

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 14 June 2022	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Council Tax Rebate 2022	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Stephanie Cryan, Finance, Democracy and Digital	

## **FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR FINANCE, DEMOCRACY AND DIGITAL**

The Cost of Living crisis, following a decade of austerity and the impacts of the COVID pandemic and Brexit means that many of our residents are struggling to make ends meet. More and more we see people having to rely on foodbanks and making the awful decision to “eat or heat”, a choice that no one should be forced to make. As a council we have and continue to provide help and support to those who need it the most but to truly tackle the Cost of Living crisis it is clear that the Government needs to step up with a series of measures and help alleviate the impact of the crisis.

The Government has announced a council tax rebate scheme and has asked Councils to distribute this rebate to help households meet the cost of living crisis. This report sets out how the Council plans to do so.

The Council is happy to provide as much support as it can to Southwark households to help them meet the cost of living crisis. We are pleased that the Government has finally recognised the inadequacy of its initial response and the Council welcomes the Chancellor’s announcement of much greater support for households on 26th May. However, we also recognise the limitations of that new support. For our lowest-income households, it will do no more than restoring the cut to Universal Credit imposed by the Government in the autumn of last year.

Even after the latest package of Government measures, our lowest income households will still be much worse off than they were a year ago - and many face a real struggle this winter to heat their homes.

The Council Tax Rebate scheme is flawed in many respects. Questions such as how the Council can identify and pay rebates to the tens of thousands of households who do not pay their council tax by direct debit have not been fully thought through by the Government. The scheme will do nothing to help those households who rent privately where the council tax account is registered to the landlord, especially those who live in HMO’s or rent a room. We will actively

seek out these households to ensure they get the support they are entitled to working with our community partners as we do so.

There is a real risk that many households will miss out and the we will continue to lobby the Government for changes while doing our very best to pay rebates to eligible households quickly and to make the best use of all the Government grant funding.

Despite our reservations and the need to introduce more measures of support, more than fifty percent of eligible households have already received their rebate and we believe that Southwark was among the first councils in the country to start making payments. Tens of thousands of residents received their rebates in the second week of April.

Inspired by our Fairer Future values and in line with our manifesto commitments, we will provide the most support to the most vulnerable households on the lowest incomes. These include the lowest income pensioners and the lowest income families with children receiving free school meals. To further support this effort, the Council will top up the Government grant adding another thirty percent to the discretionary part of the scheme, stepping up to help those in need who have been failed by the Government.

## **RECOMMENDATIONS**

1. That cabinet approves the allocation of the Government's Council Tax Rebate grant.
2. That cabinet delegates to the Strategic Director for Finance and Governance the responsibility to make future amendments to the application of the Council Tax Rebate policy following further review and consultation with the cabinet member for Finance, Democracy and Digital, and the deputy cabinet member for Financial Support.

## **BACKGROUND INFORMATION**

3. This report outlines the council's implementation of the Government's Council Tax Rebate grant and is effective from the 1 April 2022.
4. On the 3 February 2022 the Government announced a £9.1billion support package called the Energy Bills Rebate to help households with rising energy bills.
5. This support includes:
  - £200 discount on energy bills for domestic electricity customers;
  - A £150 non-repayable rebate for households in England in council tax bands A – D, known as the Council Tax Rebate; and
  - £144 million of discretionary funding for billing authorities to support households who are in need but are not eligible for the Council Tax Rebate, known as the Discretionary Fund.

6. Southwark Council's Council Tax Rebate funding allocation including the Discretionary Fund is £17.4m. This report outlines how the council will implement the required £150 payment to eligible households and distribute the additional discretionary funding.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy framework implications**

7. The objective of the Council Tax Rebate is to support households with the rising cost of bills in 2022-23 driven by increasing energy bills. These costs affect most households but are more likely to disproportionately affect those on lower incomes.
8. The Government has provided framework guidance on how Council Tax Rebate schemes are administered for the £150 rebate for eligible households (the 'main scheme') and the additional discretionary funding to support households who are in need but may not qualify for the main scheme.

### **Main Scheme**

#### *Eligibility*

9. The Government expects billing authorities to provide a £150 one-off payment to a liable council tax payer (or an occupant where the property is exempt) where they occupy a property that meets all of the following criteria on the 1 April 2022:
  - It is valued 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;
  - It is someone's sole or main residence;
  - It is a chargeable dwelling, or in exemption classes N, S, U or W.
10. This means that:
  - Where the council is aware that the liable council tax payer for a chargeable dwelling does not occupy the property (for example in a House in Multiple Occupation or residential care home), no-one will be eligible for the rebate in relation to that property.
  - Where a property is in exemption classes N (other than HMOs for council tax purposes), S, U or W the occupant will be eligible for support.
  - A property that meets all the criteria, but has a nil council tax liability as a result of local council tax support, will be eligible.
  - A property that has no permanent resident and is someone's second home will not be eligible.
  - An unoccupied property (for the purposes of calculating council tax) will not be eligible.

