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FOR THE ATTENTION OF THE COUNCIL TAX SECTION

Dear Colleague

The council tax rebate - frequently asked questions

On 23 February, the Department published guidance to billing authorities on delivery of the council tax rebate. The guidance is available at the following link: <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>.

Since publication, we have engaged closely with local authorities through various forums. In order to clarify issues raised in response to the guidance and make sure that all authorities are receiving consistent advice, the Government is now providing a summary of answers to the most frequently asked questions. These are available at Annex A.

These FAQs are intended to expand on, rather than replace the guidance. They provide further detail on payment mechanisms, scheme eligibility, the discretionary fund, fraud risk management, funding and monitoring requirements.

Should you have any queries, please contact the Department at: council.tax@levellingup.gov.uk.

Local Taxation Division
DLUHC

Council tax rebate FAQs

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Making payments

Q1. What is expected where the name on the direct debit bank account details does not match a liable party?

The guidance advises at paragraph 20 that councils should exclude eligible households from automated payments where the name on the direct debit bank details does not match someone who is liable for council tax in that household. The name does not need to be an exact match (for example, an initial matching a first name should be sufficient), but councils should be satisfied as far as possible that they are not making automated payments to a third party.

Where direct debit details belong to a third party, councils should contact a liable person to confirm whether they would like the rebate paid into the existing direct debit account, or to arrange an alternate payment method (following the process for eligible households for whom the council does not hold bank account details), as referenced elsewhere in this section. Payment should not be made to a third party without explicit consent, which should be evidenced.

Q2. Do councils have to write out to every household that receives an automatic payment to inform them of the grounds on which a payment has been made?

No. The information at paragraph 21 of the guidance is intended to provide clarity to taxpayers, to encourage people to identify and report errors and to support councils in the event of needing to clawback money following erroneous payments.

Ultimately, it is for councils to determine the most appropriate method of providing this information, weighing up costs against benefits, and to conclude whether individual direct communication to each recipient is most appropriate or whether information published on their website is sufficient.

Q3. Is an application required from all eligible households where councils do not already hold current payment details?

No. The guidance from paragraph 23 onwards sets the expectation of a claims process where a live council tax direct debit instruction is not already held by councils. This is to help prevent erroneous payments and to give councils the cover to clawback money in the event of error, or to bring criminal proceedings if there is evidence of fraud.

The exact process can be determined locally by councils in consideration of the software and resources available to them, the needs and preferences of their residents, the data requirements for monitoring and the security offered against fraud. The process should fit with the statutory responsibilities of Chief Financial Officers to support the proper administration of their council's financial affairs and to put in place internal audit systems to ensure effective and sound internal financial controls.

Where in line with the answers to questions 4 and 5, a claim could be implied, for example through redeeming a voucher, rather than through completing an application form. In these circumstances, including for the purposes of taking action under the Fraud Act 2006, councils should be clear to households that by redeeming the money, they are self-certifying against the statements set out at paragraph 25 of the guidance.

Q4. What payment methods are acceptable, other than BACS?

Councils are encouraged to establish a range of payment options to enable them to provide support to eligible households in different circumstances.

All payment options used for the rebate should enable councils to:

- i) Be satisfied that the person receiving the money is entitled to payment;
- ii) Keep an audit trail of the payments redeemed, when and by whom;
- iii) Prevent payments being redeemed after 30 September 2022 (as per paragraph 7 of the guidance, any payments redeemed after this date will be outside the scope of the Government's reconciliation exercise);
- iv) Be satisfied that the payment method selected is appropriate value for money when compared with other alternatives and adequately secure against fraud.

Support under both the core and discretionary scheme should not be provided through restricted use vouchers (for example food or fuel vouchers.)

Q5. Can councils use single use voucher-based payment transactions in appropriate circumstances? (for example, Post Office Payout or other similar providers)

Yes. To enable councils to reach households in a range of different circumstances, councils can use single use voucher-based payment transactions to provide support where they consider it appropriate. Councils should ensure that they put in place suitable controls to ensure the payment mechanism meets the criteria listed under question 4 (such as ID checks).

