

Birmingham City Council

Report to Cabinet

22 March 2022



Subject: Payment of Energy Grants (Government Council Tax £150 rebate)

Report of: Dr Peter Bishop – Director, Digital and Customer Services

Relevant Cabinet Member: Councillor Brigid Jones, Deputy Leader

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq - Resources

Report author: Tim Savill – Assistant Director – Revenues and Benefits

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 The Government has announced measures to help protect households from rising energy costs. This includes a £150 council tax energy rebate.
- 1.2 There are two schemes to provide the support and detailed guidance was published on 23rd February 2022 together with confirmation of funding. This is made up of £60.4 million for the main rebate scheme and £3.6 million for the discretionary scheme.
- 1.3 The Government is providing funding for billing authorities to give all households in England whose primary residence is valued in council tax bands A – D a one-

off council tax energy rebate payment of £150. This payment will operate outside of the council tax system, using council tax lists to identify eligible households.

- 1.4 The Government is also providing £3.6 million in funding for Birmingham to operate a discretionary fund for households in need who would not otherwise be eligible. This could include, for example, individuals on low incomes who live in properties valued in bands E – H.

2 Recommendations

- 2.1.1 That Cabinet approves acceptance of £60.4m of central Government to fund a council tax rebate of £150 to all households in council tax bands A-D.,
- 2.1.2 That Cabinet approves acceptance further Government funding of £3.6m to operate a discretionary fund for households in need who would not otherwise be eligible for the rebate under 2.1.1.
- 2.1.3 That Cabinet delegates authority to the Deputy Leader, and the Cabinet Member for Finance and Resources, from a report by the Director Digital and Customer Services, to approve the Energy Grant discretionary payment scheme and to authorise the payments accordingly.

3 Background

- 3.1 Households are facing significant increases in their energy costs. As an example, a household that uses a medium amount of gas and electricity (defined as 12,000kWh gas and 2,900kWh electricity a year) can expect their bill to rise by around £693 a year (around £58 extra a month). The same household paying via prepayment can expect around £708 to be added to their bill each year, or £59 a month. If households pay when they receive their energy bills, rather than by direct debit, the bill could go up by £130 each month (Source, Which?).
- 3.2 On 3rd February 2022, the Government announced initial details of a proposed £150 council tax energy rebate. This is to be paid directly to all households residing in properties with a Council Tax banding of A, B, C or D (although empty and second homes are not eligible). The calculation of council tax bills will not be impacted – the payment is to be made separately to all eligible households.
- 3.3 The Government legislated for Councils to include reference to the scheme on the face of the annual demand notice (bill) and in the accompanying council tax leaflet.
- 3.4 The requirements apply to bills issued in respect of the 2022-23 financial year only. In tandem, the Government also legislated – well ahead of the 11 March deadline for finalising schemes - to require that council tax energy rebate payments must be disregarded as income for the purposes of calculating eligibility for both working-age and pensioner local council tax support schemes in 2022-23.

4 Options considered and Recommended Proposal

- 4.1 Birmingham has approximately 410,000 properties which fit into the A – D Council Tax bandings. The Council holds bank details for around 50% of residents in these properties. Payments to these accounts, once a mandatory fraud check has been completed will be straightforward and paid directly to the bank account held in the council tax system. This leaves around 205,000 accounts where no bank details are held.
- 4.2 The Government has specified wording is included on the 2022/23 annual council tax bill to reference the payment. It has also specified (as a condition of new burdens funding) that a leaflet must be included. Details have been received and this will be issued with all council tax annual bills.
- 4.3 Payments will be based on residency at the relevant property on 1st April 2022. The scheme will be open for payments to be made to eligible households until 30 September 2022 for the main scheme and 30 November 2022 for the discretionary scheme.
- 4.4 The payments received will be disregarded as income for any people on means tested benefits.
- 4.5 The Council already encourages people to pay their council tax by direct debit (DD). Households have been further encouraged to sign-up for direct debit to speed up the energy payments.
- 4.6 Any households which have not signed up for direct debit will need to go through a separate process. This will involve the Council collecting their bank account details. For those without bank accounts the rebate will be to a payment intermediary (such as the Post Office) to facilitate a cash payment. For customers who are difficult to reach the rebate can, as a last resort be credited to their council tax account.

5 Consultation

- 5.1 No formal consultation is required.

6 Risk Management

- 6.1 With any scheme involving the payment of grants, there is the potential from fraud and error.
- 6.2 The Council has put in place a robust process to ensure the correct payments are held – where bank details are not linked directly to bank accounts (through direct debit records).

7 Compliance Issues:

- 7.1 There are no specific compliance issues

7.2 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.3 The recommended decision supports the priority to make Birmingham a great city to live. Providing urgent financial support to citizens within the city during an extremely difficult economic climate will help to safeguard their economic future.

8 Legal Implications

8.1 The Energy Payments are fully funded by Central Government with the Council being fully reimbursed for all grants paid. All Central Government guidance in respect of the schemes will be followed by the Council in the administration of the schemes.

8.2 The payments are made following the 'Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022' which were laid before Parliament on 11 February 2022 and came into force on 12 February 2022. The Regulations can be found at: <https://www.legislation.gov.uk/ukSI/2022/127/contents/made>.

9 Financial Implications

9.1 The Energy Payments are fully funded by Central Government with the Local Authority being fully reimbursed for all grants paid. Any over funding will be returned to Central Government as part of the scheme end reconciliation process.

9.2 In accordance with the New Burdens doctrine, billing authorities will be compensated in February for the administrative costs of providing the rebate.

9.3 The funding for the scheme itself in is expected to be allocated to councils in March 2022.

10 Procurement Implications (if required)

10.1 N/A

11 Human Resources Implications

11.1 The grant schemes set out in this report will be administered by officers working in the Revenues and Benefits service. The work will be undertaken by existing roles in the service. There are no other HR implications in this report.

12 Public Sector Equality Duty

12.1 Equality Impact Assessment has been completed (EQUA 870) and did not identify any adverse effects to those with protected characteristics. The discretionary scheme will cater for any cases where people could benefit from a grant if they are not the council tax payer.

13 Appendices

- 13.1 Appendix A - Equality Impact Assessment Payment of Energy Grants Government Council Tax £150 Rebate)

14 Background Documents

- 14.1 Scheme guidance can be found here -
<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>