

Children and Families Committee

Date of Meeting:	20 March 2023
Report Title:	Household Support Fund 4 & 5 (HSF4/HSF5) Grant Delivery
Report of:	Deborah Woodcock, Executive Director of Children's Services
Report Reference No:	
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. This report updates the Children and Families Committee on the Household Support Fund 4/5 (HSF4/HSF5) grant awarded to Cheshire East and seeks delegated approval to deliver the fund in line with the proposals set out in this paper.

2. Executive Summary

- 2.1. Following the Government's Autumn statement, at the end of November 2022 the Department for Work and Pensions (DWP), announced the HSF3 would be receiving an extension of £1bn worth of funding and would be called HSF4 and HSF5.
- 2.2. HSF4 funding allocations have been confirmed by the DWP, for £4.4m over a 12-month period. The funding is expected to be used to support households in Cheshire East with food, utilities, and other essentials from 01 April 2023 to 31 March 2024.
- 2.3. In January 2023, the HSF4/5 grants were submitted within the Medium-Term Financial Strategy (MTFS) presented to the Children & Families committee on 16 January 2023, with a recommendation to accept the grant into the budget. The MTFS will be approved by Council on 22 February 2023.

- 2.4. This paper seeks agreement from the children and families committee to consider the delivery option provided within the paper for the HSF4/5 grants for both the children and adult element of funding, pending grant determination. For children, this would mean providing payments aligned with key school holiday periods (Easter, summer, Christmas). The fund would also provide an enhanced offer for adults to include the existing group of pensioners in receipt of council tax support supported via the bulk payments, alongside individuals who Cheshire East are a corporate appointee for, and adults who are on housing benefit only.

3. Recommendations

- 3.1. The children and families committee is recommended to:
- i. Note Cheshire East's HSF4/5 grant allocation of £4.4m in 2023/24.
 - ii. Agree the proposed allocation of the grant, eligible cohorts and payment arrangements set out in this paper.
 - iii. Agree the closure of the public facing enquiry form and return to the professional/practitioner only enquiry form. This is a result of an excessive volume of claims received and validity of claim challenges.
 - iv. Delegate authority to the Executive Director of Children's services to incur expenditure in line with the HSF4/5 grant conditions.

4. Reasons for Recommendations

- 4.1. Whilst the MTFS accepted the funding for the HSF4/5 grants, the final allocation and delegation to the Executive Director of Children's Services is required to spend the grant. This delegation enables the fund to be allocated effectively to those residents most in need in Cheshire East.
- 4.2. It is proposed that Cheshire East continues to support the same cohorts through the HSF4/5 grants as previously, which have had a positive impact on targeted groups. Some additional groups have been identified to increase the inclusivity of the grant.
- 4.3. It is proposed to remove the public facing enquiry form as this has caused significant issues, including the volume of inappropriate and managing fraudulent claims. This has reduced the resources and impact available for our targeted cohorts.
- 4.4. The HSF grants will contribute to the delivery of the outcomes in the corporate plan under the priority to be a council that empowers and cares about people. Both adults and children and young people who suffer the greatest inequality in terms of lack of household income will directly benefit from this grant.

- 4.5. The proposed recommended delivery of the HSF4/5 fund in Cheshire East is based on what has worked well both within our borough and best practice from other local areas.

5. Other Options Considered

- 5.1. There is an option to deliver the children's portion of the grant over more of the school holidays (Easter, May half term, summer, October half term, Christmas holidays and February half term). Although this option spreads the financial support for families over a longer time period, it dilutes the grant's ability to target the periods of highest need. This option also carries increased administrative pressures upon our delivery partners (schools, colleges, etc.) and internal Cheshire East staff.

6. Background

- 6.1. Over the last two years, several temporary grants and funding initiatives were introduced in recognition of the hardship placed upon families and individuals. This included the 'COVID Winter Grant Scheme' (December 2020 – April 2021), the 'COVID Support Grant' (April 2021 – September 2021), the Household support Fund (October 2021 – April 2022), the Household support Fund 2 (April 2022 – October 2022), and Household support Fund 3 (October 2022 – March 2023). Families and adults have been supported by these grants via e-vouchers through early years settings, schools, colleges, and wider support services to families who were vulnerable to financial hardship due to the impact of the pandemic. Direct payments to eligible pensioners have also been ongoing alongside an online enquiry form.
- 6.2. Over 10,000 children and families across Cheshire East have been supported by these grants alongside over 8,000 adults and pensioners, with a total of over 150,000 vouchers provided and over £8mn in funding. The council also ensured that families in need of replacement goods, such as fridges, cookers and washing machines, were helped, and benefited from a partnership involving schools, colleges, the NHS, council services and third sector organisations to identify families in need. A similar process was in place for adults who needed assistance.

