

<b>Report to:</b>	<b>BOARD</b>
<b>Date:</b>	9 March 2023
<b>Executive Member:</b>	Councillor Jacqueline North – First Deputy (Finance, Resources and Transformation)
<b>Reporting Officer:</b>	Ilys Cookson – Assistant Director Exchequer Services
<b>Subject:</b>	<b>ENERGY BILLS SUPPORT SCHEME ALTERNATIVE FUND</b>
<b>Report Summary:</b>	<p>The Government announced that the Department for Business, Energy and Industrial Strategy (BEIS) (now the Department for Energy, Security and Net Zero), will work in partnership with Local Authorities to deliver alternative funding for help with consumers' energy bills.</p> <p>Details of funding and guidance for two schemes were released on 8 February 2023 and the first scheme with a go live date of 27 February and final guidance received on 24 February 2023 for the second scheme with an expected go live date of 06 March 2023. Since final guidance has been released there have been several corrections and clarifications notifications.</p>
<b>Recommendations:</b>	The Executive Cabinet be recommended to note that the Council delivers the Energy Bill Support Scheme Alternative Funding (EBSS – AF) payment in addition to the Alternative Fuel Payment Alternative Funding payment (AFP – AF).
<b>Corporate Plan:</b>	The report supports the “Nurturing and Communities” and “Live Longer and Healthier Lives” Corporate Plan priority themes.
<b>Policy Implications:</b>	The government has instructed local authorities to pay a £400 one-off energy rebate to households who do not have a direct contract with a domestic electricity supplier and a £200 payment to those who use alternative fuels to heat their homes.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer)</b>	The payment of the £400 one-off energy rebate to households who do not have a contract with a domestic supplier, and payment of £200 one-off energy rebate to households using alternative fuels in intended to be cost neutral to the Council, with all payments being fully reimbursed by Government. However, it should be noted, as set out in the report, that the administrative burden of undertaking this work is not yet fully clear. Whilst new burdens funding has been promised, this is usually notified and paid in arrears, with amounts being formulaic and based on a national calculation. There is therefore a risk that the cost of staff time involved in the delivery of this scheme is not fully covered by any additional funding.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	The scheme has been set up in accordance with the government Guidance It is important to ensure that there is robust risk management as set out in Section 6 of the report.
<b>Risk Management:</b>	The risks are set out in Section 6 of this report.

**Background Information:**

The background papers relating to this report can be inspected by contacting Karen Milner, Service Unit Manager — Assess and Pay and Income and Collection.



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## 1. BACKGROUND

- 1.1 In November 2022 a ministerial letter was sent to chief executives to advise of the government's intention for the Department for Business, Energy and Industrial Strategy (BEIS) (now the Department of Energy, Security and Net Zero), to work in partnership with local authorities across Great Britain to deliver payments for help with consumers' energy bills.
- 1.2 For the majority of the population this support is being delivered direct by the Energy Bill Support Scheme (EBSS) as a £400 credit to electricity bills and as a reduction to the unit cost of gas and electricity and is delivered by energy suppliers. However, the government estimate that around one million households across the UK will miss out on the EBSS as they do not themselves directly contract with a domestic electricity supplier or use alternative fuels to heat their homes. They will instead qualify for assistance via the Energy Bill Support Scheme Alternative Fund (EBSS – AF) or the Alternative Fuel Payment Alternative Funding (AFP – AF) to be administered by local authorities. The scheme is underpinned by the Energy Prices Act 2022.
- 1.3 The government therefore require local authorities to deliver 2 energy bill support schemes, as follows:
- **Energy Bill Support Scheme Alternative Fund (EBSS – AF)**  
This is to be a £400 payment for households that do not have a direct contract with an energy supplier such as residents in park homes, care homes. This will be delivered from 27 February 2023 to 31 May 2023.
  - **Alternative Fuel Payment Alternative Fund (AFP – AF)**  
This is a £200 payment for households that use alternative fuels to heat their homes such as heating oil, biomass and LPG. This will be delivered from 06 March 2023 to 31 May 2023.
- 1.4 New burdens funding is to be available for the schemes, however, the amount and timescale for payment has not yet been determined by the Department for Energy, Security and New Zero.
- 1.5 Final guidance was received on 23 February 2023 in respect of the £400 Energy Bill Support Scheme Alternative Fund (EBSS – AF) and 24 February 2023 for the £200 Alternative Fuel Payment Alternative Fund (AFP – AF) and amendments and corrections have been received in respect of both schemes since the guidance release.

