as:
- Support with energy bills
 - Essentials linked to food, energy and water
 - Wider essentials including support with other bills
 - Support for housing costs and rent arrears in certain circumstances
 - Advice services
 - Support for white goods
- 2.8 Exclusions to the Household Support Fund are that it cannot be issued for advice, such as debt advice or mortgage costs and those with no recourse to Public Funds are excluded unless there is a genuine care need that does not arise solely from destitution.
- 2.9 Reasonable administrative cost can be included – These may include staff costs, advertising, web page design, printing application forms, IT Change associated to the scheme.
- 2.10 It can be paid via vouchers, food, BACS, cash & cheques & third parties can be used such as:
- Registered charities and voluntary organisations
 - Schools
 - Food banks
 - General Practitioners
 - Care organisations
- 2.11 In order to ensure the full allocation of funding is achieved a delivery plan has been drafted to demonstrate how the Council will spend the Household Support Fund. The delivery plan for 2024/25 is attached as Appendix 3. It should be noted that these are estimated forecasts based on previous iterations of the Household Support Fund, which has been fully allocated each year.
- 2.12 The delivery plan is flexible and lets the Council adjust the funding allocation as needed, it is monitored daily to ensure the funds are used properly, in a timely manner, and for all demographics.
- 2.13 All allocations are closely monitored by the Department of Work and Pensions (DWP), delivery plans are declared at the start of the fund and final management information is returned to the DWP every six months of each iteration of the HSF.
- 2.14 All funding allocated to the Council from HSF 1 to 4 has been allocated in full.

3. Proposals and Issues

- 3.1 Previous iterations of the Household Support Fund have provided support to families whose children are in receipt of Free School Meals. A voucher has been issued for term breaks over half term, Christmas and Summer breaks at a cost of approximately c£1m for each 6-month period, dependent upon caseload and holiday periods. This equates to approximately 50% of the available funding from the scheme and limits the scope of the remaining funds.
- 3.2 Due to the expected end of the Household Support Fund, prior to its unexpected extension, schools in the borough were notified of the expected end of available funding. As a result, schools closed their administrative pathways to the issuing of vouchers and affected residents were notified accordingly of the end of the Free School Meal voucher scheme through the Household Support Fund. It should be noted that there was a significant administrative burden on schools to undertake the issuing of vouchers through this scheme.
- 3.3 This paper proposes the end of the Free School Meal voucher scheme with a different use of the available funding that will result from its withdrawal.
- 3.4 The current system of Free School Meals allows for recipients to receive transitional protection to retain the award for the full primary/secondary school period, regardless of changes to income that would previously have led to an end of the award. As a consequence, it is estimated that approximately one-third of the Free School Meal case load is under transitional protection and would not be entitled to this support based on household income. As a result, vouchers may be issued to recipients who, but for transitional protection, would not be eligible for the support.
- 3.5 A collaborative approach to work with schools to identify vulnerable families with support still available through the wider Household Support Fund is proposed to mitigate against the end of the voucher scheme. This will be done in conjunction with the supporting families programme and give schools greater freedom in supporting households with children and not limited by the provision of free school meals as a qualifying criteria. The Holiday and Activity and Food programme (HAF) remains available to support families.
- 3.6 The managed migration of the remaining old style Legacy Benefits to Universal Credit is scheduled to commence in April 2024. This will see a significant impact on both the Housing Benefit caseload and for many residents in the borough in receipt of the old-style Legacy Benefits.
- 3.7 Residents in receipt of old-style Legacy Benefits, inclusive of some Housing Benefit claims are due to receive migration to Universal Credit notices giving them 3-months to apply for Universal Credit, with a 1-month grace period for late applications. Failure to apply within time will see the end of all the old Legacy Benefits in payment, including Housing Benefit.
- 3.8 Applicants for Universal Credit will see a minimum 5-week wait for their award before payment will be made. For many applicants on a low income they do not have sufficient remaining income or capital to meet basic living expenses during this period and are therefore required to take an advanced payment through Universal Credit to cover the period.

