

Report to:	EXECUTIVE CABINET
Date:	23 March 2022
Executive Member:	Councillor Oliver Ryan – Executive Member for Finance and Economic Growth
Reporting Officer:	Ilys Cookson - Assistant Director Exchequer Services
Subject:	COUNCIL TAX BILLING AND ENERGY REBATE
Report Summary:	The report details the impact of the payment of the one-off £150 energy rebate via the Council tax system.
Recommendations:	That Executive Cabinet be recommended to agree that the discretionary policy be approved.
Corporate Plan:	The report supports the 'Nurturing our Communities' and 'Live Longer and Healthier Lives' Corporate Plan priority themes.
Policy Implications:	The Government has instructed local authorities to pay a £150 one-off energy rebate to households in Council tax Bands A – D and a discretionary scheme to be available for Bands E and above.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>£150 energy rebate funding - The Council has been provided with an allocation of £14,545,050 for payment of the £150 one-off energy rebates. Funding is based on the number of eligible properties recorded in the 2021 council tax base statistics. This funding is to be passed on directly as one-off £150 grants to households that are eligible under the terms set out in Government guidance. All Council Tax Rebate grants should be paid as soon as possible from April. Payment of the £150 energy rebates should be fully funded but is subject to a reconciliation exercise later in 2022. Only payments made before 30 September 2022 will be funded. Any under or over payment of funding will be settled following the reconciliation process. Payments made by the Council after 30 September 2022 will not be funded by Government.</p> <p>Discretionary Fund - The Council has been awarded £530,400 for the Discretionary Fund to support those who are not eligible for the £150 one-off energy rebate scheme. Allocations have been calculated based on the index of multiple deprivation and estimated number of local council tax support claimants in bands E to H. Funding for the Discretionary Fund is to be passed on directly as one-off grants of up to £150 to households that the Council determines to support, having considered the guidance from Government. This funding is limited and any expenditure in excess of the funding allocation will not be reimbursed by Government. The fund is expected to be subject to a reconciliation process and any unspent funding by 30 November 2022 will be required to be repaid to government.</p> <p>Administration risks and costs - As set out in the report, there are a number of risks associated with the administration and payment of these schemes, and a difficult balance to be maintained between distributing funds quickly and minimising the risk of fraud or inappropriate payments. Adequate monitoring and reporting systems will be needed to ensure reconciliations can be completed</p>

appropriately and that the funding allocation for the discretionary scheme is not exceeded.

New burdens funding has been promised by Government but as yet no allocation of funding has been received. There is expected to be a significant administrative burden placed on the Council for the operation of this scheme and a risk that the cost of this administrative burden is not covered by any additional funding.

**Legal Implications:
(Authorised by the
Borough Solicitor)**

There are significant legal, delivery and reputational risks involved in undertaking this rebate, which is rather misconceived approach for the demographics of our borough.

Risk Management:

The risks are outlined in Section 5 of the report.

Background Information:

The background papers relating to this report can be inspected by contacting Ilys Cookson -



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1. INTRODUCTION

- 1.1 On 3 February 2022 central government announced that households in council tax bands A-D, will receive a £150 rebate. The energy rebate would be administered by local authorities from April and would not need to be repaid. In addition there would be discretionary funding of £144 million provided nationally to support vulnerable people and individuals on low incomes that do not pay council tax, or that pay council tax for properties in Bands E-H. The only other information provided at that time was that the payment would be made direct into bank accounts.
- 1.2 At that time the year start billing operation to produce 103,000 council tax bills in Tameside had already commenced by way of systems testing prior to scheduling bills to be printed immediately after Full Council met on 22 February 2022. It was clear that any award of energy rebate was going to impact significantly on both the billing operation and on customer contacts which are at the highest in April and May each year.
- 1.3 Local authorities and system software suppliers did not have any information on which to prepare or plan and guidance was promised for week commencing 14 February 2022.
- 1.4 Notice was received on 12 February 2022 that wording had to be included on the front of each Council tax bill as detailed in Statutory Instrument no 127 to state as follows:
- 'The Government is providing a £150 one-off Energy Bills Rebate for most households in council tax bands A-D'*
- 1.5 Amendments were made to the front of the council tax bill however guidance on *how* to actually pay the rebate was not provided.
- 1.6 As the guidance was not received as expected, and had not been received by the date of Council meeting on 22 February 2022, the decision was taken to delay year start bills being sent out by one week. This was in anticipation that the guidance would be imminent, and its content may impact further on the issue of bills or on the customer contact that may be required.
- 1.7 A leaflet must be included with each bill, which details the energy rebate and the precise leaflet wording was provided by central government.

