



## Executive Director/Director Non-Key Executive Decision Report

**Author/Lead Officer of Report:** John Squire,  
Policy and Support Manager

**Tel:** 01142734309

---

**Report to:** Director of Finance and Commercial Services  
**Date of Decision:** 17.05.22  
**Subject:** Council Tax Energy Rebate Implementation

Which Cabinet Member Portfolio does this relate to? Finance and Resources  
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken? Yes  No   
If YES, what EIA reference number has it been given? 1181

Does the report contain confidential or exempt information? Yes  No   
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."*

### **Purpose of Report:**

To seek approval for a direct award to the Post Office and the variation of an existing Council contract with Capita, to provide services for the implementation of the Council Tax Energy Rebate funded by central government.

To seek approval for the direct award of a contract with a value of £35,000, to the Post Office on supplier terms and conditions for a period of 8 months to provide a Payout service. This service will provide an alternative method of payment for those citizens eligible for an energy rebate where a payment direct to their bank account is not appropriate.

To seek approval for the variation of the existing Capita One Revenue & Benefits software application contract between the Council and Capita to enable the latter

to provide the England – Energy Rebate Payment (ERP) Solution 2022 software. This software allow for the provision of data to the Post Office and the payment of rebates via BACS to Direct Debit payers. The estimated value of this variation is £149,000.

**Recommendations:**

- 1) That the Director of Finance and Commercial Services approves the direct award of the Payout service contract to the Post Office.
  
- 2) That the Director of Finance and Commercial Services approves the variation of the existing Capita One Revenue & Benefits software application contract between the Council and Capita, to provide the England – Energy Rebate Payment (ERP) Solution 2022 software.

**Background Papers:**

*(Insert details of any background papers used in the compilation of the report.)*

Lead Officer to complete:-			
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.		
	Finance: <i>Tim Hardie</i>		
	Legal: <i>Richard Marik</i>		
	Equalities: <i>Bev Law</i>		
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>			
2	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"><b>Lead Officer Name:</b> <i>John Squire</i></td> <td style="width: 50%;"><b>Job Title:</b> <i>Policy and Support Manager</i></td> </tr> </table>	<b>Lead Officer Name:</b> <i>John Squire</i>	<b>Job Title:</b> <i>Policy and Support Manager</i>
<b>Lead Officer Name:</b> <i>John Squire</i>	<b>Job Title:</b> <i>Policy and Support Manager</i>		

**Date:** 13.05.22

## 1. PROPOSAL

- 1.1 The proposal is for the direct award of a contract to the Post Office on supplier terms and conditions for a period of 8 months, and with a value of £35,000, to provide a Payout service.
- 1.2 The proposal is also for the variation of the existing Capita One Revenue & Benefits software application contract between the Council and Capita to enable the latter to provide the England – Energy Rebate Payment (ERP) Solution 2022 software. The estimated value of this variation is £149,000.
- 1.3 On 3rd February 2022 the Chancellor announced a package of measures intended to help protect the public from the impact of rising energy costs, with millions of households receiving up to £350 to help with the cost of living following a rise in the energy price cap.
- 1.4 All domestic electricity customers will get £200 off their energy bills from October, and households in Council Tax Bands A to D will receive £150 ‘rebate’, as part of the Council Tax Energy Rebate.
- 1.5 The Government has set the eligibility criteria for the core scheme, and require us to make payments of £150 to a liable Council Tax payer where they occupy a property which meets all of the following criteria on 1 April 2022:
- The property is valued in Council Tax bands A to D. This includes property that is valued in band E, but has an alternative valuation band of band D, as a result of the disabled band reduction scheme;
  - It is someone’s sole or main residence;
  - It is a chargeable dwelling, or in exemption classes N, S, U or W\*

*\*Exemptions classes detailed above:*

*N – Properties wholly occupied by students*

*S – Properties where all occupants are under the age of 18*

*U – Properties where all occupants are severely mentally impaired*

*W – Properties which form part of an annex to a main dwelling (eg, granny annexes)*

- 1.6 In addition to the £150 ‘core’ scheme, there is also a discretionary scheme, and the Council has been allocated a grant of £1.2m to make awards from the Discretionary Fund.
- 1.7 In order to make the administration of the discretionary scheme as simple as possible, it is recommended that we use existing data held by the Revenues and Benefits Service to identify households who we consider to be vulnerable but have not received a payment from the core scheme, and to make automatic payments to these households where possible.

