

| Report for: | Cabinet |
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| Date of Meeting: | 10 March 2022 |
| Subject: | Award of £150 Energy Rebate to households occupying properties within Council Tax Bands A to D and authority to design and implement a Discretionary Energy Rebate Scheme in line with Government guidance |
| Key Decision: | Yes |
| Responsible Officer: | Dawn Calvert – Director of Finance and Assurance |
| Portfolio Holder: | Councillor Natasha Proctor – Deputy Leader and Portfolio Holder for Finance and Resources |
| Exempt: | No |
| Decision subject to Call-in: | Yes |
| Wards affected: | All |
| Enclosures: | Appendix 1 - Government Guidance  Appendix 2 - Information Pamphlet |

| Section 1 – Summary and Recommendations |
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| The purpose of the report is to inform Cabinet of the £150 Energy Rebate award to qualifying households under phase 1, and to seek authority to design and administer a Local Discretionary Energy Rebate scheme under phase 2 as well as to bring to Members’ attention the inclusion of a predefined Government pamphlet with the 2022/23 council tax bills. Recommendations: Cabinet is requested to:   1. To note the award of £150 Energy rebate to all qualifying households within council tax bands A to D. 2. Authorise the designing and implementation of a Discretionary Energy Support scheme for those who need help with their energy bills but are not eligible under the initial award – such as households on income support in higher bands (E-H) or properties in bands A-D that are exempt from council tax – in accordance with the guidance issued. 3. Note the requirement to include the insertion of the predefined Government Energy Rebate pamphlet with the 2022/23 council tax bills. 4. Delegate authority to administer the schemes under recommendations 1 and 2 above and to appoint a third-party company, to support the payment process if so required, to the Director of Finance, in consultation with the Portfolio Holder for Finance and Resources.  Reason: (for recommendations) The 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-This includes a:   * 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.   both of which will need to be administered by the local authority to eligible council taxpayers. As such, Harrow must implement the schemes as soon as possible to ensure timescales announced may be met. |

## Section 2 – Report

### Introductory paragraph

* 1. Support for energy prices – the £150 Council Tax Energy rebate

On the 3rd of February, the government announced measures to help protect millions of households from rising energy costs. This included a £150 council tax energy rebate.

The Government will provide funding for billing authorities to give all households in England whose primary residence is valued in council tax bands A – D, a one-off council tax energy rebate payment of £150 (phase 1). This payment will operate outside of the council tax system but will use the council tax data to identify eligible households.

In Harrow, there are 56,593 properties which fall into bands A to D. The likely payments that Harrow will need to administer under the automatic rebate scheme will therefore be **£8,488,950**.

Government funding allocations announced confirm that Harrow’s share will be £8,167,050 for the main £150 rebates and £1,262,550 for the Discretionary scheme (discussed later in this report under phase 2). No announcement as yet been made regarding new burdens funding except that authorities will receive compensation for the administration of the awards.

Any over-funding of grant to Harrow will be required to be paid back to Government and any under-funding will be settled with billing authorities following a reconciliation later in the year.

**Phase 1 – the £150 Rebate**

Eligibility to the £150 Energy Rebate

Government guidance was issued on the 23 February 2022, and this sets out the steps LA’s must follow to administer the schemes. This is attached as Appendix 1. To be eligible for the £150 automatic rebate, a household must:

1. be 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. is someone’s sole or main residence;
3. is a chargeable dwelling, or in exemption classes N, S, U or W\*; 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.

This list is not exhaustive, and Harrow will use its judgement in consideration of the aims of the scheme, which is to support households with domestic energy costs.

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.

For the purpose of the Council Tax Rebate, a household is a person or group of persons occupying a single dwelling, as defined in section 3 of the Local Government Finance Act 1992.

Eligibility will be determined based on the position at the end of the day on 1 April 2022. Payments will need to be made no later than 30 September 2022 as a reconciliation of funds allocated will take place at that time with any unspent funds by the said date required to be repaid to Government.

The rebate will need to be made directly to Council Taxpayers by Harrow from April. This will not need to be repaid. This one-off payment will benefit around 60 per cent of all homes in Harrow (56,593 out of 95,000 domestic properties on Harrow’s valuation list and 100% of all eligible households whose homes are in bands A-D).

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| --- | --- | --- | --- | --- | --- |
| Bands in Harrow as at 03/02/2022 | A | B | C | D | Total Properties which qualify for £150 Energy Rebate |
| Total Properties | 886 | 4,149 | 21,955 | 29,603 | 56,593 |

The amount is not initially a discount or credit to be applied to the taxpayer’s council tax account, rather it is a payment which Harrow will need to make directly to the taxpayer’s bank account (where Harrow already holds bank details from the Council Tax Direct Debit), or if no bank details are held, then we will need to make payment via cheque or other payment method, a prepaid card for example.

