

## London Borough of Enfield

### Portfolio Report

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**Subject: Support for energy bills - the Council Tax rebate 2022-23 – Discretionary Fund**

**Executive Director: Fay Hammond**

**Key Decision: KD 5480**

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### Purpose of Report

1. To seek approval of the proposals outlined within this report that detail how to distribute the £2,279,250 Discretionary Energy Rebate that is being funded by the Department for Levelling Up, Housing and Communities (DLUHC). The grant must be spent by 30 November 2022.

### Proposal(s)

2. The Council is proposing to target the grant at low-income households. All liable council taxpayers in Council Tax Bands A – D (or E with disabled relief) are eligible for £150 under the main Council Tax Energy Rebate scheme (the main scheme) which is currently in payment. For the Discretionary Energy Rebate Scheme which is the subject of this report two options are put forward, with the preferred option being Option 1.

Option 1. Support all households in Band E (this would exclude those in band E with disabled reduction, as those will be covered by the main scheme) with £103 (a total of 21,338 households fall into this category), and all households in Bands F-H that are in receipt of Council Tax Support (CTS) with £103 (a total of 832 households fall into this category). This will ensure that the whole Funding allocation of £2,279,250 for the discretionary scheme is spent, making sure every penny will go to residents in need and none is returned. There will be an overspend of £4,260 to come from Welfare Reform Reserve (a/c 79271):

**Based on data @ 6/7/22**

Option 1	Calculation	Total spend
Pay everyone in Band E £103	21,338 x £103	£2,197,814
Pay all in receipt of CTS in Bands F-H £103	832 x £103	£85,696
<b>Total</b>		<b>£2,283,510</b>
<b>Grant Funding</b>		<b>£2,279,250</b>
<b>Overspend</b>		<b>-£4,260</b>

Option 2. Support all households in Bands A to D with an additional £50 if in receipt of Council Tax Support (a total of 30,287 households fall into this category) and support all in Bands E-H with £175 if in receipt of Council Tax Support (a total of 4,045 fall into this category).

In summary, this would ensure that all households in Bands A to D will receive £200 (core scheme and discretionary scheme combined and including those in band E with disabled reduction) and those in Bands E-H will receive £175 if in receipt of CTS.

Option 2	Calculation	Total spend
Top up all in receipt of CTS in Bands A to D £50	30,287 x £50	£1,514,350
Pay all in receipt of CTS in Bands E-H £175	4,045 x £175	£707,875
<b>Total</b>		<b>£2,222,225</b>
<b>Grant Funding</b>		<b>£2,279,250</b>
<b>Reserves</b>		<b>£57,025</b>

3. With either option the funding will be targeted to specific households (i.e. not distributed via an application process). However, running alongside this using the Councils separate discretionary funding, there are support mechanisms in place for those that present themselves to various support services, depending on their need. These services will make sure all benefits entitled to are claimed and debts checked as well as providing other advice and support. Other help available includes the Warm Home Discount of £150 which assists households in receipt of Pension Credit, Guarantee Credit, and some working age benefits and Winter Fuel Payment for pensioner households where £200 is paid to those under 80 and £300 to those over 80. All this information can be found on the councils website at [Welfare Advice and Debt Support](#)

### Reason for Proposal

4. Option 1 is proposed. The Council have previously and continue to support a large number of Enfield residents through the Household Support Grant who

receive targeted payments e.g. £2.8 million was paid out in Oct 20 – March 21. This included 7,000 households on the lowest income, 2,000 households considered in crisis, three community food kitchen spaces, and 15,000 Take & Make Food boxes, which created 60,000 meals.

A further £2.8 million was allocated for April - Sept 22 and this has been targeted at 15,000 children eligible for a free school meal and 2,000 additional children identified by schools as eligible for a voucher, over 8,000 pensioners and 645 households with children aged 0-5.

5. The aim of this proposal, which responds to the Discretionary Energy Rebate grant allocation and guidance, is to use our experience gained so far to direct the limited grant funding at those most in need, with minimal administrative burden, and by accessing the best intelligence available on how to achieve this.
6. The considerations underpinning the proposed option 1 are:

#### Supporting low-income households:

- All Council Tax Support claimants will receive a payment, irrespective of the band of the property. These are residents typically on the lowest incomes.

#### Ensuring wide distribution:

- A consequence of the main scheme criteria is that everyone in a band A-D will get £150. The Government is using Council Tax valuation bands as a proxy for household need in the design of the main scheme. There is much evidence that the cost-of-living crisis is affecting a wider group of residents than those on existing benefits and will affect many people outside of property bands A-D. Option 1 ensures that a further 21,338 households in the borough in band E are supported, plus a further 832 households on CTS in bands F-H, rather than topping up those that already received £150 through the main scheme. Those on Universal Credit, tax credits, pension credit and other means-tested benefits are also to be recipients of the Governments £650 household energy payment to be distributed by Government automatically into bank accounts in two instalments, the first in July 22 and the second in the Autumn.