## 2. INTRODUCTION

- 2.1 The Department for Business, Energy and Industrial Strategy (BEIS) became the Department of Energy, Security and Net Zero (DESNZ) on 8 February 2023 and guidance and a grant determination letter for the Energy Bill Support Scheme – Alternative Funding was released the same day. The grant determination letter confirmed 80% of the funding would be paid to local authorities after 20 February 2023 and for Tameside this would be £638,000.
- 2.2 A grant determination letter in respect of the Alternative Fuel Payment – Alternative Funding was received on 24 February 2023 and which totals £44,000 for Tameside and will be paid to local authorities between 27 February 2023 and 30 June 2023. An amended grant offer letter was sent to all local authorities on 27 February 2023 however this does not change the overall amount awarded.
- 2.3 A total of £638,000 will be provided as 80% of the Energy Bill Support Scheme Alternative Funding will be paid as a lump sum. It is estimated that over 1,900 applicants may qualify for the £400 payment. Equally 80% of the grant for Energy Bill Support Scheme Alternative Fuel Payment-Alternative Funding will be paid in advance in respect of households in

Tameside that may use alternative fuels and who may qualify under the Alternative Fuel Payment Alternative Fund (AFP – AF), and it is expected that over 275 households may apply.

2.4 The scheme timetable as determined by government is detailed here:

**Table 1: Scheme Timescales**

<b>KEY DATES</b>	<b>EBSS – Alternative Funding £400</b>	<b>Alternative Fuel Payment – Alternative Funding £200</b>
Scheme 'go live'	27 February 2023	06 March 2023
Scheme closes to new applications	31 May 2023	31 May 2023
Final date for payments to be posted in local authorities financial systems	30 June 2023	30 June 2023
Final date for payments to be defrayed from local authorities bank accounts	7 July 2023	7 July 2023
Final date for scheme reconciliations to be sent to DESNZ	31 July 2023	31 July 2023
Post payment assurance works	01 August 2023 onwards	01 August 2023 onwards

2.5 The government will fully fund the scheme and grant payments to local authorities will be made Section 13 of the Energy Prices Act 2022. No household will be eligible to receive both payments.

### **3. ELIGIBILITY**

#### **3.1 Energy Bill Support Scheme – Alternative Funding (EBSS-AF)**

3.2 DESNZ state that applicants must meet the following criteria on the date of application in respect of Energy Bill Support Scheme-Alternative Funding:

The dwelling for which support is being claimed is the sole or main residential address of the applicant and who must meet the following criteria on the date of application:

- The household is responsible for paying for energy used in the dwelling as part of a service charge, rent or other arrangement, and may, through these charges increasing have the impact of increased energy bills costs passed on to them between 1 October 2022 and 31 March 2023
- The household is not eligible for or already receiving EBSS payments, either through the main EBSS scheme or the EBSS Alternative Funding, in whole or in part
- The household dwelling is not a business premises or other form of non-domestic premises, is used wholly or mainly for domestic purposes, with the exception of businesses whose main business activity is to provide long term residential accommodation (landlords, care homes etc.). Only households, and not the businesses themselves, may apply for EBSS Alternative Funding

3.3 The following are likely to be recipients of the scheme:

- Park home residents
- Housing association, social and private tenants, and leaseholders, supplied via a landlord with a commercial meter

- Partly and wholly self-funded care home residents (where they make any contribution to their costs, as opposed to NHS funded residents)
- Households in house boats on residential moorings
- Households on a private electricity network, for example those supplied by a heat network
- Off-grid households
- Traveller households on authorised sites • households in non-permanent /supported accommodation

The address must be permanent and EBSS – AF cannot be paid to temporary addresses.

3.4 If the premises contain more than one eligible household as defined in the guidance, for example care home residents, each of the households will be eligible for the payment. This does not include houses in multiple occupation (HMO) as they would only be eligible for one payment for the whole property in line with main EBSS scheme, rather than one payment per person.

3.5 Exclusions apply to eligibility such as premises that have already received payments automatically from their energy provider and further examples include second homes, seasonal workers in associated accommodation, students living in purpose built student accommodation, fully publicly funded (NHS) care home residents, houseboats without a permanent mooring.

#### **Alternative Fuel Payments – Alternative Fund (AFP-AF)**

3.6 DESNZ define eligibility for this scheme as being applicants meeting the following criteria on the date of application:

- The dwelling for which support is being claimed is the sole or main residential address of the applicant
- The applicant or household is responsible for paying for the alternative fuel(s) used in the dwelling as the household's main source of heating and may, through these charges increasing, have the impact of increased alternative fuel costs passed on to them between 1 September 2022 and 31 May 2023
- The household has not or will not receive a payment through the main AFP scheme and has not received a payment through the AFP Alternative Fund, in whole or in part
- The household dwelling is not a business premises or other form of non-domestic premises, is used wholly or mainly for domestic purposes, with the exception of businesses whose main business activity is to provide long term residential accommodation (landlords etc.). Only households, and not the businesses themselves, may apply for the AFP Alternative Fund.