11. Eligibility is determined based on the position at the end of the day on 1 April 2022. Where records relating to the liable taxpayer(s) or residents' circumstances in respect of 1 April 2022 are retrospectively updated, councils are expected to take reasonable steps to pay or clawback payments.

### *Making payments*

12. Payments are made directly from the council to eligible households. Only one £150 payment should be made under the core Council Tax Rebate per household, regardless of the number of occupants or liable parties.

13. There will be four methods of payments:

- 1) Automated payments where a live Direct Debit instruction is held:
  - a. An automatic payment will be made as early as possible in the 2022-23 financial year.
  - b. Where multiple residents of an eligible household are jointly and severally liable for council tax, and the council holds a live direct debit instruction for that household, the full £150 payment will be made to the Direct Debit account.
  - c. Where the name on the bank details does not match a liable party payment will be excluded from automated payments.
- 2) Application where a live Direct Debit instruction is not held
  - a. An online application process will be available for eligible households which are not in receipt of Council Tax Reduction (CTR).
  - b. The application will request bank details for the bank account the payment is requested to be paid into and will be verified.
- 3) Post Office Payout voucher for households receiving Council Tax Reduction
  - a. Households that receive support towards their council tax bills through CTR, including those that receive 100% support, and who do not pay by Direct Debit, will receive payment by Post Office Payout voucher.
  - b. There will be no application process, vouchers will be issued automatically to eligible households.
- 4) Credit to council tax accounts
  - a. Any eligible household that does not apply for a payment or does not redeem their Post Office Payout voucher will have £150 credited to their council tax account.
  - b. This option is only available to eligible households that do not claim their payment.

14. All payments must be made by the 30 September 2022.

## The Discretionary Fund

15. The Government has provided additional funding to local authorities to provide support to residents who are not eligible under the terms of the core scheme, or to provide carefully targeted 'top-up' payments to the most vulnerable households in bands A – D.
16. Individual local authority calculations are based on a formula taking account of the number of CTR recipients in higher banded properties (E-H) in the local authority area and the locality's share under the latest Index of Multiple Deprivation.
17. Government guidance says that councils may 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, and discretionary support does not have to be provided in relation to the position on 1 April 2022.
18. Allocations from the Discretionary Fund should be spent by 30 November 2022.
19. The council recognises that the major pressure on the budgets of all households during the period will be higher energy prices. The council also recognises that those on lowest incomes will find it most difficult to absorb those costs within their household budgets and will need most additional support to meet their most basic, essential, living costs during the period.
20. The council will use its allocation from the Government's Discretionary Fund to contribute to the costs of a new Southwark Council Cost of Living Fund (SCCOLF) this year (June – November 2022) and target support at three main groups:
  - Households who are not liable for council tax in homes banded A-D and ineligible for a rebate;
  - Low income households liable for council tax in homes banded E-H and ineligible for a rebate under the main scheme will receive a rebate *and* extra support.
  - Low income households liable for council tax in homes banded A-D and eligible for a rebate under the main scheme will receive extra support.
21. Appendix 1 outlines expected level of support. All those receiving discretionary rebate may expect to receive at least £150. Those on lowest incomes will receive more than £150, the exact value of additional amounts are to still be determined but are expected in the range £75 to £150 per household.
22. The council expects to provide awards and extra support through SCCOLF to about twenty-five thousand households.

23. The council will identify eligible households from Council Tax and other records and does not expect that households will need to apply for discretionary support through SCCOLF. Alternatively, households may receive a Discretionary Fund award following a referral by a community partner through the Southwark Community Support Alliance.
24. All Discretionary Fund payments will be made via Post Office Payout. An award letter with a unique barcode will be sent to eligible households address by first class post. This must be taken to a Post Office branch in order to claim and collect the award.
25. Eligible households may take the award letter and proof of ID to any Post Office to claim their rebate payment. A payment will be made only where the Post Office is satisfied with the evidence provided.