Cheshire East's grant allocation

- 6.3. In late November, the DWP announced that the HSF would be extended from 01 April 2023 to 31 March 2024. Cheshire East's HSF4/5 grant allocation of £4.4m in 2023/24 and we have received the guidance and grant conditions.
- 6.4. All elements of the HSF are in line with the previous grant plus we can now fund debt advice services if there is nothing delivering this locally. HSF3 did not ringfence of any proportion of funding for any particular cohort of people. This meant that there was no requirement for at least 33.3% of the

fund to be allocated to households with someone over state pension age and that a further 33% must be allocated to support households that included a person under the age of 19 (as there was with the previous fund). However, as Cheshire East proposes to support the same cohorts as per the previous grant, the fund planned to be split broadly in line with the previous grant.

- 6.5. The HSF3 included a requirement for all local authorities to operate at least part of their scheme on an application basis i.e., residents should have the opportunity to come forward to ask for support. This has been retained in HSF4/5 and for a continued expectation to consider those groups who may not have benefitted from any of the recent cost of living support.
- 6.6. The aim of the HSF4/5 will be to provide support to vulnerable households in most need. In Cheshire East we are proposing to use the £4.4m fund to support vulnerable households with food, utilities and other essentials between April 2023 and March 2024.

Grant cohorts

- 6.7. It is proposed that Cheshire East continues to support the same cohorts through the HSF4/5 grants as previously, with some additional groups to increase the inclusivity of the grant. The children's groups which are provided with priority bulk payments include those who are eligible for free school meals (FSM), early years pupil premium (EYPP), two year old funded (2Y/OF), care leavers aged between 18 – 25, young people aged 16 – 18 who are not in education, employment or training (NEET) and young carers. These families will receive their vouchers via schools, colleges, early years settings and by a host of support services. We have provided these groups vouchers since December 2020, and since then an average of 90% have been redeemed by families. Any vulnerable adults or families who do not receive support via these channels would be eligible for referral from recognised professionals.
- 6.8. Based on cohort numbers at the beginning of the HSF3 grant, Cheshire East had approximately 9,500 FSM young people in schools and colleges, with a further 2,000 in 2YO funder/EYPP, totalling 11,500 individuals. A further 750 individuals were supported across the remaining cohorts (please note, most of the high-risk individuals from these groups are included in the FSM, 2YO/EYPP lists).
- 6.9. The council is encouraged to work closely with local partners to identify a broad range of vulnerable households across their local area. We will target those from low-income households that cannot increase their income through work, such as pensioners, people with disabilities, unpaid carers, and parents of very young children in their area.

- 6.10. As with the previous HSF grant, support will be distributed in the form of e-vouchers, and payments made to utility providers, payments to white goods providers (contracts in place for Emergency Assistance), payments made to landlords, or in some exceptional cases payments will be made directly to individuals.
- 6.11. Cheshire East's scheme targets pensioners who are in receipt of council tax support to enable referrals from professionals/practitioners for others who are in need. This group has been supported by both HSF2 and HSF3, receiving £100 in utilities vouchers. Over the HSF2 period, 93% of vouchers provided were redeemed by pensioners. In addition, we will include individuals who Cheshire East is a corporate appointee for. These customers have been assessed as lacking capacity to manage their finances, and due to their lack of capacity some of the customers have experienced hardship and would benefit from HSF grants.
- 6.12. In addition, we will include those in receipt of housing benefit only as the DWP have advised that these are a key group to be considered for support. This is because they are on a low income but not in receipt of any other benefits which would have resulted in them receiving the £650 cost of living payment, or one of the other cost of living payments as detailed in [Cost of Living Payment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/cost-of-living-payment)
- 6.13. Regarding volumes, there are approximately 7,700 pensioners in receipt of council tax support, 400 individuals who Cheshire East is a corporate appointee for and around 300 individuals who are in receipt of housing benefit only and no other cost of living payment. If the option to support all of these groups was selected, a total of 8,400 individuals would be established within our adult's bulk offer.
- 6.14. Referrals are likely to come from colleagues in the benefits service, adult services, the Citizen's Advice Bureau, Age UK, the Winter Wellbeing Group, housing associations, disability and carer support services and other recognised professionals working with vulnerable adults. Referrals are also likely to come from wider council services who will have seen communications in Team Voice, and Members who receive communications via the Members briefing. This will include individuals at immediate risk of eviction or who are facing notable poverty with regards to food or utilities. A cross-service steering group, chaired by the Head of Prevention and Early Help, oversees eligibility and development of the HSF.
- 6.15. The HSF Fund sits within a wider context of poverty support being provided to individuals including, discretionary housing payments, homelessness prevention and support under the emergency assistance scheme.

