POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT REGULATIONS 2017

SSI 2017/41

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

Policy Objective

2. This instrument amends the Council Tax Reduction (Scotland) Regulations 2012 ("the Working Age Regulations") and the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 ("the Pension Age Regulations") (jointly referred to as "the principal Regulations").

3. The Council Tax Reduction Scheme operates by reducing a household's council tax liability by taking into account their circumstances and income.

4. This instrument uprates certain applicable amount allowances and premia set out in schedule 1 of each of the principal Regulations. The applicable amounts are changed for persons of pension age (by the increase in pension credit) and those for carers and people with disabilities (by CPI inflation for the year to September 2016 or 1.0%, except for the enhanced disability premium for a child and disabled child premium which are both to increase by approx. 1.4%). These changes apply to approximately one third of all households presently in receipt of a council tax reduction – specifically those subject to the means test. The remainder are, for practical purposes, entitled to the maximum council tax reduction by virtue of the income and circumstances indicated by their being in receipt of a particular benefit.

5. This instrument uprates the income thresholds set out in schedule 2 (alternative maximum council tax reduction) of the Working Age Regulations and the equivalent schedule 5 of the Pension Age Regulations by 2.4% - equivalent to the change in average weekly earnings between Jul-Sep 2016 and Jul-Sep 2015.

6. This instrument increases the income thresholds for non-dependant deductions by average weekly earnings growth of 2.4% and the non-dependant deductions by CPI inflation for year to September 2016 of 1.0%.

7. The existing principal Regulations determine how any receipts from UK-wide ex gratia payment schemes for those infected with HIV and/or hepatitis C following relevant NHS treatment should be treated in assessing entitlement to a council tax reduction – broadly these are specifically disregarded as income.

8. These payments are presently delivered by five different UK organisations - the Eileen Trust (charitable trust), the Macfarlane Trust (charitable trust), MFET (company limited by guarantee), the Skipton Fund (company limited by guarantee) and the Caxton Foundation (company limited by guarantee with charitable status).

9. NHS Shared Services will be taking over this role in Scotland from 1 April 2017. The intention is that a new administrator will also be appointed by the Department of Health, along with the Welsh and Northern Irish governments, in 2017/18 following a forthcoming tender exercise, consolidating these functions for the other UK countries.

10. This instrument fulfils the policy objective of ensuring that any payments made under these new arrangements will be treated in exactly the same way as at present, as well as ensuring appropriate treatment of any payments which continue to be made under the existing arrangements.

11. Regulation 23 of the Working Age Regulations determines that the applicable amount for households receiving Universal Credit (UC) is the weekly equivalent of allowances and extra amounts used by DWP to calculate the UC award. This approach minimises the administrative burdens for both applicants and local government.

12. This instrument ensures such households will benefit from the increased child premium set out in the Council Tax Reduction (Scotland) Amendment (No.2) Regulations 2016 (SSI 2016/253). However, the UC child allowances differ for the first child and for subsequent children, so this instrument adds £16.73 per week (the child premium increase for all "non-Universal Credit" households) for each child to the applicable amount for households in receipt of UC.

13. Overall, these Regulations are consistent with the original policy intention of the Council Tax Reduction Scheme to ensure that no household is worse off as a consequence of the UK Government's abolition of council tax benefit.

Consultation

14. 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 engaged with the Convention of Scottish Local Authorities (COSLA), the Institute of Revenues, Rating and Valuation, local authority revenue and benefits practitioners and their software suppliers in the development of these Regulations.

15. Maintaining the broad alignment of the Council Tax Reduction Scheme's entitlement criteria with that for Housing Benefit continues to minimise compliance burdens to applicants and also the administrative costs to Local Authorities. Indeed deviating from this practice would reduce these efficiencies. For this reason, a practitioner sub group of the COSLA and Scottish Government Settlement and Distribution Group were in favour of the UK social security benefits uprating for 2017/18 being applied to the Council Tax Reduction scheme.

Financial Effects

16. 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 2017/18 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

17. 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.

18. 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.

Local Government and Communities
Scottish Government
February 2017