#### Simplicity and practicality:

- 75% of households in bands E-H pay by DD and so can be automatically credited at no cost (compared to 51% DD payers in bands A-D), removing the need and administrative process for so many to be paid through the Post Office. The cost of administration is covered in part by £124k Governments 'New Burdens' funding but we are likely to spend more than currently allocated due to the thorough approach we are taking. We are not yet certain of the remaining funds that will be allocated to the local authority to deliver the scheme.

- Less valuation appeals to the valuation officer to request a band reduction to band D, as all in band E will be covered.

#### Other

- Benchmarking: Option 1 has been published as the preferred option by other LA's.

### **Relevance to the Council Plan**

#### 7. Good homes in well-connected neighbourhoods

Good homes and well-connected neighbourhoods are more than simply the bricks and mortar that dwellings are constructed from. Good homes are about the lives that people lead within those homes. The proposed use of the DLUHC grant will enhance the lives of some of the borough's most vulnerable people by providing them with a means to help support them or their families. By doing this, the borough's residents will be able to lead better lives in better homes.

#### 8. Sustain strong and healthy communities

Food and warmth are a basic need for all people. The ability to have food and stay warm is essential for the health of the community, and the proposed spend outlined within this report will help those residents that are most at risk of missing these basic essential needs.

#### 9. Build our local economy to create a thriving place

The proposals outlined within this report for the distribution of the DLUHC grant will ensure that those residents at risk of financial hardship will be able to spend money in the local community through the purchase of food and utilities. A proportion of the funds will most likely be spent in shops within the borough, boosting the local economy and helping to create thriving high streets.

### **Background**

10. The Department for Levelling Up, Housing and Communities (DLUHC) are funding Local Authorities to administer the Discretionary Energy Rebate to provide financial support to households, in particular to provide support with rising energy bills. The expectation is that it should primarily be used to support households in the most need particularly those on low incomes who are more likely to be disproportionately affected, as they tend to spend a higher proportion of their income on utility bills.

11. The Discretionary Fund this report relates to is in addition to the main scheme, which requires billing authorities to provide a £150 one-off payment to a liable council taxpayer in Council Tax bands A to D. This includes property that is valued in band E but has an alternative valuation band of band D, as a result of the disabled band reduction scheme. The main scheme

support is provided in relation to the Council Tax position of the taxpayer on 1 April 2022.

12. This discretionary scheme totalling £2,279,250 is in addition to the main scheme and will enable Enfield to provide further help to those suffering financial hardship as a result of the rising cost of living. Councils can determine locally how best to make use of the funding for the Discretionary scheme. The funding can be used to target those who are not eligible under the terms of the main scheme in bands E to H, or to provide carefully targeted 'top-up' payments to the most vulnerable households in bands A to D.
13. This funding, paid to billing authorities for the Discretionary Fund in March 2022, is to be passed on directly as one-off grants to households that the billing authority chooses to support, having considered the guidance at paragraphs 36 to 40 in the guidance issued on 23 February 2022 and updated on 16 March 2022 by the DLUHC. Any unspent funding by 30 November 2022 will be required to be repaid to government and in the event of an overspend, no additional funding will be provided.
14. Councils can determine locally how best to make use of the funding for this Discretionary scheme.
  - i. 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.
  - ii. 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.
  - 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.
  - v. Support from the Discretionary Fund does not have to be provided in relation to the Council Tax position on 1 April 2022.
15. (i) The funding is subject to the terms and conditions of agreement and to authorise entry into the grant agreement with the DLUHC.
  - (ii) The funding is intended to ensure support is given to those suffering financial hardship as a result of the rising cost of living driven by increasing energy bills.

(iii) to authorise legal officers (where so required) to enter into legal agreement and complete all necessary legal documentation with the DLUHC.

16. The Authority must maintain a record of expenditure under the Council Tax Rebate and Discretionary Fund, through all payment methods. The Department for Levelling Up, Housing and Communities will undertake a monthly DELTA collection exercise to monitor implementation progress. Councils should therefore ensure they put in place arrangements to support this data collection process. In particular, councils should ensure that they are able to monitor and report on expenditure and numbers of benefiting households at Parliamentary constituency level and local authority level.
17. Once determined (and approved where considered appropriate by elected members), councils should publish their agreed guidelines setting out the eligibility criteria for their Discretionary Fund.
18. Councils are required to undertake pre-payment checks before providing support from the Discretionary Fund.
19. The Discretionary Energy Rebate Grant is subject to a key decision. The timetable for the key decision is as per the table below:

