

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet Member for Social Inclusion and Community Safety,
Councillor Rebecca Harvey

Date: 12/07/2023

Subject: Cost of Living Funding Strategy 2023/24

Report author: Matthew Sales, Assistant Director

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report seeks Cabinet Member approval of the cost-of-living (COL) funding strategy for 2023/24, funded by a £1m budget in the Council's 2023/24 General Fund, the latest award of the Household Support Fund (HSF) for 2023/24, and £150,000 from the Public Health Grant. This takes H&Fs investment in tackling the COL crisis to £10m over 2022/23 and 2023/24.

Collectively the funding will support a comprehensive range of statutory, discretionary and partner services in 2023/24, in keeping with the urgent priority the Administration has given to the COL crisis. It will enable the continuation of a range of essential support for lower-income families and individuals funded by the Council and the HSF in 2022/23 and provide funding for five new schemes that will prevent lower-income households from falling into crisis and offer financial, energy and essential living support to disabled residents, residents in fuel poverty and care leavers.

RECOMMENDATIONS

1. That the Cabinet Member for Social Inclusion and Community Safety approve the Cost of Living Funding Strategy for 2023/24 of up to £3,978,750.

Wards Affected: All.

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The COL funding strategy includes a range of crisis prevention support to lower-income families and households. It is also closely aligned to broader work as part of the response to the COL to build economic resilience and inclusive growth through the Industrial Strategy, H&F Works and developing Financial Inclusion Strategy.
Creating a compassionate council	Central to our response to the COL crisis has been compassion that recognises the immediate and

	urgent needs of residents through a comprehensive range of statutory, discretionary and partner support.
Doing things with local residents, not to them	A key part of our strategy has been to build a COL Alliance of voluntary sector organisations, businesses and other local organisations and public sector partners. This has placed resident's voices at the centre of our approach to tackling the COL crisis. The funding strategy continues a range of direct support to residents to understand their concerns and how they are being impacted such as through the COL Advice Team, advice pop-ups and welcome spaces.
Being ruthlessly financially efficient	The funding strategy maximises the availability of all funding including the HSF. Our overall response to the COL has been designed make the best use of existing resources to work flexibly across a range of projects and activities.
Taking pride in H&F	Our approach to tackling the COL crisis has been to target help to those that need it most, including low-income households and those with additional support needs. It also is strengthening partnerships locally to build a stronger, happier and more resilient borough.
Rising to the challenge of the climate and ecological emergency	Energy efficiency improvements for households in fuel poverty form a key part of the strategy, which helps to save money for residents and reduce the demand for energy.

Financial Impact

The Cost of Living strategy is funded through the following sources:

1. £1m Council General Fund budget approved through the 2023/24 budget setting process.
2. £2.83m from the Household Support Fund received from the Department of Work and Pensions.
3. £0.15m from the Public Health Grant to fund a digital directory of community and voluntary services, and administrative officers to directly help residents in crisis.

The total funding allocation for 2023/24 is £3.98m and has been allocated as follows:

Table 1: Cost of Living schemes as part of overall £3.98m budget (£2.83m HSF, £1m Council COL, £0.15m Community Champions)

Support	Funding Source			Total
	Household Support Fund	Council	Public Health	
Council Tax arrears scheme	£400,000			£400,000
3rd sector grants / COL Alliance	£200,000	£150,000	£50,000	£400,000
Scheme 3: Disabled residents & families energy support	£378,000			£378,000
Homelessness prevention and temporary accommodation	£350,000			£350,000
Contingency		£339,250		£339,250
Scheme 1: COL crisis prevention fund	£325,000			£325,000
Local COL payment – Housing Benefit	£294,000			£294,000
Scheme 4: Energy efficiency grants PILOT	£262,500			£262,500
COL Advice Team	£50,000		£100,000	£150,000
Scheme 2: Top-up LSP	£150,000			£150,000
COL activities and comms		£150,000		£150,000
Operations Team		£150,000		£150,000
Discretionary Housing Payments		£125,000		£125,000
Holiday activity for children	£125,000			£125,000
Prepayment meter vouchers	£104,250	£15,750		£120,000
Children's S.17	£100,000			£100,000
Scheme 5: Care experienced payment	£75,000			£75,000
Rental Income - discretionary support		£70,000		£70,000
Christmas meal elderly residents	£15,000			£15,000
Grand Total	£2,828,750	£1,000,000	£150,000	£3,978,750

Grant conditions exist for the HSF and officers will need to ensure these are met. Quarterly grant returns are required with payments made to LBHF in arrears for the total claimed, up to a maximum of £2.83m.

