

**EXPLANATORY MEMORANDUM TO**  
**THE COUNCIL TAX REDUCTION SCHEMES (PRESCRIBED**  
**REQUIREMENTS) (ENGLAND) (AMENDMENT) (NO. 2) REGULATIONS**  
**2014**

**2014 No. 3312**

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. **Purpose of the instrument**

2.1 This instrument amends the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 ('Prescribed Requirements Regulations') (S.I. 2012/2885). The Prescribed Requirements Regulations make provision for localised council tax reduction schemes which replaced council tax benefit on 1 April 2013. The amendments in this instrument increase certain figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction. The purpose of uprating the figures is to maintain consistency with the situation that would have applied under council tax benefit. This instrument also updates the regulations to maintain consistency with changes which have come into effect in the housing benefit regime (see further paragraph 7.1).

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

4. **Legislative Context**

4.1 Section 13A of the 1992 Act requires billing authorities to make a scheme reducing the amount of council tax payable by those whom the authority considers to be in financial need. Schedule 1A to that Act sets out the particular matters that a scheme must include and the process by which it must be made. The Secretary of State may prescribe other matters that must be included in that scheme. He has done that in the Prescribed Requirement Regulations, and in particular schemes are required to make provision in respect of pensioners (as defined by those Regulations).

4.2 This instrument introduces amendments to increase certain of the figures in the Prescribed Requirement Regulations. This instrument also makes various amendments to the Prescribed Requirements Regulations in order to mirror, as far as possible, changes made by the Department for Work and Pensions to the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 (S.I. 2006/214) ('the 2006 Regulations').

## **5. Territorial Extent and Application**

5.1 This instrument applies to England only.

## **6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 This instrument aligns the allowances, premiums and deductions in the Prescribed Requirements Regulations with the Department for Work and Pension's increased amounts following the Autumn Statement, in order to maintain consistency with the situation that would have applied under council tax benefit had council tax benefit not been abolished. The policy is to make amendments to the Prescribed Requirements Regulations in line with amendments made to the housing benefit regime; this is because housing benefit and council tax benefit were broadly on all fours prior to 1 April 2013.

7.2 Regulation 2(2)(a)(i) inserts an amended definition of 'contributory employment and support allowance' which mirrors changes to employment and support allowance made under Part I of the Welfare Reform Act 2012.

7.3 Regulation 2(2)(a)(ii), (2)(b) and (5)(b) replace the definition of, and references to, a 'service user group' with a definition of 'applicant participating as a service user'. This provides consistency with other social security legislation, in particular the 2006 Regulations as amended by S.I. 2013/591.

7.4 Where there are already references to income-related benefits in the regulations, references have been added to universal credit (regulation 2(3), (5)(a)(vi) to (vii) and (10)(a)). This reflects the introduction of universal credit by the Welfare Reform Act 2012, and makes the Prescribed Requirements Regulations consistent with the 2006 Regulations as amended by S.I. 2013/630.

7.5 The amendments in regulation 2(4) restrict the availability of council tax reduction schemes in line with amendments which were made to the Housing Benefit Regulations (S.I. 2006/213) by the Housing Benefit (Habitual Residence) Amendment Regulations 2014 (S.I. 2014/539). They prescribe that a person who is in receipt of an income-based job-seeker's allowance, and whose only right to reside is as a jobseeker or a family member of a jobseeker (i.e. a European Economic Area jobseeker) is not eligible for council tax support. The transitional provision in regulation 3 prescribes that this change will not apply to a person who is in receipt of council tax support on 31 March 2015, until they either make a fresh application for council tax support, or are no longer in receipt of income-based jobseeker's allowance, whichever is earlier.

7.6 The amendments made in regulation 2(5)(a)(i) to (v), (6), (7) and (9) increase certain figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction. The updated figures relate to non-dependant deductions (adjustments made to the maximum amount of reduction a person can receive to take account of adults living in the dwelling who are not dependants of the applicant); the applicable amount in relation to an applicant for a reduction (the amount against which an applicant's income is compared in order to determine the amount of reduction to which he or she is entitled); the income bands in relation to which the amount of a person's alternative maximum council tax reduction is calculated and a disregard that applies when calculating a person's income.

7.7 Regulation 2(5)(c)(i) and (8) update the Prescribed Requirements Regulations to include references to the Employment and Support Allowance Regulations 2013 (S.I. 2013/379), and regulation 2(5)(d) updates references to 'social security contributions' to 'national insurance contributions'.

7.8 The amendment in regulation 2(5)(c)(ii) updates the list of payments for which a member of a couple is treated as incapacitated if they were in receipt of the payment, but have ceased to be by virtue of hospitalisation, by adding Personal Independence Payment. This reflects changes made to the 2006 Regulations by S.I. 2014/213.

7.9 This instrument also makes some minor amendments to the Prescribed Requirements Regulations (regulation 2(5)(c)(iii), (9)(b) and (c)).

## **8. Consultation outcome**

8.1 This instrument has not been subject to specific consultation; however, billing authorities are aware of the Government's intention to maintain consistency with the situation which would have applied under council tax benefit and with the housing benefit regime for pensioners (see paragraph 7.1).

## **9. Guidance**

9.1 We do not plan to issue guidance. Billing authorities are already familiar with the Prescribed Requirements Regulations, and with the updating process. Billing authorities will be notified individually of this instrument, and reminded of the approach to updating the Prescribed Requirement Regulations as part of the Department's regular communications.

## **10. Impact**

10.1 There is no impact on business, charities or voluntary bodies.

10.2 The impact on the public sector is minimal.

10.3 An impact assessment has not been prepared for this instrument.

**11. Regulating small business**

11.1 The legislation does not apply to small business.

**12. Monitoring & review**

12.1 The Government has undertaken to review the Prescribed Requirements Regulations on an annual basis to ensure that any necessary updating is carried out, and to implement any other necessary updates.

**13. Contact**

Marie Hazzard at the Department for Communities and Local Government, tel: 0303 444 3608 or email: [marie.hazzard@communities.gsi.gov.uk](mailto:marie.hazzard@communities.gsi.gov.uk) can answer any queries regarding the instrument.