## Post Office Payback

- 1.8 To administer the 'core' and discretionary schemes, the Council requires a supplier who can provide a service for citizens to access the energy rebate especially those who are not on the Direct Debit payment scheme. We are anticipating the requirement to be around 80,000 households in Bands A to D requiring this service and around 8,000 under the discretionary scheme.
- 1.9 After undertaking some research for potential suppliers, it appears to be a very small pool of companies that can assist the Council in processing these payments.
- 1.10 Crown Commercial Services have created a Framework (RM3828 – Payment Solutions) which under Lot 3 Fund Disbursement Solutions has 2 suppliers registered. This Lot under the Framework only permits a further competition to be undertaken with no option for a direct award. The 2 suppliers on this Framework are:
- The Post Office – Post Office Payouts
  - Paypoint – i-movo Ltd
- 1.11 A number of workshops attended by Local Authorities have been held where discussions have taken place around the various options available for making these payments.
- 1.12 Post Office Payouts are tried and tested by Councils and Government departments and have been operating for 16 years. This appears to be a quick and efficient solution where the Post Office will post out a letter containing a bar coded voucher for £150 to all those citizens which the council identifies as being entitled to the rebate. The customer is then required to cash the voucher in it at any Post Office to receive their £150 (after showing ID).
- 1.13 Implementation seems quick (potentially 2 weeks from contract signing) which is beneficial as there is pressure on us to make payments as soon as possible. Cost is £1000 set up plus £1.50 per letter so £121k for 80,000 letters to those households in Bands A to D and a further £1.50 per letter for those households who qualify under the discretionary scheme.
- 1.14 The PayPoint offer has been discounted because the majority of Local Authorities (including the Council) are not confident it passes two of three tests required for a supplier to deliver the rebates. These are:
- Capacity – the supplier will need to hold £12m in cash;
  - Safety and Security – the supplier will need to have a safe and secure environment for these types of transaction, and;
  - Verification – the suppliers staff need to meet the required verification standards

- 1.15 Paypoint is offered by small retailers as an additional service to their main shop trade and are therefore unlikely to hold the required cash levels or have the required verification standards.
- 1.16 The Post Office is designed for this type of transaction as they offer other monetary services e.g. bill payments, banking services, foreign currency etc. They are also trusted by customers and have the required verification standards due to already processing high value and varied money services.
- 1.17 The Post Office also offers an end-to-end product which is critical to the Council as they have very limited resource and need to act quickly to meet government deadlines.
- 1.18 It is therefore recommended that a direct award to the Post Office is made for the provision of the Payback service.

### **Capita's England – Energy Rebate Payment (ERP) Solution 2022 software**

- 1.19 Capita Business Services are the current providers of the Council's Revenues and Benefits system (Capita ONE Revs and Bens) which holds all the data about all Sheffield household's Council Tax information.
- 1.20 As entitlement to the energy rebate is based on a citizen's liability for Council Tax, Capita's solution extracts all the relevant data to enable those eligible to be identified. Where bank account details are held, the solution also provides a means of extracting that data in order to make payments by BACS direct to citizen's bank accounts.
- 1.21 Although there will be other suppliers in the market that could potentially undertake the rebate payments via BACS they would need access to the data held within Capita ONE to be able to process the payments.
- 1.22 The extraction of this data would attract a charge for the resources Capita would need to deploy to provide this data which would be in addition to the costs charged by another 3<sup>rd</sup> party provider which would make a different solution more costly.
- 1.23 As Capita have this data and a readymade solution it makes financial and operational sense to utilise the Capita Business Services solution for the provision of data to the Post Office and the payment of rebates via BACS to DD payers.
- 1.24 The Capita solution package will support the delivery, as follows:
- A comprehensive 'How to User Guide' including process flow
  - Identification of relevant Band A-D households as of 1 April 2022