Alex Pygram, Head of Finance, Corporate Services, 5th June 2023

Verified by James Newham, Assistant Director Corporate Finance, 8th June 2023.

Legal Implications

The Council has power to accept funding paid to local authorities by the Department of Work and Pensions from the Household Support Fund and to spend the amounts received. The Council has discretion to decide how these payments should be used subject to the terms of the grant determination and relevant guidance issued by the DWP. The cost of living schemes listed in the first column of Table 1 above fall within the type of expenditure for which the grant may be used. The funding is subject to conditions which will need to be monitored and observed.

The Council also has power to incur the other expenditure set out in this report under the Localism Act 2011.

Where payments are given to voluntary and community organisations, information will be required from those organisations about funding received from other sources to ensure that the requirements of the Subsidy Control Act 2022 are being met. If the organisation's receipts by way of grant funding exceed £315,000 over a three year period, specific advice will be required to ensure the payments fall within the scope of the legislation.

Because of the value of the proposed expenditure and the likely effect, the proposals in this report are a "key decision" under the Council's constitution and this needs to be included on the key decision list on the Council's website.

John Sharland, Senior solicitor (Contracts and procurement)
Dated 5 June 2023

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Proposals and Analysis of Options

1. H&F is committed to a wide-ranging and comprehensive response to the COL crisis. This report sets out a funding strategy for COL resources in 2023/24. Collectively, this will mean we will have a total package of £10m supporting residents through the COL crisis in 2022/23 and 2023/24. This includes an additional £1m of Council funding made available in 2023/24.

2. Central to our response to the COL crisis has been compassion that recognises the immediate and urgent needs of residents and businesses. We are also seeking to take a preventative approach that builds resilience to the crisis through innovative support that is both targeted and accessible. This includes linking the strategy to wider work such the Council's significant investment in food holiday support to help prevent food poverty, access to more and better jobs through H&F Works and the Industrial Strategy and emerging food, financial inclusion and fuel poverty strategies.
3. The funding strategy for 2023/24, made up of the activities and projects in Table 1 above, has been informed by wide officer engagement across all departments, lessons from COL activity in 2022/23 and evidence of impacts of the crisis on residents and communities. This exercise has considered different options for the funding, with those included identified as best meeting our needs. H&F has been awarded £2,828,750 of HSF in 2023/24, which will fund some of the activities and projects in the funding strategy. The proposals in this report align well with the Department for Work and Pensions' (DWP) guidance for the use of HSF.

Building on Cost of living support in 2022/23

4. The COL crisis remains an urgent priority, given the significant rise in everyday costs for residents and businesses and the hardship this has created for many. In 2023, inflation has fallen a little from its peak of around 11% at the end of 2022 though there remains continued economic uncertainty and the fastest acceleration of food prices in 45 years. On 22 June 2023, the Bank of England confirmed its 13th consecutive interest rate increase since October 2021 to 5%. The Office for Budget Responsibility (OBR) predicts that real household disposable income will fall by 2.6% in 2023, on top of a 2.5% fall in 2022.
5. His Majesty's (HM) Government is continuing energy cost support to some low-income and vulnerable residents in 2023/24, however the £400 reduction in energy bills that the vast majority of households received is not continuing. The price cap for the cost of energy will fall below the Energy Price Guarantee of £3,000 in July 2023 for a typical household, however the price cap remains significantly above the cost of energy before the COL crisis began.
6. This funding strategy has been informed by how the crisis is being felt in the borough and the support that has been provided over the past year. The dedicated COL Advice Team set-up by H&F in October 2022 received and made over 6,000 calls in 2022/23 from residents. The team has undertaken assessments of the support residents need with over 1,000 residents. Eighty percent of these residents are in receipt of benefits, and one-half are Council tenants, showing the Council has been successful in targeting its support to residents most in need. This funding strategy provides an additional £150,000 investment to extend the team until March 2024, to continue its support to residents face-to-face at 145 King Street and at COL advice Pop-Ups and by telephone and email.
7. The number of households in temporary accommodation rose in 2022/23 to a high of 1,171 in December 2022, before falling back to 1,149 in March 2023, an increase of 4% on 12 months ago. The number of homelessness approaches

