

EXPLANATORY MEMORANDUM TO
THE COUNCIL TAX REDUCTION SCHEMES (PRESCRIBED REQUIREMENTS)
(ENGLAND) (AMENDMENT) REGULATIONS 2022

2022 No. 25

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Levelling Up, Housing and Communities 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 (“the Prescribed Requirements Regulations”) (S.I. 2012/2885). The amendments in this instrument uprate figures used to calculate whether persons of pension age are entitled to a reduction in council tax and the amount of that reduction. Other changes are made to maintain consistency with the wider benefits system, particularly the Housing Benefit regime, which contains many provisions in common with the Prescribed Requirements Regulations.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is England and Wales.

4.2 The territorial application of this instrument is England only.

5. European Convention on Human Rights

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

6. Legislative Context

6.1 Section 13A of the Local Government Finance Act 1992 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 the scheme must be made. The Secretary of State may prescribe other matters that must be included in the scheme and has done so in the Prescribed Requirements Regulations. In particular, schemes are required to make provision in respect of persons of pension age as defined by the Regulations.

7. Policy background

What is being done and why?

- 7.1 Local Council Tax Support schemes (LCTS) provide support to residents in financial need by granting reductions to their council tax bills. In England, billing authorities have discretion over the design of schemes for working-age residents, with the exception of certain matters such as application and appeals processes and immigration and residency-related requirements. In respect of persons of pension age, the Secretary of State's policy is to maintain the level of support in line with that provided by the wider benefits system, particularly the Housing Benefit regime.
- 7.2 The Government has undertaken to review the Prescribed Requirements Regulations on an annual basis and to update them as necessary, in particular to reflect changes in Housing Benefit and the wider pension age welfare system. This includes the annual review of benefits and pension rates undertaken by the Department for Work and Pensions (DWP) which updates a range of income and capital thresholds and other matters which may affect a claimant's entitlement to support.
- 7.3 DWP published its latest annual review on 25 November 2021, which will affect the benefits regime for 2022-23.¹ The instrument reflects its provisions by uprating figures in the Prescribed Requirements Regulations relating to:
- Non-dependant deductions (adjustments made to the maximum amount of reduction an applicant can receive to take account of non-dependant adults living in the property);
 - Applicable amounts (the amount against which a person's income is compared to determine the amount of reduction to which they are entitled);
 - Premiums (additional amounts of income which persons with particular characteristics – such as those with disabilities – can have without their eligibility being affected);
 - The amount which may be disregarded where the applicant is the parent of a specified student under the age of 25 and makes an eligible contribution to their maintenance; and
 - The alternative maximum council tax reduction (which allows an LCTS recipient whose income or savings exceed the usual eligibility threshold to obtain a 25 per cent reduction in their bill where they share their home with one or more adults who do not pay rent, are not their partner, and who have a combined weekly income of less than £279.)
- 7.4 The instrument also makes provision so that the Scottish Government's child disability payments, and redress payments for survivors of historical child abuse in Scotland or Northern Ireland, will be disregarded when considering a person's eligibility for LCTS when they pay council tax in England.
- 7.5 In addition, the instrument ensures that persons of working or pension age entering the UK by virtue of the Afghan Relocations and Assistance Policy, the previous scheme for locally employed staff in Afghanistan, the Afghan Citizens Resettlement Scheme, or as a result of the collapse of the Afghan government on 15 August 2021 will not be prohibited from receiving LCTS.

¹ <https://questions-statements.parliament.uk/written-statements/detail/2021-11-25/hcws420>

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 The Department does not plan to undertake a consolidation of the Prescribed Requirements Regulations.

10. Consultation outcome

10.1 This instrument maintains the consistency of LCTS schemes with the wider benefits regime and has not been subject to specific consultation. Billing authorities are familiar with the Government's policy to maintain this consistency.

11. Guidance

11.1 Billing authorities are familiar with the Prescribed Requirements Regulations and the updating process. The Department will write to billing authorities to set out the provisions of this instrument as part of its regular communications.

12. Impact

12.1 As this instrument makes changes to the operation of the support schemes available to individual council tax payers there is no impact on business, charities, or voluntary bodies.

12.2 The impact on the public sector is minimal. Billing authorities will take account of the instrument while undertaking their annual review and updating of their LCTS scheme.

12.3 A separate Impact Assessment has not been prepared for this instrument because there will be no impact on business.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 The Government has undertaken to review the Prescribed Requirements Regulations on an annual basis and to update them as necessary.

14.2 The Regulations do not include a review provision under section 28 of the Small Business, Enterprise and Employment Act 2015 because the Regulations do not make a regulatory provision in relation to a qualifying activity carried out by businesses, charities, or voluntary bodies.

15. Contact

15.1 Nick Littlewood at the Department for Levelling Up, Housing and Communities, Telephone: 0303 44 42096 or email: nick.littlewood@communities.gov.uk can be contacted with any queries regarding the instrument.

15.2 Chris Megainey, Deputy Director for Local Taxation at the Department for Levelling Up, Housing and Communities can confirm that this Explanatory Memorandum meets the required standard.

15.3 Kemi Badenoch, Minister of State, at the Department for Levelling Up, Housing and Communities can confirm that this Explanatory Memorandum meets the required standard.