

## **Discretionary discounts under Section 13A(1)(c) of the Local Government Finance Act 1992.**

1. At present the full costs of discretionary discounts made under section 13A(1)(c) of the Local Government Finance Act 1992 are borne by the billing authority in accordance with [the Collection Fund \(Council Tax Reductions\) \(England\) Directions 2013](#) ('the 2013 Directions').
2. When [announcing 'Homes for Ukraine'](#) on 14 March 2022 the Secretary of State indicated that the scheme would not affect the sponsor's benefits or council tax status. In order to meet this commitment, the Government is legislating so that
  - a person who holds permission to enter or stay in the United Kingdom under the Homes for Ukraine sponsorship scheme is disregarded for council tax discounts. This will protect the host's single person discount, and the 50% discount received by any household where all the occupants are already disregarded;
  - there is no loss of an exemption where a household hosts a person who holds permission to enter or stay in the United Kingdom under the Homes for Ukraine sponsorship scheme.
3. Sponsor households taking part in the scheme will receive a £350 monthly 'thank you' payment. This payment and the income of their Ukrainian guest has the potential to affect any local council tax support (LCTS) reduction the host is receiving from the billing authority, leading to an increase in their council tax bill.
4. The Local Government Finance Act 1992 ('the 1992 Act') does not permit in-year changes to billing authorities' LCTS schemes, and it is therefore not possible to legislate to prevent such impacts during 2022-23.
5. To protect the LCTS reduction of the sponsor household during 2022-23 the Government will encourage billing authorities to offset any Homes for Ukraine-related changes in LCTS through discretionary discounts made under s13A(1)(c) of the 1992 Act. To facilitate this, the 2013 Directions are being revoked and replaced. The new Directions specify that where a discount is provided to offset an increase in council tax liability during 2022-23 resulting from a Homes for Ukraine thank you payment or a guest-related non-dependant deduction, the billing authority need not make a payment into the collection fund.
6. The net impact of this measure will be that billing authorities and major preceptors will receive the same amount of income as if there had been no Homes for Ukraine-related impact on the LCTS claim during 2022-23.
7. The Government's policy has not changed in relation to discretionary discounts provided for other purposes under section 13A(1)(c). The cost of these must continue to be borne by the billing authority.
8. The new directions are attached at annex A.

# Annex A

## Local Government Finance Act 1988

### The Collection Fund (Council Tax Reductions) (England) Directions 2022

- 1 (1) The Secretary of State, in exercise of his powers under section 98(4) to (6) of the Local Government Finance Act 1988, hereby makes the following directions.
  - (2) From 11 April 2022, the directions contained below (CT98(4)/2022/1, CT98(4)/2022/2, CT98(5)/2022/1 and CT98(5)/2022/2) have effect for the remainder of the financial year 2022-23, and for subsequent years.
  - (3) Directions CT98(4)/2013/1, CT98(4)/2013/2, CT98(5)/2013/1 and CT98(5)/2013/2 made under sections 98(4) to (6) of the Local Government Finance Act 1988 (on 15 March 2013) are revoked from 11 April 2022 in relation to the remainder of the financial year 2022-23 and subsequent years, but shall continue to have effect both in relation to the financial year 2022-23 prior to 11 April 2022 and previous financial years, and in so far as is necessary for calculations under any other direction.
- 2 (1) In these directions –

“the 1988 Act” means the Local Government Finance Act 1988,

“the 1992 Act” means the Local Government Finance Act 1992,

“Homes for Ukraine” means the Homes for Ukraine sponsorship scheme which was announced in Parliament on 14 March 2022 by the Secretary of State for Levelling Up, Housing and Communities.<sup>1</sup>

“instalment day” means:-

  - (a) a day on which an amount is or will be transferred from the authority’s collection fund under section 97(1) of the 1988 Act in accordance with the Local Authorities (Funds) (England) Regulations 1992 (S.I. 1992/2428),
  - (b) where no such amount is or will be so transferred in the financial year in question, the first working day in May and in each subsequent month up to and including February in that year,

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

and (in either case) the last working day of the financial year in question.

“relevant reductions” means reductions granted by the billing authority under section 13A(1)(c) of the 1992 Act, excluding reductions granted between 11 April 2022 and 31 March 2023 (inclusive) to fully reverse an increase in a local council tax support applicant’s council tax liability resulting from

- a) any payment made by a local authority in connection with the provision of accommodation under the Homes for Ukraine scheme; or
- b) the billing authority taking into account that a relevant Ukrainian person lives in the applicant’s dwelling (including any account taken of the income or capital of that person) when calculating entitlement to a council tax reduction and the level of the reduction; or
- c) both.

