

Report to: Cabinet



Date of Meeting 4 May 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Council Tax (Energy) Rebate – Discretionary Fund

### Report summary:

As part of the government's package of support to help households with rising energy bills, the Council Tax Rebate scheme also included discretionary funding for billing authorities to support households who are in need but not eligible under the terms of the main scheme, or to provide carefully targeted 'top-up payments to the most vulnerable households. This report sets out the proposed Council Tax (Energy) Rebate Discretionary Fund Policy that is being recommended for approval.

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

That Cabinet recommends

1. Endorsing the proposed Council Tax Rebate Discretionary Fund scheme as set under section 2.3 of this report and the associated policy is approved.
2. Delegating authority to the Service Lead for Revenues, Benefits, Customer Services, Corporate Fraud & Compliance in consultation with the Portfolio Holder for Finance and S151 Officer to make consequential changes to the policy to ensure that government funding is fully directed to support vulnerable households.

### Reason for recommendation:

To ensure that Members are fully supportive of the proposed policy being recommended which aims to target support to those most in need.

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Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Democracy, Transparency and Communications
- ☐ Economy and Assets
- ☒ Finance
- ☐ Strategic Planning
- ☒ Sustainable Homes and Communities

☐ Tourism, Sports, Leisure and Culture

**Equalities impact** High Impact

[Equality Impact Assessment for Council Tax Rebate Discretionary Scheme](#)

**Climate change** Low Impact

**Risk:** Low Risk;

**Links to background information** [The council tax rebate 2022-23 – billing authority guidance - GOV.UK \(www.gov.uk\)](#)  
[Council Tax Rebate Discretionary Fund Policy](#)

**Link to [Council Plan](#)**

Priorities (check which apply)

- ☒ Better homes and communities for all
  - ☐ A greener East Devon
  - ☒ A resilient economy
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## 1.0 Background

- 1.1 On 3 February 2022 the government announced a package of support known as the Energy Bills Rebate to help households with rising energy bills, worth £9.1 billion for 2022/23. This includes:
- A £200 discount on energy bills this Autumn for domestic electricity customers in Great Britain. This will be paid back automatically over the next 5 years and is being administered by the Energy companies.
  - £150 non-repayable rebate for households in England known as the Council Tax Rebate.
  - £144million in 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 There are two elements to the Council Tax Rebate – mandatory scheme and discretionary fund. Government guidance is available here [The council tax rebate 2022-23 – billing authority guidance - GOV.UK \(www.gov.uk\)](#) . Although the government have called the scheme ‘Council Tax Rebate’ it is important to note that this is not a discount off the council tax bill nor does it have to be repaid.
- 1.3 Summary of the criteria and key requirements of the mandatory scheme:
- Initial funding £7,116,750.
  - Eligible properties are those in Council Tax bands A-D plus properties that are in band E which are in receipt of the disabled band reduction (this effectively puts them in a band D).
  - It is a chargeable dwelling, or in exempt classes – Class N, S, U or W\*
  - Must be in occupation as at 1 April 2022 (excludes empty properties)
  - It is someone’s sole or main residence (excludes second homes)
  - Only one £150 payment per household regardless of number of occupants
  - Scheme closes 30 September 2022
  - Where we hold a live Direct Debit instruction and this matches the liable council tax payer payment is to be made via these bank details as early as possible in the 2022-23 financial year provided we are assured the household is eligible and bank details have been verified.

- Where we don't hold live direct debit instructions for eligible households, the government expects us to make all reasonable efforts to contact the household and to invite them to make a claim.
- Councils are required to undertake pre-payment checks prior to payment of any grant which is not awarded to a live Direct Debit holder.
- Will be required to undertake monthly monitoring returns to government.

\*Class N = properties occupied solely by students.

Class S = properties occupied only by persons under 18.

Class U = dwelling only occupied by people who are classed as "severely mentally impaired"

Class W = annexes occupied by dependant relatives.

- 1.4 As the main scheme is a government criteria led scheme which is being fully funded then this is delegated to the Service Lead – Revenues, Benefits, Corporate Customer Services, Fraud & Compliance in consultation with the Finance Portfolio Holder to implement the scheme. The policy relating to our mandatory scheme is available [here](#)
- 1.5 Under the main scheme there are just under 47,000 eligible households. Approximately 35,000 households pay by Direct Debit (DD) and letters were issued in early April advising that we would be using their bank details to make the payment and to tell us if they weren't eligible. Due to the amount of proactive communications we did in relation to this scheme we received less than 1% calls in relation to these letters and a good proportion of these were reporting changes in circumstances (for example used as a second home so not eligible, opting out from receiving the payment, etc).