Payments

- 6.16. Over the space of the next 12 months the budget will allow for £160 worth of payments to be made to the families of our children and young people who are within our identified cohorts.
- 6.17. In addition, £160 worth of payments to pensioners in receipt of council tax support, corporate appointees and housing benefit only. The budget will also facilitate an enquiry form with an inventory of food/utilities vouchers to capture those not included within the priority groups, and for wider support to be provided for housing support and wider essentials. Please note, these figures are only estimates as we do not have confirmation of the budget size, nor grant guidance.
- 6.18. Alongside food/utilities vouchers, the budget also allows for individuals to access support for boilers payments, housing payments and other essentials.
- 6.19. Enquiry payments for food would be available for £20 per child, £40 per single adult and £60 per couple for one week, and £100 per household for utilities. A further £20 will be available for wider essential payments per household. Support for housing would also be available via discretionary housing payments.
- 6.20. Payments to children and families are aligned with key school holiday periods (Easter, summer, Christmas) to provide optimal support for our families, whilst allowing for efficient delivery processes. This allows for focussed support during the key holidays, which are all over one week in length. This also aligns the HSF programme with the DfE's holiday activity fund programme, which delivers over the Easter, summer, and Christmas holidays. Due to their length and position as end of term holidays, these holiday periods were found to have the largest impact on holiday induced inequality and educational attainment. We therefore suggest aligning the delivery of the two projects to ensure maximal support is available during the periods of highest need.
- 6.21. In terms of payments to adults, providing 1 payment per grant period to the 7,800 pensioners in receipt of council tax support, eligible for either food or utilities. In addition to these groups, with the help of colleagues from the adult's department, we would recommend complimenting the pensioners council tax support group with individuals who are only in receipt of housing benefit only and no other cost of living payments, and individuals who Cheshire East are corporate appointees for. The housing benefit only group totals approx. 300 individuals, we suggest this group as the DWP have advised that they are another key group to be considered for support due to their omission from other grant processes.

Referrals

- 6.22. The HSF3 guidance includes a requirement for the enquiry form to be accessible. To address this, we introduced a public facing enquiry form. The main benefit of this was to increase inclusivity and ensure that those residents who are struggling and not currently engaged with services can get the help they need. We also encouraged those who apply through this route to take up other offers of support and services. However, for the HSF4/5 fund, we are recommending removal of the public facing enquiry form for the reasons set out below. We will continue to promote referrals via those working with our vulnerable residents.
- 6.23. The introduction of the public facing enquiry form increased access to the HSF3 grant, however volumes and moderated need of the recipient quickly became unmanageable. The number of enquiries rose from between 30 – 40 via trusted professionals per day to between 100 - 200 per day following the release of the public facing enquiry form. This placed increased financial strain upon the project, requiring us to reduce the level of support from £100 per energy voucher, £60 per couple and £40 per single adults, to only £20 per individual, with utility vouchers no longer offered. We also had to reduce eligibility by blocking applications who had received any of the other cost of living payments. The risk of fraudulent claims also sharply increased, with up to 100 known fraudulent claims received since December 2022. As a result, the ramifications of public facing enquiry form reduced the overall quality of the HSF offer whilst increasing administrative strain.
- 6.24. Feedback from our voluntary sector colleagues suggest that the public facing enquiry form posed challenges. They felt it increased low risk cases, and reduced access from higher risk individuals. They also recommended the trusted professional enquiry form mechanism, stating Cheshire East's support was targeted to the communities most need areas, whilst also being consistent. As the trusted professional enquiry form has been open since December 2020, there is an understanding of how the process works, and where it sits in terms of the wider portfolio of support on offer from Cheshire East. Those without trusted professionals can also apply for emergency assistance. They will then be means tested and if eligible, receive the HSF grant.
- 6.25. Over the HSF3 period, other local authorities introduced a self-referral option for those who do not engage with other services to make it more accessible to them, however they have also noted the forms as a source of extremely high volumes whilst carrying an increased risk of fraud despite reasonable mitigations being put in place. Many were forced to close the forms citing budgetary pressures, whilst others exhausted their funding early in the grant period. For wider context, colleagues in benefits quoted a 45 minute per case time frame for means testing each claim, as we