These criteria apply to the address that is receiving payment.

3.7 The following are likely to be recipients of the scheme:

- park home residents.
- housing association social and private tenants, and leaseholders, supplied via a landlord with a commercial meter
- households in house boats on residential moorings
- households on a private electricity network, for example those supplied by a heat network
- off-grid households
- traveller households on authorised sites
- households in non-permanent/supported accommodation

3.8 All businesses and other non-domestic premises are excluded from directly receiving AFP-AF, except:

- Residents of businesses providing long term residential accommodation including landlords
- Farmers living in domestic farmhouses on a farm.

3.9 Exclusions apply to second and holiday homes because the dwelling must be the sole or main residence. The following groups are also excluded from the scheme:

- Students living in purpose-built student accommodation
- Seasonal workers living in associated accommodation
- Service occupiers – such as security, building caretakers, property guardians
- Households living in a dwelling on a business premises, unless eligible as described in point 3.9 above.

## **4 APPLICATION AND VERIFICATION**

4.1 Applications for the payment for both schemes will be made directly to BEIS (now DESNZ) through an application form accessible on the Government's website Gov.UK. DESNZ will undertake initial background and eligibility checks and verify the bank account into which the payment is to be made. Details will then be passed electronically to local authorities.

4.2 Telephone support will be available by the government to assist with form completion and, if required, they will complete the application on the applicants' behalf. Final applications must be made by 31 May 2023 on the Gov.UK portal and these will be sent to authorities by DESNZ on 2 June 2023.

4.3 Local Authorities are required to:

- Verify the applicant's address, where possible using existing records (Council Tax, adult social care records)
- Check the pre-verified bank account details match the name of the applicant
- Check scanned copies of documents provided by the applicant at the point of application ie driving licence, bank statement, benefits entitlement letter, utility bills, tenancy agreement, invoice from a care home etc. (for EBSS-AF applications only).
- Check that it is not a duplicate application
- Pay the applicant into their bank account

4.4 DESNZ have confirmed that local authorities may need to request additional information to verify a claim prior to payment, such as where an address on the application does not match the records accessible to the local authority. Checks must also be made that the property in question is not empty.

4.5 Any matter of complaint regarding a local authority validation should be directed to the government call centre, however if this cannot be resolved then the applicant will be directed to the local authority who should use their complaints process to address the issue.

## **5 ISSUES**

5.1 Although local authorities have made a number of representations to the former government department of BEIS regarding the timing of processing the applications, the timescales remain in place and processing is expected to take place during the busiest time of the year within the service.

5.2 The assessment of the EBSS payments is expected to commence on the 27 February for one scheme and 06 March 2023 for the other scheme. Year start Council Tax and Business Rates bills and invoices are sent out from 02 March 2023 onwards and which always generate a significant amount of customer contact. Added to this is the requirement from

central government to credit all Council Tax Support claimants bills with a one-off credit, plus a national Business Rates revaluation exercise (whereby rateable values have been re-assessed) customer contact is expected to be significant this year and resources need to be closely monitored to ensure they are deployed as effectively as possible to meet demand.

- 5.3 Exchequer Services will undertake the local authorities role using existing staff. DESNZ have suggested that 5 staff are required. However as at 01 March it is clear that an additional 2 members of staff will be required, to manage the overall schemes and to provide the data collection analysis required for the weekly reporting to DESNZ. It is also clear that colleagues from Adults Social Care, Audit, Financial Management, Policy and Communications, and Customer Services will need to be involved in implementing these schemes in addition to a processing team within Exchequer Services.
- 5.4 It is also clear from the extensive system guidance received that while the application numbers for EBSS, as currently estimated, are relatively small, the assessment approval process is expected to be complex and particularly where the Council do not hold records to support the assessment ie where an applicant resides in a care home, does not have a Council Tax account and self-funds all of their care.
- 5.5 Consideration has also been given to the method of payment as the Council Tax processing system cannot be used for the purpose as initially expected. All payments must be made via the Councils corporate financial system, Agresso, and which requires resource from Financial Management.
- 5.6 Local authorities must ensure the safe administration of the payments and that appropriate measures are put in place to mitigate against the increased risks of both fraud and payment error. Exchequer Services will work closely with Audit to undertake a risk assessment and mitigation process.
- 5.7 DESNZ require local authorities to reconcile all data and implement both pre-payment and post payment audit assurance processes to guard against the risk of fraud on a local and national level. Audit 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.
- 5.8 The government advised prior to the guidance being released that they would be undertaking a communication campaign on the EBSS payments, however guidance received suggests that local authorities should communicate the scheme using pre-determined messaging.

