

Board/Committee:	Policy and Organisation Board
Date of meeting:	28 th September 2022
Title:	Discretionary Energy Rebate Scheme.
Author:	Head of Benefits, Procurement & Insurance
Status:	FOR DECISION

Purpose

This report sets out the requirements for the Council to approve a Discretionary Council Tax Rebate Scheme to supplement the standard “Council Tax Rebate” scheme prescribed by Government.

Recommendation

That the Board approves

- i) the Discretionary Council Tax Rebate Scheme 1st April 2022 as attached as Appendix 1 to this report.**
- ii) a waiver to the Council’s Contract Procedure Rules by the direct award to E-Vouchers (Wonde) to supply “cash out” vouchers for the scheme as set out in the report.**
- iii) the Borough Treasurer, Section 151 Officer, to make technical policy amendments to the policy to ensure the scheme meets the criteria set by the Government and the Council (6.1 of the attached Policy).**

1.0 Background

1.1 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, 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'

Guidance has since been refined by DLUHC and the now confirms:

“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. This could 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. 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 to D (for example, those on means tested benefits), or to offer discretionary support exceeding £150 per household."

A decision is required to consider and approve the Council's Discretionary Council Tax Rebate scheme which has been developed to target the most vulnerable households in Gosport using current council records without the need for further administrative process, enabling support to reach recipients quickly.

Gosport has been provided with a fixed cash limited sum of £142,950 for the discretionary fund, any unspent funds must be returned to Government when the scheme closes on 30/11/2022.

Gosport's standard Council Tax Rebate work is now almost complete with funding for that scheme being £4,884,250. To date all council tax payers have been contacted with 28,498 having been issued with payment. 3,340 are yet to respond to the letter issued by the Council and a small amount of issues remain to be dealt with such as second homes who will not qualify and verification checks relating to bank accounts. Any remaining payments outstanding will be credited to the council tax account if no contact is made by the resident by 30/9/22 when the scheme closes. The discretionary scheme closes on the 30/11/22.

1.2 DLUHC have also confirmed:

- 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.
- 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.

1.3 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.

1.4 Applications for the discretionary funding must be submitted by the energy payer and pre-payment checks, in line with the core scheme, will be completed to provide assurance that fraudulent activity is prevented.

As existing council records will be used application forms in most cases will not be needed.

2.0 Report

- 2.1** Gosport's proposed Discretionary Council Tax Rebate scheme has been designed to assist the most vulnerable households in Gosport and to be distributed quickly using existing Local Council Tax Support (LCTS) records without the need for an application in most cases.
- 2.2** The caseload figure for the Council's LCTS scheme on the 1st April 2022 was 4,621, 4,586 of which are in Council Tax band A-D and 35 of which were in band E-H.

The data was extracted as at 13/9/2022 to ensure maximum awards are made taking into account caseload changes since 1/4/2022 and these figures are shown at 2.8 below.

- 2.3** Recipients of LCTS are by definition on low income, some on means tested benefits such as Universal Credit (UC) or Pension Credit and some working on a low wage which is "topped up" with Tax Credits, UC and LCTS. The Council's LCTS scheme requires a 30% contribution of the council tax payable by all working age recipients.
- 2.4** It is therefore un-necessary to seek an application form from these residents as the Council is already aware of the household circumstances.
- 2.5** With this in mind the following scheme has been devised and is proposed:
"Payments will be made provided the household has their sole or main residence in a dwelling and the following conditions are met:
- (a) A single on-off payment of £150 will be awarded to any household who resides in a dwelling with a Council Tax band E-H **and** is in receipt of Council Tax Support; and
 - (b) A single top-up payment of £28 will be awarded to any household who resides in a dwelling with a Council Tax band A-H **and** is in receipt of Council Tax Support.

Where funds allow, after payment of awards as defined in (a) and (b) above the Council will accept applications from households where the owner is responsible for Council Tax (Liability for owners) Regulations 1992 but the households are directly liable for energy bills; and the applicant is entitled to Universal Credit, Income Support, Income Related Employment and Support Allowance, Pension Credit or Income Related Job Seekers Allowance.

These cases are likely to be Houses in Multiple Occupation (HMO) where the tenants are directly liable for gas or electricity payments.

- 2.6** From modelling of the Council benefit records claims from tenants of HMO's who fit the criteria above are expected to be extremely low.
- 2.7** The financial allocations are set out below but the calculations are based upon the following principles:
- Ensuring low income households in Bands E-H are supported as they are not entitled to the £150 standard rebate (38 cases).
 - Maximising the support to all other low income households whilst being prudent and reserving a small amount of funds for the expected low level of HMO claims or claims for LCTS made but un-

processed between 13/9/22 and 30/11/22.

The scheme will be fully detailed on the Council's website and with partners with a short application form to confirm Identity, address and bill payer details for any HMO claims.

