

Meeting of:	Executive
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Council Priority:	Community Wealth Building
Wards:	All
Report of :	Executive Member for Finance and Performance

Subject: Household Support Fund 6 Distribution Strategy

1. Recommendations

- 1.1. To agree the distribution of the household support fund 6 as outlined in this report.
- 1.2. To note the previously agreed funding of holiday free school meals will be distributed from October half term through to Easter 2025.

2. Report summary

- 2.1. The purpose of this report is to confirm the distribution strategy for the household support fund 6 funding of £2,218,519, received from the Government for the period 1 October 2024 to 31 March 2025.

3. Details of the proposal

- 3.1. The Government has extended the Household Support Fund 6 (HSF6), with £421 million of new money made available to councils in England to support those most in need with the cost of essentials from 1 October 2024 to 31 March 2025.
- 3.2. The objective of the HSF6 is to provide crisis support to vulnerable households in most need with the cost of essentials. Authorities are expected to offer support throughout the duration of the HSF6 period and must develop delivery plans to reflect this.

- 3.3. Islington has been allocated £2,218,159 for the period 1 October 2024 to 31 March 2025. The HSF6 is expected to support vulnerable households with energy and water bills, food, and wider essentials. The eligibility criteria allow some discretion to help vulnerable households with the cost of essentials. The distribution strategy must include an application process and must spread funding across households with children, pensioners and disabled residents.
- 3.4. The Council's Executive agreed on the 18 July 2024 spend from the general fund and public health grant offset by the Mayor's fund. This included an amount of £1.2m to cover the cost of holiday free school meal vouchers for six weeks of school holidays from October half term 2024 through to Easter 2025 ([Public Pack\)Agenda Document for Executive, 18/07/2024 19:00 \(islington.gov.uk\)](#)). Holiday free school meals will be funded as agreed.
- 3.5. The proposed allocation strategy for HSF6 comprises:
- C35% to be used to support 4,831 of our least financially resilient low-income households
 - C20% to be used to support 1,608 low-income pensioner households
 - C10% to be used to support 1,337 low-income disabled households
 - C3% to be used to support care leavers and those with exceptional housing costs
 - C10% to be used via an application process
 - C2% to be used to support family stability
 - C10% to be used to support the outcome of the ending poverty roundtables
 - C3% to provide crisis support via Food Aid providers
 - C3% to provide additional capacity at Warm Spaces
 - C2% to be used for an IMAX officer
 - C2% administration costs
- 3.6. Least Financially Resilient households

The Council uses a standard definition of financial resilience to classify low-income households based on the relationship between household income, savings and expected household expenditure. The definition is based on four categories of financial resilience set out in Table 1 below.

Table 1: Categories of Financial Resilience

Financial Resilience Group	Definition
In crisis	Household take-home-income is not enough to meet rent and Council Tax liability and they do not have enough savings to meet 3 months' worth of expected expenditure.
At risk	Household take-home-income is less than their expected expenditure, and they do not have enough savings to meet 3 months' worth of their expected expenditure.
Struggling	Household take-home-income is between zero and £100 greater than their expected expenditure and they do not have enough savings to meet 3 months' worth of expected expenditure.
Coping	Household take-home-income is greater than expected expenditure by over £100. Or household take-home-income is less than £100 above expected expenditure and they do have 3 months' worth of savings.

Based on a data set including all households on either housing benefit or council tax support, the cumulative number of Islington households in each category is summarised in Table 2 below. Note that households on universal credit will be in the data set if they are eligible for council tax support. The dataset includes all households in either food, fuel, or water poverty.

