

Southwark Council

Council Tax Rebate

Policy

Part 1 – Council Tax Rebate main scheme

**Part 2 – The Discretionary Scheme (Southwark
Council Cost of Living Fund 2022)**

Part 1 – Council Tax Rebate main scheme

1. Introduction

- 1.1. This part of the policy relates to the award of grants under the main Council Tax Rebate scheme and is effective from the 1 April 2022 to 30 September 2022.
- 1.2. On the 3 February 2022 the government announced a £9.1 billion support package called the Energy Bills Rebate to help households with rising energy bills in the first half of this year (2022/23). This support package includes a one off payment of £150 for households in England living in properties in Council Tax bands A – D, known as the *Council Tax Rebate*. Depending on how they pay Council Tax, some households will receive a payment automatically while others may have to apply (see part 3). This means that some households will receive their rebate more quickly than others but the Council expects that the great majority of eligible households will have received a rebate by June 2022 and that almost all those households who need to apply will have been invited to do so.
- 1.3. The objective of the Council Tax Rebate is to support households with the rising cost of living in 2022 driven by increasing energy bills. These costs affect most households but are more likely to disproportionately affect those on lower incomes. Government policy uses living in a property in a lower Council Tax band as a very rough proxy for lower income.
- 1.4. The scheme and its approaches to delivery and targeting low income households are novel and without precedent. The government has written to Councils confirming that rebate payments should be classed as “Local Welfare provision”.
- 1.5. The costs of Council Tax Rebate grants to eligible households will be met in full by the government. All funding paid to the council for the Council Tax Rebate will be passed on directly as one-off £150 grants to households that are eligible under the terms set out in this policy. All Council Tax Rebate grants will be paid as soon as possible from April 2022.
- 1.6. Later in 2022, the government will run a reconciliation exercise against actual council expenditure, as certified by the council’s Strategic Director for Finance & Governance (the chief finance officer). All payments within scope of the reconciliation process will need to have been made by 30 September 2022. Any over-funding of grant to the council will be required to be paid back to government and any under-funding will be settled with the council following the reconciliation.

1.7. The government has recognised that the implementation of this policy will place an additional administrative burden on the council. In accordance with the New Burdens doctrine, the government has conducted an assessment of the expected reasonable additional costs associated with the implementation of the policy and made a down payment of costs to the council.

2. Qualifying criteria for Council Tax Rebate

2.1. The council will provide a one-off £150 payment to a liable Council Tax payer where they occupy a property which meets all of the following criteria as at the 1 April 2022, subject to the conditions listed below being met:

2.2.1 The property 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;

2.2.2 The property is someone's sole or main residence; and

2.2.3 It is a chargeable dwelling, or in exemption class N, S, U or W.

2.3 If the property that meets the criteria above but has a zero Council Tax bill the occupant will be eligible. For example, where the Council Tax bill is zero due to 100% Council Tax Reduction, or a student exemption.

2.4 Households that are not eligible include:

2.4.1 A property that has no permanent resident and is someone's second home;

2.4.2 An unoccupied property; and

2.4.3 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).

2.5 Eligibility is determined based on the position at the end of the day on 1 April 2022. Where the council has reason to believe that the information held about the valuation list, liable taxpayer(s) or residents' circumstances in respect of 1 April 2022 is inaccurate, it will withhold the payment and take reasonable steps to determine the correct information.

2.6 Where records relating to the liable taxpayer(s) or residents' circumstances in respect of 1 April 2022 are retrospectively updated, the council will take reasonable steps to pay or clawback payments.

2.7 Where the property band recorded on a valuation list is amended retrospectively to 1 April 2022, for example as a result of a successful appeal made to the Valuation Office Agency ('VOA') that concluded after this date, the council *is not* required to pay or clawback payments. The exception is where a property is a new build and awaiting an official banding from the VOA.

In these cases, eligibility will be determined based on the official band subsequently allocated by the VOA, where this has an effective date before or on 1 April 2022.

3. Payment Methods

3.1. Government guidance encourages Councils to establish a range of payment options for Council Tax Rebates through both the main scheme and the discretionary scheme (see Part 2) to provide support to eligible households in different circumstances. All payment options used for the rebate will enable the Council to:

- 3.1.1. Be satisfied that the person receiving the money is entitled to payment;
- 3.1.2. Keep an audit trail of the payments redeemed, when and by whom;
- 3.1.3. Prevent payments being redeemed after 30 September 2022; and
- 3.1.4. Be satisfied that the payment method selected is appropriate value for money when compared with other alternatives and adequately secure against fraud.

