

Children and Families Committee

Date of Meeting:	29 April 2024
Report Title:	Household Support Fund Grant 5 Delivery
Report of:	Deborah Woodcock, Executive Director of Children's Services
Report Reference No:	CF/49/23-24
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. This report updates the Children and Families Committee on the Household Support Fund 5 (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 Spring statement, at the start of March 2024 the Department for Work and Pensions (DWP), announced the HSF would be receiving an extension of £500m worth of funding and would be called HSF5.
- 2.2. HSF5 funding allocations provide Cheshire East with £2.2m over a 6-month period. We believe the expectation will be that the funding will continue to be used to support households in Cheshire East with food, utilities, and other essentials from 01 April 2024 to 30 September 2024.
- 2.3. This paper seeks agreement from the Children and Families Committee, through delegated powers, to consider a refreshed approach to HSF delivery, seeking approval the delivery option provided within the paper for both the children and adult element of funding, pending grant determination.

- 2.4. Our new proposed model of approach is far more targeted towards financial deprivation than previous delivery, which focussed on a wide footprint, low impact approach, with the proposal to transform it into a highly targeted footprint, high impact approach.
- 2.5. For children and their families, this would mean providing bespoke payments which were approved by the funding panel set out below. The fund would also provide an enhanced offer to the community by providing funding to key partners within the VCFS sector. We need to consult further with adult services to design their HSF offer should this be within the grant conditions.
- 2.6. The paper also notes the risks of transitioning from the previous delivery protocol, whilst providing strong reasoning as to why the revised approach is necessary.

3. Recommendations

- 3.1. The children and families committee are recommended to:
- i. Note Cheshire East's estimated HSF5 grant allocation of £2.2m in 2024/25.
 - ii. Recommend to full council on the 15 May 2024 to approve the supplementary estimate of £2.2m.
 - iii. Endorse the proposed allocation of the grant, eligible cohorts and payment arrangements set out in this paper.
 - iv. Delegate authority to the Executive Director of Children's Services to incur expenditure in line with the HSF5 grant conditions.

4. Reasons for Recommendations

- 4.1. 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. Full council is required to approve the supplementary estimate of £2.2m to accept the grant into the council's budget. We need to have it noted however that we have been given notice of the new wave of funding 2 weeks prior to it needing to be implemented as of 1 April. This doesn't then align with approvals going through committee and full council in a timely way before we need to make decisions and implement.
- 4.3. It is proposed that Cheshire East amends its delivery approach to enhance the targeted nature of the grant, increasing the impact of the grant on our most vulnerable residents.
- 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. With the discontinuation of emergency assistance, there will be a gap for essential financial support to the community, which the HSF5 programme can fill.
- 4.6. The proposed recommended delivery of the HSF5 fund in Cheshire East is based on learning from 4 years of delivery, consultation with VCFS organisations, adults and children and best practice from other local areas.

5. Other Options Considered

- 5.1. The second option available is to continue to deliver the grant as per previous delivery methods. This would mean delivery of the children and families' portion of the grant through bulk releases in Easter and Summer 2024 (with the Easter offer backdated), for the enquiry form to retain its existence in its current form. In addition, the pensions bulk release would also be retained. Although this option provides a wide scope of recipients, it dilutes the grant's ability to target the people in the highest need. This option also carries increased administrative pressures upon our delivery partners (schools, colleges, etc.) and internal Cheshire East teams.

Setting type	Number of settings
Early Years	176
Primary Education	123
Secondary Education (setting may have post 16 setting)	24
Special School Education	6
Voucher only settings (Special Education outside of CE)	18
Colleges (separate to Secondary who have post-16)	3

- 5.2. For HSF4, and previous iterations of this scheme, we prioritised groups for bulk release with the very best of intentions. One such group was the children who received free school meals (FSM). We are however aware that once a child is in receipt of FSM, they will continue to receive them, even if the financial situation for the family improves significantly just a month later. Whilst this is therefore means tested at point of award, it is not a means tested approach to distributing funding to those in current financial need.
- 5.3. We also prioritised groups including all children in receipt of 2-year funding, all known children who are young carers and all those young people who are care leavers. These again are not necessarily a financially means tested cohort.

- 5.4. In the past, there has been an average redemption rate across bulk voucher releases of 74% of the vouchers, meaning 26% have been unused*. This highlights the inefficiency of targeting a wide scope of grant recipients. Whilst we didn't waste this money, as ensured we had processes in place to draw back this funding, it has demonstrated that the vouchers either didn't go to the right people as they weren't required upon issue, or our methods of distribution weren't as robust as they needed to be.
- 5.5. We are aware that there have been considerations made in the MTF5 savings targets for the Corporate Benefits team who currently distribute a lot of our vouchers. We would need to ensure that any future plans don't undermine any decisions that have already been made.

• Figure taken from summer 2023 bulk children and family release.

We do not recommend this option due to the reasons listed above.

