EXPLANATORY MEMORANDUM TO

THE COUNCIL TAX REDUCTION SCHEMES (PRESCRIBED REQUIREMENTS) (ENGLAND) (AMENDMENT) REGULATIONS 2026

2026 No. 27

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Alison McGovern, Minister for Local Government and Homelessness at the Ministry of Housing, Communities and Local Government confirms that this Explanatory Memorandum meets the required standard.

2.2 Michelle Warbis, Deputy Director for Local Taxation and Pensions at the Ministry of Housing, Communities and Local Government confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Nick Littlewood at the Ministry of Housing, Communities, Local Government, can be contacted by email at the following address with any queries regarding the instrument: nick.littlewood@communities.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument amends the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 ("the Prescribed Requirements Regulations") (S.I. 2012/2885). The instrument uprates figures for the income and capital thresholds used to calculate whether persons of pension age are entitled to a reduction in council tax and the amount of that reduction by the September 2025 Consumer Prices Index inflation rate (3.8%). Other changes made by the instrument include amendments to the requirement to be habitually resident in Great Britain, permitted periods of temporary absence from home, and provision to ensure that a pension age person's claim is not affected by the receipt of certain payments. This maintains consistency with the wider benefits system, particularly the Housing Benefit regime which contains many provisions in common with the Prescribed Requirements Regulations.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England only.

5. Policy Context

What is being done and why?

5.1 Local Council Tax Reduction schemes ("reduction schemes") provide support to residents in financial need by reducing their council tax bills. In England, billing authorities have discretion over the design of their reduction schemes for working-age residents, with the exception of certain matters such as application and appeals processes, and immigration and residency-related requirements. The reduction scheme for persons of pensionable age is set out in the Prescribed Requirements Regulations. In respect of persons of pensionable age, the Secretary of State's policy is to maintain the level of support in line with that provided by the wider benefits system.[1]

5.2 The Government reviews the Prescribed Requirements Regulations on an annual basis and updates them as necessary. This includes taking into account the annual review of benefits and pension rates undertaken by the Department of Work and Pensions (DWP), and uprating income and capital thresholds and other matters which may affect a claimant's entitlement to a council tax reduction. DWP published its latest annual review on 27 November 2025, which will affect the benefits regime for 2026-27.[2]

5.3 The instrument reflects the outcome of this review by uprating figures in the Prescribed Requirements Regulations by the September 2025 Consumer Prices Index inflation rate (3.8%) as reported by the Office for National Statistics. This uprating ensures that the council tax reduction scheme for pensioners maintains its value relative to the cost of living.

5.4 The uprated figures relate 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 applicant whose income or savings exceed the usual eligibility threshold to obtain up to 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 £375.

5.5 Following the example of the wider benefits system, the instrument makes provisions so that a pension age person's claim is not affected by particular personal circumstances or by the receipt of certain payments. This includes:

[1] This policy was first set out in 2013: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/237224/Up-rating_pensioners.pdf

[2] https://www.gov.uk/government/publications/benefit-and-pension-rates-2026-to-2027

- adding a new disregard so that any payments made through the Armed Forces Lesbian, Gay, Bisexual and Transgender Veterans Financial Recognition Scheme does not affect entitlement to a reduction;
- adding a new disregard so that Miscarriage of Justice Compensation payments administered by Ministry of Justice do not affect entitlement to a reduction; and
- adding a new disregard so that Adult Disability Allowance payments made under Scottish Adult Disability Living Allowance Regulations 2025 does not affect entitlement to a reduction where a recipient receives them for a transitional period after moving to England from Scotland.

5.6 The instrument also includes two measures to make it easier for persons to receive a council tax reduction where they are in a country or territory in respect of which the Government advised British nationals to leave, or arranged evacuation:

- removing the requirement to be habitually resident in Great Britain before a reduction can be claimed; and
- allowing a person who normally resides in Great Britian to receive support if they are temporarily absent from home for up to 26 weeks.

What was the previous policy, how is this different?

5.7 The instrument continues the longstanding policy first introduced in 2012. Each year amendments have been made to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 to reflect recent changes to DWP benefit eligibility criteria and the assessment of claimants' income and capital. These amendments ensure that the reduction scheme:

- provides a level of support to pension age persons consistent with other pension age benefits; and
- has habitual residency criteria which are consistent with those in the wider benefits system.

6. Legislative and Legal Context

How has the law changed?

6.1 Section 13A of the Local Government Finance Act 1992 ("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 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 through the Prescribed Requirements Regulations to make provision in respect of persons of pension age. This instrument continues the longstanding practice of updating the Prescribed Requirements Regulations on an annual basis to reflect changes in the wider benefits system.

Why was this approach taken to change the law?

6.2 This approach ensures that the reduction scheme for persons of pension age, and the residency requirements for persons of all ages, is consistent with the wider benefits regime.

7. Consultation

Summary of consultation outcome and methodology

7.1 This instrument ensures support provided by pension age reduction schemes, and the habitual residency requirements applying to all schemes is consistent with the wider benefits system, and has not been subject to specific consultation. Billing authorities are familiar with the Government's policy to maintain this consistency.

8. Applicable Guidance

8.1 The Ministry of Housing, Communities and Local Government will write to councils setting out the detail of the changes made by the regulations.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

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

Impact on businesses, charities and voluntary bodies

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

9.3 The legislation does not impact small or micro businesses.

9.4 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 reduction scheme.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is that the Government will continue to review the Prescribed Requirements Regulations on an annual basis and update them as necessary.

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

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

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

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").