In order to make the payments, where Harrow does not hold live direct debit instructions for an eligible household, the government expects Harrow 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. Where this may prove administratively cumbersome and difficult, Harrow will, as a last resort, be able to choose to offer £150 credit to an eligible household’s council tax account as a payment option. This could expedite payments significantly for non-direct debit paying households.

However, we are also exploring alternative payment methods for circumstances where payments are not able to be made direct to eligible households bank accounts due to the lack of bank details, or where we may decide not to credit the eligible household with a £150 payment direct to the eligible household’s council tax account, for example by using pre-paid cards or letters with bar-codes which enable cash to be obtained at Post Offices.

Currently, around 62% of our 95,000 council taxpayers pay by Direct Debit. Assuming the same DD rate applies to bands A to D, (although it is likely that the DD rate for these taxpayers is likely to be much lower), it is estimated that around 35,087 households out of the 56,593 eligible could be paid using existing bank details held. For the other 21,506 this will not be possible. It may be that the simplest and cheapest solution is to credit this cohort of eligible households a £150 credit to their council tax account. This would also minimise potential fraud and speed up the payment process significantly.

Direct Debit taxpayers will therefore be paid first as Harrow can use the existing bank data to make an immediate payment.

Non-Direct Debit taxpayers (cash payers) will need to be contacted so that we can obtain their bank details so we can subsequently make a payment. If this is not possible, then the crediting the council tax account option will be considered.

* 1. **Phase 2 - The Discretionary Energy Support Scheme**

For those who need help with their energy bills but are not eligible for the £150 payment – such as households on income support in higher bands (E to H) or with properties in bands A to D that are exempt from council tax – local authorities will receive £144 million of discretionary funding to help.

Harrow’s share of this pot is £1,262,550. This funding is to be passed on directly as one-off grants of up to £150 to households that Harrow chooses to support, having considered the guidance. Allocations from the discretionary fund will need to be spent by 30 November 2022.

This discretionary funding is being provided to support vulnerable people and individuals on low incomes who do not pay Council Tax, or who pay Council Tax for properties in Bands E to H. Harrow will need to implement a local scheme and administer the discretionary payments. Authority is therefore requested from Cabinet to authorise the Director of Finance to draft, implement and administer a Discretionary Energy Support scheme in accordance with the guidance issued, and in consultation with the Portfolio Holder for Finance and Resources. A full EqIA will also be carried out at that time.

Harrow 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. Occupants of class M (student halls) are unlikely to be eligible for discretionary support, unless they are exposed to rising energy prices in a similar way to other households.

Support from the Discretionary Fund must not be provided to households that have already received a £150 payment under the Council Tax Rebate. Support from the Discretionary Fund should consist of no more than £150 per household and Harrow will need to undertake pre-payment checks. To assist the pre-payment checks, the government will make available Spotlight, its due diligence risking tool. The fees incurred to use Spotlight for checks carried out for the Council Tax Rebate and Discretionary Fund will be covered by the government. The use of Spotlight or an equivalent tool to support pre-award due diligence is required, and evidence of checks undertaken will need to be retained by Harrow for post award governance, audit as well as reconciliation purposes.

Harrow will need to publish its agreed discretionary scheme setting out the eligibility criteria for its Discretionary Fund. This will be done once the scheme is approved under delegated power.

Harrow will be able to determine an appropriate claims method locally, considering the software solutions available to it, 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 as this scheme will be by application only, Harrow’s scheme will require the applicant to provide a bank account which will be subject to Spotlight checks and our normal payment governance to ensure fraud and multiple claims are eradicated or minimised.

New burdens funding will be given to Local Authorities (LA’s) to compensate them for the administrative burden of running the scheme and making the payments. This will be on top of the £9.429m programme funding to be paid to taxpayers.

#### Environmental Implications

There are no environmental impacts currently anticipated from the recommendations contained within this report.

#### Data Protection Implications

The letters and other information so far issued from the Department for Levelling Up, Housing and Communities specifically requests that authorities use existing council tax data held for the purposes of administering council tax, to support the administering of the Energy Rebate scheme. As such we do not anticipate any data protection / GDPR issues.

