



Mayor and Cabinet

Report title: Distribution of Household Fund 4

Date: 21 June 2023

Key decision: Yes.

Class: Part 1

Ward(s) affected: All wards

Contributors: Executive Director for Corporate Resources

Outline and recommendations

The purpose of this report is to set out details of the arrangements for administering and distributing the funding received from central government under Household Fund 4 (HF4), the 4th iteration of this funding scheme.

This report seeks Mayor and Cabinet approval of the proposed distribution of the funding but also delegated authority to officers to review and refresh the proposed allocation spend as appropriate, to ensure funds are targeted in an agile and effective way. The main recommendations are:

- Note and agree the contents of the report including the administration and distribution of the funding received under HF4;
- Agree delegated authority for the Executive Director for Corporate Resources, in consultation with the Cabinet Member for Finance and Strategy to amend the distribution formula in the event of further changes to the government's cost of living (COL) response or any change in the proposed funding arrangements for provision of free school meals (FSM) for primary school children from September 2023 onwards;
- Note the EAA carried out in respect of the proposed allocation.
- Note the proposed allocation for HF4 is part of a wider set of COL Support measures provided by the Council, as set out in paras 3.1 to 3.6 of this report.
- Agree the recommendations in the proposed distribution of the funds, as set out in para 5.1 to 5.13 of this report.

Timeline of engagement and decision-making

Distribution of funding under HF4 was initially discussed at EMT on 22 February. A further meeting was held on 3 March with representatives from Age.UK, Citizen's Advice Lewisham, Lewisham Local, Lewisham's foodbanks and the Disability Coalition where proposals for distribution were shared and considered with the group.

1. Purpose of the Report

- 1.1 This report provides an update on proposals to distribute funding received from central government through the latest iteration of the Household Fund. This report seeks agreement on the way forward in administering the scheme and distributing funding and to seek delegated authority for the Executive Director for Resources to amend the arrangements for distribution in the event of other associated changes in national policy or expenditure.

2. Recommendations

- 2.1 Note and agree the contents of the report including the administration and distribution of the funding received under HF4;
- 2.2 Agree delegated authority for the Executive Director for Corporate Resources, in consultation with the Cabinet Member for Finance and Strategy to amend the distribution formula in the event of further changes to e.g. the government's cost of living (COL) response or any change in the proposed funding arrangements for provision of free school meals (FSM) for primary school children from September 2023 onwards;
- 2.3 Note the detailed equalities screening carried out in respect of the proposed allocation;
- 2.4 Note the proposed allocation for HF4 is part of a wider set of COL Support measures provided by the Council, as set out in paras 3.1 to 3.6 of this report;
- 2.5 Agree the recommendations in the proposed distribution of the funds, as set out in para 5.1 to 5.15 of this report.

3. Cost of Living

- 3.1 Since late 2021 the UK has been experiencing increased costs across food, fuel and other essentials. Coupled with lasting effects of the Covid-19 pandemic, the country is now in a 'cost-of-living crisis'. Early research showed that Lewisham residents are particularly vulnerable to price increases and changes in economic

circumstance, and existing disparities are steadily increasing¹.