6. Background

- 6.1. Over the last three 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), Household support Fund 3 (October 2022 – March 2023) and Household Support Fund 4 (April 2024 – March 2024). 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 200,000 vouchers provided and over £13mn 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.
- 6.3. A summary of the grant conditions from the HSF5 guidance is as follows: the Household Support Fund in England allocates £421 million to County Councils and Unitary Authorities for aiding vulnerable households with essential expenses from April 1, 2024, to September 30, 2024. Authorities have discretion in fund allocation but must adhere to set guidelines.

Collaboration between the Department for Work and Pensions (DWP), local councils, and delivery partners is crucial. The objective is to address immediate needs like energy, water, and food bills, with a focus on long-term impact. Authorities may provide support through cash, vouchers, or in-kind assistance. Eligible expenses include energy and water bills, food, essential household items, and advice services. Housing support should prioritise bills, considering existing schemes like Universal Credit and Housing Benefit. The fund cannot cover mortgage payments but may assist with historic rent arrears in emergencies. Awards vary based on household needs, with emphasis on sustainability, fraud prevention, and continuous support throughout the funding period. Unused funds must be spent or committed before September 30, 2024.

7. Cheshire East's grant allocation

- 7.1. On 6 March 2024 the Chancellor confirmed that the Household Support Fund is extended for further six months from 01 April 2024 to 30 September 2024. This extension is yet to be followed by a final DWP letter and guidance, setting out the grant conditions. This is a new scheme, and the council cannot carry forward any underspends from previous DWP grants. Cheshire East's expected allocation is £2.2m.
- 7.2. We expect most elements of the HSF to be in line with the previous grant, with no ring-fencing to continue, and for councils to continue to be provided with significant flexibility in their delivery plans, requesting individual local authorities design their own plans to maximise the grant's footprint.
- 7.3. The aim of the HSF5 will be to provide support to vulnerable households in most need. In Cheshire East we are proposing to use the £2.2m fund to support vulnerable households with food, utilities and other essentials between March 2024 and September 2024 as flexibly as we can to meet need.

8. The Family Support Funding Panel

- 8.1. The new delivery method proposes the setting up of a new Financial family support panel. The panel will be chaired by the Head of Service for Early Help and Prevention who strategically manages the HSF and Holiday Activity and Food scheme currently. In her absence an equivalent peer would authorise sign off. There would then be representatives from Children's Social Care, Early Help, Education, Health and SEND. The panel will also be attended by Finance and the project team to provide corporate support and grant assurance of grant compliance.
- 8.2. The panel will receive referrals from officers from Early Help and Children's Social Care where financial support is required. These referrals will be

completed by the worker and signed off by their managers prior to presentation at the panel. The panel will be provided significant flexibility in the support they can offer, who are briefed with providing long term impactful solutions with the funding.

- 8.3. The grant team are proposing the new panel delivery method to further enhance the targeted nature of the programme.
- 8.4. Most significantly, the redemption rates noted in section 5.4 were paired with high repeat application rates of the enquiry form. As recipients of the enquiry form have been maximising their support via the grant, this demonstrates we were not creating long term solutions to people's financial problems. With additional funding released from no longer providing bulk payments, we could be more flexible with the funding and ensure that it isn't just meeting a short-term need, for example a £20 voucher for food that will only be useful for a couple of days. We are also keen to look at how we consider how Section 17 funding is issued to families most in need and how we can align this process to that, or indeed, be transformational and combine the 2 should grant conditions allow.
- 8.7 As well as targeting the grant in an optimised fashion, it is worth also noting that the grant is not a replacement for Free School Meals (FSM) . As the vouchers have historically been aligned with school holiday periods, there is a risk that the vouchers are viewed as a replacement for holiday FSM vouchers. However, as highlighted in the DWP grant conditions, the HSF is not intended to provide FSM holiday vouchers. As a result, there is an expectation within the community that the vouchers will be released during school holidays and that some parents may be expecting or depending on them. As the grant is only temporary, this is creating a scenario where there is a dependency within the community for a potentially time limited resource.

We are also aware of the duplication between issuing food vouchers via HSF and then encouraging the same children to attend the holiday activity and food programme which also provides a nutritious meal every day plus snacks whilst also engaging in quality social activities.

- 8.8 Dependent on grant conditions and eligible cohorts, we would also like to explore issuing a % of the grant funding to our food banks who we know support the most financially vulnerable in society. Whilst we appreciate this is only 6 months funding, we feel they would greatly benefit from some stock piling of commodities for the period the scheme is running and thereafter, when the funding has ceased. This would help to mitigate some risk to the funding potentially ending in September 2024.

9. Grant cohorts

- 9.1. The grant will predominantly support individuals who are known to Early Help and Children's Social Care. These could 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 support as approved by the Funding Family Support Panel. This approach also means those families will be in receipt of wrap around support in addition to financial support to ensure longer term outcomes and financial stability are being addressed. We would expect that families who are in need financially and are seeking support for this need to at least be engaged in extra help support plans if not targeted or social care to ensure that root cause and longer-term sustainability planning can be achieved.
- 9.2. We predict our recommended delivery option to support over 2,500 people over a 6-month period.
- 9.3. A cross-service steering group, chaired by the Head of Service for Prevention and Early Help, oversees eligibility and development of the HSF currently and it is proposed that this continues.
- 9.4. This delivery method would sit within a wider context of poverty support being provided to individuals via Section 17 payments and other children's social care.