Q6. How can councils support eligible households that are overdrawn?

Councils may wish to provide information as part of their application process on how eligible households can exercise their first right of appropriation on the £150 payment, so their bank doesn't use it to pay off any overdraft. A sample letter that households may wish to use to exercise their right of appropriation is available here: <https://www.nationaldebtline.org/sample-letters/ask-your-bank-pay-particular-bills/>

Q7. Can councils make payment to a third party?

In exceptional circumstances, yes. Having regard to the guidance, a council may consider it appropriate for a payment to be made to a third party if nominated by an eligible, liable council taxpayer. Councils should still undertake the appropriate pre-payment checks in relation to the nominated individual, whilst ensuring the taxpayer isn't under duress to nominate the third party. A record should be maintained of all such payments for future audit and assurance records.

Q8. Can councils automatically credit £150 to eligible households' council tax accounts (either those eligible under the core or discretionary scheme) where current payment details are not already held?

No. As set out in paragraph 24 of the guidance, councils can offer the option of a credit to council tax accounts to eligible households (under the core and discretionary scheme) for whom they do not hold current details allowing councils to make automatic payments. However, this option should always first be provided alongside one of direct payment.

This is so that households have the choice to receive the support up-front, rather than as a credit on their council tax account, which may be spread across their usual council tax instalments. It also allows support to be provided where households do not pay council tax, have a council tax liability of less than £150 or have already paid their council tax liability for 2022-23 in full.

Q9. Can councils automatically credit £150 to eligible households' council tax accounts (either those eligible under the core or discretionary scheme) where current payment details are not already held, as a backstop option?

Yes. Councils can specify that if households do not respond when given a choice of payment method by a certain date, they will take this as an indication that the household wishes to receive the support as a council tax account credit. Councils should make clear which council tax account the money will be credited to. It is for councils to determine an appropriate timescale to allow for response – up to and including the 30 September 2022 – and the number of reminders (if any) that are appropriate prior to making any automatic credits.

Q10. Where eligible households choose to receive a council tax account credit (or this is applied as a backstop option), does this have to be allocated to the financial year 2022-23?

No. Where a household that is eligible for support chooses to receive this as a credit to their council tax account (or this is applied as a backstop option), councils can choose whether to allocate this to the financial year 2022-23, or to any arrears. This should be made clear when giving households the option to receive support as a council tax credit. As with other eligible households, households in arrears can choose instead to receive a direct payment. Credits should not be allocated to future years' liability (eg. 2023-24 onwards).

Q11. Can councils use bank account details or information that they hold for other purposes (for example for housing benefit or local council tax support) to administer the rebate?

In principle, yes. Councils can use any information which they hold to administer the rebate (for example to confirm eligibility or to make payments) where they are satisfied that they can lawfully use it under GDPR for administering the rebate. This may depend on the types of data and ways in which it is collected and is therefore an issue for individual councils to take legal advice on if necessary.

DWP has written separately to councils to confirm that the rebate will be classified as Local Welfare Provision. This permits councils to use Searchlight for verification purposes in order to administer the Discretionary Fund.

Q12. What are the GDPR implications of using data obtained to collect council tax for the different purpose of paying grants outside the council tax system?

Councils may wish to consider the lawful bases for processing set out in the ICO's Guide to Data Protection, such as processing data for a public task where the processing is not incompatible with the purposes for which the data was collected: <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/public-task/>. Where an authority has concerns about its plans to implement the scheme as set out in the guidance, we recommend it seek its own legal advice.

Eligibility for the Council Tax Rebate

Q13. Who is eligible for the rebate in a rental property?

A household is eligible for the rebate if it meets the criteria set out at paragraph 11 of the guidance. Payment should be made to a liable council tax payer (or an occupant where the property is exempt) for that household.

