

Delegated Cabinet Member Key Decision Report

Decision Maker and Portfolio area:	Cllr A Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon
Date of Decision:	28 April 2022
Subject:	Council Tax Energy Rebate
Report Author:	Caroline Lee Head of Revenues and Benefits
Ward (s):	All

Reason for the decision: On 3 February 2022, the Government announced measures to help protect households from rising energy costs in the form of the Council Tax Energy Rebate. There have been delays in the issue of Government guidance with regard to the operation of the rebate scheme together with delays to the provision of technical adjustments to the Authority's Council Tax system by external suppliers. This has consequently slowed the determination of the approach to scheme implementation.

Given the prevailing uncertainty but wishing to ensure as swift an Energy Rebate payment process as possible, the 2022/23 Revenue Budget report approved on 2 March 2022, included information about the Government's initiative and sought the delegation of the determination of the Council's approach to the Council Tax Energy Rebate and the associated discretionary fund to the Cabinet Member for Finance and Low Carbon in consultation with the Director of Finance.

This delegation was approved, hence the

preparation of this report which seeks approval to administer the Council Tax Energy Rebate as set out in the report and to agree a local Council Tax Energy Rebate Discretionary Scheme.

Summary:

The Government has announced a Council Tax Energy Rebate scheme for 2022/23. The Council has responsibility for administering support under two schemes as follows:

- a) The core scheme that awards a one-off £150 payment to households in occupation on 1 April 2022 and liable for Council Tax in Council Tax Bands A- D. Households who pay their Council Tax by Direct Debit will receive an automated BACS (bank transfer) payment. Eligible households who have not set up payment by Direct Debit e.g., cash payers will receive a voucher by post to enable them to redeem the £150 cash at the Post Office. The core scheme is fully funded by the Government and estimated to cost £13,407,900
- b) The Council can also agree a local discretionary policy to provide support to those not eligible for the core scheme or to issue top up support to those in most need in Council Tax Bands A-D. The policy as set out in this report is to provide support in Phase 1 of the Discretionary Scheme to all those in receipt of Council Tax Reduction on 1 April 2022 increasing the overall award to those households in Bands A-D to £175 and extending this £175 payment to households receiving Council Tax Reduction in Bands E-H. Any remaining funding will be used to support Phase 2 of the Discretionary Scheme which is aimed at residents in domestic properties on 1 April 2022 who are not eligible for the core scheme because they are not liable for Council Tax and who are directly responsible for energy costs e.g., those living in Houses in Multiple Occupation (HMOs) where the liable person for Council Tax is a non- resident owner, housing provider or charity. Oldham's allocation for the discretionary scheme is £605,400.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1 - That the proposals setting out the operation of the Council Tax Energy Rebate scheme and the Discretionary scheme are approved. This option enables essential funds to be issued to residents including vulnerable residents on low incomes to help with the rising costs of energy bills.

Option 2 - That the Council Tax Energy Rebate is not approved, and the funds are returned to the Government. This would deprive Oldham's residents including those on the lowest incomes with the necessary support to help with the rising costs of energy bills.

Recommendation(s):

The recommendation is to agree Option 1 and that the Deputy Leader and Cabinet Member for Finance and Low Carbon approves:

- The proposals in the report setting out the operation of the Council Tax Energy Rebate scheme
- The Discretionary Council Tax Energy Rebate scheme

Implications:

*What are the **financial** implications?*

The Council Tax Energy Rebate core and discretionary fund will be wholly funded from the Government Grant of £14,013,300.

Most of this grant, £13,407,900 for the core offer, will be utilised on an agent basis. The remaining £605,400 discretionary fund will be utilised on a principal basis.

A further £116,507 has been made available by the Government to help administer the scheme. It is likely that a further instalment of this grant will be made at a later stage when the full impact of the cost of administering the grant is clearer.

There is no expectation that any additional funding will be required from the Council outside of these three grants. (John Hoskins)

*What are the **procurement** implications?*

Details of procurement implications relating to the implementation of this scheme are set out in a separate private report.

*What are the **legal** implications?*

Option 1 is supported. The scheme is fully

funded by central Government and therefore does not have a cost implication. Failure to approve this option rendering funds being returned to central government would not only be reputationally damaging but could lead to a Judicial review of that decision and likely Court intervention and cost implications.