- 3.2 Given the urgent nature of the crisis, a suite of cost-of-living responses was set up by the council, utilising internal and external resource and expertise. The work has been delivered by relevant workstream leads and VCS partners and has been coordinated by a cost-of-living programme manager.
- 3.3 Whilst a key catalyst of the work-to-date was the winter months and resulting concerns around energy bills, data shows that the cost-of-living crisis is not expected to subside in the foreseeable future. Citizens Advice Bureau national data shows that food bank referrals have more than tripled since April 2019. People who were coping previously are now struggling - the number of people they helped with first-time food bank referrals and crisis support in February 2023 was 9,444 – the equivalent figure in 2019 was 5,177. Whilst general debt advice requests have returned to pre-pandemic levels, energy debt levels have risen exponentially².
- 3.4 There are opportunities to support residents across workstreams relating to food justice, fuel poverty mitigation, income maximisation and debt support and work is already underway across these workstreams. Using resident insight gathered from the Warm Welcome hubs which were launched in partnership with Lewisham Local, it is evident that community-based responses are necessary to ensure initiatives and resources reach under-represented and disproportionately impacted groups.
- 3.5 A detailed equalities screening has been carried out to understand the effects of the crisis on protected groups, and there are also plans to link the cost-of-living work with the Institute of Health Equity's rapid review of cost-of-living interventions to reduce impacts on health inequalities. This is included with this report at Appendix 1. We now have access to the Low-Income Family Tracker dashboard (LIFT) which enables us to identify and target the most vulnerable households, identified through benefit claims. Furthermore, the cost-of-living programme team are working with the Lewisham Strategic Partnership to ensure cohesive links between political, partnership and council-led responses.
- 3.6 It is proposed that, in addition to other allocations, an amount of £400k from HF4 is allocated to support these activities designed to mitigate the pressure of the cost-of-living crisis on the most vulnerable residents.

4. Household Fund 4 (HF4)

- 4.1 This is the 4th iteration of Household Fund. For the 3 prior iterations, Councils were required to plan and consider distribution but with very little time prior to their starting to provide support.
- 4.2 Delegated authority was previously sought and agreed for Household Fund 2 in April 2022 when the Executive Director for Corporate Resources in consultation with the Cabinet Member for Finance and Strategy were able to make any changes to the discretionary elements of the scheme. Retrospective approval of the Council's distribution of the November 2021 Household Fund allocation was

¹ (London School of Economics; Mahnoor Murad Khan; Yolanda Blavo, 2022)

² (Citizens Advice, 2023)

agreed as these funds were distributed in line with guidance from the Department for Work and Pension (DWP) and with urgency to ensure the first tranche of payments were issued to support residents before the Christmas holiday period.

- 4.3 The reason to have acted urgently with distributing funds is that with the previous schemes, the Council received very little notice between the announcement and timescales for delivery as shown below;

Scheme	Announcement	Start
HF1	6 October 2021	6 October 2021
HF2	31 March 2022	1 April 2022
HF3	30 September 2022	1 October 2022

- 4.4 In February 2023, the Council was advised of the allocation for HF4. Lewisham will receive funding of £5.337m. For prior iterations, the Council was mandated on how to spend large proportions of the funding eg in Household Fund 3, we had to distribute at least 33% to each group of families with children and elderly residents. We had discretion over the remaining 33%. With HF4, there are no restrictions although there is a requirement to have an application process as part of the distribution. This has continually made planning and allocation difficult however with HF4, guidance was received on 20 February 2023 and the scheme started on 1 April 2023 and will run for 12 months giving us significantly more time to plan for activities over a whole year.

- 4.5 The other significant change is that we are able to use the funding on activities rather than payments e.g. benefit take-up and debt awareness. These are options we have campaigned for to try and deliver sustainable and long-term solutions rather than cash payments that provide immediate but short-term support.

- 4.6 In prior iterations, the Council have distributed funds based on mandated criteria and generally taken the view to try and provide (a) funding to children through food provision and (b) to as many residents as possible. Significant consultation was carried out with Citizens' Advice Lewisham, Age.Uk Lewisham and Southwark and the Disability Coalition to try and identify those groups most in need of support. However, by providing support widely, the amount of support given was modest and only provided immediate relief rather than a more sustainable solution. Details of spend in the 3rd iteration of the Household Fund are shown below;

Group		£15 p/w
Children FSM	10,666	£1,119,930
Children Non-FSM	10,189	£1,069,845
		£2,189,775
		£100 payment
Elderly households	8,832	£883,200

The terms of HF4 allow us more scope to provide financial and sustainable support. This is detailed in section (5) below.

