

Cabinet

14 March 2023

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

**Director Approving Submission of the report:**

Interim Chief Executive (Section 151 Officer)

**Ward(s) affected:**

City wide

**Title:**

Energy Bills Support Scheme – Alternative Funding Support

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**Is this a key decision?**

No

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**Executive Summary:**

The Energy Bills Support Scheme (Alternative Funding Support) (EBSS AFS) forms part of the Government's support for domestic energy consumers facing increased bills due to rising energy costs.

EBSS AFS is intended to support those customers who do not contract directly with an energy provider but are nevertheless impacted by increasing energy prices.

EBSS AFS will provide support for those customers that have not previously benefited from the Energy Bill Support Scheme (EBSS) which provided a £400 discount on energy bills for all consumers directly contracting with a domestic energy provider.

Applications will be made to the Department for Energy Security and Net Zero (DESNZ) and then eligible application forms will be issued to local authorities to verify residence and issue payments.

The scheme will be fully funded by DESNZ, including an element of new burdens funding for the administrative costs incurred by Councils.

DESNZ estimate that approximately 3,500 households in Coventry will be entitled to the payment and have issued a grant award letter confirming £1,397,200 in funding to be administered to those households.

The grant award letter was received on 7<sup>th</sup> of February 2023 with a corrected version subsequently received on 8 February. DESNZ required acceptance of the grant by 10 February 2023.

The Constitution sets out the required approval route prior to signature of a grant agreement as part of the Financial Procedure Rules, at Part 3F para 2.3.2 (c). In light of the challenging timescales imposed by DESNZ, and in accordance with para 2.3.2 (c), the decision to accept the grant was exercised by the Interim Chief Executive (Section 151 Officer), following consultation with the Cabinet Member for Strategic Finance and Resources and the Chair of Scrutiny Co-ordination Committee.

The Constitution requires a retrospective report to Cabinet confirming the decision made.

**Recommendations:**

Cabinet is requested to:

Note the urgent decision taken by the Interim Chief Executive (Section 151 Officer) in accordance with the provisions as set out in Paragraph 2.3.2 (c) of Part 3F of the Council Constitution to accept the grant award in the sum of £1,397,200, following consultation with the Cabinet Member for Strategic Finance and Resources and the Chair of Scrutiny Co-ordination Committee.

**List of Appendices included:**

None

**Background papers:**

None

**Other useful documents**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:** Energy Bills Support Scheme – Alternative Funding Support

**1. Context (or background)**

- 1.1 On 14 November 2022 the Minister of State for Energy and Climate wrote to Local Authority Chief Executives to announce the Government’s intention to work in partnership with Local Authorities to deliver alternative funding to assist with consumer energy bills.
- 1.2 Subsequently termed Energy Bills Support Scheme – Alternative Funding Support (EBSS AFS), the scheme is intended to support approximately 1 million UK households that don’t contract directly with an energy provider. Those contracting directly with a provider are already benefiting from the Energy Bills Support Scheme by way of a £400 credit paid directly to their energy provider.
- 1.3 Government, with the Department for Energy Security and Net Zero (DESNZ) as the lead Department, committed to working with Local Authorities to design and deliver EBSS AFS. The scheme was originally intended to be implemented in January 2023. Following feedback from pilot sites in January, DESNZ confirmed a short delay in the roll out of the scheme.
- 1.4 On 7 February 2023, Local Authorities received a grant determination letter from DESNZ confirming the level of EBSS AFS funding to be provided. DESNZ requested that confirmation of acceptance of the grant be returned to DESNZ by 10 February 2023. A corrected grant determination letter was issued to Local Authorities on 8 February with some minor adjustments.
- 1.5 Coventry was allocated £1,397,200 based on an estimate of approximately 3,500 eligible properties in the city.
- 1.6 The grant determination letters were accompanied by partially completed guidance for Local Authorities about how the scheme would operate.
- 1.7 DESNZ confirm that eligible households will make an application for EBSS AFS directly to DESNZ. DESNZ will undertake initial eligibility assessments before referring eligible applications to Local Authorities that will undertake further pre-payment verification before issuing a one off £400 payment to successful applicants. The key dates for the scheme are detailed in table 1 below.

