

Title of report: Energy Rebate Discretionary Fund

Meeting: Cabinet

Meeting date: Thursday 26 May 2022

Report by: Cabinet member finance, corporate services and planning;

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve the Energy Rebate Discretionary Fund scheme and the criteria for the allocation of the funding.

Recommendation(s)

That:

- a) **The Energy Rebate Discretionary Fund scheme and the criteria for the allocation of the funding is approved; and**
- b) **That all operational and budgetary decisions regarding this scheme be delegated to the director of resources and assurance.**

Alternative options

1. Not to approve criteria for the Energy Rebate Discretionary Fund scheme. This is not recommended. If the allocation criteria were not approved and published then the discretionary funds would not be able to be distributed and the funds would need to be returned to government.
2. To target households in fuel poverty and living in low energy efficient properties. This was considered but rejected, as it would require an application process with potentially at least 14,000 households eligible. Feedback from similar schemes indicates that an online application process is not straightforward, and may not benefit the most disadvantaged. It is also more costly to administer. If payments are made of £150 per household these would need to be made on a first come first serve basis which again raises concerns that those who are more disadvantaged may not benefit. If it was felt to be more equitable to make awards on the basis of the number of potential households which fall into this category, awards would need to be capped initially at £25.
3. To target low-income households (residents on universal credit with income below free school meal entitlement / free prescription level). This was considered but rejected, as again it would require an application process with the same issues as above. It is also reliant on data from Department of Works and Pensions, which has some limitations in practice, which adds to the complexity of the application process. Therefore, whilst approximately 6,000 households would meet the qualifying criteria, there is a high administrative burden and may not benefit the most disadvantaged.

Key considerations

4. At the end of February 2022, the government formally launched its Energy Rebate Grant Scheme for 2022/23 publishing its initial details of the guidance on 23 February, which has since been updated. Details can be found here: [Support for energy bills - the council tax rebate 2022-23: billing authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/support-for-energy-bills-the-council-tax-rebate-2022-23-billing-authority-guidance). The scheme includes a statutory element, for which the government has provided clear criteria for distribution of the grant, and a discretionary element which is to be distributed based on a local, political decision.
5. Herefordshire Council has received a total of £9,892,200 of which £9,410,850 is for the statutory element (for households in council tax bands A-D) and £481,350 is for the Discretionary Fund. Government has calculated allocations for the Discretionary Fund based on the Index of Multiple Deprivation and the estimated number of local council tax support claimants in council tax bands E to H.
6. An outline of the statutory element and its distribution criteria is available on the Council's website: [Council Tax Rebate](#).
7. The government has recognised that local authorities may wish to provide support to other energy payers who are not eligible under the terms of the core element. They may also wish to provide carefully targeted 'top-up' payments to the most vulnerable households in bands A to D (supported through the statutory scheme).

8. 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. Government has advised that this could include households living in property in council tax bands E to H that are on income related benefits or those where the energy bills payers are not liable for council tax. It could also include using 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.
9. There are certain exemption classes which are specifically excluded from eligibility for the Discretionary Fund such as armed forces accommodation as the government will provide separate support. There are other classes e.g. student halls which are unlikely to be eligible unless they are exposed to rising energy prices in the same way as other households.
10. Once allocation criteria have been determined and approved by local, elected Members, Councils must publish their agreed guidelines setting out eligibility for the Discretionary Fund.
11. Allocations from the Discretionary Fund should be spent by 30 November 2022. Any remaining funding will be required to be repaid to government.
12. All payments made under either the core or discretionary element of the scheme can be disregarded for any income-related means-tested and benefits and are non-taxable.
13. The government recognises that the implementation of this policy will place an additional burden on local authorities. In accordance with the New Burdens doctrine, the government will conduct an assessment of the expected reasonable additional costs associated with the implementation of the policy, working closely with local government in doing so.
14. Officers have reviewed the support for energy bills - the council tax rebate 2022-23: billing authority guidance and considered the options for allocating the Discretionary Fund and at Appendix A are the recommended allocation criteria which are considered to assist those in most financial need and who are affected by rising energy costs. The two main criteria will provide:
 - (a) financial support (£150) to households living in property in council tax bands E to H who are in receipt of Council Tax Reduction and specific exempt categories;
 - and
 - (b) provide an additional top up (estimated as c £55) to all households who are the most financially disadvantaged. The top up will be provided to all eligible households in receipt of 100% Council Tax Reduction as at 1 April 2022.
15. It is estimated that the number of households benefitting from criteria (a) will be c. 750 households and in criteria (b) c.6750 households. There will be an initial closing date of 30 September 2022 for the Discretionary Fund scheme. Should there be any residual funding remaining after 30 September 2022, it will be at the discretion of the Council how it allocates the remainder, a decision delegated to the director of resources and assurance.
16. The Discretionary Fund will be administered through the Revenue and Benefits Service of the Council and any operational issues will be delegated to the Director of Resources and Assurance. It is anticipated that payments to households under the Discretionary Fund will be made using the same options as the statutory Energy Rebate Scheme.