10. Payments

- 10.1. As we expect the budget to remain the same, over the space of the next 6 months, the budget will allow for significant payments to be made to children and adults. With this new approach, we are recommending we lift the limit on payments to families.
- 10.2. Previously, £160 per year was paid to a wide range of children and families. With HSF5 new panel delivery approach, we will be able to lift the ceiling of payments and support the most vulnerable with more appropriate payments, resulting in long term improvements in their life chances.
- 10.3. This approach is a diversion from the previous delivery approach, which focussed on a wide footprint low impact approach, transforming it into a highly targeted footprint high impact approach.
- 10.4. The new approach will provide flexible support for any need required as deemed appropriate by the panel.

- 10.5. Payments to children and families aligned with key school holiday periods (Easter, summer, Christmas) will no longer happen with the new optimised method of delivery.
- 10.6. In terms of payments to adults, we await the specifics within the grant conditions. We expect we will need to provide a portion of the funds to adults during 2024/25 as we did in HSF4 through a post office payment.
- 10.7. The project team are entering into consultation with the VCFS sector to explore how to compliment the panel process. We expect we will support the VCFS sector with a portion of the funds going forward such as food banks but would like to engage in meaningful conversation about this should the grant conditions and DLT, CLT, Committee sign off endorse this approach.

11. Legal Implications

- 11.1. Additional funding has been made available by the DWP to Local authorities and covers the period from 1 April 2024 to 30 September 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).
- 11.2. 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 household support fund schemes, it is a new grant subject to its own grant conditions as is set out in the grant determination letter (yet to be confirmed by DWP).
- 11.3. Underspends from previous schemes cannot be carried forward and funds should be spent or committed before 30 September 2024 as they cannot be held over for future usage (yet to be confirmed by DWP).
- 11.4. When administering the fund, authorities are encouraged to adopt the following principles (all yet to be confirmed by DWP and subject to change):
 - 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 2024 to 30 September 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 2024 to 30 September 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.
- 11.5. 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.
- 11.6. 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.
- 11.7. 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 (yet to be confirmed by DWP):
- 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).
- 11.8. In addition (yet to be confirmed by DWP):
- 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.

11.9. 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 (£2.2m) 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

12. Finance Implications

- 12.1. Expenditure on the Household Support Fund will be fully funded by a government grant expected to be £2.2m. The duration of the scheme is from 01 April 2024 to 30 September 2024.
- 12.2. 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 30 September 2024 to continue this scheme or something similar.
- 12.3. The council will be required to provide management information (MI) returns outlining their grant spend and the volume of awards. We are yet to receive specific dates for these returns
- 12.4. Grant payments will be made in arrears on receipt of a fully completed and verified MI return.

- 12.5. 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.

13. Policy

- 13.1. 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.

14. Equality

- 14.1. In accordance with the public sector equality duty, DWP has had due regard for the potential equalities impacts of this grant.
- 14.2. 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. This will need to be updated once a decision is made regarding HSF5 distribution in line with the factors outlined in this paper.
- 14.3. 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.

15. Human Resources

- 15.1. The current capacity in place to administer this grant will continue. We have already taken steps to extend temporary contracts that were due to end in March 2024. There may be risk if the MTF5 proposal within the Benefits team significantly reduces their ability to deliver any element of the scheme. We have attempted to mitigate some of this risk by introducing a funding panel so the burden of the enquiry form will no longer be held by them. If there is an adults' contribution in the grant conditions. We will need to look at this further. 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.

16. Risk Management

- 16.1. As the vouchers have historically been aligned with school holiday periods, there is a risk that families are becoming dependent on the vouchers as a

payment during school holidays. Removal of the vouchers may result in an increase in complaints from upset and angry parents/carers. This would need to be mitigated with clear comms regarding our approach and how they can access funds or food should they be in need.

- 16.2. It would be easier to continue to deliver the scheme in the same way we have to date. This wouldn't necessarily be the right thing to do however for those most in need which is why we have revised our proposals for this 6 month scheme.
- 16.3. As with any welfare payment to vulnerable recipients there is a risk of fraud, as recipients might appear to be in financial need when they are not. We have tried to mitigate this risk by accepting funding requests via the panel by trusted practitioners and professionals who work directly with those in need.
- 16.4. Risks are routinely assessed and reported on at the monthly household support fund steering group, and remedial action is taken, as required. It is likely we will increase the frequency of these meetings to fortnightly for the first couple of months and at point of scheme exit.

17. Rural Communities

- 17.1. Children, families and adults in rural areas of the council will directly benefit from receipt of the new grant in line with financial need. There are no restrictions on funding decisions dependent on where service users live.

18. Children and Young People/Cared for Children

- 18.1. Children and young people who suffer the greatest inequality in terms of lack of household income will directly benefit from this grant.

19. Public Health

- 19.1. 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.

20. Climate Change

20.1. 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:	None
Background Papers:	None