received a total of 200 per day at our peak, we agreed this was not a feasible option to pursue.

6.26. Previously, all enquiries required a recognised practitioner/professional to complete the referral form to access the household support fund. We used this method to reduce fraudulent claims, target those most in need whilst also allowing a significant degree of flexibility to capture the newly/unknown vulnerable during a period of increased financial instability. The current enquiry form has worked successfully over the past 2 years, with a total of £292,460.00 provided to over 2,347 families/individuals over the previous 6 months.

6.27. **Implications**

6.28. **Legal**

6.28.1. Additional funding has been made available by the DWP to Local authorities and covers the period from 1 April 2023 to 31 March 2024. Local authorities have full discretion on how the funding is to be used as long as it is in accordance with the guidance set out in the household support fund grant determination (yet to be confirmed by DWP).

6.28.2. Local authorities are expected to administer the HSF and provide assistance to households most in need to help with significantly rising living costs. Despite the fact that this is an extension to the previous three household support fund schemes, it is a new grant subject to its own grant conditions as is set out in the grant determination letter.

6.28.3. Underspends from previous schemes cannot be carried forward and funds should be spent or committed before 31 March 2024 as they cannot be held over for future usage.

6.28.4. When administering the fund, authorities are encouraged to adopt the following principles ;

- use discretion on how to identify and support those most in need, taking into account a wide range of information;
- use the funding from 01 April 2023 to 31 March 2024 to meet immediate needs and help those who are struggling to afford energy and water bills, food, and other related essentials. Authorities can also use the funding to support households who are struggling to afford wider essentials;
- in exceptional cases of genuine emergency, the funding can additionally be used to support housing costs where existing housing support schemes do not meet this exceptional need.
- this includes payments made, or committed to, by the authority or any person acting on behalf of the authority, from 01 April 2023 to 31 March 2024.

- work together with district councils and third parties, including where necessary and appropriate other local services. This may include social workers, housing and family support services, and may incorporate intelligence and data from wider children's social care systems to help identify and support individuals, families and households within the scope of the fund.
- 6.28.5. Local authorities must ensure that they have a clear rationale or documented policy/framework defining eligibility and how households access the fund. Local authorities are expected to review their existing approach including how they define eligibility.
- 6.28.6. Rather than focus on one specific vulnerable group, local authorities should use the wide range of data and sources of information at their disposal to identify and provide support to a broad cross section of vulnerable households to prevent escalation of problems. Authorities should ensure that they consider the needs of various households including families with children of all ages, pensioners, unpaid carers, care leavers, and people with disabilities.
- 6.28.7. Authorities should particularly consider how they can support those vulnerable households who are ineligible for other government support with the cost of living, including the
- Energy bills support scheme and the equivalence package confirmed on 29 July;
 - Council tax rebate and the associated £144m discretionary fund;
 - Cost of living payments for those on means tested benefits;
 - £150 disability cost of living payment;
 - One-off £300 pensioner cost of living payment (through the winter fuel payment),
- 6.28.8. In addition
- a) The authority is to ensure that the grant is primarily allocated to support with the costs of energy (for heating, lighting and cooking), food, water (for household purposes, including sewerage) and other essential living needs in accordance with the Scheme guidance;
 - b) in exceptional circumstances of genuine emergency, the authority may allocate grant funds to support with housing costs as set out in the Scheme guidance;
 - c) the authority is to use best endeavours to facilitate applications for assistance under the scheme from individuals who are eligible for assistance in their area.
- 6.46.9 Supplementary Estimates

Where services wish to undertake an activity not originally identified in the budget or incur additional revenue expenditure on an existing activity approval must be sought for a supplementary estimate in accordance with the tables below.