<b>Item</b>	<b>Relevant Date</b>
Key Decision ref 5480 published	22/06/22
28-day notice period expires	20/07/22
DAR to be submitted to Democratic Services with signatures and Legal / Financial Implications	15/07/22 (no later than 5 days before the notice expiry date)
Allow for call-ins	25/07/22 (5 days after the notice expire date)
Decision to be implemented if no call-ins	26/07/22

20. The timetable for main scheme and discretionary scheme payments is as per the table below:

<b>Mandatory payments for (Bands A to D and band E receiving Disability Relief)</b>	<b>Date of payment</b>
Step 1: Direct Debit payers	Between 5 May and 13 May
Step 2: Online applications (for those not in step 1)	14 June - 1 July
Step 3: Post-Office cash voucher (for those not in step 1 or 2)	July - end of August
Step 4: £150 credited to Council Tax accounts (for those not in step 1,2 or 3)	During September
Discretionary scheme stage	Payments to be made by 30 November

## **Main Considerations for the Council**

21. There is a range of considerations for the Council to ensure that the distribution of the funds is clear and transparent, but most importantly has maximum impact for those in financial hardship. The principles applied in developing these proposals included:

- a. Targeting the funding to ensure that funds are allocated to those most in need,
- b. Ensuring that the proposed scheme allocates funding as fairly as possible,
- c. Administering the funds as simply as possible to minimise administration burden and cost, and to provide the required record keeping as set out in the grant conditions,
- d. Presenting a transparent scheme that can be readily explained to residents how the Council is spending the grant,
- e. Minimising the need to claim on an individual basis thus making it easier for those at risk to get the help they need directly with dignity.

22. Below shows the percentage of households in receipt of Council Tax Support for each Council Tax Band:

Band A: 2,717 CTS claimants out of 5,261 = 51.6 %

Band B: 5,713 CTS claimants out of 12,004 = 47.6%

Band C: 12,276 CTS claimants out of 34,633 = 35%

Band D: 9,581 CTS claimants out of 36,893 = 26%

Band E: 3,190 CTS claimants out of 21,435 = 14.9%

Band F: 676 CTS claimants out of 9,457 = 7.1%

Band G: 175 CTS claimants out of 5,952 = 0.03%

Band H: 4 CTS claimants out of 963 = 0.004%

23. The data referred to in paragraph 3 will be refreshed with a proposed qualifying date of 01/04/22 and once exact figures have been established, the payment to each eligible household can be adjusted to ensure all funding is distributed, leaving no reserves.

24. The Council is proposing to provide support from the Discretionary Fund in relation to the position of Council Taxpayers on 1 April 2022 in line with the main scheme. This will make it easier to administer.

25. Where we hold live direct debit instructions for a liable council taxpayer of an eligible household, we will make an automatic payment as early as possible in the 2022-23 financial year, provided that we are assured that the household is eligible, and the bank details have been verified (in keeping with Government guidance)
26. Where we do not hold live direct debit instructions for an eligible household, the government guidance is that we make all reasonable efforts to contact the household as early as possible to make them aware of the scheme and invite them to make a claim. Payment methods other than BACS are acceptable, but all payments within scope of the reconciliation process should be made by 30 November 2022. Cash payments via Paypoint or the Post Office may be considered, as well as a credit to an eligible household's council tax account

### **Safeguarding Implications**

27. It is not believed that there are any safeguarding implications from the proposals outlined within this report.

### **Public Health Implications**

28. The proposals outlined within this report will have positive public health benefits for a significant number of the borough's residents, specifically those who may potentially have greater health challenges. Families in crisis and at risk will also benefit via the payments that will help them to pay for basic needs such as food and fuel for heating. This package of measures will certainly benefit the health of some of the most deprived people in the borough.

### **Equalities Impact of the Proposal**

29. An Equalities Impact Assessment has been completed.

### **Environmental and Climate Change Considerations**

30. It is not believed that there will be any environmental or climate change implications from the proposals outlined within the report

### **Risks that may arise if the proposed decision and related work is not taken**

31. The grant needs to be spent by 30/11/22. The Department for Levelling Up, Housing and Communities will undertake a monthly DELTA collection exercise to monitor implementation progress. This will ensure that spend is verified to ensure that it has been spent for its intended purpose. Any of the grant not spent by 30/11/22 and for the intended purpose would need to be returned to the DWP.



32. If the decision is taken to not benefit from this funding, then many families will struggle more than they need to. It may also impact the Council's wider budget position as families in crisis may present themselves to the Council and help may need to be funded through alternative sources.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

33. Payments made via Paypoint (cash) or via the post office (cash) may not be redeemed in time. To mitigate this risk, targeting residents needs to be done as early as possible so that residents are contacted to make sure they benefit, or money not redeemed can be redistributed to others.
34. False representations in order to benefit from the Discretionary Fund. To mitigate the risk, Enfield could alert claimants that they may be found guilty of Fraud under the Fraud Act 2006.
35. There is a risk of making payment to the incorrect liable council taxpayer. To mitigate the risk, pre-payment checks should be undertaken using Spotlight, a due diligence risking tool. The fees incurred to use Spotlight for checks carried out will be covered by the government. Spotlight can assist with the pre-payment checks listed above with its bank account verification function, which allows councils to confirm the name and address of a payee against the bank details provided. It can also check for instances of multiple applications being made with the same bank account.