Some examples of situations involving tenants, and the expected approach, are as follows:

- *A rental property meets the criteria set out at paragraph 11 of the guidance and councils hold a live council tax direct debit instruction for that property.*
 - i) If the name on the direct debit details match a liable party, automatic payment of the rebate can be made.
 - ii) If the name on the direct debit details does not match a liable party (for example because the council tax bill is usually paid by the landlord as part of an “all bills included” tenancy agreement), automatic payment **should not** be made. Instead, councils should contact a liable party to confirm whether they would like the rebate paid into the existing direct debit account, or to arrange an alternate payment mechanism.

Q14. Who is eligible for the rebate relating to an HMO (for council tax purposes)?

No-one (even if the property is in class N). If the tenants of an HMO for council tax purposes pay energy bills directly, they may be able to access support from their council's discretionary fund.

The Discretionary Fund

Q15. Can the Department clarify how the Discretionary Fund allocations have been calculated?

Allocations for the core scheme and the Discretionary Fund were published alongside the guidance, as well as a [methodology note](#). 60% of the £144 million Discretionary Fund has been allocated based on shares of the index of multiple deprivation and 40% allocated based on shares of the estimated number of local council tax support claimants in bands E – H as at September 2021.

Q16. What are the Government's expectations for use of the Discretionary Fund?

Councils can determine how best to use their Discretionary Fund to support those suffering financial hardship as a result of the rising cost of living, in consideration of paragraphs 36 – 40 of the guidance. Where councils consider it the best means of supporting those in financial difficulty, they can use the discretionary fund to offer carefully targeted 'top-up' payments to the most vulnerable households in bands A - D (for example, those on means tested benefits), or to offer support exceeding £150 per household under their discretionary scheme. The Government expects that all support from the Discretionary Fund is targeted towards those most likely to be suffering hardship as a result of the rising

cost of living. Allocations from the Discretionary Fund should be spent by 30 November 2022. Any remaining funding will be required to be repaid to government.

Fraud risk

Q17. What are councils' responsibilities for protecting against fraud under this scheme?

It is the responsibility of each council's Chief Financial Officer to put in place appropriate arrangements to support the proper administration of their council's financial affairs, as well internal audit systems to ensure that effective and sound financial and internal controls are in place. This includes tackling fraud and safeguarding public money.

The guidance sets out the minimum measures that councils should take to detect and prevent fraud. Councils are required to undertake pre-payment checks prior to payment of any grant which is not awarded to a person where there is a "live" direct debit instruction. These should allow them to satisfy themselves that the person is entitled to payment and that the payment details provided (if applicable) belong to an entitled person and relate to the relevant address. Councils should retain a record of these checks, as per paragraph 28 of the guidance.

Councils are also encouraged to take additional steps to prevent erroneous payments, for example waiting to pay households for whom they hold a live direct debit instruction until the first council tax payment for 2022-23 has been taken on the given live instruction.

Q18. Will councils be expected to draw up risk assessment or pre-payment/post-payment assurance plans?

Councils are expected to conduct pre-payment checks as per the guidance and adopt appropriate assurance checks when disbursing payments in order to limit the risk of fraud and error. Councils should take an appropriately robust approach towards risk assessment and payment assurance locally. Following payment, councils should collect evidence on any fraud and error uncovered, as per paragraph 29 of the guidance. The department may additionally undertake spot-checks on councils' counter fraud systems.

Q19. Can the Department provide further information about Spotlight?

Spotlight is a due-diligence risk tool which councils can use for the council tax rebate scheme as part of their pre-payment checks for both the core and discretionary scheme. The fees incurred for checks will be covered by the government and not councils themselves. Guidance on how to use the tool will be offered to councils from the Spotlight team, together with training via online webinars over the coming weeks. The Cabinet Office team will support councils and answer questions about the use and functionality of the software and can be contacted at spotlight-localauthority@cabinetoffice.gov.uk. Of course, councils may alternatively wish to use an equivalent tool, provided it enables the same pre-payment checks as set out at paragraph 29 of the guidance.

