

POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT REGULATIONS 2016

SSI 2016/81

1. The above instrument is made in exercise of the powers conferred by sections 80 and 113 of, and paragraph 1 of Schedule 2 to, the Local Government Finance Act 1992. It is subject to the negative procedure.

Policy Objective

2. The UK Government's abolition of Council Tax Benefit from April 2013 included a transfer of funding to allow the Scottish Government to take over responsibility for addressing the difficulties which persons on low income or who are otherwise vulnerable might face in meeting liability to Council Tax. The Scottish Government developed a Council Tax Reduction Scheme for such people, which provides that their liability to Council Tax is lower than it would otherwise have been.

3. The scheme operates by reducing liability, which it is within devolved competence to do, rather than by providing a replacement social security benefit to meet liability (which would be reserved to Westminster under the current devolution settlement). The Council Tax Reduction (Scotland) Regulations 2012 (working age) and the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 (pension age) (jointly referred to as "the principal Regulations") came into force on 28 January 2013.

4. The above instrument amends the principal Regulations to reflect the UK Government's uprating of social security benefits for 2016/17. This is done by amending various figures in the principal Regulations, with the effect being to increase certain figures which are used in calculating whether an applicant is entitled to a reduction and, if so, the amount of that reduction.

5. The uprated figures for working age claimants relate to non-dependent deductions and alternative maximum council tax reduction only as, since the Chancellor had frozen working age benefits, the alternative would have been to increase by CPI for September 2015, which was negative.

6. In addition to uprating, the regulations also make a small number of amendments to the Council Tax Reduction Scheme to reflect the UK Government's changes to Housing Benefit, which the Council Tax Reduction Scheme mirrors. These include amending the provision for family credit, to reflect its removal for new claims; reducing the period for backdating claims for a Council Tax Reduction for working age claimants; amending provisions to include awards of universal credit and to clarify the calculation of awards based on universal credit, including as regards non-dependent deductions; introducing a new capital disregard for lump sum payments of deferred pension; and clarifying the position where severe disability premiums are included in awards of universal credit.

7. Furthermore, the regulations also make a small number of amendments to the Council Tax Reduction Scheme to reflect changes to legislation at UK and devolved level. These

include amending references to the Independent Living Fund and to the Scottish Welfare Fund; amendments consequential to the Social Service and Well-being (Wales) Act 2014 and to the National Insurance Contributions Act 2015; inserting references to the Kinship Care Assistance (Scotland) Order 2016 and to the Pensions Act 2014; and provisions relating to adoption allowances and certain payments towards maintenance of children.

8. All of these amendments are consistent with the original policy intention of the Council Tax Reduction Scheme to maintain liability as would have existed taking account of Council Tax Benefit.

Consultation

9. Formal consultation was not considered to be necessary as these amendments do not alter the policy intention of the principal Regulations. However, the Scottish Government has worked with the Convention of Scottish Local Authorities (COSLA), the Institute of Revenues, Rating and Valuation (IRRV), and local authority revenue and benefits practitioners in development of these Regulations.

10. COSLA have endorsed the application of the UK social security benefits uprating for 2016/17 to the Council Tax Reduction scheme.

Financial Effects

11. The amount of Council Tax Reduction which an applicant will receive is based on their income less their deemed living expenses. The principal Regulations are amended to take account of increases in social security benefit rates for 2016/17 so that the increased income from social security benefits treated as income in the Council Tax Reduction Scheme (such as the retirement pension) does not serve to increase liability to Council Tax for those in receipt of social security benefits.

Impact Assessments

12. An Equalities Impact Assessment (EQIA) was undertaken in development of the principal Regulations, and equalities impacts are being reviewed during the implementation of the Council Tax Reduction scheme. As these amending Regulations do not alter the policy intention of the principal Regulations, a further EQIA has not been produced.

13. As there is no impact on business or the third sector, and no impact on the environment or on environmental issues, no Business and Regulatory Impact Assessment or Strategic Environmental Assessment is required.