

POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT (NO. 3) REGULATIONS 2023

SSI 2023/268

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.

Summary Box

The purpose of this instrument is to amend The Council Tax Reduction (Scotland) Regulations 2021 and The Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 to ensure that Grenfell Tower payments, Post Office compensation payments and Vaccine Damage payments paid to partners are disregarded indefinitely as capital and income for the purposes of calculating entitlement to council tax reduction.

In The Council Tax Reduction (Scotland) Regulations 2021 amendments are also being made to clarify the policy intent in relation to Second Adult Rebate and to clarify the effect of falling within section 3ZA of the Immigration Act 1971 in the context of people who are Irish citizens and come to Scotland from Ukraine.

Policy Objectives

Grenfell Tower Payments

The Grenfell Fire occurred on 14 June 2017 leading to the loss of seventy-two lives. A number of compensation schemes were set up to help those impacted by this tragic event. Additional sources of compensation payments have been provided, in particular, settlement payments resulting from the ongoing Grenfell Tower related civil litigation. This amendment is to ensure that any Grenfell Fire payment is disregarded in the calculation of council tax reduction.

Post Office Compensation Payments

The Post Office Horizon IT system was introduced in 1999/2000 as a point-of-sale accounting system. The system recorded shortfalls in cash in branches, which Post Office Ltd (POL) sought to reclaim. Some postmasters were consequently convicted of theft, fraud, or false accounting, based on what turned out to be flawed Horizon evidence. Over the last two years, the courts have overturned a number of convictions which were based on flawed evidence from the Horizon system. This amendment disregards, from the calculation of council tax reduction, compensation and support payments made in connection with the failings of the Horizon system, or payments resulting from the settlement reached in *Bates and Others v Post Office Ltd ((No. 3) "Common Issues")*(1).

(1) [2019] EWHC 606 (QB).

Vaccine Damage Payments

The Vaccine Damage Payment Scheme (VDPS) is a no-fault scheme that provides, in accordance with the Vaccine Damage Payments Act 1979, a one-off, tax-free payment of £120,000 to those who have been found, on the balance of probabilities, to have been seriously disabled by a vaccine administered to treat a disease listed in that Act. Legislation exists to disregard payments made that relate to compensation for personal injury. However, this legislation does not apply to the partners of vaccinated individuals who receive a payment derived from a VDPS award. The amendment in this instrument creates a specific disregard for payments under the Vaccine Damage Payments Act 1979, and also extends the disregard to cover awards made to partners.

Second Adult Rebate

In the calculation of a Second Adult Rebate, the capital of the person liable to pay council tax has no impact on the person's entitlement to second adult rebate. In order to clarify the policy intention, this instrument inserts a capital disregard to this effect in the council tax reduction working age scheme. This disregard already exists in the council tax pension age scheme.

Calculation of Non-dependant adult's income

This instrument provides for the disregard of a number of payments in the calculation of a non-dependant adults income in the pension age scheme. These payments are Grenfell Tower payments, Post Office Compensation Payments, Vaccine Damage Payments, and payments in respect of historic child abuse in care. There is no need for an equivalent disregard in the working age scheme as all income types disregarded under regulation 75 are disregarded as non-dependant income.

Persons Treated as Not being in Great Britain

The Regulations clarify the effect of a person falling within section 3ZA of the Immigration Act 1971, as a result of being an Irish citizen. The effect is that they do not require leave to enter or remain in the United Kingdom.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

No formal consultation was required to be carried out in relation to these regulations.

Impact Assessments

This instrument amends existing Working Age Relations and Pension Age Regulations. There are no specific impact assessments.

Financial Effects

The Minister for Community Wealth & Public Finance confirms that no Business Regulatory Impact Assessment is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government
Local Government and Communities Directorate

19 September 2023