Table 2: Number of Islington Households in Financial Resilience Groups

Financial Resilience Groups	Number of households
Crisis, risk, struggling, coping	27,172
Crisis, risk, struggling	4,831
Crisis, risk	3,525

Crisis	1,193
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Focusing on the three least financially resilient categories, there is a fairly spread distribution of households across each Council ward. It is proposed to make a £250 award to the 1,193 households in the crisis group. This will use £298k of the fund. It is proposed those households in the at-risk group totalling 2,332 households, receive an award of £200. This will use £466k of the fund. It is proposed to award the 1,306 households in the struggling group an award of £150. This will use £196k of the award. The total spend on the least financially resilient groups is £960k.

3.7. Pensioner Households

Pensioner households are a key group to target help towards with the HSF6. It is proposed to target help towards pensioner households who are not in receipt of pension credit who are in receipt of other low-income benefits of housing benefit or council tax support. There are currently 1,608 pensioner households in this group, it is proposed to make an award of £300, which will use a total of £482k from the fund.

3.8. Disabled Households in relative poverty

Disabled people may be facing acute challenges to meet additional needs to manage their conditions, remain independent and avoid becoming socially isolated. They may have increased utility bills due to the usage of equipment, aids or adaptations associated with their disability. They may also have additional heating, water or transport costs. Relative poverty is when households receive 50% less than average household incomes. It is proposed to award £200 to the 1,337 disabled households in relative poverty. This will use £267k of the fund.

3.9. Care Leavers & Housing costs

It is recommended that an amount of £100k is made available to help care leavers who can face barriers as they leave the care system and begin to live independently, and those facing exceptional cases of genuine emergency where existing housing support schemes do not meet this exceptional need. It is anticipated that approximately £50k will be used for care leavers and £50k for housing costs.

3.10. Applications to HSF6

The criteria for HSF6 includes that at least part of the scheme must be application based. There are no restrictions on exactly how much of the scheme should be application based. The application scheme does require more administration resource to deliver this part of the scheme. It is proposed that £250k from HSF6 is made available to apply for crisis support funding.

The application process will be targeted toward carers. People with caring responsibilities may be facing acute challenges incurred through their fulfilling these responsibilities for vulnerable residents. For example, they may have additional heating, water or transport costs. We will target this support through existing networks like the Islington Carers Network.

3.11. Family Stability

The type of family in which people live has an impact both on their risk of experiencing poverty, and their experiences should they fall into poverty. To help low-income households that have recently had a child and will be experiencing increased costs at this time, it is proposed to award £200 to 252 low-income households with a child under the age of 1 years old. This will use £50k from the fund.

3.12. Ending Poverty Round Tables

Our Islington Together 2030 Plan sets out a vision to create a more equal Islington where everyone can thrive. However, too many of our residents are living in poverty or at risk of poverty and, despite a wide range of support interventions delivered over many years, this has not led to the step change we hoped to see in terms of eradicating poverty.

We have a comprehensive offer of support in place across the borough and strong partnerships. We need to find a way to build on this to make it more effective, designing a system that will work for everyone. And to think radically about what more we can do, or do differently, to deliver the step change we want to see for our residents and achieve a longer-term sustainable reduction in poverty.

Through a series of Ending Poverty Round Tables, in Autumn 2024, we're inviting experts in the field of tackling poverty and designing systems change to share their expertise to help shape a new phase of work which will really turn the dial on tackling longer-term poverty.

To support the implementation of ideas resulting from the Ending Poverty Round Tables, an amount of £250k will be used from the HSF6. If the full amount of £250k is not required for this purpose it will be recycled to provide direct support to residents.

3.13. Food Aid Providers

An amount of £100k to be used to support residents accessing food aid providers. This support will link in with previously agreed funding earlier in 2024 to VCS partners that is improving financial resilience and wellbeing for residents, strengthening engagement with community members for a cohesive support network and ensuring Food Aid providers have the skills needed to support residents accessing food aid. This could include using the funding on a mixture of immediate and preventative support, including exploring opportunities to support the creation of a more sustainable food aid providers' network and the potential to support the development of food co-operatives.