(Alex Bougatef)

*What are the **Human Resources** implications?*

Not applicable

Equality and Diversity Impact Assessment attached or not required because (please give reason)

The Discretionary scheme is predominantly aimed at supporting those who are already known to need financial support, on low incomes and in receipt of Council Tax Reduction. The Equality Impact Assessment for the Council Tax Reduction scheme linked in the background papers and agreed by Council on 2 March 2022 is sufficient to assess impacts for this discretionary scheme. (Jonathan Downs)

*What are the **property** implications?*

Not applicable

Risks:

The Council has in a short timescale had to devise a scheme to pay Council Tax payers direct. Whilst every effort has been made in the design of the scheme to ensure the appropriate taxpayer receives the support, the risk of inappropriate payments cannot be discounted. (Mark Stenson)

Co-operative agenda

As a Co-operative Council we are committed to supporting our residents, especially people with protected characteristics, including those in financial hardship. The recommended option will help support the most vulnerable, as well as supporting residents across the borough facing the cost-of-living crisis.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?

Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?

Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council?

No

Reason for urgent report

This item has not been published on the forward plan for the required 28 clear days and therefore, the Chairman of the Overview and Scrutiny Committee has given his consent to this item being considered under the general exception rules.

Reason for exemption from call in

The Chair of the Policy Overview and Scrutiny Committee has agreed to this item being exempt from call in because it is important that the Council does not delay in mobilising financial support to residents

Reason why this Is a Key Decision

- (1) to result in the local authority incurring expenditure or the making of savings which are, significant (over £250k) having regard to the local authority's budget for the service or function to which the decision relates; and
- (2) to be significant in terms of its effects on communities living or working in an area comprising two or more Wards or electoral divisions in the area of the local authority.

List of Background Papers under Section 100D of the Local Government Act 1972:

Title	Available from
Support for Energy Bills; The Council Tax Rebate 2022/23: billing authority guidance	https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance/support-for-energy-bills-the-council-tax-rebate-2022-23-billing-authority-guidance
Council Tax Reduction Scheme Equality Impact Assessment Budget Council 2 March 2022	Agenda for Council on Wednesday, 2nd March, 2022, 6.00 pm (oldham.gov.uk)
2022/23 Revenue Budget Report Approval of delegation to determine the Council Tax Energy Rebate Scheme – recommendation (m)	Agenda for Council on Wednesday, 2nd March, 2022, 6.00 pm (oldham.gov.uk)

Report Author Sign-off:	
Caroline Lee	Head of Revenues and Benefits
Date: 28.4.2022	

1.0 Background

- 1.1 On 3 February 2022, the Government announced measures to help protect households from rising energy costs in the form of the Council Tax Energy Rebate. There have been delays in the issue of Government guidance with regard to the operation of the rebate scheme together with delays to the provision of technical adjustments to the Authority's Council Tax system by external suppliers. This has consequently slowed the determination of the approach to scheme implementation. Given the prevailing uncertainty but wishing to ensure as swift an Energy Rebate payment process as possible, the 2022/23 Revenue Budget report approved on 2 March 2022, included information about the Government's initiative and sought the delegation of the determination of the Council's approach to the Council Tax Energy Rebate and the associated discretionary fund to the Cabinet Member for Finance and Low Carbon in consultation with the Director of Finance. This delegation was approved, hence the preparation of this report.
- 1.2 The main scheme supports those in Council Tax Bands A - D with a £150 one off payment. There were 93,507 occupied households in Oldham on 11 April 2022 of which 87,688 are eligible for the main scheme. The Government has also announced a discretionary fund to support households that are in need but are not eligible for the main scheme.
- 1.3 Oldham's funding allocation is £14,013,300 which comprises £13,407,900 for the main scheme and £605,400 for the discretionary scheme. The Government's intention is that payments are made as quickly as possible from April but by 30 September 2022 at the latest for the main scheme and by 30 November 2022 for the discretionary scheme. The Government have confirmed that new burdens funding is available to cover the cost of administering the scheme and have allocated an initial down payment of £116,507 for Oldham. A wider, more detailed assessment of the full range of new burdens costs incurred because of delivering the rebate scheme will be undertaken by the Government over the coming months. The Government will provide a further payment to Authorities where their assessment of the range of costs incurred by the Council exceeds the initial down payment. The New Burdens funding is expected to be received on or around 29 April 2022.
- 1.4 Billing authorities are required to provide a one-off payment of £150 to a liable Council Tax payer (or a person who would otherwise be liable where the property is exempt) for every household that occupies a property which meets all the following criteria on 1 April 2022:
- It is valued in Council Tax Bands A - D. This includes property that is valued in Band E but has an alternate valuation band of Band D, because of the Disabled Band Reduction scheme
 - It is someone's sole or main residence
 - It is a chargeable dwelling, or in exemption classes N, S, U or W
 - Class N exemption - all occupiers are qualifying students.
 - Class S exemption - all occupiers are under the age of 18.
 - Class U exemption - all occupiers are severely mentally impaired.
 - Class W exemption - a property that is an annexe of the main property and is the home of a dependent relative of a person residing in the main property.
 - The person who is liable to pay the Council Tax (or would be if the property was not exempt) is not a local authority, a corporate body or other body such as housing association, the government or governmental body.
- 1.5 This means that where a property:
- meets all the criteria, but has a nil Council Tax liability because of Council Tax Reduction, the Council Tax payer will be eligible.

