

**Committee Name and Date of Committee Meeting**

Cabinet – 28 March 2022

**Report Title**

Support For Energy Bills - Council Tax Rebate Scheme

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

On 3 February 2022 Government announced a package of support known as the Energy Bills Rebate to help households with rising energy bills, worth £9.1 billion in 2022-23. This included:

- A £150 non-repayable rebate for households in England in Council Tax bands A – D, known as the Council Tax Rebate (property must be occupied and not a second home). This scheme is to be administered by Local Authorities.
- £144 million of discretionary funding for billing authorities to support households who are in need but are not eligible for the Council Tax Rebate, known as the Discretionary Fund. This scheme is to be designed and administered by Local Authorities within predetermined parameters.

This report sets out how they will be administered by the Council.

Government released the guidance for the Council Tax Rebate and Discretionary Fund on 23 February 2022, with the Council allocated £16.421m for the Council Tax Rebate scheme and £0.616m for the discretionary fund. For the discretionary fund the Council must design a scheme that utilises the grant funding available to provide support to households impacted by rising energy bills.

The main scheme requires the Council to design a process that in Rotherham's case will allow up to 112,000 households, in bands A-D to receive a payment of £150 to

the liable Council Tax payer, as at the 1<sup>st</sup> April 2022. This report sets out the Council's proposed approach to making these payments across existing Direct Debit payers and non-Direct Debit payers.

The discretionary scheme has been provided so that billing authorities can provide support to other energy bill payers who are not eligible under the terms of the main scheme. The Council's proposed scheme is set out in this report, it will equally share out the discretionary funding using the same criteria as the main scheme, across all households in bands E-H. This is estimated to generate a payment from the Council to these households of £82. Therefore, all households in the borough, liable for Council Tax will receive some level of support.

In administering these two schemes the Council's intention is to ensure that every eligible household receives their share of the available funding as quickly as possible, without being required to complete an application form, ensuring that all the available funding reaches Rotherham residents. It is anticipated that the Council's approach to the main scheme and the discretionary scheme will see up to 119,000 households benefit from this support.

## **Recommendations**

That Cabinet:

1. Approve the proposed approach to providing the £150 Council Tax rebate payment to liable Council Tax payers in bands A-D.
2. Approve the Council's proposed discretionary scheme as set out within section 2.17 of this report.

## **List of Appendices Included**

*Appendix 1 Equalities Impact Assessment*

*Appendix 2 Carbon Impact Assessment*

## **Background Papers**

Government Guidance for Council Tax Rebate

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

## **Council Approval Required**

No

## **Exempt from the Press and Public**

No

## **Support For Energy Bills - Council Tax Rebate Scheme**

### **1. Background**

1.1 On 3 February 2022 Government announced a package of support known as the Energy Bills Rebate to help households with rising energy bills, worth £9.1 billion in 2022-23. This included:

- A £150 non-repayable rebate for households in England in Council Tax bands A – D, known as the Council Tax Rebate.
- £144 million of discretionary funding for billing authorities to support households who are in need but are not eligible for the Council Tax Rebate, known as the Discretionary Fund.

1.2 Government released the guidance for the Council Tax Rebate and Discretionary Fund on 23 February 2022, with the Council allocated £16.421m for the Council Tax Rebate scheme and £0.616m for the discretionary fund. For the discretionary fund the Council must design a scheme that utilises the grant funding available to provide support to households impacted by rising energy bills.

### **2. Key Issues**

2.1 The funding for the Council Tax Rebate is to provide some immediate relief for rising costs, while targeting those most likely to require support, with billing authorities expected “to provide a £150 one-off payment to liable Council Tax payers in bands A-D”. Payments made through the Council Tax Rebate grants should be paid as soon as possible from April 1st 2022 and based on Council Tax liability on that date. For the Council this means that up to 112,000 households will receive a payment of £150 and the Council needs to establish processes to allow that to happen. All payments within scope of the main scheme will need to have been made by 30 September 2022. Payments will be made for every household that occupies a property which meets all the following criteria on 1 April 2022:

1. It is valued in Council Tax bands A – D. This includes property that is valued in band E but has an alternative valuation band of band D, as a result of the disabled band reduction scheme.
2. It is someone’s sole or main residence.
3. It is a chargeable dwelling, or in exemption classes N (students), S (under 18), U (SMI) or W (Annexe); and
4. The person who is liable to pay the Council Tax (or would be were the property not exempt) is not a local authority, a corporate body or other body such as a housing association, the government or governmental body.