5. Proposed spend

Support for families during school holidays for children who receive free

school meals during term-tie periods- £2.007m

- 5.1 As in previous years, we propose to provide support for families with children during school holidays who would otherwise receive FSMs during school terms. It is proposed to provide this support @ £15 per week per child for all 13 weeks of the school holidays although given the Mayor of London's announcement of funding for FSMs from September 2023 onwards, the final amount to be distributed may be adjusted to reflect the Mayor's commitment.

Energy Support measures - £200k

- 5.2 We worked closely on the allocation of Household Fund iteration 3 with colleagues in Energy Efficiency. £100k was awarded to provide support across a number of areas including;
- Debt repayments with direct payments to energy suppliers;
 - Heat the human, provision of heated gilets and bears for children, infant's sleeping bags;
 - Fuel vouchers, via payments posted into a Charis account who then supplied the fuel vouchers;
 - Heating parts for heating systems;
 - White goods eg boiler replacement and repair.

- 5.3 Support was made available to some 500 households and it is proposed to increase coverage and provide additional support totalling £200k;

Support for households not receiving government support for the COL payment from central government - £395k

- 5.4 Residents may be entitled to up to 3 COL payments of £301, £300 and £299 if they receive any of the following benefits or tax credits;
- Income-based Jobseeker's Allowance (JSA) or income-related Employment and Support Allowance (ESA)
 - Income Support
 - Pension Credit
 - Universal Credit
 - Child or working tax credits
- 5.5 Additional payments of £150 will be paid to residents who receive a disability benefit from the Department for Work and Pensions and an additional £150 or £300 (depending on the recipients date of birth) which will be paid to anyone of pension age who receives the Winter Fuel Payment. It is considered that those households who receive the COL payments will be adequately funded by central government so the proposal is to provide funding to those who are not in direct receipt of support from central government.
- 5.6 In prior iterations of the scheme, payments from the Household Fund have been paid in addition to the central government COL payments. However, for this iteration it is proposed to provide support to those households requiring additional support i.e. receiving housing and council tax benefit but who do not qualify for

the additional COL payments. We will provide a meaningful amount of support to those individuals and families. The proposed payment will be £500 per household and, as per the prior iteration, the number of households qualifying for this support will be 790 and therefore the funding will be £395k (being £500 paid to each of 790 households).

Support to provide sustainable solutions - £500k

- 5.7 Through each iteration of the Household Fund, the Council has had discussions with DWP to look to create more sustainable, long term solutions which were not possible through the short term nature of previous schemes. However, with HF4 being an annual sum, the Council is now able to create a longer term solution.
- 5.8 The proposal is that we provide support across the borough through benefit take-up activities, debt counselling / advice and improving money management. No specific amount has been mandated for this purpose by the DWP but we are encouraged to use a minimal amount of the fund. The proposal is to set aside £500k which is less than 10% of the fund. This funding would be spent on
- identifying shortfalls in benefits (using the Council’s “Low Income Family Tracker” (LiFT) portal) to help with identifying unclaimed benefits and encouraging applications;
 - to provide debt awareness / money management support;
 - to help residents to maximise their income and improve their financial management;
 - creating a link to the Council’s Employment Support Team to enhance prospects for getting people into work;
- 5.9 To achieve this, we would need to;
- Recruit our own trained staff plus manager to deliver outreach for residents across the borough - This would be done through hosting a number of regular roadshows using community centres, libraries etc to attract customers to come to us to get the advice;
 - Commission current providers / services to expand their support offers;
 - Ensure Jobcentre+ take an active role in receiving and processing applications highlighted by the Council.
- 5.10 At this stage, the delivery of the solution will be a hybrid of all 3. Before defining the model, we will undertake a borough-wide survey of current provision, overlay this with demand profiles (again using the LiFT portal) and ensure the appropriate level of support is already available and where it is most needed. In essence, ensuring the correct type of support borough wide where and when residents most need it and, where necessary, provide funding to bridge any gaps in provision.
- 5.11 The Council will also look to provide seed funding of circa £100k to work with an approved agency to provide debt consolidation services for residents. This will enable residents and families who are at risk of becoming financially vulnerable to consolidate currently unsustainable levels of debt into a single, affordable debt.