### **Community, equalities (including socio-economic) and health impacts**

26. The design of the Council Tax Rebate policy is to have a positive impact on the most vulnerable groups in the community.
27. Higher costs of living have a disproportionate impact on lowest income and vulnerable households. With the change in the energy price cap those with the lowest income are on the least competitive tariffs. By providing direct payments and putting money into the pockets of residents this enables those households to prioritise the most urgent bills.
28. Whilst council tax data administration does not require the recording of protected characteristics under the Equality Act 2010 it is not anticipated that the support eligibility criteria disadvantages any individual.
29. The impact of COVID-19 and rising cost of living has had a disproportionate impact on low income households and especially on vulnerable groups, widening health inequalities.
30. Supporting vulnerable low-income households should have a positive impact on the health and wellbeing of Southwark residents. Much of excess winter mortality can be attributed to cold temperatures, and a significant proportion can be attributed to cold housing caused by fuel poverty. Cold homes can exacerbate pre-existing health conditions including cardiovascular, respiratory conditions and diabetes; low room temperatures are shown to contribute to mental health issues such as anxiety and depression in adults and young people.
31. There is a social gradient in fuel poverty with lower income households more likely to be at risk of fuel poverty than high income households. A grant approach promotes dignity in the administration of the Council Tax Rebate funding. Ensuring the awards reach residents swiftly is a primary concern.
32. Extra support will be available for any award recipients identified to have

mental or physical health conditions preventing them from accessing the funding via the usual collection method.

### **Climate change implications**

33. As set out in council's Climate Change Strategy, climate change and inequalities are linked. The climate emergency is a social justice issue and the council's climate change policy aims to reduce inequality. The Council Tax Rebate scheme does this by providing support to those that can least afford the increase in utility bills and the impact of the changing climate.

### **Resource implications**

34. The administration of payments will be absorbed within the existing Exchequer Services provision. The situation will be closely monitored and regularly reviewed to allow the policy to be flexible and adaptable to changes in demand.

### **Legal implications**

35. Local authorities are required to prepare monthly monitoring related information, as well as a standalone reconciliation exercise in autumn 2022 providing details of eligible expenditure and certified by the authority's Section 151 officer.
36. Where fraud or error is identified, the council is expected to make reasonable efforts to recover the money. Where the council considers it appropriate to write off any debts as a result of fraud or error full details and reasoning to satisfy audit and assurance will be held on each case.

### **Financial implications**

37. The cost of the Council Tax Rebate scheme is met by Government, paid via a section 31 grant under the Local Government Act 2003 and is payable for the costs incurred for the period 1 April 2022 – 30 September 2022.
38. The Government has allocated the council a Council Tax Rebate budget of £17,367,300 which was received on the 30 March 2022. This funding is made up of:
- Main scheme: £15,838,200
  - Discretionary Fund: £1,529,100
39. DLUHC will request monitoring related information on the scheme from early May 2022 on a monthly basis via the DELTA platform.
40. The funding for the main scheme must be spent by the 30 September 2022 and 30 November 2022 for the Discretionary Fund. Neither funding

can be carried forward for future use.

41. The grant allocation does not include administration costs. A separate new burdens funding has been provided to cover costs incurred administering the scheme. An initial funding budget of £176,376 has been received with an additional assessment being undertaken.

## **Consultation**

42. There is no legal requirement for public consultation for intended use of the Council Tax Rebate funding and is a Government mandated scheme. Final grant determinations and guidance was not published until the 16 March 2022 so the strict timescales for delivery has left limited time for a full consultation.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Governance**

43. As stated, the objective of the Council Tax Rebate is to support households with the rising cost of bills in 2022-23 driven by increasing energy bills. These costs affect most households but are more likely to disproportionately affect those on lower incomes. This is lawful under section 1 of The Localism Act 2011.
44. The Government has provided framework guidance on how Council Tax Rebate schemes are administrated for to support households who are in need but may not qualify for the main scheme.

### **Strategic Director of Finance and Governance (F&G22/001)**

45. The Strategic Director for Finance and Governance notes that this report seeks approval for the Council Tax Rebate grant policy and delegates responsibility to make future amendments to the application of the grant policy following consultation with the Cabinet Member.
46. The policy is in accordance with government guidance on how to administer the £150 rebate for eligible households (the 'main scheme') and the additional discretionary funding to support households who are in need but may not qualify for the main scheme.
47. The full cost of the Council Tax Rebate policy will be funded by Government grant. It is noted that a separate new burdens funding has been provided to cover costs incurred administering the scheme.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Support for energy bills – the council tax rebate 2022-23: billing authority guidance	<b>Link (please copy and paste into browser):</b> <a href="https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance/support-for-energy-bills-the-council-tax-rebate-2022-23-billing-authority-guidance">https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance/support-for-energy-bills-the-council-tax-rebate-2022-23-billing-authority-guidance</a>	

## APPENDICES

No.	Title
Appendix 1	Table showing households eligible for Council Tax Rebates or discretionary support
Appendix 2	Council Tax Rebate policy

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Stephanie Cryan, Finance, Democracy and Digital	
<b>Lead Officer</b>	Dominic Cain, Director Exchequer Services	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
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