- Data file outputs to support detailed analysis and review of all potential qualifiers
- Enhancement to ONE Payments and new dedicated Energy Rebate Payment source code (ER)
- for unique identification of payments
- Automated payment of the £150 by BACS to current direct debit payers
- Council Tax Desktop Alerts to indicate status of ERP as 'Qualifier' or 'Qualifier Paid'
- Outgoing communications (either email / mailshot) where not current direct debit payer
- with configurable 'call to action' (e.g., link to eForm, Council's hotline for providing details over phone etc.)
- For non-direct debit payers, a fully cloud-hosted application form to collect bank account details
- or alternative payment preferences
- In-built validations at council tax account level to minimise the risk of fraudulent claims
- Integration with Spotlight for enhanced level of bank account detail verification including creation of
- data file for batch verification
- Automated payment of the £150 by BACS to those that make a claim with alternative option to
- credit council tax account where either preferred or failed to submit application
- Follow-up process, if required, for those not completing application form
- Full event log for ONE Payments
- Full reporting of volumes/expenditure by category (as set out in the guidance)
- The full process can be re-run multiple times to capture changes to qualifiers and make further payments.

1.25 The solution can also be used to process the Discretionary Fund rebates, as follows:

- A comprehensive 'How to User Guide' including process flow
- Modelling and Identification of vulnerable and low-income households in Band E-H and for those
- likely to be in financial difficulty in receipt of CTRS in Band A-D (targeted 'top-up' payments) as
- of 1 April 2022
- Allocation of residual discretionary fund for ad hoc discretionary fund claims for non-automated
- qualifiers
- Data file outputs to support detailed analysis and review of all potential qualifiers
- Enhancement to ONE Payments and new dedicated Discretionary Fund source code (DF) for

- unique identification of payments
- Automated payment by BACS to current direct debit payers (flexible locally defined payment values for category of qualifier)
- Council Tax Desktop Alerts
- Outgoing communications (either email / mailshot) where not current direct debit payer
- with configurable 'call to action' (e.g., link to eForm, Council's hotline for providing details over phone etc.)
- For non-direct debit payers or ad hoc applications, a fully cloud-hosted application form to collect
- bank account details and alternative payment preferences
- Decision workflows for ad hoc claims where officers need to 'check' data to determine whether a
- claim qualifies and the amount for payment.
- In-built validations at council tax account level to minimise the risk of fraudulent claims
- Integration with Spotlight for enhanced level of bank account detail verification including creation of
- data file for batch verification
- Automated payment via BACS to those that make a claim with alternative option to credit council
- tax account where either preferred or failed to submit application
- Follow-up process, if required, for those not completing application form
- Full event log for ONE Payments
- Full Reporting of volumes/expenditure by category (as set out in guidance)
- The full process can be re-run multiple times to capture changes to qualifiers and make further payments

1.26 It is therefore recommended that a variation to the Council's existing contract with Capita to allow for the provision of the service described above.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

2.1 The Council is committed to preventing and tackling poverty. Fuel poverty is acknowledged as a major cause of financial hardship for low-income households. Providing payments to households either from the core scheme, or from the discretionary scheme, helps households meet their increased energy bills at a time when energy bills and associated living costs are increasing. Therefore, any financial assistance we can provide, helps households at these difficult times.

## **3. HAS THERE BEEN ANY CONSULTATION?**

3.1 There is no requirement for public consultation.



## 4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

### 4.1 Equality of Opportunity Implications

4.1.1 See EIA 1181 for details of how we have addressed the impacts associated with the delivery of the Council Tax Energy Rebates scheme.

### 4.2 Financial and Commercial Implications

4.2.1 Council Tax Rebate Scheme Grant (£35.052m)

4.2.2 Key features (not exclusive) of the grant terms are summarised below. The Grant Manager will need to read, understand and comply with all of the grant terms and conditions and ensure that there are no ongoing unfunded costs once the project has ended

4.2.3 General

4.2.4 Funding allocations are summarised in the table below:

CTax Rebate Scheme	
Discretionary Fund	Total
£33,848,100	
£1,204,050	35,052,150

- Grant to provide support to SCC in administering: 1. Council Tax Rebate and 2. Discretionary Funds for households re: rising energy costs.
- Funding paid in single instalment in March 2022.
- SCC should retain the appropriate records for the grant (see details)
- Comply with DLUHC /DELTA monthly monitoring requirements

4.2.5 Council Tax Rebate Fund (£33.848m)

- To provide a £150 one-off payment to liable council taxpayers which meet all of the required criteria (see details)
- All payments to be made by 30 September 2022.
- Any over-funding of grant to be clawed back and any under-funding will be paid following reconciliation.