Approval of a supplementary revenue estimate requires adherence to the provisions of the Financial Procedure Rules as set out in the Constitution and specifically the provisions of Chapter 3 Part 3 at para 19 set out below shall apply. The level of grant funding (£4.4m) requires Council approval, or a decision under urgency powers on behalf of Council.

Supplementary Estimate Amount	Approval Level
Up to and including £250,000	Relevant member of CLT
In excess of £250,000 up to and including £500,000	Relevant Member of CLT in consultation with the Chair of the relevant Committee, Chair of Finance Sub-Committee and Chief Finance Officer
In excess of £500,000 up to and including £1,000,000	Committee
Over £1,000,000	Council

6.29. Finance

6.2.1 Expenditure on the Household Support Fund will be fully funded by a government grant expected to be £4,407,784.20. The duration of the scheme is from 01 April 2023 to 31 March 2024.

6.2.2 The expectation is that the council will spend the grant in accordance with the conditions and not exceed the amount advised by the DWP. There will not be any unfunded ongoing commitments as a result of this expenditure. It is not yet known if any funding will be provided after 31 March 2024 to continue this scheme or something similar.

6.2.3 The council will be required to provide four management information (MI) returns outlining their grant spend and the volume of awards as follows:

- An interim MI return for the period 01 April 2023 to 30 June 2023, due on the 22 July 2023.
- A final MI return for the period of 01 April 2023 to 30 September 2023 due on the 21 October 2023.
- An interim MI return for the period 01 October 2023 to the 31 December 2023 will be due on the 25 January 2024
- A final MI return for the period 01 October 2023 to 31 March 2024 will be due 28 April 2024.

6.2.4 Grant payments will be made in arrears on receipt of a fully completed and verified MI return.

6.2.5 If the council has not spent the grant in accordance with the conditions, then there is scope for clawback. The service will manage that risk.

6.3 Policy

6.3.1 The HSF grants are part of the government's package of support, targeted at those vulnerable families and adults who are most in need, to help them to cope with the impact of rising prices.

6.4 Equality

6.4.1 In accordance with the public sector equality duty, DWP has had due regard for the potential equalities impacts of this grant.

6.4.2 An equality impact assessment has been completed to ensure that people are not disadvantaged or treated unfairly by this scheme. For example, that our processes are easy to access and to navigate.

6.4.3 We expect that the implementation of the grant will have a positive impact in relation to the protective characteristic of age, particularly for children and young people. It will also support the need to ensure that we have fairer and more resilient communities.

6.5 Human Resources

6.5.1 The current capacity in place to administer this grant will continue. Reasonable administration costs are funded as part of the grant and we will ensure that the full costs of any additional staffing are offset against the grant.

6.6 Risk Management

6.6.1 There are several risks associated with providing grants to a high number of individuals and families.

6.6.2 As with any welfare payment to vulnerable recipients there is a risk of fraud, as recipients might appear to be eligible when they are not. To help mitigate this risk, the local authority will work with other organisations, including early years, schools, and colleges to administer this scheme to help identify vulnerable families, households, and individuals.

6.6.3 As a significant amount of funding will be in form of e-vouchers, it is impossible to ensure that these are spent on essential household items,

however, these are families in need and our experience over the past year is that the funding has been used on necessary expenditure.

6.6.4 Risks are routinely assessed and reported on at the household support fund steering group, and remedial action is taken, as required.

6.7 Rural Communities

6.7.1 Children, families and adults in rural areas of the council will directly benefit from receipt of the new grant as we harness distribution methods through our network of community early years settings, schools, and colleges.

6.8 Children and Young People/Cared for Children

6.8.1 Children and young people who suffer the greatest inequality in terms of lack of household income will directly benefit from this grant. A wide range of vulnerable children and young people have been identified for priority support by the HSF grants and will continue to benefit from the grant.

6.9 Public Health

6.9.1 Poverty poses a threat to the public health of our residents as they are less likely to be able to access the conditions that promote a healthy physical and mental lifestyle. An adequate income can help people to avoid stress and feel in control, to access experiences and material resources, to adopt and maintain healthy behaviours, and to feel supported by a financial safety net.

6.10 Climate Change

6.10.1 There are not expected to be any climate change implications from the Household Support Grant.

Access to Information	
Contact Officer:	Douglas Hubbert, Business Development Manager Douglas.hubbert@cheshireeast.gov.uk
Appendices:	
Background Papers:	None