2.2 For clarity this means that:

- A property that meets all the criteria, but has a nil Council Tax liability as a result of local Council Tax support, **will be eligible**.
- A property that has no permanent resident and is someone's second home **will not be eligible**.
- An unoccupied property (for the purposes of calculating council tax) **will not be eligible**

2.3 Eligibility for a payment has to be determined based on the position at the end of the day on 1 April 2022. The Council must take reasonable steps to ensure information at the time is accurate, for example the Council will need to consider how to address any outstanding Council Tax change notifications ahead of processing or changes affecting eligibility notified at a later date.

2.4 To provide some context for the Council's position, 94% of Council Tax payers within the borough fall within the bands A-D, therefore, around 112,000 properties are expected to qualify for the scheme, as at 1<sup>st</sup> April 2022. The key issue for the Council in making these payments is managing the approach for both Direct Debit payers, where the Council holds banking information and non-Direct Debit payers where it does not.

#### **Direct Debit Payers**

2.5 As per Government guidance, where the Council holds live direct debit instructions for a liable Council Tax payer of an eligible household, it can make an automatic payment in the 2022-23 financial year, provided that the Council assures itself that the household is eligible and the bank details have been verified. Where multiple residents of an eligible household are jointly and severally liable for Council Tax, and a council holds live Direct Debit instructions for that household, the full £150 payment should be made to the Direct Debit account. In order to confirm eligibility, the Council will use its records of Council Tax payers and to ensure the banking information is as accurate as possible, the payments will be made after the April Direct Debit payments have been taken. It is reasonable to assume that if a person has been paying their Council Tax and continues to do so in April, that they remain the liable Council Tax payer.

2.6 For some Council Tax payers who have registered for Direct Debit shortly before the end of April 2022 or have no Council Tax payments to be called, due to discounts including Council Tax Support or exemptions, there will have been no recent Direct Debit payments. Although the number of such cases will not be known until payments are called it is likely to be a relatively small percentage of the overall direct debit payers and the risk to these payments is considered to be low. It is therefore estimated that Direct Debit payers will be paid at the end of April 2022. Once a clear list has been defined, a payment file can be run to issue payment to these households. That would enable payment to approximately 74,000 of households based on Rotherham's 66% Direct Debit payers. Each household will receive a letter ahead of the payment, explaining the scheme and why and when they will receive the £150 payment.

## 2.7 Council Tax Non-Direct Debit Payers

Following the 74,000 of Direct Debit payers that will be automatically paid and stripping away an estimated 4,000 excluded properties (largely empties), this will leave approximately 34,000 of households that the Council will need to find a way to pay. Managing expectations around the time for processing will also be key, given the Government and medias messaging around this payment, as the Council does not hold banking information for these households there is no quick way to make 34,000 payments.

- 2.8 The Council therefore has to consider options for how it will make payments to non-Direct Debit payers, including how it might gain banking information. Government guidance points towards Councils creating a claim process to invite this section of Non-Direct Debit payers to apply for the support:

*“Where a council does not hold live direct debit instructions for an eligible household, the government expects them to make all reasonable efforts to contact the household as early as possible to make them aware of the scheme and invite them to make a claim.*

*Councils can determine an appropriate claims method locally, considering the software solutions available to them, but should include an option for residents who are digitally excluded, for example assisted applications by phone. Payment methods other than BACS are acceptable, but all payments within scope of the reconciliation process should be made by 30 September 2022. As part of the claims process, councils can choose whether to offer £150 credit to an eligible household’s council tax account as a payment option.”*

- 2.9 Whilst the Government guidance points towards the Council using a claim process, the Council considers this approach to be almost impossible given the volume of claims and timeframe to process them. It would require a significant increase in resources to have a chance at getting through 34,000 applications in a reasonable time period to allow prompt payment to residents. There would also be the challenge of ensuring that all residents to apply. For many residents there would likely be great frustration as many would be waiting a very long time to receive payment.