Support for schools and school children - £900k

- 5.12 Funding of £400k was available in iteration 3 of the Household Fund for schools to support children. The criteria was discretionary and allowed schools to undertake a series of initiatives to provide support that their pupils needed most. Broadly, this was spent on food and included schemes such as breakfast clubs, additional snacks and food during after school clubs. We are still getting details of what activities schools used their allocation on and with what results and outcomes. It would not be possible to be prescriptive with what works best for each school and instead, it is proposed that we make funding of up to £300k for each term of the 2023/24 academic year so £900k in total for schools. They will be provided with £300k for the Summer term and future funding for the remaining 2 terms will be conditional on their providing details of how they had used their allocation of the funding on the previous term. This is to ensure there is a degree of control and rationale covering how the funding has been used.
- 5.13 We are about to move into Summer and there will be less demand for fuel support. However, it is equally likely that the COL crisis will continue into the immediate future and that there will be a need for support with utilities later in the year when temperatures are lower. It is proposed to set-aside the remaining funding and develop a scheme for residents and organisations to apply for support through an application process when the support is most likely to be needed from – say – September onwards.
- 5.14 In order to ensure the Council can respond in an agile way and have flexibility to target support where it is most needed, M&C are requested to delegate authority to the Executive Director for Corporate Resources, in consultation with the Cabinet Member for Finance and Strategy to determine the most appropriate allocation of the residual funding available., This approach will also provide an opportunity to react to any changes in government initiatives and direct funding as deemed appropriate e.g. changes to the Mayor of London's support for primary school children from September 2023 onwards.

Support to improve the quality and efficiency of schools catering £250k

- 5.15 Set aside some funding to support schools to change some of their arrangements for catering in schools. This will improve both the quality of food provided but also the efficiency of preparing and providing catering within the schools. The proposed allocation of funding is £250k.

6. Conclusion – Proposed allocation of funding

- 6.1 The allocation of funding for HF4 is £5.337m. It is proposed that this will be distributed on the following basis;
- 6.2 Payments to children receiving FSMs during school holidays

- 6.3 There are 10,295 children receiving FSMs. There are 13 weeks of school holidays therefore the support will be as follows;
- 6.4 School children – 10,295 x 13 weeks (holidays) x £15 per week = **£2,007m**
- 6.5 Payments to support households with energy efficiency measures, total **£200k**
- 6.6 Support for households not receiving government support for the cost of living payment from central government (as per section 5.4 to 5.6 above), total **£395k**
- 6.7 Support for sustainable initiatives (as per section 5.7 to 5.11 above), total **£500k**
- 6.8 Application option for schools to undertake their own local initiatives to provide support for children, funding would be through applications for an allocation of £400k for each of the 3 terms in the 2023/24 academic year - **£900k (being £300k per term for each of 3 terms)**.
- 6.9 Capital support for school kitchens to improve the quality and provision of food. There are a number of issues affecting the areas providing food in secondary schools and the funding will improve the facilities and therefore the quality and speed of food delivery – **Total funding will be £250k**
- 6.10 The proposed spend can be seen more clearly in the table below;

Proposed spend	Amount
Children receiving FSMs	£2.007m
Energy efficiency	£200k
Households NOT receiving COL payments	£395k
Supporting sustainable solutions	£500k
Localised application scheme for schools	£900k
School kitchens – Capital support	£250k
Admin support	£40k
Total	£4.292m

- 6.11 The current funding is £5.337m, the proposed spend being £4.292m leaving a surplus of £1.045m. It is therefore proposed that this surplus should remain set-aside for the moment giving the Executive Director for Resources delegated authority to develop options for distribution of this funding later in the year and when it is likely residents will most need support towards utility bills.