also increased in 2022/23, with 15% more approaches than in 2021/22, due to the housing crisis. This funding strategy includes £350,000 investment for 2023/24 to provide welfare support and homelessness prevention to residents in temporary accommodation, private rented sector, and housing association tenancies, with priority given to households with children, pensioners, disability, or vulnerable singles suffering from mental health issues.

8. There has been high demand from residents in 2022/23 for discretionary financial and hardship support. Discretionary Housing Payments (DHP) was fully allocated in 2022/23, with £720,000 allocated to residents in need because of a shortfall between their benefit entitlement and the rent for their home. The Local Support Payments (LSP) £600,000 budget was also fully allocated in 2022/23, all funded by the Council. This funding strategy extends both of these schemes in 2023/24 to reach more residents in crisis. An additional £125,000 of funding will extend the existing DHP budget in 2023/24 to help more residents. The LSP will also be extended, which is a new scheme for 2023/24 and outlined later in this report.
9. Residents with pre-payment meters have been particularly vulnerable to the rises in energy costs because of their circumstances and the higher cost these residents pay for energy. The most common support requested from the COL Advice Team has been concerns about fuel poverty. In 2022/23, energy support was available to pre-payment meter residents through £49 energy vouchers from the fuel bank foundation, referred by Council services and the Foodbank. This saw £90,000 or almost 1,950 vouchers issued across 2022/23. This funding strategy continues this support in 2023/24, doubling the value of support.
10. The funding strategy includes £400,000 investment for targeted grants to voluntary and community sector organisations against key priorities. The allocation of the grants to voluntary and community sector organisations will be agreed in coming weeks, looking against the wider support the Council provides to the sector. Debt advice and financial inclusion is a new area identified for support. A key part of our strategy has been to build a COL Alliance of voluntary sector organisations, businesses and other local organisations and public sector partners, as was done so successfully during the Covid-19 pandemic. The Alliance partnership offers opportunities to share resources, expertise and knowledge, all with the ultimate aim of improving the support available for our residents.
11. The funding strategy includes investment to continue successful activities from 2022/23. This includes for communications to ensure support available is accessible and digitally inclusive. Funding will allow another COL booklet to be delivered to every household in the borough in December 2023, which will be made available at primary, secondary and special schools, community and voluntary organisations and GP practices, building on the success of last year. This will include an accessible version for use with screen readers and an easy read version. The funding strategy also includes additional investment for an Operations Team that has led projects and activities across the borough and will provide direct support to residents in 2023/24. Projects from 2022/23 that will form part of this funding strategy in 2023/24 include the Welcome Warm Spaces, which were visited by over 1,500 residents and received good resident

feedback; and the COL Advice Pop-ups delivered at the Livat shopping centre, Hammersmith, and the W12 shopping centre, Shepherds Bush.

Further priorities for funding in 2023/24

12. Table 1 above also includes five new schemes for 2023/24, which will strengthen our wide-ranging support to low-income families and individuals. This has been made possible by the Council's investment in the tackling the COL crisis.

Scheme 1: Cost of Living Crisis Prevention Fund

13. H&Fs discretionary funds were increased in value (via the HSF or other Council resources) in 2022/23 to reflect increased pressures for residents from the energy crisis and rising everyday costs. These discretionary funds are for specific purposes and eligibility is restricted.
14. The funding strategy therefore includes a new application-based local COL crisis prevention fund, to provide emergency payments and hardship support to households in need and to prevent a crisis. The value of each award will vary depending on circumstances but the scheme is anticipated to support around 1,500 residents. The fund will be administered against a policy statement and eligibility criteria and is intended to support a wide range of lower-income households including (but not exclusively) residents ineligible for the national government support. Residents will be able to apply for the crisis fund and consideration will be given in assessing applications about duplication of support across schemes (H&F and other).