- 2.10 The Council has considered an approach of using a e-voucher scheme, where the Council Tax liable party would receive a unique code that allows them to redeem their £150 from Post Office or PayPoint sites in cash. However, this option is not viable as the Council would not want to test out this technology across 34,000 payments and it would present security risks to residents who would need to collect and carry £150 of cash. Not least the risk that these sites may not be able to cope with demand it would generate.

- 2.11 As such the Council proposes to make a direct payment to the Non-Direct Debit payers via a cheque. Whilst this is an approach that is used infrequently by the Council now, it remains a tool the Council has and can use to make payments to individuals in a secure way. This approach would allow the Council to issue cheques to all qualifying residents that are not Direct Debit payers at the same

time, allowing the Council to be fair in its approach to Council Tax payers in this sector.

- 2.12 There are challenges with this approach, firstly as Government have only recently announced the scheme, it leaves little time for the supply side of cheques to meet the additional need, especially as multiple orders will be going from different local authorities. Due to this demand, it is anticipated that the Council will only be able to receive the cheques and issue them at the end of May. This means that all eligible Council Tax payers (who are non-direct debit payers) will be paid at the same time.
- 2.13 The cheques also present the risk that in some cases the cheques would be issued in the name of the Council Tax liable party as per the Council's records, but this party is unable to cash it. In some circumstances this would mean that the cheques might be returned as the resident might not be able to cash it, for example if the liability is in the name of Mr and Ms Jones, but the residents don't have a joint bank account they may not be able to cash the cheque and it will need to be re-issued. However, given the delay in receiving the cheques from the supplier, the Council can use this time to carry out some additional validation of these aspects if necessary.
- 2.14 Whilst Government's guidance points towards a claim process, the checks that Government require the Council to carry out through the claims process can be carried out via issuing cheques and with regards to the banking checks Government require, these won't be needed as the Council will issue a cheque to the liable Council Tax payer rather than directly paying their bank account. Government's requirements are:
- Councils will be required to undertake pre-payment checks prior to payment of any grant which is not awarded to a live direct debit holder. These should allow them to:
    - a) Satisfy themselves that the person who is applying is entitled to payment; and
    - b) Satisfy themselves that payment details provided (if applicable) belong to an entitled person and relate to the relevant address
  - Councils should retain a record of:
    - i) all evidence provided as part of claims, and
    - ii) all pre-payment checks undertaken
- 2.15 If a claim process was used the Councils' check of liability would be to verify the claimant's details against the Council's Council Tax records, the Council cheque approach would be created from the very same Council Tax records as such that check is an inherent part of the Council's proposed process. Regarding the banking check, this would step would not be required.

2.16 Where a household is paid by cheque and doesn't cash the cheque within 3 months, the cheque will be cancelled and the value of the cheque will be credited to the Council Tax payer's Council Tax account. This enables the Council to ensure the Council Tax payer benefits from the £150 one way or another and the Council maximises distribution of the available funding. As with Direct Debit payers, in some cases checks will have to be made where the following scenarios apply, in order to ensure that payments reach the right party and to minimise fraud. This may result in delays in some payments although it is anticipated that the numbers will be relatively low.

- Where the resident requests a revised name on the cheque which is not clearly linked to the Council Tax liability.
- Where there is outstanding work which may change the liable party as at the effective date of 1/4/2022

### **Discretionary Scheme**

2.17 A discretionary fund has been provided so that billing authorities can provide support to other energy bill payers who are not eligible under the terms of the core scheme. The Council will receive £615,900 of discretionary funding and there are 7,453 households in Band E and above.

