

TITLE OF REPORT: **Implementation of the Energy Rebate**

REPORT OF: **Darren Collins - Strategic Director, Resources and Digital**

Purpose of the Report

1. Cabinet is asked to consider the implementation of the Energy Rebate and agree the approach for the use of the discretionary element of the scheme.

Background

2. The Government announced on 3 February 2022, support to help households with rising energy bills. This includes:
 - a. £200 discount on energy bills in October administered by energy suppliers for domestic electricity customers which will be paid back over the next 5 years
 - b. £150 non-repayable rebate for all households in Council Tax Bands A to D to be administered by Local Authorities
 - c. Discretionary funding for Local Authorities to support those households most likely to be suffering hardship as a result of the rising cost of living.
3. Gateshead Council's allocation of funding is £13,564,650 which includes £447,750 identified for the Discretionary Scheme. All funding must be allocated by 30 September 2022 and any unspent funding would need to be returned.
4. Local authorities must make stringent checks before making payment. This includes where there is a mismatch between council tax account holders names and Direct Debit details and specific checks where the resident does not pay their Council Tax by Direct Debit.
5. There are 90,717 households in Gateshead with a council tax band of A to D and there are 3,919 in band E to H.
6. If a resident does not have a bank account, there are other Government approved methods for payment through organisations like the Post Office who can organise a cash payment. There is also the option of crediting a resident's council tax account but only after the option of a payment has been offered.
7. Guidance relating to the Discretionary Fund suggests that Local Authorities may also wish to provide support to other energy bill payers who are not eligible under the terms of the core scheme, or to provide targeted "top-up" payments to the most vulnerable households in bands A to D (for example, those on means tested benefits). 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.

Proposal

8. Payment to those households who currently pay by Direct Debit will be made from 20th April 2022. It is anticipated that over 50,000 payments amounting to nearly £8,000,000 will be made direct into resident's bank accounts by the end of April.
9. An application process will be administered for those households in band A to D that do not pay their Council Tax by Direct Debit. A letter will be sent to eligible households inviting application. Payment will be made into resident's bank accounts. Alternative arrangements have been made for those residents that do not have bank accounts or need support outside of the online process. It is anticipated that the majority of these payments will be made by the end of May.
10. It is proposed that the discretionary scheme will make an additional 'top up' payment of £20 to all residents in bands A to D who are in receipt of Council Tax Support, meaning they will have received £170 in total. There are 20,472 residents currently eligible for the Local Council Tax Support band A to D – 8,500 are pensioners with the remaining being working age applicants. It is also proposed to make a payment of £170 to all residents in bands E – H (currently 84 cases) who are also in receipt of Local Council Tax Support. The estimated cost of this option is £423,720. Applications for Local Council Tax Support is means tested.
11. It is likely that once the mandatory and discretionary schemes are implemented there will be some remaining funding. This is currently estimated at £25,000. It is proposed that the remaining funding is used to:
 - make payments to new occupiers of a property in band A – D who moved in after the 1st of April 2022 qualifying date and who hadn't already received a payment at another address (e.g., someone from a parents address).
 - Make payments to newly qualifying households following a property band change received after 1st April 2022 (e.g., where a band reduces from E to D).

Recommendations

12. It is recommended that Cabinet:
 - (i) Considers the implementation of the Energy Rebate scheme and approves the discretionary element of the scheme as detailed in this report; and
 - (ii) Approves the delegation of authority to the Strategic Director, Resources and Digital to administer the fund in line with Government guidance.

For the following reasons:

- (i) To ensure allocated funds are maximised for the benefit of those households most likely to be suffering hardship as a result of the rising cost of living
- (ii) To administer the funds in compliance with government guidance.

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APPENDIX 1

Policy Context

1. The Energy Rebate fund will support the overall vision for Gateshead as set out in Making Gateshead a Place Where Everyone Thrives and directly relates to the pledge of:
 - Tackle inequality so people have a fair chance.

Background

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 - b. £150 non-repayable rebate for all households in Council Tax Bands A to D to be administered by Local Authorities
 - c. Discretionary funding for Local Authorities to support those households most likely to be suffering hardship as a result of the rising cost of living.
3. Gateshead Council's allocation of funding is £13,564,650 which includes £447,750 identified for the Discretionary Scheme. All funding must be allocated by 30 September 2022 and any unspent funding would need to be returned.
4. Local authorities must make stringent checks before making payment. This includes where there is a mismatch between council tax account holders names and Direct Debit details and specific checks where the resident does not pay their Council Tax by Direct Debit.
5. There are 90,717 households in Gateshead with a council tax band of A to D and there are 3,919 in band E to H.
6. If a resident does not have a bank account there are other Government approved methods for payment through organisations like the Post Office who can organise a cash payment. There is also the option of crediting a resident's council tax account but only after the option of a payment has been offered.
7. Government guidance regarding eligibility states that "many households will need support to deal with the rising cost of household bills in 2022/23, driven by energy bills. While these rising costs will affect most households across the country, they are more likely to disproportionately affect those on lower incomes, who tend to spend a higher proportion of their income on utility bills regarding the discretionary scheme".
8. Guidance relating to the Discretionary Fund suggests that local authorities may also wish to provide support to other energy bill payers who are not eligible under the terms of the core scheme, or to provide targeted "top-up" payments to the most vulnerable households in bands A to D (for example, those on means tested benefits). 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.

Consultation

9. The Leader and Deputy Leader have been consulted and support the proposal.
10. Local Authorities in the area have been informally consulted to ensure regional consistency where possible whilst still ensuring local priorities are supported.

Alternative Options

11. An alternative approach would be to extend the mandatory scheme to include band E households. This would make a standard payment of £150 to a further 2,600 households. If the Council adopted this approach the estimated total cost would be £390,000. This option would be an extension of the mandatory scheme and may not target those households most in need of support.

Implications of Recommended Option

12. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that the financial implications are as detailed in the report.
 - b) **Human Resources Implications** – None
 - c) **Property Implications** - None
13. **Risk Management Implication** - The Council will be required to report on its progress in delivering the Energy Rebate to Government. Robust application and assessment procedures and financial management systems will be put in place to mitigate against the risk of payment to applicants not satisfying the eligibility criteria and guard against deliberate manipulation and fraud reducing exposure to clawback.
14. **Equality and Diversity Implications** - There are no implications arising from this report.
15. **Crime and Disorder Implications** – There are no implications arising from this report.
16. **Health Implications** – There are no implication arising from this report.
17. **Climate Emergency and Sustainability Implications** - There are no implications arising from this report
18. **Human Rights Implications** - There are no implications arising from this report.
19. **Ward Implications** - There are no implications arising from this report.