- has no permanent resident and is a second home, the Council Tax payer will not be eligible.
- is unoccupied (for the purposes of calculating Council Tax), the owner/householder will not be eligible.
- Is treated as a House in Multiple Occupation (HMO) for Council Tax purposes, even if the property is in Class N, no-one will be eligible for a rebate under the main scheme. (See paragraph 3.3 for details of discretionary support for this group under the discretionary scheme).

1.6 Only one £150 payment should be made per household, regardless of the number of occupants or liable Council Tax payers.

1.7 Residents were made aware of the Council Tax Energy Rebate via an explanatory sentence on the face of the 2022/23 Council Tax bills as required by The Council Tax (Demand Notices and Reduction Schemes (England) (Amendment) Regulations 2022 and via the inclusion of a government designed pamphlet about the scheme which was issued with all annual bills. This is in addition to information about the scheme on the Council's website which is regularly updated, press releases and information on social media.

2.0 Making Payments

2.1 There are 93,507 occupied households in the borough. Of these, 63,368 pay Council Tax by Direct Debit and 29,348 are cash payers. Given the high volumes of transactions required, payments will be made in the following order:

- those paying their Council Tax by Direct Debit;
- those paying Council Tax in cash.

Any household who is entitled to the rebate but has not claimed it by 31 August 2022 will have the £150 credited to their Council Tax account.

Residents who pay Council Tax by Direct Debit

2.2 The Government's intention is that where the Local Authority holds live direct debit instructions for a liable Council Tax payer of an eligible household, an automatic payment should be made, if the household is eligible and bank details have been verified. The bank details should match the person liable for Council Tax to enable this to happen. Third party payers can only be paid with the explicit consent of the liable person for Council Tax.

2.3 The Government has suggested that Local Authorities should take action to avoid fraud and error. This includes waiting to make payments until the first payment of Council Tax for 2022/23 has been made and to exercise caution when Direct Debit details have been changed or newly provided since the scheme was announced.

2.4 In order to make these payments, additional functionality is required from the Council's Revenues and Benefits software supplier and this was received on 19 April 2022 (with further updates to the technology provided on 21 and 25 April). This functionality must first be installed and tested and following successful testing, the first payments will be issued. The proposed schedule of payments will also be made available on the Council's website. The intention is that, subject to successful implementation and testing, most households paying by Direct Debit can expect to receive their payment by the end of May 2022.

Residents who do not pay Council Tax by Direct Debit

2.5 For those residents who do not pay by Direct Debit or have no Council Tax to pay due to being exempt or in receipt of full Council Tax Reduction, billing authorities can determine a

payment method locally subject to the requirement to validate payments and to include an option for residents who are digitally excluded.

- 2.6 There are 29,348 households as of 11 April 2022 who pay by cash. Several options have been considered for delivery of the payment including setting up an application process to collect bank details. This approach was discounted because of the high volume of potential applications which would delay payments and create a risk of under claiming. The Council has determined that the quickest and most efficient method of making payments is to issue all eligible households with a letter explaining the scheme and including a link to a voucher for a cash payment of £150 redeemable at the Post Office. The Post Office will assist in the validation process by requiring proof of identity from the person liable for Council Tax before issuing payment. There will be no requirement for an application from residents and the voucher will be issued automatically based on Council Tax records.
- 2.7 Subject to set up timescales for the Post Office, it is anticipated that the Council will have issued the £150 cash voucher to the non- Direct Debit payers by the end of June 2022.
- 2.8 The cost of the Post Office service is £1,000 to set up the service; each letter costs £1.50 inclusive of postage costs. It is expected that the overall cost of the service will not exceed £100,000 and will be met by the new burdens funding. Utilising this service reduces the need for additional staffing resources to deliver an application-based option for cash payers.
- 2.9 If a voucher is not redeemed by 31 August 2022, it will be cancelled, and the Council Tax account will be credited with the £150 instead as a final option. The voucher letter will set out the dates and the backstop process clearly. This is to mitigate against the risk of households not receiving their entitlement and to ensure all payments can be made and reconciled by the 30 September 2022 deadline.

