

EXPLANATORY MEMORANDUM TO
THE COUNCIL TAX REDUCTION SCHEMES (TRANSITIONAL
PROVISION) (ENGLAND) REGULATIONS 2013

2013 No. 215

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 makes provision for transitional arrangements for the new localised council tax support schemes which come into effect, replacing council tax benefit, on 1st April 2013.

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

3.1 None.

4. Legislative Context

4.1 Council tax is provided for in Part 1 of the Local Government Finance Act 1992. Section 13A of that Act (inserted by the Local Government Finance Act 2012) provides that the amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day in the case of a dwelling situated in the area of a billing authority in England, is to be reduced to the extent, if any, required by the authority's council tax reduction scheme. Each billing authority in England must make a scheme specifying the reductions which are to apply to amounts of council tax payable, in respect of dwellings situated in its area, by (a) persons whom the authority considers to be in financial need, or (b) persons in classes consisting of persons whom the authority considers to be, in general, in financial need. Each billing authority must make a council tax reduction scheme under section 13A(2) no later than 31st January 2013; and the first financial year to which that scheme relates must be the year beginning with 1st April 2013 (see section 13A(4)).

4.2 A billing authority in relation to England is a district council or London borough council, the Common Council or the Council of the Isles of Scilly (see section 1(2) of the Local Government Finance Act 1992).

4.3 Council tax reduction schemes replace council tax benefit provided for by Part 7 of the Social Security Contributions and Benefits Act 1992. Council tax benefit is abolished from 1st April 2013 by the Welfare Reform Act 2012.

4.4 Further provision about council tax reduction schemes is made in Schedule 1A to the Local Government Finance Act 1992. Paragraph 2(8)

gives the Secretary of State power, by regulation, to prescribe other requirements for schemes. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (S.I. 2012/2885) (the Prescribed Requirements Regulations) are made under this power. Paragraph 4(1) of Schedule 1A provides that the Secretary of State must by regulations prescribe a scheme (“the default scheme”). The default scheme is to take effect, in respect of dwellings situated in the area of a billing authority, if the authority fails to make a scheme on or before 31 January 2013 (or such other date as is specified in section 10(4) of the Local Government Finance Act 2012). The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (S.I. 2012/2886) are made under this provision.

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 The Government announced in the 2010 Spending Review that council tax benefit will be replaced by local council tax reduction schemes from April 2013. From April 2013 council tax benefit will be abolished by the Welfare Reform Act 2012. Future support for council tax payers will be offered as reductions within the council tax system under provisions in the Local Government Finance Act 2012.

7.2 It is for each billing authority to adopt a local council tax reduction scheme for their area by 31 January. Local schemes must, though, comply with the Prescribed Requirement Regulations which requires an application to be submitted in order for a person to receive a council tax reduction.

7.3 The policy intention of these Regulations is to avoid the need for claimants already in receipt of, or who have already applied for, council tax benefit to have to apply for a local council tax reduction scheme.

7.4 The underlying rationale for this is to minimise the administrative burden on both claimants and billing authorities, and help meet the principle of “tell us once” by facilitating local authority use of existing council tax benefit applications and information to calculate reductions for council tax bills for 2013-14, under the successor local council tax reduction schemes.

7.5 Where a person has a successful appeal against a decision to grant them council tax benefit, they will then become in receipt of council tax benefit and can also be treated as if they have made an application for local council tax support.

7.6 As a “transitional” applicant will be deemed to have applied for a local council tax reduction scheme, the relevant billing authority will not be required to notify them of their duty to notify of changes in circumstance at the point of application. As with all recipients of local council tax reductions recipients’ authorities will notify them of this duty with their decision letter.

7.7 The instrument also ensures that a pensioner does not have a reduction in their support as a result of a change of circumstance where a non-dependent has taken residence in the applicant’s dwelling. The council tax benefit system allows for the change to be effective 26 weeks after the date which the change occurred. Where that occurs prior to this regulation coming into force the determination for local council tax support may not consider that as a change of circumstance, as it occurred before the date of the deemed application. We have therefore ensured for local council tax support that the change of circumstance continues to be effective 26 weeks after it occurred.

8. Consultation outcome

8.1 The Government held a full consultation on the localisation of council tax reform policy from 2 August 2011 to 14 October 2011. It received four hundred responses, and published its response to this in December 2011:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8467/2053712.pdf

8.2 As the response sets out, there was broad support of 71 per cent of consultation respondents for the proposal that there should be a one-off transition to the localised schemes in April 2013.

8.3 No separate consultation was carried out on this instrument.

9. Guidance

9.1 The Government’s statement of intent set out how the transitional arrangements would be implemented and is available at:

<https://www.gov.uk/government/publications/localising-support-for-council-tax-statement>

9.2 Commentary on how it is intended that local council tax reductions will be administered within the council tax system is available at:

<https://www.gov.uk/government/publications/localising-support-for-counciltax-guidance-note-on-administrative-matters>.

10. Impact

10.1 These Regulations have no impact on business, charities or voluntary bodies.

10.2 The impact on billing authorities will be to allow them to use existing claims for council tax benefit as applications for council tax reductions.

10.3 An Impact Assessment has not been prepared for this instrument. An Impact Assessment is available in relation to the proposals for localising council tax support and is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8465/2158675.pdf

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 This regulation will not have effect beyond 31 March 2014, and will not, therefore, be kept under review annually.

12.2 Under section 9 of the Local Government Finance Act 2012, the Secretary of State is required to make provision for an independent review of all council tax reduction schemes within 3 years of that Act coming into force.

13. Contact

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