- 1.6 Payments are due to be issued to the DD payers as follows:

DD instalment date	Planned or actual date for payment to be made via BACS	Estimated (E) /Actual (A) numbers	Payment to DD payers
1 <sup>st</sup>	20/4/2022 (A)	24,829 (A)	£3,724,350 (A)
17 <sup>th</sup>	21/04/2022 (A)	5,662 (A)	£849,300 (A)
25 <sup>th</sup>	27/04/2022	4,200 (E)	£630,000 (E)
Total		<b>34,691 (E)</b>	<b>£5,203,650 (E)</b>

Note: Payments normally clear within 3 working days of the BACS payment being made.

- 1.7 In relation to the online claim form for the main scheme we are aiming to be live early May. We will be writing to those households with a pin number so that they can claim their payment. For those that can't do it online we will be providing a telephone service and for any resident needing face to face support we will offer appointments either at Exmouth or Honiton.

## 2.0 Discretionary fund

- 2.1 Government criteria in relation to any discretionary scheme:

- Allocated £269,850 in funding
- Funding needs to be spent by 30 November 2022. After this date any remaining funding to be repaid to government. Any overspend to be covered by East Devon District Council.
- Maximum payment is up to £150 per household under the discretionary scheme.
- Councils can determine locally how best to make use of this funding to support those suffering financial hardship as a result of the rising cost of living.

- Support can be targeted at those living in households valued in bands E to H which could include those on income related benefits or to provide carefully targeted 'top-up' payments to the most vulnerable households in bands A-D.
  - Council should publish their agreed policy which sets out the eligibility criteria for their Discretionary Fund.
  - Pre-payment checks are required prior to any payment being made.
  - Also required to complete monthly monitoring returns to government
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## 2.2 Considerations for a Discretionary Scheme

- 2.2.1 In order to determine a local policy for ensuring that we are targeting support to those most in need we have undertaken some modelling of our own data to help inform the proposed eligibility criteria.
- 2.2.2 If awards were all based at £150 this would mean we could support 1799 households. We have approximately 22K households in East Devon that aren't eligible under the main scheme. Clearly not all of them will need support but there will be a portion that do. If we provide a smaller level of award then this means we can support more households.
- 2.2.3 Rises in energy costs disproportionately impacts those on lower incomes as they spend a higher proportion of their income on utility bills. It is also important to recognise that disabled people and their families often have higher energy costs as they need more heating to stay warm. They may also have to use extra electricity to charge up items or to run equipment which is essential for supporting their needs.
- 2.2.4 Based on our Household Support Fund data residents who we've identified as struggling the most financially are those who have told us there is a disabled person or carer living in the household and single adult households both with and without children.
- 2.2.5 Where we have licenced houses in multiple occupation the landlord is liable to pay the council tax and not the individual tenants. The government have excluded these properties from being eligible to claim under the main scheme but it is likely that a number of these residents will be on low incomes. Although not all will have to pay their own energy costs (as included in their rent) there is a risk that landlords will increase the rents to reflect the rises in energy costs. It is therefore important that they are considered as part of our proposed discretionary scheme.
- 2.2.6 Important to note the government have announced a further 6 month extension to the Household Support Fund which means that there will be extra funding available to help residents with food and energy costs.
- 2.2.7 The Energy Rebate scheme (mandatory and discretionary) requires a significant amount of staffing resource to implement and alongside this we now have the Household Support Fund to administer. We are also involved with setting up and making payments for Ukraine nationals and their sponsors under the Homes for Ukraine scheme. This is all in addition to our normal work. It is therefore important that when designing our local discretionary scheme we strike the right balance of providing targeted help to benefit certain groups, retain some funding for households who are not in one of the groups but are nevertheless a financially vulnerable household, while ensuring the scheme is not overly burdensome to administer as this could create unnecessary delays in assessing claims.

## 2.3 Proposed Discretionary Scheme

2.3.1 Our proposed scheme is in two parts.

**Part 1**-Targeted support for the following household groups:

- Low income households based on those claiming Council Tax Reduction
- Disabled person in the household based on those in receipt of disability benefits or in receipt of disabled council tax discount/disregard or exempt due to being severely mentally impaired
- Carers based on those claiming council tax carer discount /disregard or in receipt of Carers Allowance and/or a carers premium.
- Residents in licensed Houses of Multiple occupation (HMOs) which have been excluded from the main scheme will be eligible to claim where the resident is liable for energy costs
- Two levels of payments:
  - £150.00 for those claiming Council Tax Reduction in Bands E to H and Houses in Multiple Occupation which have been excluded from the main scheme
  - £40.00 for those claiming a disability council tax discount or in receipt of carer disregard/discount for persons in Band E to H. Top-up payments of £40.00 for those on Council Tax Reduction and in receipt of disability benefits or carer allowance. See table under 2.3.2

2.3.2 **Part 2** – Special cases to be considered on a case by case basis. There will be two elements to how these will be considered:

- Part 2a: Non means tested as determined by eligibility to certain benefits/discounts in line with part 1 of our scheme
- Part 2b: Means tested – assessed against certain criteria