4. Payment of the Rebate (1) Households paying Council Tax by Direct Debit

- 4.1. Where the council holds a live Direct Debit Instruction for a liable Council Tax payer of an eligible household, the household will not normally need to apply. We will make an automatic payment as early as possible in the 2022 financial year, provided we are assured that the household is eligible and the bank details have been verified. The council expects to pay rebates to the vast majority of households eligible for an automatic payment by the end of April 2022.
- 4.2. 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. We will make only one payment per property.
- 4.3. The council will exclude any households paying Council Tax by Direct Debit from automatic payment where the name on the bank details does not match the name of a liable party for Council Tax. In these cases the council will contact the liable party and invite them to apply. The council will exercise particular caution where Direct Debit details have been changed or newly provided since the scheme was announced on 3 February 2022.

5. Payment of the Rebate (2) Households in receipt of Council Tax Reduction

- 5.1. Households in receipt of Council Tax Reduction (CTR) on the 1 April 2022 and meeting the eligibility criteria, but not paying their Council Tax bill by Direct Debit, will receive payment by a Post Office Payout voucher.
- 5.2. Lowest income households are less likely to have a bank account, smartphone, other digital device, or digital skills. The Post Office Payout service is designed to meet the needs of lowest income households by offering a simple and secure method of payment. Post Office Payout is an existing council supplier and was used to provide grants through the Southwark Energy Support Fund last winter.
- 5.3. Households in receipt of CTR do not need to pass through the application route below (see part 6) because their ID and other information about the household will already have been checked and verified by the council and or the Department for Work and Pensions when they applied for CTR. Additionally, Post Office Payout does not require the recipient to have a bank account.
- 5.4. 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 rebate.
- 5.5. 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.
- 5.6. Some residents will be unable to access a Post Office due to lack of mobility. They may ask a family member or friend to collect their payment by taking the award letter and ID of the person who is eligible to the Post Office. If an eligible resident is unable to arrange third party collection themselves, then the Southwark Community Hub can arrange collection.
- 5.7. Each award letter can only be used once. The letters have a one month validity period and cannot be used after the expiry date.
- 5.8. The award letter will confirm the value of the award and instructions on how to redeem it at the Post Office.
- 5.9. The council expects that award letters will sent in batches between May 2022 and July 2022. The latest expiry date will be in August 2022.

6. Payment of the rebate (3) All other households

- 6.1. Where the council does not hold live a Direct Debit Instruction for an eligible household, or where the household receives CTR, it will 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 through the application route.

- 6.2. The eligible household will receive an invitation to apply by email where the council holds a valid email address, or by letter sent by post.
- 6.3. Eligible households who need to apply will be invited to do so. The council expects to invite all eligible households to apply between the end of April 2022 and early July 2022 but this timetable is subject to change.
- 6.4. The volume of applications to be handled is exceptionally large and to ensure that the process is managed in an orderly fashion and avoid a risk of services being overwhelmed or long delays for applicants, the council will invite households to apply in order of postcode. This will be done numerically, starting with postcode district SE1 0## and with new batches of invitations sent to residents weekly throughout the period.
- 6.5. The invitation will include an explanation of how recipients can apply for their rebate. We expect that most residents will apply for a rebate online but those residents who cannot apply online will be offered an alternative option.
- 6.6. Applicants will be asked to provide the details of the bank account into which the award is to be paid. This must be the applicant's own bank account. Applicants are asked to self-certify that they are liable for Council Tax at the property, that they meet the eligibility criteria, and are claiming on behalf of the household.

7. Prepayment checks and fraud

- 7.1. All applications received will be subject to pre-payment checks so the council may satisfy itself that the person who is applying is entitled to payment and that the payment details provided belong to an entitled person and relate to the relevant address.
- 7.2. An applicant who provides false information or makes false representation in order to benefit from the Council Tax Rebate or Discretionary Fund may be guilty of fraud under the Fraud Act 2006.
- 7.3. Where pre-payment checks identify significant anomalies or other concerns, the council will contact the recipient asking for more information such as, for example, a copy of their bank statement or additional proof of ID. Where a bank statement or other evidence cannot be provided, an alternative payment method may be offered.
- 7.4. In some very exceptional circumstances it may be possible at this stage to pay a rebate to the bank account of a third party where the third party is freely

nominated by a person who is liable for Council Tax at the property and eligible for a rebate.

7.5. The Council will retain a record of all evidence provided as part of claims, and all pre-payment checks undertaken.

7.6. All payments must be made by 30 September 2022.

8. The Backstop: rebate award as a credit to Council Tax accounts

8.1. Government guidance states that councils have the authority to issue awards as a direct credit to Council Tax accounts, but only after eligible households have been provided with the option of direct payment.