Scheme 2: Local Support Payments extension

15. This report extends the budget of the LSP in 2023/24 (current budget is £600,000). This scheme has strict criteria designed to support residents on qualifying benefits in an emergency caused by a specific event that is unfortunate and/or unexpected by nature. LSP was not designed to meet on-going hardship such as that experienced by the current COL crisis or lower-income households not on qualifying benefits.
16. The additional funding will allow the broadening of the LSP criteria so eligibility is for all residents on Universal Credit, not just residents with maximum Universal Credit awards. Currently 40-50% of applications are refused, with a proportion of these because they do not meet the qualifying benefit criteria. All other aspects of the current LSP scheme will remain unchanged.

Scheme 3: Disabled residents and families – energy support payment

17. Disabled and long-term ill residents are amongst the most vulnerable in the borough, twice as likely to live in poverty and often need more domestic energy for essential living. As of the 2021 Census, 23,000 residents reported as having a disability under the Equalities Act (12.5% of the population) and of these, 10,100 residents reported that their disability limits their day-to-day activities a lot.

18. [Resolution Foundation](#) research highlights that around half of disabled adults are having to cut back on food, have significantly less disposable income or savings than non-disabled people, and will struggle to heat their homes. A separate [report](#) by Trust for London showed that disabled and long term sick people were the demographic group most likely to be unable to afford to keep their house warm and suffer food insecurity, substantially above single parent and unemployed groups. There are also clear links between cold homes and poor diet in worsening existing cardiovascular and respiratory conditions.
19. Action on Disability H&F say that wheelchair users are static for long periods and need the heating on more often, and some disabled residents now choose between paying for a carer or paying for energy costs. In one example, disabled residents reliant on dialysis machines can expect to pay between £590 and £1,450 annually to run their machines, which are heavily reliant on electricity and water usage – and are therefore subject to fluctuations in rates and tariffs.
20. H&F has a long-standing commitment to supporting Disabled residents. The ground-breaking Disabled People Resident Commission has led onto a range of other policies and projects including the Hammersmith & Fulham Co-production Implementation Group (HFCIG), Civic Campus Disabled Residents Team (DRT) and the Disabled People’s Housing Strategy Implementation Group (DPHSG) – groups that have all advanced the involvement of Disabled residents in decision-making at H&F.
21. This funding strategy also includes a one-off payment to Disabled residents and families of Disabled children to support with energy costs. This will be informed by clear eligibility criteria, which will be developed with partners and inform the value of the payment and how many residents will be supported. The payment will supplement the £150 national COL payment that government has confirmed will be repeated in 2023/24 (through a one-off payment in summer 2023).

Scheme 4: Energy efficiency grants for households in fuel poverty

22. Many residents of H&F are struggling with energy costs, particularly lower-income households. There are currently 8,250 households in H&F that are in fuel poverty as defined by government, based on low income (below 60% of the average UK household income after housing costs are accounted for) and low energy efficiency (Energy Performance Certificate (EPC) rated D or below). However, this figure is based on 2020 data and therefore doesn’t account for the rise in energy prices since the COL crisis. Rented tenures have the highest rate of fuel poverty, with a quarter of private rented sector tenants and 19% of social housing tenants in H&F in fuel poverty.
23. The funding strategy therefore includes a scheme whereby residents in fuel poverty will be able to apply for funding to carry out themselves simple energy efficiency measures in their homes. Grants will be provided in the form of vouchers. Providing these grants will ensure that those most in need continue to have access to crucial energy saving measures which, critically, provide bill savings, as well as a long-term solution to fuel poverty. For example, draughtproofing windows and doors can save around £60 annually,

draughtproofing chimneys can save £90 annually, and a hot water tank jacket can save around £70 annually (according to the Energy Savings Trust). There are also wider preventative benefits from this scheme, such as poor health from cold homes and damp and mould from cold homes.