- 3.9 The 5-week wait for Universal Credit and advance payment has led to financial hardship and damaged households longer term financial resilience⁸. The use of advanced payments, which are a loan, and must be paid back from ongoing Universal Credit entitlement, pushes households into debt from the start of their claim, reducing their available ongoing income, making it more difficult to budget into the future. Food bank use rises in the months preceding a claim for Universal Credit.
- 3.10 Internal analysis has identified approximately 2500 (approx. 46% of the working age Housing Benefit caseload) cases that are expected to migrate to Universal Credit currently in receipt of Housing Benefit and other Legacy Benefits.
- 3.11 Approximately 950 cases were identified as Council tenancies currently sat in the Housing Revenue Account (HRA) with direct payments to the rent account that are likely to be migrated to Universal Credit. This will end the direct payment of Housing Benefit and residents will be required to ensure that standing orders are set up for payment of the Housing Cost element of Universal Credit for rent which is paid directly to the claimant as a standard practice. For many residents this may be the first time that they have been required to pay rent direct in this way. Payments to landlord can be requested through alternative payment arrangements however the resident has the right to refuse such a request.
- 3.12 The annual value of direct payments through Housing Benefit in this scenario was estimated to be £5.5m.
- 3.13 13% of England's HRA stock accrued an average of £240 of rent arrears within the first twelve weeks of moving to Universal Credit. After 13 weeks 54% continued to under pay their rent⁹.
- 3.14 Universal Credit migration presents a significant risk to income collection for both Council Tax and the HRA with the potential for missed payments, broken payment arrangements, and no future arrangements to pay due to issues that arise from the cross over between benefits.
- 3.15 It also poses a risk to the financial resilience of residents on a low income with a possibility of accrued debts and rent arrears in the private sector during the 5-week wait for payment.
- 3.16 In light of the challenges posed by Universal Credit migration this paper proposes that the Household Support Fund is also used to support residents during this migration process to assist with ensuring financial resilience is maintained and sufficient support is provided to avoid residents falling into debt, affecting their ability to meet their basic living and accommodation costs ongoing.
- 3.17 Residents with vulnerability and support needs can be identified through a proactive approach to the Housing Benefit caseload and Department for Work & Pension Universal Credit data share stop notices that confirm a migration to Universal Credit has occurred.

⁸ 5 weeks too long – The Trussel Trust (2019)

⁹ Southwark & London Councils (2020)

- 3.18 Open applications are also open to any residents not in receipt of Housing Benefit to apply for financial support through the scheme that have been affected by migration to Universal Credit.
- 3.19 Financial support can be provided via Household Support Fund payments to support residents during the five-week period for their Universal Credit payments to be received. This will give residents the financial support required to ensure they do not need to take a loan through an advanced payment and will help to ensure financial stability during the transitional period.
- 3.20 Additional guidance and support can also be provided to residents on the new payment methods for Housing Costs and the setting of arrangements to pay rent and Council Tax to ensure residents do not fall into debt or non-payment. This sets out a proactive rather than a reactive approach to supporting financial resilience.
- 3.21 This approach will help to safeguard and support residents' financial wellbeing through this process of change in their Benefit award and is seen as an effective use of the Household Support Fund that meets the principles and policy objectives of the scheme.
- 3.22 This paper also sets out to continue the approach of monetary and/or Voucher allocations to be provided to voluntary organisations in order to enable immediate support to be available at the point of contact. Examples of such organisations include:
- Food Banks and Community Food Hubs for food provision
 - The Source, DABD & Independent Living Agency for Energy Support
 - Homes & Money Hub for food and energy vouchers to support pre-paid meters
- 3.23 An open application process for grants for residents of the borough is available which will be considered on a 'case by case' basis taking account of the hardship discretionary funding policy.¹⁰
- 3.24 This open application process also extends to internal teams allowing services who work to support families and residents in the borough the opportunity to apply for the funding through the scheme.
- 3.25 A targeted approach to promotion and priority will be given to:
- Households with Carer Responsibilities (including young carers) and Disabled Occupants;
 - Sheltered/Supported Accommodation;
 - Care Leavers & those supported by Adult Social Care;
 - Families identified to have low financial resilience;
 - Those at risk of homelessness and those in or coming out of temporary accommodation
- 3.26 To aid the facilitation of this pathways for support will be implemented in MASH and Adult Intake.

