

POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT REGULATIONS 2018

SSI 2018/69

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 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 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 in pension credit of 2.3%) and those for carers and people with disabilities by CPI inflation for the year to September 2017 or 3.0%. 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 2.2% - equivalent to the annual growth in the average weekly earnings for the quarter ending in July 2017.

6. This instrument increases the income thresholds for non-dependant deductions by average weekly earnings growth described above and the non-dependant deductions by CPI inflation for year to September 2016 of 3.0%.

7. Regulation 3 replaces the existing Regulation 26 of the Working Age Regulations concerning the calculation of income and capital for persons who have an award of Universal Credit. This maintains the previous policy that the estimates of income and capital made in order to determine a person’s entitlement to Universal Credit should be used in assessing entitlement to Council Tax Reduction, whilst enabling a local authority to estimate the

income of an applicant over a period if that is subject to frequent change. This broadly repeats the existing approach set out in Regulation 29 (3) of the Working Age Regulations for applicants not in receipt of a Universal Credit award and is intended to avoid circumstances of a person's Council Tax liability being recalculated repeatedly over the course of a year.

8. Regulations 4 - 6 and 12 -14 require any grants paid by the Thalidomide Trust to be disregarded in the calculation of an applicant's capital.

9. Regulation 7 changes the period by which an application for Council Tax Reduction made by a person of working age may be backdated, with good cause, from one month to 6 months.

Consultation

10. 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

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 2018/19 so that the increased income from social security benefits treated as income in the Council Tax Reduction 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. 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.