24. Up to 500 households are anticipated to be supported. To assess eligibility, the scheme will assess income, eligibility for means-tested benefits and EPC ratings, making sure that those most in need are receiving the support, which will include disabled residents and residents with prepayment meters. For some priority groups, we will look to offer energy audits via Green Doctors. Although it is intended that work will very largely be done by residents themselves, it may be possible for tradespersons to support the priority residents in fitting some of the energy efficiency measures.

Scheme 5: Care experienced young people one-off payment

25. Children in care and young people who have experienced the care system often remain vulnerable to economic shocks as they lack financial resilience. H&F provides a range of existing statutory and discretionary support to care experienced young people which includes one-off payments and bursaries to help young people access the accommodation and education they need.
26. This funding strategy includes a one-off £150 payment to around 500 care experienced children and young people. This has been included because of the extent of the inequalities this group faces, which has been heightened by the COL crisis. Over a third of UK care experienced young people face homelessness within two years of leaving care. High numbers of care experienced young people have reported debt, struggling to buy food, and poor mental health in the COL crisis. Proactively supporting our care experienced young people financially could potentially avoid crisis situations progressing.

Reasons for Decision

27. H&F is required to establish priorities for the use of the Household Support Fund grant in 2023/24, which will be used for projects and activities in this funding strategy in line with guidance for the use of HSF. Commitments and spend against the HSF will be reported quarterly to DWP. As the funding strategy will have a significant impact on two or more wards and is more than £300,000 but less than £5m, it requires approval by the Cabinet Member for Social Inclusion and Community Safety, as the lead member for the cost of living crisis.

Equality Implications

28. The Cost-of-Living Funding Strategy presented in this report contributes positively towards the delivery of the Council's Equalities Plan and is expected to have a positive impact on protected groups; responding proactively to known inequalities that exist. A considerable body of research has shown that some protected groups can be disproportionately impacted by the cost-of-living in different ways, including older and younger people, women and disabled residents. This strategy strikes a balance between targeting direct support to

those groups and others, whilst more broadly seeking to support residents on lower incomes, regardless of their personal characteristics. It should be noted that this funding strategy forms one constituent part of the Council's broader cost-of-living support offer, alongside other discretionary and statutory support and services. A full equalities impact assessment is attached to this report as Appendix 1.

Risk Management Implications

29. Options for funding spend are considered to best meet the needs within the borough and, with regards to the HSF, they are aligned to the DWP guidance on the use of this Fund. It is noted that grant conditions apply to expenditure against the HSF, which represents 71% of the funding identified in the strategy. As spend against this Fund will be reported quarterly to the DWP, with payments made to LBHF in arrears, appropriate processes must be established to ensure that spend is in line with grant conditions and can be reclaimed in a timely manner. It is also noted that checks will be made to ensure that applications for funding, such as the Cost of Living Crisis Prevention Fund, are not duplicating support from other schemes.

Moira Mackie, Head of Internal Audit & Risk, 05/06/2023.

Climate and Ecological Emergency Implications

30. The funding strategy will make a positive contribution to tackling the climate emergency. It includes micro-grants for residents in fuel poverty to undertake energy efficiency improvements which will reduce the cost of energy and help tackle fuel poverty, as well as offering wider preventative benefits such as poor health from cold homes and damp and mould from cold homes. The engagement of residents interested in applying for micro-grants will provide wider opportunities to promote understanding of the climate emergency and undertake energy audits for some priority groups.

Approved by Hinesh Mehta, Head of Climate and Ecology, 31/05/2023

Consultation

31. A key part of our strategy has been to build a COL Alliance of voluntary sector organisations, businesses and other local organisations and public sector partners, as was done so successfully during the Covid-19 pandemic. The strategy builds on successful activity delivered by partners and funded by the Council in 2022/23. We will be engaging with partners on projects and activities in the funding strategy in coming weeks and throughout 2023/24.

LIST OF APPENDICES

32. Appendix 1 – Equalities Impact Assessment.