**Table 1 – EBSS AFS key dates**

<b>KEY DATES</b>	
Scheme ‘go live’	27 February 2023
Scheme closes to new applications	31 May 2023
Final date for payments to be posted in the local authority financial system	30 June 2023
Final date for payments to be defrayed from the local authority bank account	7 July 2023
Final date for scheme reconciliation data to be sent by a local authority to DESNZ	31 July 2023

- 1.8 DESNZ have confirmed new burdens will be made available to Local Authorities for the administrative costs but are yet to confirm the amount of that funding.

## **2. Options considered and recommended proposal**

- 2.1 There is no statutory requirement for Local Authorities to deliver the EBSS AFS and the timing and administrative requirements pose significant logistical challenges for the Council in delivering the scheme.
- 2.2 The Council's priority is of course to support our residents during the current cost of living challenge and support the effort to get essential financial assistance to households as quickly as possible. For this reason, the Interim Chief Executive (Section 151 Officer) has accepted the grant on behalf of the Council. The scheme will be delivered by officers within revenues and benefits where there is significant experience of administering support through business as usual and *ad hoc* throughout the COVID pandemic.
- 2.3 The decision to accept this level of grant funding would normally require Cabinet approval but this was not feasible given the deadline for acceptance of 10 February 2023 imposed by DESNZ. The Constitution sets out the required approval route prior to signature of a grant agreement as part of the Financial Procedure Rules, at Part 3F para 2.3.2 (c). It confirms that grants:

*Over £500,000 and up to £2,500,000 ~ to Cabinet, if time permits; if no time to go to Cabinet, to relevant Cabinet Member (or the Leader in their absence) in consultation with the relevant Scrutiny Chair; if no time to go to Cabinet Member, to relevant Director in consultation with relevant Cabinet Member and Scrutiny Chair, to be reported to Cabinet retrospectively*

- 2.4 Given the timescales imposed by DESNZ for accepting the grant funding – three days between receipt of the determination letter and the deadline for acceptance – the Interim Chief Executive (Section 151 Officer) issued a briefing note to the Cabinet Member for Strategic Finance and Resources, Councillor R Brown, and to the Chair of Scrutiny Co-ordination Committee, Councillor N Akhtar. The note set out the decision required and explained the basis for accepting the funding. Both Councillors approved the decision of the Interim Chief Executive (Section 151 Officer) to accept the grant funding.
- 2.5 This report fulfils the Constitutional requirement to report the decision to Cabinet retrospectively.

## **3. Results of consultation undertaken**

None

## **4. Timetable for implementing this decision**

The Council expects to be in receipt of funds no earlier than 20 February 2023. Further guidance on the operation of the scheme is being provided by DESNZ prior to implementation of the scheme on 27 February 2023.

## **5. Comments from the Interim Chief Executive (Section 151 Officer) and the Chief Legal Officer**

### **5.1 Financial implications**

DESNZ have confirmed that the scheme will be fully funded, and that Local Authorities will be compensated for administrative costs through new burdens funding. With schemes of this nature there is a small inherent risk that the Council issues erroneous payments. Generally, DESNZ will treat erroneous payments as eligible grant expenditure providing the Council takes all reasonable steps to recover the payment.

## **5.2 Legal implications**

- 5.2.1 The scheme is consistent with relevant public law principles, in particular it is lawful, fair and rational.
- 5.2.2 This acceptance of the grant funding is being reported retrospectively as is required under the Council's Constitution when the provisions of paragraph 2.3.2 of Part 3F is effected.

## **6. Other implications**

### **6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?**

The proposal supports the Council's objectives in respect of improving the quality of life for Coventry people.

### **6.2 How is risk being managed?**

No risks have been identified.

### **6.3 What is the impact on the organisation?**

The decision will create administrative challenges for the organisation for which it is expected that compensation will be received through new burdens funding.

### **6.4 Equalities / EIA**

No impact.

### **6.5 Implications for (or impact on) Climate Change and the environment**

No impact.

### **6.6 Implications for partner organisations?**

No impact.

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Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	20/02/2023	20/02/2023

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