2.18 The Council can determine locally how best to make use of this funding to provide payments to other households who are energy bill payers but not covered by the Council Tax Rebate. This could include households living in property valued in bands E – H that are on income related benefits or those where the energy bills payers are not liable for Council Tax. Allocations from the discretionary fund should be spent by 30 November 2022.

2.19 The Council proposes to allocate the discretionary funding across the households within these bands on an equal basis. Due to the level of funding that Government have provided, there are insufficient resources to provide a payment of £150. However, in order that the Council supports every Council Tax paying household with the rising costs of energy bills, the Council proposes to pay an estimated £82. This figure will be subject to change as the number of eligible households is subject to change up until 1 April 2022. The Council will aim to ensure that the final payment maximises the funding available.

2.20 The processes used for making these payments will mirror the main scheme with Direct Debit payers estimated to receive their payment at the end of April and non-Direct Debit payers estimated to receive their payment at the end of May. Each household will receive a letter ahead of the payment, explaining the scheme and how they will receive their payment.

## **3. Options considered and recommended proposal**

3.1 The Council did consider other options for issuing the payments to non-Direct Debit payers, as covered in sections 2.7-2.16, however, the Council feels that the right approach to this scheme is to get households the payment they are eligible to, without them needing to go through a long claims process, a claims process that would lead to households benefitting from the payment at significantly

varying timeframes due to how quickly they were to apply and where they then would sit within a queue of 34,000. The use of cheque payments, even with the delayed delivery of cheques is therefore the Council's recommended option.

- 3.2 The Council consider different options to the proposed use of the discretionary funding, these included targeting household that are on benefits or that are able through a claims process to set out that they are in financial hardship. Whilst these options may have allowed some households to benefit from the full £150, this approach would not have provided a benefit to all. All households in the borough will face the pressure of rising household costs, as such the Council's proposed approach towards the use of the discretionary funding provides a mechanism to ensure every Council Tax paying household receives at least some level of support for those rising energy bills.

#### **4. Consultation on proposal**

- 4.1 The Council has consulted with UK Councils, as part of a CIPFA and IRRV working groups, to try to ensure that the Council's approach to this scheme is similar to schemes that will be delivered via other local authorities.

#### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 Cabinet approval is required to deliver the proposed discretionary scheme. Should Cabinet approve the scheme, the Council will implement the scheme from 1 April 2022.

#### **6. Financial and Procurement Advice and Implications**

- 6.1 The Council's allocation is £16,421,400 for the main scheme and £615,900 for the discretionary scheme. Should the Council's payments on the main scheme legitimately exceed the allocation, further funding will be provided. For the discretionary scheme if the Council overspends against the allocation, the Council will need to meet that cost. The schemes will be tightly control to ensure that accurate and timely reporting can be produced to ensure financial risks to the Council are minimised.

- 6.2 There is an inherent level of fraud and error risk involved in the processing of 119,000 different payments to Council Tax payers, however, the Council is confident that its proposed approach will minimise that risk.

- 6.3 There are no direct procurement implications arising from the report.

#### **7. Legal Advice and Implications**

- 7.1 The proposed scheme is consistent with the Government guidance in respect of the funding provided. Further, the scheme is consistent with relevant public law principles, in particular it is lawful, fair and rational.

#### **8. Human Resources Advice and Implications**

- 8.1 No direct implications.



9. **Implications for Children and Young People and Vulnerable Adults**

9.1 The Council's proposed administration of this scheme will benefit all households with a liability for Council Tax across the borough.

10. **Equalities and Human Rights Advice and Implications**

10.1 No direct implications.

11 **Implications for CO2 Emissions and Climate Change**

11.1 No direct implications.

12. **Implications for Partners**

12.1 No direct implications.

**13. Accountable Officers**

Graham Saxton, Assistant Director – Financial Services

Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	14/03/22
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	11/03/22
Head of Legal Services (Monitoring Officer)	Phillip Horsfield	11/03/22

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