¹⁰ Appendix 1 – Discretionary funding policy 2024/25

4 Discretionary Council Tax Relief

- 4.1 The Council is committed to supporting its residents through the cost-of-living crisis and as part of that commitment is providing Welfare funding through the Discretionary Council Tax Relief Scheme.
- 4.2 Funding for the Discretionary Council Tax Relief scheme is set at £250,000 for the financial year 2024/25. Due to the limitation of the fund available it is inevitable that demand will outstrip the available funding.
- 4.3 An open application process for support under the scheme for residents of the borough is available which will be considered on a 'case by case' basis taking account of the hardship discretionary funding policy.¹¹
- 4.4 The Council Tax Support (CTS) scheme has been replaced with a new income banded discount scheme for the 2024/25 financial year. Due to the variation of support caused by this scheme change some residents will lose support in their new Council Tax Support award.
- 4.5 The Council recognises that in some cases this loss of support may cause financial hardship with increased Council Tax costs. To continue to assist residents through the cost-of-living crisis and to mitigate the impact of the Council Tax Support scheme change, the Council has identified residents who have lost a significant percentage of their prior Council Tax Support award. A contribution towards this loss will be paid through the Discretionary Council Tax Relief scheme as a one-off mitigation to support those residents financially affected. No application will be required and this mitigation will be automatically awarded directly on to the Council Tax account.
- 4.6 For residents affected the Council Tax Support scheme change who are not automatically awarded mitigation relief the open application process is available and each application will be considered under its own merits.
- 4.7 The Council's updated Council Tax Hardship policies have been tailored with local residents in mind to continue to provide support and will sit alongside the Household Support Fund, and Discretionary Housing Payment schemes.
- 4.8 Residents are able to apply for any or all schemes through the Council's online application form which has merged the application form into one process.

5. Options Appraisal

- 5.1 The Household Support Fund guidance sets out the overarching policy attached to the scheme and how grant funding can be utilised and spent.
- 5.2 This paper recommends a change in the provision of funding from the Free School Meal voucher scheme to support Universal Credit migration. All other aspects of the administration of the scheme are recommended to remain the same as the previous financial year.

¹¹ Appendix 1 – Discretionary funding policy 2024/25

5.3 **Option 1 – Do not administer the scheme**

- 5.3.1 By not administering these schemes, residents of LBBD will be financially disadvantaged, voluntary organisations will struggle to support families through the unprecedented demand they are experiencing, the grant funds would expire and the opportunity to make a difference in the community would be lost.

5.4 **Option 2 – Agree the Funding - Recommended**

- 5.4.1 With many households already on low incomes, reliance on discretionary welfare assistance has continued to see significant demand, becoming an important lifeline to meet basic living costs. All the financial changes and increases this year in the cost of living will heavily impact our residents due to the high levels of deprivation and poverty within the borough. The administration of these scheme is essential to support these residents.

6. **Equalities and other Customer Impact/GDPR**

- 6.1 While a full Equality Impact Assessment is not required in this instance, the Equality Impact Assessment Screening Tool is attached at **Appendix 2**.

7. **Consultation**

- 7.1 External consultation has not been undertaken as proposals are based on government requirements and for the purpose the funding was intended to be distributed against.

8. **Financial Implications**

Implications completed by: Nurul Alom, Head of Finance (MTFS and Budgetary Control)

- 8.1 The report sets out the government and Council funding for financial year 2024/25 to support residents with the cost of living.
- 8.2 The Secretary of State determines the amount of the grant to be paid. The Household Support Funding allocation for the period 01 April 2024 to 30 September 2024 is set at £2,162,051.52.
- 8.3 The scheme will continue to be administered in accordance with Government guidance, supporting low-income households with their cost of living with a particular focus and priority on energy, food, utility and water bills.
- 8.4 Funding is paid in arrears following completion of two management information returns to the DWP outlining the grant spends and volume of awards. The amount of funding received will be in line with the evidence provided in this data return.
- 8.5 Any failure to comply with the specified reporting criteria could lead to delayed payments or refusal of payments and loss of funding.

8.6 The Council Tax Discretionary Relief is c£250k for 2024/25 and will be administered as detailed in section 4.

9. Legal Implications

Implications completed by Dr Paul Feild, Principal Governance Lawyer

9.1 The various schemes set out in this report have different considerations and to assist the Council in its administration of assistance, the Secretary of State has provided guidance which the Council should have due regard.

9.2 The Council, in providing relief and assistance, must act fairly on the basis of policies which enable appropriate consideration of the eligibility and circumstances of the beneficiaries. It is important in the setting up of the schemes to provide for a review mechanism to ensure that processes are applied fairly and injustice is not caused by incorrect application of the policies. Finally, the report rightly highlights the importance of equalities impact assessments to be taken into account when contemplating changes.

10. Other implications

10.1 **Risk Management** - Managing the risk of fraud. The Council will carry out due diligence checks on information required for the general application process and any allocation of funding. Over/Underspend of the Household Support Fund. The Council will closely monitor the expenditure of the scheme throughout.

Public Background Papers Used in the Preparation of the Report:

- Household Support Fund Guidance for Local Authorities 2024/25 ([1 April 2024 to 30 September 2024: Household Support Fund guidance for county councils and unitary authorities in England - GOV.UK \(www.gov.uk\)](#))

List of Appendices:

Appendix 1: Discretionary Housing Payment, Household Support Fund and Discretionary Council Tax Relief Scheme 2024/25 Policy

Appendix 2: Equality Impact Assessment Screening Tool

Appendix 3: Delivery Plan 2024/25