

POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT REGULATIONS 2019

SSI 2019/29

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

Policy Objectives

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 (CTR) scheme operates by reducing a household’s council tax liability by taking into account their circumstances and income. It was introduced with an overall policy objective of ensuring that no household would be worse off than it would have been had Council Tax Benefit not been abolished. These regulations maintain that policy objective by uprating various allowances and premia in line with equivalent changes made by the Department for Work and Pensions to Housing Benefit.

4. In particular, 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 applying to pension credit of 2.6%, the annual growth in earnings to July 2018) and those for carers and people with disabilities by 2.4% - CPI inflation for year ending in September 2018. 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 2.6% - the annual increase in earnings growth to July 2018.

6. This instrument increases the income thresholds for non-dependant deductions by 2.6% (the annual increase in earnings growth to July 2018) and the non-dependant deductions amounts by 2.4% (CPI inflation for year ending in September 2018).

7. Regulation 3 and Regulation 10 amend the principal Regulations so that arrears of council tax caused by an overentitlement to CTR due to official error are not recoverable. This provision aligns the approach to recovery of council tax arrears caused by an overentitlement to CTR with recovery of overpayments of Housing Benefit where official error has occurred.

8. Regulations 7, 8(a) and 14(a) amend various legislative references in the principal Regulations to reflect changes to the legislation which now governs Discretionary Housing Payments.

9. Regulation 8(b) makes a corrective amendment to paragraph 11 of Schedule 5 of the Working Age Regulations.

10. Regulations 8(c) and 14(b) amend the principal Regulations to ensure that payments of early years assistance and funeral expense assistance, as provided for by the Social Security (Scotland) Act 2018, will not be regarded as capital in calculating entitlement to CTR.

Consultation

11. 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, local authority revenue and benefits practitioners and their software suppliers in the development of these Regulations.

Financial Effects

12. 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 2019/20 so that the increased income from social security benefits treated as income in the CTR scheme does not serve to increase liability to council tax for those in receipt of social security benefits.

Impact Assessments

13. An Equalities Impact Assessment (EQIA) was undertaken in development of the principal Regulations. As these amending Regulations do not alter the policy intention of the principal Regulations, a further EQIA has not been produced.

14. 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.

Annex to Policy Note

15. To assist users of the principal Regulations, the Scottish Government has prepared “keeling” versions of each of the principal Regulations showing the source and effect of changes made to their original text, including the changes made by these Regulations. These versions have been produced to assist users of the Regulations to track their history and to identify where there have been amendments; they do not explain when amendments took effect or the full effect of saving provisions. These versions can be

found here: <http://www.legislation.gov.uk/ssi/2019/29/resources>.

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