

EXPLANATORY MEMORANDUM TO
THE COUNCIL TAX (DISCOUNT DISREGARDS AND EXEMPT DWELLINGS)
(AMENDMENT) (ENGLAND) REGULATIONS 2022

2022 No. 439

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.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 This instrument ensures that households will not lose council tax discounts or exemptions as a consequence of hosting a sponsored individual or family under the Homes for Ukraine scheme which the Secretary of State announced to Parliament on 14 March 2022.¹

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 The instrument will come into force the day after it is laid before Parliament. It forms part of a package of measures to ensure that Ukrainian refugees are welcomed to the UK, and that households providing accommodation to sponsored persons are supported in doing so. These measures are being developed at pace - reflecting the nature of the emergency in Ukraine – and Homes for Ukraine immigration permissions are already being issued to sponsored persons.
- 3.2 Council tax liability is calculated on a daily basis, and the presence of a sponsored person has the potential to affect any 25% single person discount or exemption the households currently receives. As such there could be direct financial implications for sponsor households should the regulations not come into force at the earliest opportunity.
- 3.3 In view of these circumstances the instrument regrettably breaks the convention that negative statutory instruments should not come into effect until a minimum of 21 calendar days after they are laid. The Department apologises for this.

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.

¹ <https://hansard.parliament.uk/commons/2022-03-14/debates/8B28287A-F683-4F80-8A1F-AA1016D92B27/UkraineSponsorshipScheme>

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 Under Part 1 of the Local Government Finance Act 1992 (“the 1992 Act”) council tax is payable in respect of dwellings which are not exempt. The Council Tax (Exempt Dwellings) Order 1992 (S.I. 1992/558, “the Exempt Dwellings Order”) prescribes classes of dwellings which are exempt from council tax.
- 6.2 Section 11 of the 1992 Act makes provision for discount in the amount of council tax payable when there is only one resident of a dwelling or where all residents (or all but one) fall to be disregarded. Schedule 1 makes provision for persons who are to be disregarded. Regulation 3 of the Council Tax (Additional Provisions for Discount Disregards) Regulations 1992 (S.I. 1992/552, “the Discount Disregards Regulations”) prescribes additional classes of person who are to be disregarded.
- 6.3 Regulation 2 of this instrument amends the Discount Disregards Regulations to prescribe persons sponsored under the Homes for Ukraine scheme as a class of persons to be disregarded.
- 6.4 Regulation 3 amends the Exempt Dwellings Order to ensure that a person being accommodated in an exempt dwelling under the Homes for Ukraine scheme does not affect the exempt status of the dwelling.

7. Policy background

What is being done and why?

- 7.1 In his statement to Parliament of 14 March 2022, the Secretary of State indicated that households providing a home for sponsored individuals or families through the Homes for Ukraine scheme would not experience an impact on their council tax status.
- 7.2 Council tax bills are based on an assumption that the dwelling is occupied by two adults. The amount charged can be affected by the application of exemptions, discounts and premiums relating to the condition and occupancy of the dwelling. Disregards - which exclude a person with specified characteristics from consideration when discounts are calculated - are also available.
- 7.3 Examples of exempt dwellings include houses only occupied by students, and empty properties previously occupied by a person now residing in a care home, hospital or hostel. The most commonly provided discount is the 25% single person discount. Disregards are provided to a range of people including students sharing a home with non-students, and to persons with a severe mental impairment.
- 7.4 A sponsored individual or family arriving via the Homes for Ukraine scheme may affect the bill of the household sponsoring them. For example, the single person discount or an exemption could be lost.
- 7.5 The instrument implements the Secretary of State’s policy in two ways. In the first instance they specify that a person who has secured an immigration permission under the Homes for Ukraine sponsorship scheme is to be disregarded when council tax discounts are calculated. This will protect the sponsor’s single person discount, where

relevant, and the 50% discount received by a sponsor household where all the occupants are already disregarded. The disregard will also mean that where persons sponsored under the scheme form their own household (for example in their sponsor's second or empty home) they will receive a 50% discount on the council tax bill. It will be open to the sponsor to pay the bill, and local council tax support will be available to the occupants in cases of financial hardship.

7.6 In the second instance, the instrument provides that existing council tax exemptions should remain in place where a household hosts a sponsored individual or family who have secured an immigration permission under the Homes for Ukraine scheme.

7.7 The provisions of this instrument do not extend to accommodation provided to refugees arriving through other emergency visa schemes, who will have different housing arrangements as well as specified access to local council tax support schemes and benefits. It will also be open to billing authorities to provide them with discretionary council tax reductions where they consider this appropriate.

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 Council Tax Discount Disregards Regulations or the Exempt Dwellings Order.

10. Consultation outcome

10.1 No time was available for formal consultation. The Department had previously received representations from local authorities highlighting the possibility of sponsor households losing discounts and exemptions as a result of taking part in the Homes for Ukraine scheme and requesting that the Government takes action to prevent this. On 1 April 2022 the Department wrote to local authorities confirming its intention to make these regulations.² Where councils have commented, they have been supportive.

10.2 A number of local authorities asked whether the measures would be extended to encompass dwellings housing refugees arriving from Ukraine via other schemes, and refugees arriving from other countries. The changes made by the regulations are designed to address the special characteristics of the Homes for Ukraine scheme which operates on the basis of households sponsoring refugees and providing accommodation in their own home. As such, the Government does not plan to extend the scope of the regulations. Nevertheless, it notes the availability of local council tax support schemes and billing authorities' powers to offer council tax reductions on the accommodation of other refugees where they consider it appropriate.

11. Guidance

11.1 The Department will write to billing authorities confirming the changes made by this instrument.

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066066/220401_-_council_tax_information_letter.pdf

12. Impact

- 12.1 As this instrument makes changes to the operation of council tax discount disregards and exemptions there is no impact on business, charities, or voluntary bodies.
- 12.2 The instrument will ensure that sponsor households' single person discounts and exemptions are not affected by participation in the Homes for Ukraine scheme. As such, billing authorities will not be required to undertake additional work. There will be no other impact on the public sector.
- 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 It is intended that the Regulations will remain in place for the duration of the Homes for Ukraine scheme. In the meantime, the Government will keep them under review to ensure that sponsor households do not experience any impact on their council tax discounts or exemptions.
- 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@levellingup.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 Neil O'Brien MP, Parliamentary Under Secretary of State, at the Department for Levelling Up, Housing and Communities can confirm that this Explanatory Memorandum meets the required standard.