17. The Council will work with partners in the advice sector to ensure that any household which is not eligible for the Energy Rebate Scheme receives relevant advice.

Community impact

18. Across the county there were an estimated 13,902 households (16.5% of all households) in fuel poverty in 2019 (the most recent data available), Consumer prices, as measured by the Consumer Prices Index (CPI), were 7.0% higher in March 2022 than a year before, so the figure of households in fuel poverty is likely to be an underestimate. The Herefordshire Community Wellbeing Survey 2021 reported that 14% of respondents found it difficult to pay for their basic living needs which was particularly linked to the impact of Covid 19 on their household income.
19. The Energy Rebate Scheme (statutory and discretionary) will provide additional financial support to eligible households, many of which will be the most financially disadvantaged. By fully utilising the funding from government, this will have a positive impact on the community by minimising the debt burden on those that struggle to pay essential bills. There is also other help which has been put in place by government, energy suppliers as well as locally available advice and support.

Environmental Impact

20. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
21. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy, for example by directing claimants to claim online.

Equality duty

22. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

22. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. There is likely be a positive impact for people with protected characteristics who are financially disadvantaged and the fund will be managed in a fair manner, using only those criteria shown at Appendix A.

Resource implications

23. Herefordshire Council has been awarded £481,350 by government for the Discretionary Fund element of the Energy Rebate Scheme to provide direct payments to households. This decision is seeking approval for the key criteria to allocate the Discretionary Fund and gives an indication of the potential payments which will be made using these criteria.
24. It is anticipated that using the criteria set out in this report, that there may be a residual element which would be available for further allocation. However, it will be important to ensure that appropriate reconciliations are carried out before any further awards are made to ensure that payments made are within the £481,350 allocation.
25. Should payments be made beyond the funding made available then this would be an additional cost to the council for which there is currently no revenue budget.
26. There are no capital implications arising from this decision.
27. Herefordshire Council will incur additional costs in implementing and administering this scheme. The Government recognises that the implementation of the scheme will place an additional burden on local authorities. In accordance with the New Burdens doctrine the government will conduct an assessment of the expected reasonable additional costs associated with the implementation of the policy.
28. Officers will need to ensure that these costs are appropriately identified to facilitate recovery of these costs. Any non-recovery of these costs would potentially be an additional cost to the Council. This is currently considered to be low risk.
29. The proposed criteria are recommended as the most efficient and effective way of reaching the target population (those in most financial need and who are affected by rising energy costs). By making direct awards, using the same payment options as the statutory element, the administrative burden and costs should be minimised.

Legal implications

30. The requirements of a discretionary scheme are set out in the Government guidance to local authorities.
31. The Department of Levelling Up Housing and Communities Guidance –Support for Energy Bills – The Council Tax Rebate 2022-2023 Billing Authority Guidance dated 16th March 2022 provides guidance to Billing Authorities in England on the administration of the Council Tax Rebate and associated discretionary fund for households as part of a government package of support for rising energy costs.
32. The Council is required to comply with the requirements of the Government Guidance in the implementation of the Discretionary Energy Rebate Fund.

Risk management

Risk / opportunity	Mitigation
Capacity to administer the scheme	The implementation of the recommended criteria will use existing information and payment methods. There may be a need for additional temporary staffing resources. Government recognises that there may be an additional administrative burden, so there is an implication that it will provide additional resource.
Overspend of the Discretionary Fund Allocation	This is unlikely. As the criteria is based on eligibility of the Council Tax Reduction Scheme, figures for qualifying households are known.
Underspend of the Discretionary Fund Allocation	It is possible that not all eligible households will take up their award. This will be minimised, by providing a choice of different payment options. The Council will review take up monthly and push messages out to increase take up if needed. It will also set a closing date of 30 September 2022 for take up of the payment. Should there be any residual funding remaining after 30 September 2022, it will be at the discretion of the Council how it allocates the remainder, a decision delegated to the director of resources and assurance.

34. Risks will be managed at directorate level.

Consultees

35. A political party consultation took place from 21 April to 29 April 2022. Three comments were received which were neutral or supportive of the scheme, with additional suggestions of further funding from Herefordshire Council as well as an option for households which didn't want the extra funding to be able to donate it to local groups. Herefordshire Council has made a decision to provide support to households which are struggling financially and this will be subject to a further decision report. If households wish to donate the funding they receive, it is their choice as to how they do this.

Appendices

Appendix A - Energy Rebate Scheme – Discretionary Fund

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published

Governance	Sarah Buffrey, Democratic Services Officer	Date 27/04/2022
Finance	Joanne Moore	Date 06/05/2022
Legal	Sharon Bennett-Matthews	Date 04/05/2022
Communications	Luenne Featherstone	Date 29/04/2022
Equality Duty	Harriet Yellin	Date 06/05/2022
Procurement	Mark Cage	Date 29/04/2022
Risk	Jo Needs	Date 05/05/2022

Approved by Andrew Lovegrove **Date** 16/05/2022