3.14. Warm Spaces

The council has in the previous two years provided some funding to enable extra provision of warm spaces days/times across various settings. Up to £100k could be allocated to allow additional warm space provision over the winter months of 2024/25. To note that both council, community and VCS settings do still provide services and using buildings as a warm space is available. The additional funding allows for an increased offer in this space.

3.15. IMAX officer

The IMAX team have secured £3.6m of annual benefit entitlement for residents in 2024/25 so far and we are projecting the final figure for 2024/25 to be in excess of £7m. There is still huge demand to respond to casework and to make targeted contact with groups having completed data-led analysis of those that are potentially not claiming all their entitlements. The IMAX team are currently dealing with a 42% increase in referrals to the service in 2024 compared to 2023. An additional IMAX officer for one year will enable us to help even more residents maximise their benefits and entitlements. This will cost £50k.

3.16. Administration costs

The proposed strategy will keep administration costs to a minimum, allowing for the bulk of the funding to be used to support residents. It is estimated that covering costs of printing and postage, along with the application administration will be around £50k.

3.17. Award allocation

To assess how best to allocate sums to these target households, data on average costs for essential purchases is also required. Based on UK average costs per household, the weekly bill for essential purchases split at £100 per week is -

- £56: food at home
- £30: dual fuel
- £8: water
- £6: broadband

We will recommend to residents to distribute the award as set out above to help them with essential costs. This will be a guide rather than a requirement.

3.18. Award method

Primarily awards will be made by the Post Office Pay-out service which allows the resident to visit the post office and exchange the award letter for cash, having sufficiently verified their ID. This award method also benefits those that have challenges accessing the digital requirements of electronic vouchers.

Some awards will be made by the most appropriate method dependant on the award group, either voucher or equivalent that can be exchanged for cash. The application element of HSF6 can be awarded by a payment to bank account, Post Office pay-out or voucher.

In exceptional circumstances we will cancel an award and re-issue in a way that best suits the individual household e.g., a resident who is unable to leave their house.

3.19. Overall spend

Islington has been allocated £2,218,159, and the funding covers the period 1 October 2024 to 31 March 2025.

The potential spend outlined in this allocation strategy fully spends the grant amount allocated. The total spend will be £2,658m, which is £440k higher than the fund. However, it is recommended to allow a 20% overall not cashed allowance for the money distributed. Based on experience of the five previous rounds of HSF the suggested allocation strategy will fully spend the fund. The council will support all residents to access the funding provided.

4. Other options considered and the reasons for recommending this proposal

- 4.1. This is round six of the HSF which is a grant to all Local Authorities from the Department for Work and Pensions. The guidance from the DWP has changed for each round of the HSF. The approach we take with our distribution strategy is based on the latest guidance DWP have issued, which was received on the 24 September 2024.
- 4.2. The distribution strategy proposed provides a balance of support across the main households that the fund is intended to help, being pensioner households, disabled households and households with children. The bulk of the funding is intended to be used for the immediate crisis type support and the balance of our distribution strategy reflects this. With some provision for longer term preventative measures and tackling the root causes of poverty.
- 4.3. The majority of the HSF will be distributed by direct award keeping administration costs to a minimum and making the process straight forward for residents.
- 4.4. Various other options have been considered through data analysis of the cohorts we intend to help.

5. Key impacts and risks of the proposal

- 5.1. The decision taken will allow for the distribution of the HSF to residents to provide immediate financial help during the period October 2024 to March 2025.
- 5.2. The HSF must be spent by the 31 March 2025, as soon as the decision is made to agree the HSF6 distribution strategy, distribution of the fund can commence.

6. Contribution to the Islington Together 2030 Plan

- 6.1. The HSF6 distribution strategy will provide immediate financial assistance to low-income households that are struggling as we move through the autumn into the winter months.

- 6.2. More residents will get direct financial help and assistance with tackling the longer-term causes of poverty.

