

EAST AYRSHIRE COUNCIL

CABINET – 10 MARCH 2010

COUNCIL TAX ENERGY EFFICIENCY REBATE SCHEME

Report by Executive Head of Finance and Asset Management

1 PURPOSE OF REPORT

- 1.1** To advise the Cabinet of the requirement for and proposed administration of a council tax rebate scheme in respect of energy efficiency improvements.

2 BACKGROUND

- 2.1** Section 65 of The Climate Change (Scotland) Act 2009 places a duty on all Scottish local authorities to establish a council tax rebate scheme based on energy efficiency. Councils can establish such schemes as they consider appropriate from 2010. While the Act does not specify when these schemes need to be in place it would be most effective if the administrative arrangements were agreed in advance of the annual billing cycle for council tax to allow the inclusion of this information with the notices and thereby minimise any additional costs.
- 2.2** It is the intention that the focus of proposed schemes should be on a limited range of effective interventions, such as loft and wall insulation. The rebate scheme will be open to any private home owner wishing to undertake home energy improvements qualifying for a rebate under the scheme. The scheme does not extend to tenants of public and privately owned accommodation however they will continue to be able to access all relevant advice and guidance in relation to energy efficiency through the Energy Advice Unit which will include home visits and income maximisation guidance.
- 2.3** The Act provides that where the amount which a person is liable to pay in respect of council tax is £50 or more, the rebate available should be set at a minimum of £50. Where the liability to council tax is less than £50 the rebate should be an amount equal to the council tax due. It is a requirement that the rebate, which is not recurring, is applied in the financial year in which the efficiency work is completed and is only applicable to council tax liability. It cannot be applied against water and sewerage charges.

3 OUTLINE OF PROPOSED SCHEME

- 3.1** At this stage only 1 energy supplier in Scotland, Scottish Gas, has offered to work in partnership with Councils, meaning that at present only a single approved supplier of energy efficient measures for the purposes of qualifying for a council tax rebate exists. The Scottish Government has been encouraging other suppliers to consider participation and should this happen

this would allow the introduction of an element of choice for householders. It is however unlikely that this will happen by 1 April 2010 and that in the interim it is proposed to proceed with Scottish Gas as the partner supplier for our scheme.

- 3.2** Representatives of all three Ayrshire Councils met with Scottish Gas on 13 January 2010 to consider their proposed scheme. Scottish Gas offers the customer a Home Energy Efficiency Survey free of charge. When the work is complete Scottish Gas will send us a monthly update with details of customers who have participated in the Scheme and qualify for a Council Tax Rebate. We will then need to invoice Scottish Gas accordingly.
- 3.2.1** Scottish Gas currently offers a maximum rebate of £75. It is for each Council to determine how this is split between the customer and any administration costs incurred by the Council. It is proposed that to provide a suitable level of incentive to householders the level of rebate is set at £60 with the balance retained as an administration fee by the Council. Where the rebate is a lower amount the split will be adjusted on the same percentage basis (80:20)
- 3.3** The scheme will be promoted through additional information being added to the council tax bills, together with additional promotional material and publicity through the council web pages. Customers will be directed in the first instance to our Energy Advice Unit, rather than Scottish Gas, where they will be provided with specific information and guidance as to options available in terms of efficiency measures as well as home visits and income maximisation home visits. This could also include in some instances referral to the Energy Savings Trust who can provide advice on access to grants, loans and other offers to improve energy efficiency.
- 3.4** The Unit will provide impartial advice as to the various options available and if the assessment carried out determines that the proposed council tax efficiency scheme is the most appropriate the customer would be redirected to Scottish Gas and provided with a unique reference code to quote to ensure entitlement to the rebate.
- 3.5** It is recommended that the proposed administration fee of £15 is retained within the Fuel Assistance Scheme run by the Energy Advice Unit to support the provision of further assistance to clients within the area. The level of additional work undertaken by the Unit as a result of this proposal will require to be closely monitored during 2010/11 to ensure that resource is not being diverted from existing priorities

4 REPORTING OF OUTCOMES

- 4.1** The Climate Change (Scotland) Act 2009 requires Scottish Ministers to report to Parliament as soon as possible after 31 March 2012 and annually thereafter on the operation of the energy efficiency schemes including an assessment of how they have contributed to promoting energy efficiency.

- 4.2** It is therefore proposed that an annual report setting out the outcomes and local benefits delivered by the scheme within East Ayrshire should be presented to a future Cabinet meeting in relation to the first year of operation (2010/11) and annually thereafter.

5 LEGAL/POLICY IMPLICATIONS

- 5.1** The introduction of a Council Tax Rebate Scheme would meet the statutory requirement of section 65 of the Climate Change (Scotland) Act 2009.
- 5.2** Colleagues within Procurement have been consulted and given the statutory basis and timescales and the absence of alternative suppliers offering suitable schemes, it is considered reasonable to work with one supplier. There is no long term contractual commitment to the supplier, so if new suppliers become available, then this position can be reviewed.

6 FINANCIAL IMPLICATIONS

- 6.1** The operation of the scheme is intended to be cost neutral to Councils. Rebates, net of the administration fee, will be passed directly to householders on receipt of certification from the energy supplier. The proposed administration fee of £15 per case will be utilised to provide further funding through our existing Fuel Assistance Scheme.

7 RECOMMENDATIONS

Cabinet is asked to:

- i) agree to introduce a council tax energy efficiency rebate scheme with effect from 1 April 2010
- ii) otherwise note the content of the report.

Alex McPhee
Executive Head of Finance and Asset Management
29 January 2010

LIST OF BACKGROUND PAPERS

Nil

Any person wishing further information should contact Robin Baker, Financial Controller (Telephone 01563 576331).