8.2. Awards may be applied to eligible households as a £150 credit to Council Tax accounts in September 2022 where:

8.2.1. An application is not made after being invited to apply;

8.2.2. An application is not approved; or

8.2.3. A Post Office Payout award letter is not redeemed and expires.

8.3. Where a household that is eligible for support receives their rebate as a credit to their Council Tax account, the council will by default allocate the credit to the account for current year. However the council may also exercise reasonable discretion and allocate the credit in respect of a previous year where it is appropriate to do so.

9. Communications and use of personal data

9.1. The council is required to ensure that households are provided with clear and timely information about the Council Tax Rebate scheme.

9.2. The Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 came into force on 12 February 2022. To comply with those regulations, all Southwark Council Tax bills issued to households in respect of 1 April 2022 included the lines "*The Government is providing a £150 one-off Energy Bills Rebate for most households in Council Tax bands A-D*".

9.3. Additionally all 2022 Council Tax bills included a government information pamphlet about the terms and implementation of the Council Tax Rebate. The pamphlet was included with bills because inclusion was a condition of the government grant provided to administer the rebate.

9.4. The council collects personal data for purpose of collecting Council Tax. For the purpose of data processing for Council Tax Rebates (discretionary rebates and

those paid under the main scheme) the council relies on the *Public Task* provision under data protection rules. The council is acting on a lawful basis “in the exercise of official authority” and to perform a specific task in the public interest that is set out in law.

10. Impact of Payments

10.1. All payments made under the Council Tax Rebate or Discretionary Fund (see part 2) are to be treated as local welfare provision and therefore will not be taken into account in the calculation of income related benefits or the council’s Council Tax Reduction scheme.

10.2. All payments made under the Council Tax Rebate main scheme or discretionary scheme 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.

11. Calculation of award

11.1 Payments under this scheme are a one-off £150 payment to each qualifying household.

11.2 The scheme closes on the 30 September 2022. The council will not adjust, pay or recover awards where the property band recorded on the valuation list is amended retrospectively to 1 April 2022, for example as a result of a successful appeal made to the Valuation Office Agency (‘VOA’) that concluded after this date.

11.3 Eligibility for a Council Tax rebate is determined based on the position at the end of the day on 1 April 2022. Where the council has reason to believe that the information held about the valuation list, liable taxpayer(s) or residents’ circumstances in respect of 1 April 2022 is inaccurate, it will withhold the payment and take reasonable steps to determine the correct information.

12. Appeal process

12.1 Where a household is refused a rebate after applying, or does not receive a rebate to which it believes itself entitled, it may ask the council to review its decision or correct an error.

12.2 There is no right to appeal to an independent tribunal but the council will consider all requests to reconsider a decision or omission. In some circumstances, households refused support under the main scheme may be eligible for a rebate through the Discretionary Scheme.

Part 2 – The Discretionary Scheme (Southwark Council Cost of Living Fund 2022)

This part of the policy relates to the payment of rebates under the discretionary Council Tax Rebate scheme (known locally as the *Southwark Council Cost of Living Fund* – or SCCOLF) made between 1 June 2022 and 30 November 2022.

13. The government recognised that Council Tax billing authorities may also wish to provide support to other energy bill payers who are not eligible under the terms of the main scheme, or to provide carefully targeted ‘top-up’ payments to the most vulnerable households in bands A to D who are eligible under the main scheme.
14. The Government has provided every Council Tax billing authority in England with a share of a £144 million Discretionary Fund. 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.
15. 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. Discretionary support does not have to be provided in relation to the position on 1 April 2022. Allocations from the Discretionary Fund should be spent by 30 November 2022. Any remaining funding will be required to be repaid to government.
16. 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).
17. 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.
18. The council will use its allocation under the Discretionary Fund mainly to target support at three groups through the SCCOLF:
 - 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.
 - Households who are not liable for Council Tax in homes banded A-D and ineligible for a rebate through the main scheme; but who pay energy bills for their home.
19. All those receiving discretionary rebate award 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.
 20. The council expects to provide awards and extra support through SCCOLF to approximately 22,000 households.
 21. 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.
 22. All discretionary payments will be made via Post Office Payout, as per paragraphs 5.4 to 5.8 in the main scheme.
 23. Letters cannot be reissued where the expiry date for a replacement is after 30 November 2022. However, any household in urgent need of help to pay energy bills or to maintain a supply of energy to their home will be able to apply to the *Southwark Emergency Support Scheme (SESS)*
 24. The council expects to make full use of its £1.53m allocation from the Discretionary Fund. Where necessary, payments from the Discretionary Fund will be topped up from other government grants to help low income households pay for energy and other essentials during the period.
 25. Administration costs will be met by the government's New Burdens assessment as per paragraph 1.7.