### Risk Management Implications

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? Yes **– A project risk register will be established and maintained for this project.**

The relevant known risks to be added to the register are attached/summarised below.

| **Risk Description** | **Mitigations** | **RAG Status** |
| --- | --- | --- |
| Timescales may not meet Government expectations | Government suggested payment for April is likely only to be possible for those eligible taxpayers that we hold DD data on. Other taxpayers are likely to experience much later payment dates, possibly into July/August if an alternative payment method is not viable through a third party. | Amber |
| Payments made too quickly due to pressure to get monies out asap leading to payments being made erroneously or to wrong person and decreased checks leading to increased fraud. | Mitigated by adhering to an agreed process which may well take longer to ensure all payments are made correctly. | Amber |
| Potential fraudulent requests for payment into wrong bank accounts  Harrow does not hold bank details for a significant percentage of eligible council tax households | It is anticipated this will be mitigated by an on-line application form and vetting of bank accounts with up-to-date bank statements. Where this is not possible, the use of a third party to use an alternative payment method may minimize delays and potential fraud.  Fraud will also be mitigated by the use of Spotlight checks for claims under the Discretionary scheme or for payments direct to claimants’ council tax account for those who may not be existing DD payers. | Amber |
| Risk of cash being accessed by others rather that the council taxpayer through alternative payment methods | Any payment method not involving direct payments to eligible householders’ bank account will be consulted upon, involving both legal and internal audit. Third party involvement will be under contract and checks will be built into process to check identity of person accessing award. | Amber |
| Not complying with suggested Government process risks programme funding being delayed or not paid | The recommendations in this report comply with suggested processes and if adhered to will minimize risk to funding not being paid | Green |
| Discretionary process open to abuse and fraud | The application process determined, shall have due regard to risks identified in relation to compliance with any likelihood for non-compliance being subject to reasonable steps being undertaken to mitigate that risk, including mandatory Spotlight checks for payments or by crediting council tax accounts directly. | Amber |
| New Burdens funding may be insufficient to meet full administration costs | Funding not yet announced. However, if the new burdens amounts are low, the revenue budget would need to cover any additional funding gap. | Amber |

### Procurement Implications

There are no current procurement implications arising from the recommendations within this report.

### Legal Implications

The Department for Levelling Up, Housing and Communities issued a statement and Council Tax Information Letter (CTIL) on the 3 February 2022 setting up its intentions and what was expected of LA’s in respect of administering the Energy Rebate. The Department additionally issued a further CTIL on 14 February 2022 providing an update on the material which must be provided to households regarding the council tax energy rebate which was announced on 3 February 2022. This included a requirement that an information pamphlet about the rebate should be sent out alongside bills issued to households in bands A-D prior to the start of the financial year. On the 21 February 2022 the Department issued a further CTIL and attached the actual pamphlet format which must be sent to households. Again, Cabinet authority is requested to issue the pamphlet alongside the 2022/23 council tax bills to ensure Harrow is compliant.

This was in addition to regulations having been introduced (SI No.127 of 2022) to require the addition of a reference to the scheme on the face of the council tax demand notice and in the accompanying council tax leaflet. The requirements will apply to bills issued in respect of the 2022-23 financial year only.

Whilst this notice has been given very late, Harrow will need to make changes to its 2022/23 council tax bills and issue the accompanying literature to ensure compliance with both conditions and regulations.

### Financial Implications

This is a Government initiative which is being fully funded, and the Harrow allocation is £9.429m. As long as the Council complies with the conditions set out in the various letters and guidance issued there are no financial implications. The schemes are fully funded and do not impact on Harrow’s finances.

There is however a risk that the new burdens amounts promised may not be sufficient to meet the actual costs of administering the scheme, considering the huge amount of staff resource that may be needed to pay non direct debit council taxpayers and to administer the discretionary scheme. If that is the case this will impact Revenue budgets.

### Equalities implications / Public Sector Equality Duty

There are no Equalities implications arising from the recommendations within this report; the local authority is simply acting has an agent in delivering a prescribed scheme for Government.

However, when Officers design the Discretionary scheme, taking into account of any guidance issued, the Discretionary scheme policy will have due regard to the public sector equality duty, as set out in section 149 of the Equalities Act 2010, and a predictive Equality Impact Assessment will be undertaken to ensure that any potential adverse impact to groups that share a protected characteristic are identified, evaluated and mitigated wherever possible.

### Council Priorities

The Energy Rebate Support Scheme reflects the aims of our corporate priorities thus ensuring we concentrate on supporting those who are financially vulnerable.

## Section 3 - Statutory Officer Clearance

**Statutory Officer: Dawn Calvert**

Signed off by the Chief Financial Officer

**Date: 28 February 2022**

**Statutory Officer: Stephen Dorian**

Signed on behalf of the Monitoring Officer

**Date: 24 February 2022**

**Chief Officer: Charlie Stewart**

Signed off by the Corporate Director

**Date: 28 February 2022**

**Head of Procurement: Nimesh Mehta**

Signed off by the Head of Procurement

**Date: 28 February 2022**

**Head of Internal Audit: Susan Dixson**

Signed off by the Head of Internal Audit

**Date: 24 February 2022**

## Mandatory Checks

### Ward Councillors notified: NO, as it impacts on all Wards

### EqIA carried out: N/A

### EqIA cleared by: N/A

Call-in waived by the Chair of Overview and Scrutiny Committee *-* **NO**