2 GUIDANCE

- 2.1 Guidance was received on 23 February 2022 and set out scheme eligibility, payments, fraud risk management, council tax billing, communication with households, monitoring and reporting. The guidance also details allocations to be provided to each billing authority in March for the council tax rebate and the discretionary fund. The amounts for Tameside are £530,400 in respect of the discretionary fund and £14,545,050 for the non-discretionary £150 payments.
- 2.2 The full guidance can be viewed here: [Support for energy bills - the council tax rebate 2022-23: billing authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/111111/Support_for_energy_bills_-_the_council_tax_rebate_2022-23_billing_authority_guidance_-_GOV.UK_(www.gov.uk).pdf)
- 2.3 Guidance makes clear that with rising energy bills people need to receive monies quickly to alleviate hardship and, while these rising costs will affect most households across the country, they are more likely to disproportionately affect those on lower incomes, who tend to spend a higher proportion of their income on utility bills. Eligibility is based on the following:
- Property must be in Bands A – D
 - Must be a sole or main residence
 - It is a chargeable dwelling

- The person is liable to pay Council tax (including those with a nil liability), not be a local authority, or corporate body ie a housing association
- Eligibility is based on position as at 01 April 2022.
- Payment must be made by end of September 2022.

Properties that are not eligible are:

- No permanent resident or property is a second home
- An unoccupied property

This means in Tameside we have to pay a one off £150 energy payment to 98,000 households in a 6 month period, 40,000 of which we have no bank details.

3 PAYMENTS

- 3.1 Payments will be made per household, regardless of number of occupants or number of liable council tax payers, via a person's bank where direct debit details are held by the Council for the purpose of paying council tax. The Council must be assured that payment is made into the correct bank account.
- 3.2 Guidance makes clear that rebate should be paid as soon as possible from 01 April 2022 and all payments must be paid by end September 2022. The timescale is incredibly tight given that the maximum timescale is 6 months and numbers to be assessed, verified for authorisation, then actually put into payment, notwithstanding the fact that a discretionary scheme and payments must also be in place.

4. ISSUES

- 4.1 A number of issues arise from the payment of any monies which are not directly connected to the administration of council tax, yet the council tax system is being used for this purpose. Clive Betts, Chair of Levelling Up, Housing and Communities Committee has written to Michael Gove, Secretary of State in this regard and while the rebate is welcome, the complexities in administration via council tax systems are particularly burdensome of local authorities. The key issues are as follows:
- Number of eligible accounts to receive the payments
 - Payment into bank accounts
 - Timing and resources
 - Systems and processes
 - Discretionary scheme
- 4.2 **Number of eligible accounts to receive payments**
In Tameside there are 98,826 households in Bands A to D (nearly every household) that will qualify for a one-off £150 energy rebate. Of those there are almost 40,000 for whom we have no bank details as each of these households choose a different method of payment for council tax.
- 4.3 Where bank details are not held, each household will need to apply for the £150 rebate and provide bank details before the application can be assessed, verified, authorised and paid. Although as much information will be available on the web and scripts will be available for telephone calls it is clear that Exchequer do not have sufficient resource to administer this alone and need support from across the organisation in terms of responses to customer contacts.

4.4 **Payment into bank accounts**

We do not have bank details for some 40,000 households who will have to apply to receive the rebate.

4.5 There are a significant number of accounts to be processed where direct debit details are held, and which will undoubtedly lead to delays in payments being made due to queries that will arise such as customers requesting payment into another bank account, bank account closed, third party pays the council tax for a family member etc.

4.6 A significant concern is that those on benefits and with a low income are unlikely to want the payment to be paid into a bank account as they may be already overdrawn and would not benefit from the £150 energy rebate being made. The majority of local authorities are offering that the payment reduces council tax payments in such cases although this is deemed to be a last resort as detailed in the guidance.