3.0 The Discretionary Scheme

- 3.1 The Government has also provided £605,400 for the Council to introduce a discretionary Council Tax Energy Rebate scheme. This funding is available to provide support to those not eligible for the main scheme and/or to provide 'top up' support to the most vulnerable households in Bands A-D who are suffering financial hardship.
- 3.2 There are 5,819 occupied properties in Council Tax Band E-H as of 11 April 2022 of which 152 households are in receipt of Council Tax Reduction. There are 21,872 households in receipt of Council Tax Reduction in Council Tax Bands A-D (who will also be entitled to a £150 payment from the main scheme). It is proposed that the bulk of the Discretionary funding is used to offer a total payment of £175 to those eligible for Council Tax Reduction as set out below.

Table 1 Priority Allocation – Phase 1

Council Tax Energy Rebate Discretionary Scheme	Eligible payment	Application needed?
Households eligible under the main scheme for £150 and in receipt of Council Tax Reduction on 1 April 2022	A 'top up' of £25	No
Households not eligible for the main scheme i.e., in Council Tax Bands E-H and in receipt of Council Tax Reduction on 1 April 2022	£175	No

- 3.3 The remaining balance will be used to support those residents of domestic properties living in houses in multiple occupation (HMOs) i.e., not liable for Council Tax but responsible for energy costs. There are 293 properties in the borough classed as HMOs; the Council will contact residents in these properties to invite them to apply. This fund will be limited (the estimated pot is £32,000) and will be allocated on a first come, first served basis. The application process will close once the funding has been exhausted.

Table 2 Priority Allocation Phase 2

Council Tax Energy Rebate Discretionary Scheme	Eligible payment	Application needed?
<p><u>Who is eligible?</u> Residents of domestic properties as of the 1st of April 2022 that have been excluded from the main scheme (due to them not being liable for Council Tax) and where the responsibility for Council Tax falls with (for example) a Housing provider, a charity or a non-resident owner and they are directly responsible for energy costs.</p> <p>Residents in properties in Council Tax Bands E-H excluded from the discretionary scheme will also need to provide proof of entitlement to means tested benefits.</p> <p>Evidence of occupation and direct payment of energy costs will need to be provided in support of an application.</p> <p><u>Who is not eligible?</u></p> <p>Those who are already entitled to a Council Tax Energy Rebate under the main scheme or discretionary Phase 1 scheme.</p> <p>Students living in halls of residence.</p> <p>Occupants of properties in Exemption Class O as the Ministry of Defence will provide cost of living support.</p>	£150	Yes

- 3.4 The Deputy Leader and Cabinet Member for Finance and Low Carbon in consultation with the Director of Finance has the delegated authority to amend the discretionary scheme or create a further Phase to the scheme to ensure that the funding is spent in full.

4.0 Proposals

- 4.1 Option 1 - That the proposals setting out the operation of the Council Tax Energy Rebate scheme and the Discretionary scheme as outlined in this report are approved. This option enables essential funds to be issued to residents including vulnerable residents on low incomes to help with the rising costs of energy bills.
- 4.2 Option 2 - That the proposal to introduce the Council Tax Energy Rebate is not approved, and the funds are returned to the Government. This would deprive Oldham's residents including those on the lowest incomes with the necessary support to help with the rising costs of energy bills.

5.0 Conclusions

- 5.1 The recommended option is Option 1 and that Deputy Leader and Cabinet Member for Finance and Low Carbon approves:
- The proposals in the report setting out the operation of the Council Tax Energy Rebate scheme
 - The Discretionary Council Tax Energy Rebate scheme



Signed:

Date: 29/04/2022

CLlr A Jabbar MBE Deputy Leader and Cabinet Member for Finance and Low Carbon



Signed:

Date: 28/04/2022

Anne Ryans, Director of Finance