### **Financial Implications**

36. The Council has been allocated £2,279,250 grant funding by DLUHC for the Council Tax rebate 2022-23 – Discretionary Fund, this funding must be spent by 30 November 2022 and be in line with government guidance. Any unspent funding will be returned to DLUHC.
37. The household numbers included in options 1 and 2 above are subject to change which will impact on the total payments made. Any spend above the grant funding allocation will be funded from Welfare Reform Reserve.
38. The additional administrative costs will in part be met from the New Burdens funding with the remaining costs being met from existing revenue budgets.

### **Legal Implications**

39. Part 1 of the Local Government Finance Act 1992 ("the 1992 Act") concerns council tax in England and Wales. Under the 1992 Act billing authorities are required to levy and collect council tax in respect of dwellings situated in their areas (see section 1(1) and (2) of that Act). Under powers in Schedule 2 to the 1992 Act, the Secretary of State may require billing authorities to serve a notice on a person before they are liable for council tax, and may specify matters that must be included in the notice. The requirement to serve a demand notice is included in regulation 18 of the Council Tax (Administration

and Enforcement) Regulations 1992 (S.I. 1992/613). The Council Tax (Demand Notices) (England) Regulations 2011 (“the Demand Notice Regulations”) (S.I. 2011/3038) prescribe the information which must be contained in a notice (see regulation 5 of, and Schedule 1 to, those Regulations) and the information which must be provided with the notice (see regulation 6 of, and Schedule 2 to, those Regulations). 6.2 Section 13A of the Local Government Finance Act 1992 requires billing authorities to make a scheme reducing the amount of council tax payable by those whom the authority considers to be in financial need. Schedule 1A to that Act sets out the particular matters that a scheme must include and the process by which the scheme must be made. The Secretary of State may prescribe other matters that must be included in the scheme and has done so in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (“the Prescribed Requirements Regulations”) (S.I. 2012/2885). Regulation 2(2) amends the Demand Notice Regulations to require that council tax bills issued to dwellings in bands A-D must include a short statement explaining that most households in those bands will receive a £150 payment from the Energy Rebate Scheme. Regulation 3 amends the Prescribed Requirements Regulations to require that from 1 April 2022 all local council tax support schemes must disregard Energy Rebate Scheme payments in determining a person’s eligibility for a council tax reduction and the amount of any such reduction.

40. To ensure that households already receiving council tax support receive the full benefit of the rebate scheme, the Secretary of State made the Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 which came into force on 12 February 2022. The Regulations require that from 1 April 2022 all local council tax support schemes (including those for persons of working and pension age) must disregard scheme payments in determining a person’s eligibility for a council tax reduction and the amount of any such reduction. Where a council has already determined its local council tax support scheme for 2022-23, it will need to revise it by the statutory deadline of 11 March 2022, taking a proportionate approach to the local consultation requirements set out at paragraph 3(1) of Schedule 1A of the Local Government Finance Act 1992
41. All payments made under the Council Tax Rebate or Discretionary Fund are to be treated as local welfare provision and therefore 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 will write separately to councils to confirm this approach.
42. 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

## **Workforce Implications**

43. There are no workforce implications from the proposals outlined within this report. The grant will be distributed via the existing workforce. Some administrative costs can be claimed, but Government expects these to be minimal to ensure the grant has maximum impact.

## **Property Implications**

44. There are no property implications from the proposals outlined within this report.

## **Other Implications**

45. It is not believed that there are other implications that need to be considered as part of the proposals outlined within this report.

## **Options Considered**

46. The options outlined within the report have been developed because they are believed to be the most beneficial method of distributing the grant. However, should any element of the proposed distribution be underutilised then alternative options based on the same principles will be considered and agreed.

## **Conclusions**

47. 2022 is expected to continue to be extremely challenging for those experiencing financial hardship. Rising food prices and increasing utility bills will place greater pressure on resident's finances and will result in many struggling to make ends meet this winter. The proposals outlined within this report set out how the Council believes the grant can be best used for the benefit of struggling residents.

48. It is believed that the proposed distribution of the grant will ensure that maximum impact is achieved.

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## **Appendices**

1. DWP Guidance

2. Annex A: Allocations
3. Energy Rebate – Factsheet
4. Equality Impact Assessment

### **Background Papers**

**The following documents have been relied on in the preparation of this report:**

None.