

POLICY NOTE

THE COUNCIL TAX REDUCTION AND COUNCIL TAX (DISCOUNTS) (MISCELLANEOUS AMENDMENT) (SCOTLAND) REGULATIONS 2023

SSI 2023/38

1. The above instrument is made in exercise of the powers conferred by sections 80 and 113(1) and (2), paragraph 11 of schedule 1 and paragraph 1 of schedule 2 of the Local Government Finance Act 1992. It is subject to the negative procedure.

The purpose of these Regulations is to amend:

- The Council Tax (Discounts) Regulations 1992,
- The Council Tax Reduction (Scotland) Regulations 2021; and
- The Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012.

The amendments will uprate the various allowances, premiums and deductions in the Council Tax Reduction schemes used to calculate a person's entitlement to a reduction and make minor amendments to ensure that the policy intention is fully carried out; they will also make provision in relation to entitlement to the Council Tax Reduction schemes and council tax single person discount for people providing accommodation to certain persons coming to the UK from Ukraine, and under certain other resettlement schemes.

Policy Objectives

2. This instrument amends the Council Tax Reduction (Scotland) Regulations 2021 ("the Working Age Regulations"), the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 ("the Pension Age Regulations") and the Council Tax (Discounts) Regulations 1992 ("the Discount Regulations").

Council Tax Reduction and Uprating

3. When Council Tax Benefit (CTB) was abolished by the UK Government the Scottish Government introduced the Council Tax Reduction (CTR) scheme. CTR reduces a household's council tax liability by taking account of individual circumstances, namely capital and income. When CTR was introduced, the Scottish Government made a commitment that no one would be worse off under CTR than they would have been had CTB continued. These Regulations maintain that policy objective by uprating various allowances and premiums on the same basis as has been taken in relation to Housing Benefit (as the existing benefit that most closely reflects the abolished CTB).
4. This instrument uprates the allowances and premiums which are used in the CTR scheme when determining what level of reduction that a household should receive. The relevant figures have been uprated by 10.1%, the rate of Consumer Prices Index September 2022.
5. The CTR scheme also has income thresholds that are used to determine the rate of non-dependent deductions (used to calculate how much an additional adult in the household might be expected to contribute towards Council Tax) based on their earnings. Income

thresholds also apply to the second adult rebate (a relief that is available to households with low income where they have lost the Council Tax single person discount). These amounts have historically been updated by the average earnings growth in the July of the preceding year. This instrument therefore increases the non-dependent deduction and alternative maximum CTR amounts by 5.2% (average earnings growth July 2022) in both the Working Age Regulations and Pension Age Regulations.

6. This instrument also makes adjustments to ensure that the three sets of Regulations properly reflect policy intent in certain areas. It provides that the entitlement of full-time students to council tax reduction on account of receiving a grant, allowance or similar listed in regulation 20(3)(j) is limited to the scenario where a student is in receipt of such a payment as a result of a disability caused by deafness. This reflects the original policy intent of CTR entitlement being tied to circumstances where such a payment is made because a student has additional needs.
7. The changes in this instrument also rectify some minor errors and omissions in the working-age scheme, again to ensure that the policy intention is fully carried out.

Homes for Ukraine and Displaced persons under other specified schemes

8. The instrument also amends the category of people coming from Ukraine who are excluded from being classed as non-dependents in the Council Tax Reduction schemes. This will only apply to people who are in the United Kingdom under the Homes for Ukraine Sponsorship Scheme, where they are being provided with accommodation by an approved sponsor under that scheme. It also provides that the same treatment applies to displaced persons coming to the UK under other specified schemes¹, and hosted in accommodation for which they make no payment.
9. This reflects the fact that the aim of these council tax measures is to support those most in need of help, and the people providing that help. The original regulations were put in place, in March 2022, to reflect the acute nature of the situation in Ukraine and the need to make urgent provision to enable people to flee that situation. The inclusion of persons coming to the UK under other specified schemes reflects a policy aim to secure parity for “hosted” persons who have been from displaced from other countries.
10. The prevention of increases in council tax liability for those hosting, or being hosted, was designed to encourage property owners to offer accommodation. Where people who have come from Ukraine, or displaced from another country, reach the stage of being able to make their own arrangements for accommodation, they will become liable to pay council tax in the same way as any other person.
11. In a similar vein, this instrument amends the Council Tax (Discounts) (Scotland) Regulations 1992 such that a person coming from Ukraine as a result of the conflict is to be disregarded for the purposes of entitlement to the council tax single person discount, only where the person providing the accommodation is an Approved sponsor under the scheme. The same concessions in relation to retention of single person discount/non-treatment of the person sharing their home as a non-dependent will apply to those who provide accommodation, without charge, to persons who have entered the UK under one of the other resettlement or relocation schemes referred to at regulations 5, 23 and 29. The

¹ the UK Resettlement Scheme, the Community Sponsorship Scheme, the Afghan Relocations and Assistance Policy, the Afghan Citizens Resettlement Scheme, the Vulnerable Persons Resettlement Scheme, the Vulnerable Children’s Resettlement Scheme.

limitation to those who have entered under such schemes reflects the fact that they are tied to enabling people to come and set up in the UK.

12. This instrument will also enable certain persons coming from Ukraine to be classed as being in Great Britain, for the purposes of entitlement to a council tax reduction. The persons covered are those who were residing in Ukraine immediately before 1 January 2022, left in connection with the Russian invasion which took place on 24 February 2022, and have either been granted leave in accordance with the Immigration Rules, or have a right of abode in the UK, or do not require a right of abode because they are Irish citizens. This will ensure that people coming from Ukraine, as a result of the current conflict, who become liable to council tax because of the changes, will be in a position to meet the residence criteria, potentially enabling them to satisfy the conditions for a reduction in council tax liability. This aligns the arrangements for persons coming from Ukraine with those for persons from other countries affected by conflict.

Consultation

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

Impact Assessments and Financial Effects

14. The instrument is an annual update amending existing principal Regulations. Given the changes in relation to people coming to the UK under resettlement and relocation schemes, consideration will be given in due course to whether a re-visiting of the EQIA prepared in connection with the initial introduction of council tax reduction is needed.
15. As noted above, the overall purpose of these Regulations is to ensure the overall policy intentions of the Working Age Regulations and the Pension Age Regulations, along with the Discount Regulations, are maintained. The inflationary uprating changes will increase the overall cost of the CTR scheme, whilst the other elements of these regulations will not of themselves have an impact on the costs associated with the Working Age and Pension Age Regulations. These costs are increases in the level of Council Tax income foregone due to the CTR scheme, rather than a financial outlay for Councils.

Local Government and Communities

Scottish Government

9 February 2023