7. Consultation and community engagement

- 7.1. Public consultation is not required to distribute the HSF6 funding provided by the DWP. The timescales involved in the distribution of these funds mean that a decision on the distribution of the HSF6 is required from the Council's Executive at the earliest opportunity, allowing time for Officers to implement the planned distribution strategy by the end of March 2025.

8. Implications

8.1. Financial Implications

- 8.1.1 Islington Council had been allocated £2.218m of the Household Support Fund (HSF) grant to cover the period 1st April 2024 to 30th September 2024. The grant has now been extended and a further £2.218m has been allocated to Islington to cover the period 1st October 2024 to 31st March 2025.
- 8.1.2 The funding is distributed by the Department for Work and Pensions (DWP) and there are conditions attached to the funding, including criteria to determine eligible expenditure. This report outlines the Council's proposed allocation strategy in detail in sections 3.5 to 3.18 and has been based on the latest guidance issued by DWP in September 2024.
- 8.1.3 The total of the proposals is £2.658m, which is £0.440m higher than the allocated amount because an allowance has been built in to ensure the funding will be fully utilised. The overallocation is to avoid returning any unspent grant to the DWP where allocated funds are not claimed by residents the Council is seeking to support.
- 8.1.4 There is a risk that expenditure will exceed the grant funding available due to the overallocation therefore, there will need to be regular and robust financial monitoring in place to mitigate this risk. In 2023/24, the same strategy – to maximise spend within the grant - was managed successfully within that year's allocation and the same is expected this year. Savings will need to be found within the directorate if demand goes above, as there is no other funding available.

8.2. Legal Implications

- 8.2.1 The Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specific in

the Act which enables the Council to allocate or spend the various grant funding as set out in this report.

- 8.2.2 The Council can accept the various grant funding further to s.31 of the Local Government Act 2003.
- 8.2.3 In respect of the Household Support Fund, the Department of Work and Pensions (DWP) have issued a Grant Determination 2024 No 31/7466 which contains the terms and conditions governing the use of the grant. Key clauses of the Grant Determination relate to internal governance and control, eligible expenditure and overpayments. Officers should note in particular the obligation to report progress and submit management information to DWP in relation to the grant usage for which there is a template reporting tool provided.
- 8.2.4 The proposed allocation of spend as set out in this report appears to be in line with the latest guidance document issued by DWP which sets out the types of support and eligible spend to include energy and water, food, wider essentials, advice preventative support and housing costs.
- 8.2.5 The proposed criteria used for establishing eligibility as set out in this report is in line with the latest guidance document issued by DWP which states that the fund is intended to support a wide range of low-income households and is not limited to those in receipt of benefits. The Council has flexibility to identify which vulnerable households are in most need of support and can apply their own discretion when identifying eligibility. Nonetheless, in accordance with the general legal duty on local authorities, officers are advised to have a clear rationale or documented policy/framework outlining the Council's approach – the principles of which are already set out in this report. The Council must also consider how any support that helps people facing severe financial hardship impacts those with characteristics under the Equality Act 2010.

8.3. Climate Change and Environmental Implications

- 8.3.1. It is intended to keep energy usage to a minimum through printing and postage. This funding will be targeted at low-income households to help fund vital items like food and fuel. An increase in consumption is likely to have a slight increase in carbon emissions, as generally those in poverty will use less utilities. This funding will give them some support to ensure that they can put the heating on. Any environmental impact will be mitigated by working collaboratively with the council's SHINE service who provide complementary services to support residents in fuel poverty and ensure that energy is used efficiently.

8.4. Equalities Impact Assessment

- 8.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding. An Equalities Impact Assessment Screening Tool has been completed in respect of these proposals and identified there are only positive and neutral impacts on groups with protected characteristics and so a full EQUIA has not been completed.

9. Timetable for implementation

- 9.1.1. If the HSF6 distribution strategy is agreed, distribution of the funds will start almost immediately. The HSF6 will be fully distributed by the 31 March 2025.

Report authorised by:

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Executive Member for Finance and Performance

14 October 2024

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