4.7 The use of council tax system personal data for another purpose brings system complexities to the software companies in terms of how the system copes with payments not associated with the council tax account, how the payment affects the accounting process and how mass payments are extracted from the processing system into various bank accounts. This is in addition to the legality of using bank details intended for one purpose ie the payment of council tax to be used for another purpose. The Institute of Revenues Rating and Valuation (IRRV), the Local Government Association (LGA) and Special Interests Group of Metropolitan Authorities (SIGOMA) have all raised concerns and lobbied government to simplify administration, as yet to no avail.

4.8 **Timing and resource**

The award of the energy payment comes at the busiest time of year in the service when over 150,000 Council Tax bills, Business Rates bills and invoices are sent out in March and customer contacts remain high from March to end of May. All available staff take calls during this busy period however the government state that the payments should be paid from April. The window to pay the rebate is very tight ie from April until the end of September for Bands A to D and the end of November for the discretionary scheme.

4.9 This comes on the back of 2 years of COVID related activity in addition to delivering core business by way of payment of over 3,000 Self Isolation Payments totalling £1,516,000.00, and administering 9 different business grant schemes of over 10,234 payments totalling in excess of £58.2m. While the service has deployed staff across all service areas within Exchequer to cope with demand, this has impacted on the quality of service delivered as borne out in audits and it is anticipated that this will continue given the sheer volumes of accounts to be paid.

4.10 The guidance suggests that the first months council tax should be collected for any existing and new customers to guard against rejections, which means that there will be a one month delay in many cases as direct debit processing dates are the 1st, 15th and 23rd of each month and so this may delay payments being made.

4.11 **Systems and processes**

At national level the three software companies that provide council tax systems are equally grappling with how this can be done and which will require testing before roll out to local authorities and then further on-site testing. New burdens funding is not forthcoming and software suppliers are equally concerned regarding the costs of the development of any systems solutions without certainty of finances being in place to support. The council tax system has been developed in accordance with legislation for the billing and recovery of council tax however, it now has to be used for another purpose and the host software systems alone do not have functionality to support this and so additional software is required to enable payments to be made, verified and reconciled.

4.12 Audit and IT colleagues will be required to assist in terms of agreeing processes to guard against fraudulent claims and systems to determine management reporting as government require. All local authorities are concerned about the level of customer contact required, the IT traffic and the stability of telephone lines to address extremely high volumes of calls for a sustained period and the resources to actually answer calls.

4.13 Communications to and from customers is a concern as there will be an inevitable delay in people receiving payment into bank accounts as verification and fraud checks need to be undertaken in each case where bank details are not known.

Discretionary Scheme

4.14 In addition to the mandatory scheme (to pay all households a one-off payment for £150 for households in Bands A to D), a discretionary scheme must be developed. The funding in Tameside is £530k, and guidance suggests that this funding should be used to provide payments to other households who are energy bill payers but not covered by the Council tax Rebate. This may include households living in property valued in Bands E to H that are on income related benefits or those where the energy bills payers are not liable for council tax. Once determined and approved by Elected Members the discretionary scheme should be published setting out the eligibility criteria for their Discretionary Fund.

4.15 Support from the Discretionary Fund does not have to be provided in relation to the position on 1 April 2022, but councils should take all reasonable steps to ensure they are not providing additional support to an individual from a household that has already received a payment under the energy rebate scheme. Councils must undertake the prescribed pre-payment checks before providing support from the Discretionary Fund.

4.16 There are approximately 100 claimants of Council Tax Support in Bands E and above which could be considered for a discretionary payment, in accordance with the guidance and our own local policy.

4.17 Further guidance was received on 16 March 2022 and which changes the original guidance issued on 23 February 2022 regarding the matter of only one payment of £150 could be paid per household. The new guidance states: *'Where councils consider it the best means of supporting those in financial difficulty, they can use the discretionary fund to offer carefully targeted 'top-up' payments 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 scheme'*. This means that a household in Bands A to D could be awarded a further payment under the discretionary scheme subject to eligibility.