2.8 Financial calculations:

Details	Rebate	Quantity	Total Rebates
Award £150 to households in bands E-H receiving LCTS	£150	38	£5,700
Top up to all Bands A-H in bands A-H receiving LCTS	£28	4,656	£130,368
Sub Total			£136, 068
Balance remaining for additional applications			£6,882
Grand Total			Total funding received £142,950

(These figures have been calculated as at 13.9.22 to ensure full caseload figures are included. Claims from HMO's are expected to be extremely low and the balance retained is sufficient for any additional LCTS claims between 13/9/22 and 30/11/22)

2.09 The standard Council Tax Rebate scheme devised by DLUHC prescribed that the method of payment offered to all recipients should, in the first instance, be by BACs, this has been a complex process and has proved problematic and resource intensive for non-direct debit payers.

2.10 Under the discretionary scheme the Council is not constrained in this way and is able to utilise a variety of payment methods including BACs but also voucher payments. The Council's scheme has been designed to allow all types of payment to ensure maximum flexibility.

DLUHC guidance prevents the use of a restricted voucher payment such as a branded ASDA or Morrison's voucher.

2.11 However the guidance, which has been confirmed with DLUHC does allow for an open or "Cash Out" voucher, these are vouchers issued to the recipient much the same as a gift card but can then be encashed at the post office. ID and proof of address are required for encashment assisting with the prevention of fraud or abuse.

2.12 The Council has a current contract with E-Vouchers (Wonde) who are providing a voucher service for the Household Support (HSF) fund Tranche 2 scheme in the form of Asda vouchers at a cost of £1.66 plus VAT per voucher (which includes 66p for second class postage)

The contract allows for additional voucher orders to be raised.

The company provide a service for “cash out” vouchers costing £1.66 per voucher but with an additional charge of £1.65 plus VAT charged by the Post Office due to a non-automated manual process.

These costs which are fully funded under the new burdens funding attached to the Council Tax Rebate funding will be substantially less than the costs of other payment methods, but will also be a far quicker and more straight forward process ensuring funds reach these vulnerable residents much sooner.

2.13 Voucher procurement:

Under the Public Contract Regulations (PCRs) 2015 the Council must consider the level of spend and the method of procurement to be used. This spend is for welfare benefits and as such falls under Regulation 5 (1)(d) and 74 (Schedule 3) of the PCR 2015 , the “light touch” regime as with HSF.

This enables a higher threshold for procurement before the full PCR 2015 requirements must be adopted. This higher threshold for light touch procurements is currently £663,540 inclusive of VAT.

The current spend for HSF vouchers with E-Vouchers is £252,345 plus VAT as detailed in a separate report to this Board. The proposed scheme for “cash out” vouchers for the energy rebate scheme will cost a maximum of £142,950 plus VAT with an overall spend with E-voucher (Wonde) for both HSF and Energy rebates of £474,354 including VAT (£79,059. if charged at full rate).

This therefore means the Council is not constrained by any required procurement process under PCR 2015 as the Council’s cumulative spend will be within the light touch limit of £663,540 inclusive of VAT for the procurement of these additional vouchers.

For this level of procurement the Council’s CPR’s require a full tender, however this would mean a delay in awarding the much needed assistance and risk the funds which must be spent by 30/11/22 or returned.

These funds are being targeted at the most vulnerable residents in Gosport who are likely to suffer hardship so any delay in the allocation of vouchers could also have a negative effect on these groups.

A waiver to the CPR’s is therefore being requested to make a Direct Award to E-Vouchers for the sums as set out above.

2.14 The Government is currently updating the national CCS framework for Vouchers to enable the process to be used for future schemes of HSF/Welfare payments which they have confirmed will be ready for HSF Tranche 3.

3.0 Risk Assessment

3.1 Risks of an overspend have been mitigated by careful modelling of

additional cases entitled to LCTS from 13th September to 30th November 2022 and the predicted “unknown” numbers of HMO claims.

3.2 Low income families are struggling with the current cost of living rise, awarding the payments using current benefit records allows for a quick and efficient response reducing further issues for householders.

3.3 Use of the “cash out” voucher with its requirements for proven ID and address verification reduce the risk of fraud and abuse.

4.0 Conclusion

4.1 The funds and guidance issued to Local Authorities for both the standard and discretionary Council Tax Rebate schemes have required substantial resources to be invested whilst also balancing with other additional welfare schemes such as the Household Support Fund.

Use of existing Council records has allowed the creation of the Discretionary Scheme with the minimum of administrative burdens whilst targeting the most vulnerable Gosport residents.

Use of a Direct award and the “cash out” voucher reduces the resources required but also ensures carefully targeted help is received as soon as possible to the residents of Gosport and the Board is therefore asked to approve the recommendations above.

Financial Services comments:	Contained within this report
Legal Services comments:	<i>[Contained within the report?] – as per the Financial Services comments.</i>
Equality and Diversity:	No negative impacts identified on attached IIA
Climate Change implications:	<i>None</i>
Crime and Disorder:	<i>None</i>
Service Improvement Plan implications:	<i>None</i>
Corporate Plan:	This Policy will assist the most vulnerable Gosport residents.
Risk Assessment:	Included within the report.
Background Papers:	<i>None</i>
Appendices:	Appendix 1 the Discretionary Council Tax rebate Scheme 2022-23.
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