

**Title of meeting:** Cabinet

**Date of meeting:** 21 June 2022

**Subject:** Council Tax Rebate (Energy Rebate) - Discretionary Fund

**Report by:** Director of Finance & Resources

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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## **1. Purpose of report**

- 1.1 The purpose of this report is to propose alternative options for a discretionary 'energy' rebate scheme, enabling the council to adopt a policy, and move forward to assist residents who are energy payers but are not eligible for support from the core 'Council Tax Rebate' scheme.

## **2. Recommendations**

- 2.1 It is recommended that Option 3 and the associated Policy at Appendix 1 is approved.

## **3. Background**

- 3.1 Guidance was issued from the Department for Levelling Up, Housing and Communities (DLUHC) on 23 February 2022 to support local authorities in the administration of the 'Council Tax Rebate' and the associated Discretionary Fund, previously announced in early February as part of the support package for rising energy costs.

The support package included:

- A £150.00 payment for most households in England in council tax bands A to D, which is now 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'

A decision is required to consider and approve the Discretionary Fund, which has been developed to cover those residents that are not covered by the core scheme, the Council Tax Rebate, but who will struggle to pay their energy bills.

Portsmouth has been provided with a fixed cash limited sum of £433,800 for this Discretionary Fund. Any unspent funds will be required to be returned to Government when the scheme closes.

### DLUHC Criteria

The criteria for the Discretionary Fund is for the Council to determine, but awards should typically not be made to a household that has received an award under the core scheme, however where councils consider it the best means of supporting those in financial difficulty, they can use the Discretionary Fund to offer carefully targeted 'top-ups' to the most vulnerable households in bands A - D (for example, those on means tested benefits), or to offer support exceeding £150 per household under their Discretionary Fund. The Government expects that all support from the Discretionary Fund is targeted towards those most likely to be suffering hardship as a result of the rising cost of living.

The guidance from DLUHC states:

- i. Councils 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.
- ii. 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.
- iii. 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.
- iv. Discretionary support should not be offered to occupants of property in exemption class O, where the Ministry of Defence will provide cost of living support.

Unlike the core scheme for eligible residents of properties in bands A-D who will receive £150.00 based on occupancy on 01 April 2022, the Discretionary Fund can be more flexible in respect of the eligibility date, and there is greater flexibility regarding the award value.

Applications for discretionary funding must be submitted by the energy payer and pre-payment checks, in line with the core scheme, will be completed.

Implementation of the Discretionary Fund will be achieved later than the core scheme, providing the Council with time to agree the Discretionary Fund policy, and providing the Council's software supplier time to develop the software that is needed to support the discretionary awards.

It is anticipated that the Discretionary Fund will be launched in June 2022. All discretionary payments are required to be dispersed by the end of November 2022.

#### **4. Alternative Options**

In formulating options, consultation has taken place with the Council's Tackling Poverty Coordinator, our Revenues software supplier and ACS Consultancy who provide support to a significant number of Revenues and Benefits teams in England.

Three options are considered, all of which have advantages and disadvantages which are summarised below:

##### Option 1

- Award £150.00 to each household in bands E-H receiving local council tax support on 01 April 2022. (Estimated cost £9,300).
- Distribute the remaining funds as an additional top up award of approximately £31.00 to all households across bands A-H attracting local council tax support.

##### Advantages

- Simple to administer as there would be no application process (other than collecting bank details for non-direct debit payers),
- Discretionary funds would be distributed quickly,
- Payments would be to known low-income households.

##### Disadvantages

- No support for other low income energy payers not in receipt of local council tax support, for example where the energy payer is not the council tax payer, such as those in Houses of Multiple Occupation.
- Excludes residents moving into properties after the eligibility date of 01 April 2022.

##### Option 2

- Award £150.00 to each household in bands E-H receiving local council tax support on 1st April 2022. (Estimated cost £9,300).
- Distribute the remaining funds as an award of approx. £122 to households in Band E that do not qualify for local council tax support.

### Advantages

- Simple to administer as there would be no application process (other than collecting bank details for non-direct debit payers)
- Discretionary funds would be distributed quickly
- A slightly reduced rebate payment to band E residents, but extending the broader general exclusion to support to bands F-H

### Disadvantages

- No support for other low income energy payers not in receipt of local council tax support, for example where the energy payer is not the council tax payer, such as those in Houses of Multiple Occupation.
- Excludes residents moving into properties after the eligibility date of 01 April 2022.
- If above band D is used as a proxy for those generally less in need, it is arguable that by extending the scheme more generally to include band E, we are targeting the wrong residents.

### Option 3

Award £150.00 to each household in bands E-H receiving local council tax support on 01 April 2022. (Estimated cost £9,300).

An application window be opened for two months, during which demand can be assessed. Applications will be open to:

- Residents liable for council tax in properties banded E-H on 01 April 2022 in receipt of Pension Credit Guarantee Credit, Housing Benefit, Universal Credit, Working Tax Credit or Child Tax Credit or any other out of work benefit on 01 April 2022, where there is no eligibility to local council tax support. In this instance an application from the energy payer will be required.
- Households which are the energy payer occupying band A-D properties on 01 April 2022 that are excluded from payment under the core 'Council Tax Rebate' scheme. In this instance an application from the energy payer will be required.
- HMO households occupying band A-H properties that are excluded from payment under the core 'Core Tax Rebate' scheme. In the instance an application from the energy payer will be required.
- Recipients of local council tax support who attract funding from the core scheme, may be considered for top up support from any underspend from the

Discretionary Fund once the application window has closed. This will be at the discretion of the Council.

#### Advantages

- Targets support to low-income households.
- Discretionary funds would be distributed reasonably quickly.
- Provides a provision to apply a targeted additional top-up to known low income households.

#### Disadvantages

- Requires an application process (for some).
- Is more complex to administer.
- Due to absence of data, it is not possible to provide a financial model/forecast, however can be reviewed after the application window.
- New burdens funding is unknown and difficult to understand what the cost of administration will be for this more complex scheme.
- Excludes residents moving into properties after the eligibility date of 01 April 2022.

**Option 3 is recommended.**

## **5. Reasons for recommendations**

This recommendation is made as it provides discretion to assist all different types of low-income households, which we conclude is in the spirit of the guidance issued by DLUHC.

As it is considered that the discretionary funding is unlikely to all be distributed during the first application window, it provides flexibility to provide further targeted support, such as a top-up to local council tax support customers. Targeting additional support to low income households would also be determined as a policy intention of the Discretionary Fund.

## **6. Integrated impact assessment**

An Integrated Impact Assessment is attached at Appendix 2.

**7. Legal implications**

- 7.1 The recommended policy option is consistent with the relevant Central Government guidance published by DLUHC, and in particular paragraphs 36 to 40 (inclusive) of that guidance.
- 7.2 The legislative and operational background and framework for the administration of the Discretionary Fund is described in the Energy Rebate Policy set out in Appendix 1.
- 7.2 There are no further legal implications arising directly from the recommendation in this report.

**8. Director of Finance's comments**

- 8.1 Funding for this scheme from Central Government amounts to £433,800, any costs in excess of this will need to be met from the Council's own funding sources. The recommended Option 3, deemed to provide the most targeted support to those energy payers in greatest need but with an uncertain level of demand, has been designed to operate within application windows in order to be able to assess and better manage any potential financial pressures that may arise.

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Signed by:

**Chris Ward**  
**Director of Finance & Resources**

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Support for energy bills - the council tax rebate 2022-23: guidance and allocations for billing authorities	<a href="https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance">https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: