

NORTH SOMERSET COUNCIL DECISION

DECISION OF: ASH CARTMAN, EXECUTIVE MEMBER FOR CORPORATE SERVICES & AMY WEBB, DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

WITH ADVICE FROM: STUART ANSTEAD (HEAD OF SUPPORT SERVICES)

DIRECTORATE: CORPORATE SERVICES



DECISION NO: CSD144 2021/2022

SUBJECT: Distribution of Council Tax Energy Rebate

KEY DECISION: YES – financial values are greater than £500,000

BACKGROUND:

On 3 February 2022, Government announced the support to help protect households from rising energy costs. Under this announcement, most households in England, which are in council tax bands A-D, will receive a £150 rebate and for North Somerset Council this equates to a fund of £11,103,150. The rebate to energy bills will be based on registered properties as of the 1 April 2022

Additionally, there is discretionary funding of £144m to provide to support for vulnerable people and individuals on low incomes that do not pay Council Tax, or that pay Council Tax for properties in Bands E-H. Councils can determine locally how best to make use of this funding to provide payments to other households who are energy bill payers but not covered by the Council Tax Rebate. North Somerset Council's £395,250 allocation of the £144 million Council Tax Rebate Discretionary Funding will target support for vulnerable and low-income residents.

Analysis has identified 864 band E-H properties with known financial vulnerabilities and this scheme will engage with these households to offer the £150 rebate, therefore allocating £129,600 of the £395,250 discretionary fund.

The remaining balance of the discretionary fund will be allocated via an 'application process' which will support two different categories of claim:

- a) £150 awards to support vulnerable people and individuals on low incomes that do not pay Council Tax, or that pay Council Tax for properties in Bands E-H, for example Income-based Jobseeker's Allowance (JSA), or Income-related Employment and Support Allowance (ESA), or households with a combined income under a defined level.
- b) Top-up payments to any previous award for the most vulnerable with a combined income under a defined level.

The overall rebate will not need to be repaid and is a one-off payment which will benefit around 79.1% of homes in North Somerset.

The Council Tax Rebate will be administered by the local authority using the Council Tax database to either make direct payment to those that pay by direct debit or contact to encourage application for those that pay by other means. The administration costs are currently estimated at £150,000 and the level of new burdens funding to support this work remains unknown.

DECISION:

A) This decision seeks to establish a policy and scheme design which supports the allocation of the Council Tax Energy Rebate for the main (£11,103,150) and discretionary (£395,250) schemes.

B) Approval is sought to increase the council's Corporate Services income and expenditure budgets by £395,250; and the Non Services income and expenditure budgets by £150,000, to reflect receipt of a new ring-fenced grant income streams and also provide for the creation of expenditure budgets.

This decision will be fully supported by the Communications team who will ensure that the key messages are shared with those businesses who are in need of support.

REASONS:

Government provided guidance in February 2022 on The Council Tax Energy rebate 2022-23 to support households affected by rising energy bills. The rebate is to be administered by local authorities through a locally designed discretionary scheme.

OPTIONS CONSIDERED:

Government has required this scheme to be put in place to support households affected by rising energy bills.

Research has been undertaken to understand the intentions and scheme design as provided by other local authorities.

FINANCIAL IMPLICATIONS:

The £150 Energy Rebate scheme will impact on the Council's finances in three ways;

1. Making energy rebate payments of £150 to residents who live in properties Band A to D, on behalf of the Government in accordance with their mandatory scheme
2. Making Energy Rebate related discretionary payments to residents under a local scheme designed by the council and funded using money allocated by the Government by way of a Section 31 grant
3. Incurring additional expenditure to administer both of these schemes

1. Mandatory Energy Rebate Scheme – payments to residents of £11.1m and reimbursement by the Government

The Government has introduced a mandatory scheme across the country and requested that councils make payments of £150 to residents on their behalf. There is no discretion for North Somerset Council on any component of the Energy Rebate Scheme and the costs of payments given out will be fully funded by the Government.

The council will therefore account for these transactions on an Agency basis, which means that neither the expenditure or the reimbursement from the Government will shown within the council's revenue budget. Both transactions will be charged to the balance sheet. The payments will be made using information held within the council tax system, which is a stand-alone system and not integrated within the council's financial software, which means that adjustments will be required to include them so that they reconcile with the bank account. This process will be fully audited.

2. Discretionary Energy Rebate Scheme – payments to residents of £395k and receipt from the government of a S31 grant

The council has been advised that it has been allocated S31 grant income of £395,250 and so this additional income will need to be reflected within the Council's 'resource' budgets for the 2022/23 financial year.

The purpose of the grant is to fund the costs of a local Discretionary Energy Rebate scheme designed by the council, in order to provide some financial assistance to those residents who do not meet the conditions of the Governments' mandatory scheme.

The payments made to individuals will be charged to a new, discreet area within the Corporate Services' directorate budget, during the 2022/23 financial year.

The Council will therefore be required to action a virement to gross up the expenditure and income budgets by £395,250 in 2022/23.

Given that this is a discretionary scheme expenditure will be monitored across the scheme and when funds are exhausted, the schemes will be stopped to avoid any overspend / adverse variance.

3. Incurring additional expenditure to administer the scheme

The Council will incur additional expenditure of c. £150,000 in administration costs of these schemes. These costs are expected to be fully covered from a separate Section 31 grant allocation of New Burdens Funding, although the specific value remains unknown and unconfirmed at this time.

The final value of the administration costs will be dependent upon how much of the grant related expenditure can be awarded automatically using information held within current systems. Every attempt will be made to minimise these costs.

Both the administration costs and the grant income will be charged to the Council's General Fund budget and it is proposed that the Non Services Covid income and expenditure budgets for 2022/23 be grossed up to reflect the £150,000.

LEGAL POWERS AND IMPLICATIONS

The powers available to the council during the coronavirus pandemic are contained within the following primary and secondary legislation:

- Coronavirus Act 2020
- Public Health (Control of Disease) Act, 1984
- The Health Protection (Coronavirus, Restrictions) (England) Regulations, 2020
- The Health Protection (Coronavirus, Restrictions) (No. 2) (England) Regulations, 2020

The Council must also follow its own internal regulations and processes with regards to financial matters, specifically the council's financial regulations [FR Pt 1–4.21] allow Executive Members to increase the gross revenue budget with financing from income, savings, grants or reserves, providing there is no increase in the net revenue budget, up to **£1,000,000**, with the agreement of the Section 151 Officer.

Given that the grant award is £11.5m an urgent decision will be made at this point and retrospectively reported to the Executive as part of the Council's budget monitoring reporting framework.

CONSULTATION

The details of this fund and policy for the proposed scheme for North Somerset Council have been shared with the Chief Executive and the relevant Directors from Corporate Leadership Team (CLT). The proposed financial allocations have been reviewed by the Director of Corporate Services, who is also the Council's Section 151 Officer.

The strategy for awarding the Council Tax Energy Rebate along with details of the proposed scheme have been shared with the Executive Members through a briefing session led by the Executive Member for Corporate Services at their meeting on 17 March 2022. Issues raised through those discussions have been incorporated into the design of the final scheme.

RISK MANAGEMENT

Households in North Somerset face a wide variety of risks during the period of increased energy cost and Covid restrictions, some of which may have a financial consequence or impact on the local economy.

There is a risk that parts of the proposed scheme may be over subscribed meaning that a budget overspend could potentially occur. However, given that the funding stream is finite, detailed monitoring will be undertaken and the schemes will be stopped by the Head of Support Services when funding has been exhausted.

CLIMATE CHANGE & ENVIRONMENTAL IMPLICATIONS

The Council faces a wide variety of climate change and environmental impacts whilst delivering its many services to residents, some of which have a direct or indirect financial impact or consequence. There are no material considerations linked to this Decision.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Not for all items of spend.

The award of the Council Tax Energy Rebate do not require an equality impact assessment to be undertaken because they adhere to policies for which an equality impact assessment has already been conducted.

CORPORATE IMPLICATIONS

None

BACKGROUND PAPERS

None

SIGNATORIES:

DECISION MAKERS:



Signed:

Title: Executive Member for Corporate Services

Date: 05 April 2022



Signed:

Title: Director of Corporate Services and S151 Officer

Date: 05 April 2022

WITH ADVICE FROM:



Signed:

Title: Head of Support Services

Date: 21 March 2022