## **6 RISKS**

- 6.1 DESNZ have suggested that the scheme may be subject to scams and local authorities have a role to play in identifying these. It is unclear on the role of DESNZ in also identifying scams at the point of on-line application direct into the Gov.UK portal, however as with all work undertaken in Exchequer at the direction of central government, all payment is subject to checks on fraudulent payments as approved by Audit colleagues and so in that respect these two schemes are no different. Where a fraud is identified it is the responsibility of the local authority to lead in investigating the fraudulent activity and may refer the case to local Police and must initiate recovery of the grant paid in line with the Debt Recovery process detailed in the guidance. Information on any fraudulent activity must be notified to DESNZ.
- 6.2 There is a risk that demand cannot be met in terms of the proposed timescale. DESNZ have indicated that local authorities will be required to deliver the scheme between 27 February 2023 and at least 01 August 2023, after the scheme has closed and when post payment assurance works begins.

- 6.3 This is the busiest time of the year in any Revenues and Benefits Services where capacity is significantly stretched. Year start billing carries statutory timescales to be adhered to. To add to usual year start activities, in 2023 local authorities also have to address the outcomes of the Valuation Office 3 yearly Business Rates revaluation and which carries additional tasks and customer contacts as Business Rates bill can change significantly.
- 6.4 DESNZ expect local authorities to process each application received within 30 days. Given the competing demands on the service within the same timescale and the complexity of the checking process which is likely to require significant clarification, such timescales cannot be guaranteed.
- 6.5 The expectation for local authorities to verify addresses prior to payment is a concern as applications are to be received from residents of care homes and people who move addresses to and from other local authorities. This information may not be available to the local authority.
- 6.6 An alternative method of payment has had to be determined and implemented, as the Council Tax system cannot be used for this purpose, and alternative pre and post payment assurance and reconciliation is required.
- 6.7 It is a risk that the New Burdens funding does not fully cover the cost of the work in determining processes, devising training, undertaking the assessment process, reconciliation and reporting as well as funding the backlog created as a result of having 5 plus staff to work on the EBSS payments. The funding is not expected to fully cover the entire costs of administration, back filling posts and ongoing reconciliation and post payment assurance submissions long after the payments have ceased.

## 7 CONCLUSION

- 7.1 Central government have determined that Local Authorities are to assess and administer two energy payment schemes as follows:

### **Energy Bill Support Scheme - Alternative Fund (EBSS – AF)**

This is to be a £400 payment for households that do not have a direct contract with an energy supplier such as residents in park homes, care homes, houses of multiple occupation.

### **Alternative Fuel Payment - Alternative Fund (AFP – AF)**

This is a £200 payment for households that use alternative fuels to heat their homes.

- 7.2 Local Authorities will be required to deliver both schemes on behalf of central government from 27 February 2023 to 31 May 2023 for receipt of applications and with reconciliation commencing August onwards. Final guidance was received on 23 February 2023 for Energy Bill Support Scheme and 24 February 2023 for Alternative Fuel Payments Alternative Fund giving just days to prepare and train staff.
- 7.3 The government have determined the eligibility criteria and applications are to be made on-line via the Gov.UK portal. Applicants must upload necessary evidence on which to assess eligibility direct into the portal. The role of the local authority is to receive the applications from DESNZ and assess the application based on evidence provided verified against Council records and which may also include Adult social care records as well as Council Tax and Housing Benefit records. While the number of applications is expected to be relatively low, the verification of evidence provided in whole or in part is likely to be time consuming and complex.
- 7.4 Regular reports on applications processed and paid must be uploaded on a weekly basis to



DESNZ and reconciliation of payments is expected to commence in August 2023.

- 7.5 The risks in terms of timescales, preparedness, resources and funding, late receipt of guidance, is considerable. This additional work comes at the busiest time of year when annual year start billing of Council Tax, Business Rates and sundry debt invoices takes place, compounded this year by the national revaluation of Business Rates. The risks have been set out clearly by local authorities to DESNZ on a number of occasions.
- 7.6 Further risks have been identified in terms of fraud and error by both DESNZ and local authorities. New burdens funding has been confirmed, however no notice of the value or timescales has been provided, and any funding is unlikely to cover the total cost of providing the two new schemes and the resultant core business work that is not completed.
- 7.7 Other service areas across the Council will be required to provide support by way of verification, payments via the Councils financial system and auditing processes and payments.

## **8 RECOMMENDATIONS**

- 8.1 As set out at the front of the report.