

## Council Tax Government 'Energy Rebate'

Guidance was published last week on the Government's £150 Council Tax 'Rebate' and Discretionary Fund, following its initial announcement on 3 February 2022

[The council tax rebate 2022-23 – billing authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/the-council-tax-rebate-2022-23-billing-authority-guidance)

The detailed guidance is broadly in line with our understanding of the proposals as they eventually emerged on 4 February.

In summary, billing authorities will be required to make a payment of £150 to every household in Bands A-D for main residences only (second and empty homes are ineligible).

### **Payments will be made outside the council tax system.**

But billing authorities will be required to refer to the £150 rebate in council tax bills ("The Government is providing a £150 one-off Energy Bills Rebate for most households in council tax bands A-D"). They will also be required to include an explanatory leaflet with the bills that are sent to households. This is attached as Appendix B.

All households in Bands A-D will be eligible "where it is someone's sole or main residence". Households in exemption classes N, S, U or W are included, such as properties occupied by students (N), by those aged under 18 (S), or by people who are severely mentally impaired (U).

Eligibility will be based on "the position at the end of the day on 1 April 2022". This might result in some retrospective changes later in the year (where there are house moves), and councils should take reasonable steps to recover payments and "to determine the correct information". Payments should be made where the property is a "new build and awaiting an official banding from the VOA" but changes where an appeal made after 3 February is settled by the VOA will not receive the payment, although the council may wish to consider making a payment from their discretionary fund.

**The latest guidance does not address the problem in some private rented accommodation, particularly HMOs, where the landlord is liable for council, and will receive the £150 rebate for the household, rather than the tenants (who will be paying the energy bills). This is a side-effect of linking the £150 rebate to the person paying council tax, and resolving this problem within the scheme itself is probably just too difficult. Billing authorities might be able to use the Discretionary Fund to help tenants in this situation.**

**In practical terms, the main difficulty for billing authorities is physically making payments to households for whom they do not hold bank details.** We only hold bank details for around 66% of households, with 12,000 not paying by DD.

Getting these details and making payments is going to be a huge administrative effort. Billing authorities will have to make "all reasonable efforts" to contact these households "as early as possible to make them aware of the scheme and to invite them to make a claim". Claimants should be asked to self-certify that they are eligible. We are in the process of setting up a system to do this.

Funding is available from the £144m Discretionary Fund “to provide support to other energy bill payers who are not eligible under the terms of the core scheme”. Councils can “determine how best to make use of this funding”. The guidance suggests that payments (“of no more than £150”) could be made to households in Bands E-H that are on income related benefits or those whose occupants are not liable for council tax. **The allocation for Crawley is £201,750.**

Where the billing authority holds bank details (for direct debit payers), the £150 payments should be made automatically in April 2022 after we have confirmed Direct Debit details are correct, i.e. after 1<sup>st</sup>, 15<sup>th</sup> and 25<sup>th</sup> DD runs. Government are asking us to minimise the risk of fraud.

All rebate payments to eligible claimants should be made by 30 September 2022. And any funding in the Discretionary Fund unspent on 30 November 2022 will have to be returned.

The Government is distributing funding of £3.064bn, of which £2.925bn for the Council Tax Rebates (“non-discretionary fund”) and £144m is for the Discretionary Fund.

- Funding for the Council Tax Rebates will be reconciled later in the year against actual payments made by each billing authority. The interim payments that have been announced are calculated using the number of eligible dwellings (A-D), exempt properties (N, S, U and W), and the number of second and empty homes. A growth factor (0.63%) has been applied. The methodology has some rough edges but is reasonable because it is only making interim payments for cashflow purposes.
- Allocations for the Discretionary Fund are based on the authority’s Index of Multiple Deprivation (IMD) score and its number of Local Council Tax Scheme (LCTS) claimants. Its share of the IMD score is given a 0.6 weighting, and its share of LCTS claimants a 0.4 weighting. The methodology reflects the assumption that discretionary payments will largely be made to households in higher banded properties who claim LCTS. However, simply using the number of LCTS claimants to distribute funding would have been too heavily influenced by the design of local schemes. By using IMD scores, an independent measure of “deprivation” can be included.