



Sharing what we know... Sheet : Funding April 2022

Energy Bills Rebate – Factsheet What has the government announced?

The government recognises many households will need support to deal with rising energy costs, which are being affected by global factors. It has announced a package of support to help households with rising energy bills this includes:-

A £200 discount on energy bill this Autumn for domestic electricity customers in Great Britain. This will be paid back automatically over the next 5 years.

A £150 non-repayable Council Tax Rebate payment for all households that are liable for Council Tax in Bands A-D in England.

£144 million of discretionary funding for Local Authorities to support households who need support but are not eligible for the Council Tax Rebate.

From 1 April, the energy price cap will rise from £1,277 to £1,971 – an almost £700 increase in energy bills for the average household.

Wholesale gas prices have quadrupled in the last year. Because gas is used for electricity generation this pushes up retail electricity bills as well as retail gas bills.

How will the Energy Bill Discount Scheme work?

- Domestic energy customers in Great Britain will receive a £200 cash discount on their bills this Autumn. The government will provide funding to all suppliers for them to pass on to their domestic energy customers from October.
- Customers will pay back the discount automatically in equal instalments over five years, starting from financial year 2023-24, when wholesale gas prices are expected to come down. This is expected to be reflected as an increase to standing charges on bills.
- This approach will help to spread the increased costs of global prices over time in a way that is more manageable for households.
- The Department for Business, Energy and Industrial Strategy will set out more detail on this policy in a consultation in the spring.

How will the Council Tax rebate work?

- Households in England in Council Tax Bands A-D, who are not exempt from Council Tax, will be eligible for a £150 Council Tax Rebate payment from April this year.
- The rebate will be made by local authorities as a payment to households. This won't have to be repaid. 80% of households in England are in Council Tax Bands A-D, so will benefit from this rebate. The rebate will not be paid for second homes or empty properties.

- Households in England in Bands A-D that pay less than £150 or do not pay Council Tax as a result of Local Council Tax Support will also be eligible for a payment of £150.
- People in receipt of the Single Person Discount in Bands A-D will be eligible for a payment of £150.
- We expect the vast majority of people who pay by Direct Debit to receive this money in April. For households in Bands A-D who do not pay by Direct Debit, their councils will be ready to process their claims in April.
- The Government is providing new funding to local authorities for these rebates, as well as extra funding to help with increased administrative costs.
- For those who need help with their energy bills but are not eligible – such as households on income support in higher bands (E-H) or with properties in bands A-D that are exempt from council tax – local authorities will receive £144 million of discretionary funding to help.

The table below shows the total available funding per household

Measure	Eligibility & Beneficiaries	Value
Universal Rebate	All GB households	£200
Council Tax Rebate	Households in England in council tax bands A-D.	£150
£150 Warm Homes Discount (WHD) (as per current consultation)	Households in receipt of Pension Credit, Guarantee Credit, and some working age benefits	£150
Winter Fuel Payment	All households with at least one member above state pension age £200 per household to those under 80, £300 to those over 80.	£200-300
Cold weather payments	£25 extra a week for poorer households when the temperature is zero or below	

Expanding the scope of VAT relief for energy saving materials

Households installing energy saving materials such as thermal insulation or solar panels pay 0% VAT for the next five years, helping to improve energy efficiency and keep heating bills down.

Heat Pump Grants & Voucher Schemes/Boiler upgrade Scheme

There are now Grants and Voucher Schemes available for air or ground source heat pumps under new government initiatives.

A new voucher scheme has been announced which started on April 1st 2022, the amount of the voucher has been confirmed as £5000.00 and is anticipated to be available to all householders as well as landlords who wish to take advantage of the low carbon, energy-efficient air and ground source heat pumps available.

It is recommended that you register now due to previous schemes being considerably over-subscribed, registering at this time will not commit you but could ensure that if you wish to apply you are amongst the first to receive the offer of a voucher.

Grants can cover 100% of the cost for many properties as well as a new £5000.00 voucher scheme that is available to all properties.

How do I apply?

Households don't apply for the grant – you'll first need to engage with a heat pump installer, which will then apply to energy regulator Ofgem for the grant on your behalf. Once your application has been reviewed, Ofgem will issue a voucher confirming the grant amount.

The installer will then have a set amount of time to complete installation from the date of the voucher being issued. This will likely be three months for most installations. Once completed, the installer will generate what's called a microgeneration certification certificate that confirms eligibility criteria have been met. This is then submitted to Ofgem. The regulator will then pay the grant amount directly to the installer and you will be billed for the remaining amount.

Will everyone get £5,000?

Most households (up to the 30,000/year cap) that join the scheme will receive a £5,000 grant for air-sourced heat pumps. Houses that need heat pumps where heat is sourced from the ground will, however, receive £6,000 as they are more expensive. It is expected, however, that the majority of houses will require air-sourced heat pumps.

This cash is designed to help cover the cost of everything from the pump to the installation, including any required changes to your home. For example, you may need to have new radiators installed that work with heat pumps. You will, however, be expected to pay for any shortfall on the final bill – see below.

Does £5,000 cover all installation costs?

The £5,000 is unlikely to cover all installation costs and you're expected to foot the bill for the balance. Heat pumps (and their installation) cost between £10,000 and £12,000 on average. The idea is that you will end up paying roughly the same amount as you would for a gas boiler.

The price of the heat pump depends on the size of your home, the supplier you go with, and the type of heat pump installed.

Depending on the supplier's rules, you may be able to pay for any remaining balance in instalments.