2.3.3 Part 1 of our scheme is split into two elements for targeted support.

Part 1a

	Priority Group	Details	Nos potentially eligible	Payment amount	Total estimated cost
Not eligible under main scheme	1	Bands E-H and claiming Council Tax Reduction (CTR).	387	£150.00	£58,050
	2	Bands E-H Disabled disregard, Severely mentally impaired (SMI) exemption or disregard	410	£40.00	£16,400
	3	Bands E-H Claiming Council tax Carer disregard – Non CTR	53	£40.00	£2,120
	4	Licensed Houses in Multiple Occupation (HMO's)	195	£150.00	£29,250
	Total		1,045		£105,820

- Group1 are households in receipt of CTR which is means tested and therefore they should receive the maximum support.
- Groups 2 & 3 are being awarded a lower amount as these are not means tested but recognising that they may have higher energy costs, see para 2.2.3. If on a low income they will be able to apply to have this increased up to £150 under part 2 of our scheme 'special cases' provision.
- Group 4 Licensed HMOs – where they can evidence liability to pay energy costs or if included in the rent costs evidence of an increase. Does not include accommodation that has been provided as part of employment or a care home, etc

#### 2.3.4 Part 1b: Top up payments for those on Council Tax Reduction under main scheme

	Priority Group	Definition	Nos potentially eligible	Payment amount	Total estimated cost
Top up payment for those eligible under main scheme claiming CTR	5	Households with a disabled person in receipt of one or more of the following: PIP, DLA, Limited Capability for Work (LCW) or Limited Capability for Work Related Activity (LCWRA), Disability, Enhanced disability or severe disability premiums, Disabled child premium, Severely mentally impaired, War pensioner mobility supplement or Armed forces independent payment.	2,977	£40.00	£119,080
		Household with a carer resident in receipt of one or more of the following: Carers allowance or premium, carer discount or disregard.	184	£40.00	£7,360
	Total		3,161		£126,440

- Providing additional top up payments to low income disabled households and households with Carers means we are targeting support to those households who are disproportionately impacted by rising energy costs.

#### 2.3.4 Households to benefit under part 1 of our scheme:

Total estimated households to benefit	4,206
Total estimated cost of targeted support (part 1a & part 2b)	£232,260
Balance remaining for part b of scheme (special cases)	£37,590

#### 2.3.5 **Part 2** – Special cases where applications will be considered on a case by case basis but targeted to households on low incomes.

Part 2a- To mirror the support provided in part one of our scheme:

- £150.00 for those not eligible under the main scheme or those that would fall into priority group 1. For example they had not claimed Council Tax Reduction but have become eligible or moved in after 1 April qualifying date.
- For those in priority groups 2 and 3 where a payment of £40.00 has been made and it is later identified that they are eligible for Council Tax Reduction for 2022/23 year we will award an additional £110 payment to reflect the payment level of group 1.
- For households where there is a carer or disabled resident and they have not already received the targeted support but would meet the eligibility criteria for the disability/carers benefits/discounts we will award a £40 top up support payment.

Part 2b – Means tested based on the following criteria:

- Must be liable to pay energy costs at the time of their claim
- Less than £6,000 capital
- Household Income levels must be below our Council tax reduction scheme thresholds as set out in the following table to be eligible.

Weekly income Single, no dependent	Weekly income Couple, no dependent	Weekly income Lone Parent, one dependent	Weekly income Couple, one dependent	Weekly income Lone parent two or more dependents	Weekly income Couple, two or more dependents
£310.00	£310.00	£385.00	£385.00	£460.00	£460.00

- 2.4 All households will be expected to complete an application form in order to comply with the pre-payment checks we are required to carry out.
- 2.5 We aim to be live with the scheme late May/early June. As this is a cash limited fund the scheme will close when government funding is spent or no later than 30 November 2022.
- 2.6 Our [Council Tax Rebate Discretionary Fund Policy](#) is available here and under background links.

### 3.0 Other considerations

- 3.1 This scheme will be considered alongside other discretionary funding and financial support we have available when administering applications. This will ensure we are taking a joined up approach and linking in with other funds where necessary.

### 4.0 Summary

- 4.1 The key aims of our scheme are to target support to those households who will be disproportionately impacted by the rises in energy costs. We have carried out an equalities impact assessment to ensure that we have assessed our scheme against those with protected characteristics which can be found above. By having funding available for those that don't fall within the groups identified within this report means we are providing a safety net for other financially vulnerable households to apply which ensures that they are not being excluded.

### Financial implications:

The financial implications are identified in the report and the proposed scheme allocates government funding which was given for a specific purpose. The financial objective being to utilise the full funding sum to best support our residents.

### Legal implications:

As the report identifies there is a prescribed mandatory scheme and a locally led discretionary scheme. When considered in light of the Government guidance the proposed discretionary scheme appears reasonable. In coming to a decision on whether to agree the policy it will be necessary to comply with the public sector equality duty and members should therefore have regard to this duty and the accompanying equalities impact assessment when deciding whether to agree the policy.