Q20. How can councils help people to keep their personal information safe?

The council tax rebate creates an opportunity for malicious actors to pose as government departments, local authorities or council tax rebate services in order to collect personal or banking information from citizens. Councils should communicate the rebate process clearly to citizens including how and when they will be contacted. Councils may wish to signpost citizens to advice on identifying scams and reporting suspicious emails, phone calls and text messages, such as guidance published by [Action Fraud](#) and [NCSC's Suspicious Email Reporting Service \(SERS\)](#). Councils may also wish to see NSCS's [guidance](#) on defending against email phishing attacks.

Funding for councils

Q21. When will payments for the scheme be made to councils?

Payments covering the full allocation for the core and discretionary schemes, as published [here](#), will be made to councils on 30 March.

Q22. Will the Department undertake a New Burdens assessment and when will New Burdens funding be paid?

As set out in the guidance and in line with the New Burdens doctrine, the government will meet the administrative costs incurred by councils as a result of implementing the scheme.

We are undertaking an initial new burdens exercise to estimate the early set-up costs and will make a down payment against these costs shortly. We are also engaging with local government representatives to gather detailed evidence of the full New Burdens costs arising from the range of activities councils need to undertake in line with the guidance and will reconcile against these in due course.

Monitoring and reconciliation

Q23. When will DLUHC start collecting monitoring information via DELTA? What information will be requested?

We expect to start asking councils for monitoring related information on the scheme from early May onwards. Councils should be prepared to return data at least monthly. An outline of the information required is as follows, at both parliamentary constituency level and local authority level:

a)	Cumulative spend to date against the core Council Tax Rebate Scheme (£)
b)	Date automatic awards started to be made under the core Scheme to households for whom the council holds a live council tax Direct Debit instruction (captured once)
c)	Date awards started to be made under the core Scheme to households for whom the council did not already hold payment details (captured once)
d)	Number and value (£) of automatic payments made under the core Scheme to households for whom the council holds a live council tax Direct Debit instruction
e)	Number and value (£) of payments under the core Scheme paid to households for whom the council did not already hold payment details
f)	Cumulative spend to date against the Discretionary Fund for the Council Tax Rebate Scheme (£)
g)	Date awards started to be made under the Discretionary Fund (captured once)
h)	Number and value (£) of payments made under the Discretionary Fund
i)	Total number of households supported to date across the core Council Tax Rebate Scheme and Discretionary Fund
j)	Number and percentage of total households (across all bands) who paid their council tax by Direct Debit as at the 1 April 2022 (captured once)
k)	Date the council tax rebate information leaflet for households in council tax bands A-D was sent out (captured once)

Separately, councils should be prepared to submit records in accordance with paragraph 28 of the guidance, as part of spot checks throughout the financial year.

Q24. What evidence is expected from councils where fraud/error is identified?

Where fraud or error is identified, councils are expected to make reasonable efforts to recover the money, in accordance with their general fiduciary duties. Where councils consider it appropriate to write off any debts as a result of fraud or error, as usual, full details and reasoning to satisfy audit and assurance should be held on each case.

Q25. What data will be required for reconciliation of spend under the core Council Tax Rebate Scheme?

As set out at paragraph 7 of the guidance, the Government will run a standalone reconciliation exercise in Autumn 2022 against spend for the core Council Tax Rebate Scheme, under the terms set out in paragraphs 10 to 18. Spend will need to be certified by Chief Financial Officers. As part of the reconciliation process, councils should be prepared to declare the following:

- How much grant has been spent on the core Council Tax Rebate Scheme under the terms set out in paragraphs 10 to 18 of the guidance?
- Of this, how much – if any:
 - a) is the council seeking to recover?
 - b) has the council written off?
- For a) and b) above – from how many households?

Further information about the reconciliation process will be provided shortly.