4.2.6 Discretionary Fund (£1.204m)

- To be paid as one-off grant to eligible households
- For SCC to support households in need but ineligible for the Council Tax Rebate, known as the Discretionary Fund.
- Unspent funding by 30/11/22 to be repaid/ no additional funding for overspends

#### 4.2.7 New Burdens Funding (£289k)

4.2.8 In addition to the funding for both the Council Tax Rebate Scheme and Discretionary Fund, DLUHC has also allocated unconditional New Burdens grant funding (£289k) to support the costs of administration / implementation of the scheme. Costs will include software solutions for data collection, administrative time, voucher production costs, Post Office related costs. Budgets will be developed and produced as the project progresses.

### 4.3 Legal Implications

4.3.1 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited.

#### **Post Office Payout contract**

4.3.2 The decision to directly award the services contract to the Post Office must comply with the Public Contracts Regulations 2015 (PCR) and the Contract Standing Orders (CSOs).

4.3.3 The direct award may be justified under Reg 32(2)(b)(ii) PCR as the services can only be supplied by a particular economic operator because competition is absent for technical reasons.

4.3.4 However, as the value of the contract (£35,000) is below the threshold for services (£213,477), Part 2 of the PCR, in accordance with Reg 3 PCR, does not apply to public contracts.

4.3.5 As the UK is now out of the EU, the former is no longer bound by the Treaty principles of fairness, openness and transparency.

4.3.6 Nevertheless, this interpretation of the law does not completely eliminate the risk of legal challenge.

#### **Capita contract variation**

4.3.7 Contract modifications must comply with the CSOs and Reg 72 PCR.

- 4.3.8 It is submitted that the variation can be justified under Reg 72(1)(b) as a change of contractor to provide the additional service cannot be made for technical reasons and any change of contractor would cause significant inconvenience and substantial duplication of costs for the Council. Furthermore, the increase in value (£149,000) is well below the 50% maximum of the total value of the contract (£7.8m) in accordance with Reg 72(1)(b).
- 4.3.9 Finally, the modification, irrespective of its value, is not substantial (Reg 72(1)(e). In accordance with Reg 72(8): the contract remains a contract for the supply of the primary services (One Education, One Revenues & Benefits, One Housing, One Digital); the low value of the variation and the modification of an existing product already provided under the contract would have a negligible impact on other tenders/bidders/candidates; the economic balance has not been changed in favour of the Post Office; the variation is not considerable; and a new contractor does not replace the old contractor.
- 4.3.10 Nevertheless, this interpretation of the law does not completely eliminate the risk of legal challenge.
- 4.3.11 It is also imperative that any contract variation is made in accordance with the procedures set out in the contract. A failure to do may render the variation ineffective, act as a repudiatory breach of contract and leave the council open to legal challenge.

#### 4.4 Other Implications

- 4.4.1 *n/a*

### 5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 Although there will be other suppliers in the market that could potentially undertake the rebate payments via BACS they would need access to the data held within Capita ONE to be able to process the payments.
- 5.2 The extraction of this data would attract a charge for the resources Capita would need to deploy to provide this data which would be in addition to the costs charged by another 3rd party provider which would make a different solution more costly.
- 5.3 As Capita have this data and a readymade solution it makes financial and operational sense to utilise the Capita Business Services solution for the provision of data to the Post Office and the payment of rebates via BACS to DD payers.
- 5.4 Also, after undertaking some research for potential suppliers, it appears to be a very small pool of companies that can assist the Council in processing payments to non-DD payers.

- 5.5 However, these have been discounted as the council is not confident that they offer the capacity to deal with £12m cash payments, can provide an adequately safe and secure environment for the volume and level of these transactions and meet the verification standards required for making payments appropriately.
- 5.6 The Post Office is designed for this type of transaction as they offer other monetary services e.g. bill payments, banking services, foreign currency etc. They are also trusted by customers and have the required verification standards due to already processing high value and varied money services.
- 5.7 As the Post Office offers an end-to-end product which can be quickly deployed it makes operational sense to utilise their solution.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 We have received funding from central Government to provide financial support to households affected by the increase in the cost of energy.
- 6.2 By agreeing the recommendations detailed above, the Council will be able to help households with the increase in energy bills and deliver the scheme the Government has asked us to implement.