POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) REGULATIONS 2021

SSI 2021/249

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. It replaces the Council Tax Reduction (Scotland) Regulations 2012 (commonly referred to as "the working age Regulations").

The purpose of these Regulations is to ensure that, as far as practicable, a household in the same circumstances receives the same level of Council Tax Reduction whether it is on Universal Credit or not.

Policy Objectives

The Council Tax Reduction (CTR) scheme came into operation in 2013, and reduces the council tax liability of lower income households. The level of CTR a household is entitled to depends on household circumstances, income, savings, and other factors. The reduction can be any proportion of the household's council tax liability, up to and including 100 per cent.

The UK Government's UK-wide benefit Universal Credit (UC) replaces four existing means tested benefits and two tax credits (collectively known as "legacy benefits"). The UK Government plans to move those receiving legacy benefits onto UC in the years ahead.

Currently the CTR scheme uses a different way of calculating CTR entitlement if a CTR applicant or recipient receives UC than for households who are not on UC. This existing calculation for UC households was introduced some years ago, when UC was being developed and its final form was unclear. However analysis work has found that the two different ways of calculating CTR can produce different levels of CTR for households in the same circumstances.

The purpose of our revisions is to ensure that, as far as practicable, a household in the same circumstances will receive the same level of CTR whether it is on UC or not. The changes therefore seek to replicate for applicants on UC the level of CTR they would have received if they were on a legacy benefit. For those not receiving UC their level of CTR will be maintained under the revised scheme.

Consultation

These amendemnts will mean that households on UC will receive the same level of CTR as they have if they had not been on UC, to maintain the status quo (as far as practicable). A formal consultation was therefore not necessary, but officials have engaged with COSLA, local government, and welfare rights groups in the course of developing the Regulations.

Impact Assessments

As required by article 36(4) of the General Data Protection Regulation, the Scottish Government consulted with the Information Commissioner's Office on the elements of the regulations that relate to personal information.

A full Equality Impact Assessment (EQIA) was carried out when CTR was introduced. It did not identify any negative consequences on those with protected characteristics. Positive impacts were identified related to age, disability and gender. An initial screening exercise was carried out and established that no further EQIA is required for these changes as the revisions seek to maintain the current pattern of CTR entitlement.

A pre-screening exercise has been completed for a Children Rights and Wellbeing Impact Assessment (CRWIA) for this instrument. There are no children's rights and wellbeing issues arising from this instrument.

In addition it was determined that impact assessments were not required in relation to island communities, the Fairer Scotland duty, and the environment.

Financial Effects

Analysis by the Scottish Government indicates that the revisions made in the Regulations will increase the level of council tax income foregone by local authorities due to the CTR scheme by around £15.5 million in 2022/23. However the exact costs will reflect the size and composition of the working-age CTR caseload when the revised scheme comes into force in April 2022. The Scottish Government will discuss with COSLA the costs of the CTR scheme, and how they are best met, as part of routine negotiations on local government funding.

The Cabinet Secretary for Finance and the Economy confirms that no Business and Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector. The Scottish Government recognises that there will be some initial start-up costs associated with adapting software and business processes to reflect the revisions to the scheme. Scottish Government officials will engage fully with COSLA on this point once the costs of making software changes to reflect the revisions made in the Regulations have been established. After the initial start-up costs CTR administration costs will be in line with what they are currently.

Scottish Government
Directorate for Local Government & Communities
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