5. ADMINISTRATION PLANS TO DATE

5.1 Plans have been put in place to date as follows:

- Direct debt campaign commenced on 14 February to increase take up and obtain bank details
- Prescribed wording has been added to council tax bills sent out w/c 11 March
- Prescribed leaflet will be sent out with all council tax bills
- FAQ scripts developed for telephone queries arising from bills being sent out
- Information for putting on Tameside Council web site being developed
- Legality of use of direct debit details being checked
- Telephone licences (250 in total) determined for the Councils telephone system and additional staff across the organisation may have to be deployed to take calls using telephone scripts being developed
- Customer Services on standby for influx of queries
- HR sourcing possible short term assistance
- Liaison with software provider Capita for development of automated payments and

application for discretionary scheme (costs of implementation unknown)

- Procurement of automated bank account checking software underway (will be procured under urgency as a waiver and costs less than £20k)
- Developing a discretionary policy which will be approved by Members.

5.2 Energy rebate paid will not be taken into account in the calculation of income related benefits. For Universal Credit, the Department of Work and Pensions will legislate to ensure payments are disregarded. DWP are expected to write separately to councils to confirm this approach. All payments made under the Council Tax Rebate or Discretionary Fund are non-taxable. Recipients do not need to inform HMRC of the amounts received and those who are self-employed do not need to report the amounts on their Self Assessment tax returns. As these payments are non-taxable they do not impact tax credits. Tax credits claimants do not need to report these payments as income to HMRC.

6. RISKS

6.1 There is a risk that demand cannot be met in terms of customer contacts. The payment of all eligible accounts within the timescale prescribed is a significant challenge as all need to be risk checked to guard against fraudulent payments being made. The expected volume of customer contacts will be in excess of previous levels experienced and it is clear that Exchequer cannot take customer contacts in addition to paying the number of accounts required at volume and pace.

6.2 Messaging on the Councils web site and with other Council services and partner agencies ie RSL's, and social media will be vital. RSL's are likely to be enlisted to assist tenants that will have to apply for the energy rebate as they do not currently pay by direct debit. Consideration is being given to a direct award of the rebate onto the council tax accounts where a household is eligible for a mandatory payment but does not apply by early September.

6.3 There is a risk that the quality of core business of collecting and recovery of Council tax, Business Rates and Sundry Debts and the payment of benefits will be reduced if services are overwhelmed by the scale of demand in respect of the energy rebate. To mitigate against this only statutory and essential work is likely to be undertaken and non-essential such as writing off debts will be suspended for a three to six month period. The government require management information and reconciliation of payments, which also requires resource and assistance from Financial Management.

6.4 There a risk that software systems will not be sufficiently developed in time to meet demand as required and costs are unknown with the exception of checking tool solution which will be procured.

6.5 There is the additional risk that further amended guidance may be received as confirmed by the IRRV and SIGOMA and which may impact on plans set in place to date. Ultimately there is a risk to the Councils reputation if payments are not made in a timely manner. Although this is a national issue it is essential that residents receive the best service possible amidst the lack of clarity of guidance, timescales, volume and rising costs of living.

7 RECOMMENDATIONS

7.1 As set out at the front of the report.

APPENDIX A

DRAFT DISCRETIONARY COUNCIL TAX REBATE FOR ENERGY POLICY

The government expects that all support from the Discretionary Fund is targeted towards those eligible households most likely to be suffering hardship as a result of the rising cost of living.

A discretionary payment may be awarded to the following:

- Households in receipt of Council Tax Support or Housing Benefit in Council Tax Bands E, F, G and H
- Any households evidencing financial hardship
- Energy bill payers who are fleeing situations of domestic violence
- Energy bill payers who are not liable for Council Tax evidencing financial hardship

The following will be taken into consideration:

- The medical circumstances of you, any partner and any other occupants in your home
- The income and expenditure of you and any partner
- The savings or capital held by you and any partner
- The nature of your and your family's circumstances
- The amount available in the discretionary budget at the time of your application
- Any other special circumstances

All discretionary payments are subject to government funding being available. Each claim will be treated strictly on its merits by recognising individual's circumstances.

To apply please go to link xxxx

Application form must be completed and evidence provided as detailed in link xxxxx

Payment will be made direct into bank accounts or by credit to the council tax account.

The government and Tameside Council will not tolerate any application falsifying records or providing false evidence to gain the Council Tax rebate for energy. An applicant who falsely applies for rebate, provides false information or makes false representation in order to gain rebate may be guilty of fraud under the Fraud Act 2006. Rebate may be recovered in such cases. There are no appeal rights with regard to this discretionary policy and payments will be made between April 2022 and 30 November 2022.