“relevant Ukrainian person” means a person who holds permission to enter or to stay in the United Kingdom granted under the Homes for Ukraine Sponsorship Scheme route in Appendix Ukraine Scheme of the Immigration Rules.<sup>2</sup>

**Direction CT98(4)/2022/1 under section 98(4) of the 1988 Act: adjustment of reduced amount of council tax under section 13A(1)(c) of the 1992 Act**

- 3 The Secretary of State hereby directs that a billing authority shall transfer to its general fund from its collection fund the amount (if it is a positive amount) calculated in accordance with the following formula –

$$A - B$$

where –

A is the total of the amounts calculated by the authority in relation to the financial year under direction CT98(5)/2022/1 below,

B is the amount by which the amounts liable to be paid to the authority in respect of council tax as it has effect for the financial year are less than the amounts which would be so payable but for any relevant reductions granted by the billing authority,

such amount, if any, to be transferred on the last instalment day of the financial

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<sup>2</sup> <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-ukraine-scheme>. The Immigration Rules are laid down under section 3(2) of the Immigration Act 1971 (c. 77). The rules in relation to the Homes for Ukraine Sponsorship Scheme are set out at UKR 11.1 to UKR 20.2 of the appendix. “Permission to enter” and “permission to stay” are defined at rule 6.2 of Immigration Rules: Introduction (<https://www.gov.uk/guidance/immigration-rules/immigration-rules-introduction#intro6>).

year.

**Direction CT98(4)/2022/2 under section 98(4) of the 1988 Act: adjustment of reduced amounts of council tax under section 13A(1)(c) of the 1992 Act for preceding years**

- 4 The Secretary of State hereby directs that a billing authority shall transfer to its general fund from its collection fund the amount (if it is a positive amount) calculated in accordance with the following formula –

$$A - B$$

where –

A is the total of the amounts calculated by the authority in relation to any preceding financial year, under directions CT98(5)/2022/1 and CT98(5)/2022/2 below, less the total of the amounts calculated by the authority in relation to that preceding year under direction CT98(4)/2022/1 above.

B is the amount by which the amounts liable to be paid to the authority in respect of council tax as it has effect for that preceding financial year are less than the amounts which would be so payable but for any relevant reductions granted by the billing authority,

such amount, if any, to be transferred on the last instalment day of the financial year.

**Direction CT98(5)/2022/1 under section 98(5) of the 1988 Act: reduced amounts of council tax under section 13A(1)(c) of the 1992 Act**

- 5 The Secretary of State hereby directs that a billing authority shall transfer to its collection fund from its general fund the amount (if it is a positive amount) calculated on an instalment day in the financial year in accordance with the following formula –

$$\frac{A - B}{C}$$

where –

A is the amount, calculated on the instalment day, by which the amounts liable to be paid to the authority in respect of council tax as it has effect for the financial year are less than the amounts which would be so payable but for any relevant reductions granted by the billing authority,

B is the total of the amounts calculated by the authority, under this direction and in relation to the financial year, on instalment days preceding that on which the amount is calculated,

C is the number of instalment days remaining (immediately before the day on which the amount is calculated) in the financial year,

such amount, if any, to be transferred on or before the last instalment day in the financial year.

**Direction CT98(5)/2022/2 under section 98(5) of the 1988 Act: reduced amounts of council tax under section 13A(1)(c) of the 1992 Act for preceding years**

- 6 The Secretary of State hereby directs that a billing authority shall transfer to its collection fund from its general fund the amount (if it is a positive amount) calculated on an instalment day in the financial year in accordance with the following formula –

$$A - B$$

where –

A is the amount, calculated on the instalment day, by which the amounts liable to be paid to the authority in respect of council tax as it has effect for any preceding financial year are less than the amounts which would be so payable but for any relevant reductions granted by the billing authority,

B is the total of the amounts calculated by the authority in relation to that preceding financial year under direction CT98(5)/2022/1 above and under this direction, less the total of the amounts calculated by the authority under directions CT98(4)/2022/1 and CT98(4)/2022/2 above, in relation to that preceding financial year,

such amount, if any, to be transferred on or before the last instalment day in the financial year.

Signed by authority of the Secretary of State



Chris Megainey  
Deputy Director

**Local Taxation Division**  
**Department for Levelling Up, Housing and Communities**

11 April 2022