7. Communication

- 7.1 Details of the proposed distribution of the funding and information for applicants including schools will be available through the current conventional channels including Lewisham’s website and other social media. Households not receiving a current COL payment from central government will be targeted directly with letters providing instructions to receive their support.

8. Financial Implications

- 8.1 This report sets out details of the arrangements for administering and distributing the £5.337m funding from HF4. The expenditure made under this scheme will be contained within this sum and accounted for according to the grant funding conditions. The sum allows for reasonable costs of administering the grant.

9. Legal Implications

- 9.1 Grant funding for the Household Support Fund will be paid to the Council by the Secretary of State for Work & Pensions under the powers granted under Section 31 of the Local Government Act 2003. The Council's general power of competence, "to do anything that individuals generally may do", in Section 1 of the Localism Act 2011 is sufficient to cover the arrangements for receiving and making payments of the grant as set out in this report.
- 9.2 The Council must comply with the conditions set out in Annex B of the "Household Support Fund Grant Determination 2023 Number 31/6496" which defines eligible expenditure to which the grant can be applied as well as setting out reporting and record keeping requirements. In the event that the Council fails to comply with any of the conditions the Secretary of State may reduce, suspend or withhold grant payments or require the repayment of the whole or any part of the grant monies paid.
- 9.3 The Council must publish on its website, and by any other appropriate means, such information as it considers sufficient to enable the general public to understand the Scheme (including eligibility criteria and how the Scheme can be accessed) in accordance with the Scheme guidance.

10. Equalities implications

- 10.1 The proposals set out in this report contribute to the Council's Single Equality Framework objective: 'to reduce the number of vulnerable people in the borough by tackling socio-economic inequality'. According to data from the Department for Energy and Climate Change, nearly 2 in 10 Lewisham households are fuel poor. The impact of fuel poverty in Lewisham, a low-income economy compared to London, is likely to be further exacerbated by the ongoing cost of living crisis.
- 10.2 In terms of characteristics protected under the Equality Act 2010, the proposals set out in this paper will have a positive impact on all protected groups, but in particular older person households (Lewisham ranks 18th out of 317 local authorities in England for income deprivation affecting older people) and those with dependent children (Lewisham ranks 39th out of 317 local authorities in England for income deprivation affecting children).
- 10.3 Mitigation of socio-economic inequality is one of the specific aims of the 'Fairer Lewisham Duty', which is being used to help the Council to better assess and understand the likely socio-economic effects of its decisions on households and in particular, those facing the greatest vulnerability. The application of this lens suggests that the proposals set out in this report, will contribute to positive outcomes for recipients and help to reduce the likelihood of disproportionate effects on the most disadvantaged.

11. Local policy context

11.1 Lewisham is one of the most deprived local authorities in the country. Nationally, Lewisham ranks 63rd out of 317 local authorities in England and 7th out of 33 local authorities in London, for relative deprivation (1= high deprivation). In Lewisham, relative deprivation is particularly high as it relates to 'barriers to housing' (13th out of 317), 'income deprivation affecting older people' (18th out of 317) and 'living environment' (20th out of 317). The disbursement of funds through the Household Fund fulfils the Council's public welfare role to promote the social, economic and environmental wellbeing of the borough. In the broadest terms, the disbursement of the grant meets the following Corporate Strategy priorities:

- Giving children and young people the best start in life - every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential;
- Tackling the housing crisis - everyone has a decent home that is secure and affordable.

12. Climate change and environmental implications

12.1 There are no climate change and environmental implications arising from this report

13. Crime and disorder implications

13.1 There are no crime and disorder implications arising from this report

14. Health and wellbeing implications

14.1 There are no health and wellbeing implications arising from this report

15. Background papers

15.1 The government guidance dated 21 February 2023 and entitled "Household Support Fund guidance for council councils and unitary authorities in England" (referred to as "the Government Guidance").

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