

POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT (NO. 2) REGULATIONS 2021

SSI 2021/51

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.

<p>The purpose of these Regulations is to uprate in the Council Tax Reduction (CTR) scheme various allowances, premiums and deductions and to make minor amendments due to leaving the European Union.</p>

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”).

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 into account their circumstances, 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, premiums and deductions on the same basis as has been taken in relation to Housing Benefit (the benefit that most closely reflects the abolished CTB).

4. This instrument uprates allowances and premiums as set out in schedule 1 of each of the Working Age Regulations and the Pension Age Regulations which are used in calculating the applicable amount used in the calculation of council tax reduction under the scheme. For those of pension age these increased by 2.5%, and for those of working age by 0.5% (the rate of Consumer Price Index September 2020).

5. The income thresholds set out in schedule 2 (alternative maximum CTR) of the Working Age Regulations and the equivalent schedule 5 of the Pension Age Regulations will not increase in 2021/22. Similarly income thresholds for non-dependent deductions set out in both the Working Age Regulations (regulation 67) and Pension Age Regulations (regulation 48) will not increase in 2021/22. This is because during the period used to determine these increases each year there was no increase measured in overall earnings.

6. This instrument increases the non-dependent deduction and alternative maximum CTR amounts by 0.5% (Consumer Price Index September 2020) in both the Working Age Regulations and Pension Age Regulations.

7. This instrument increases the applicable amount used in calculating the CTR of people who receive Universal Credit, as set out in regulation 23, paragraph 2A of the Working Age Regulations.

8. The Family Premium ended for new applicants in 2016 and Lone Parent Family Premium several years before that. Existing CTR recipients who received these premiums have continued to do so, as long as they have continued to meet the eligibility criteria. The number of households still receiving these premiums is very low, with very small numbers now receiving the latter.

9. This instrument increases the Family Premium from £17.60 to £17.65. The Lone Parent Family Premium will not increase and will remain at £22.20 for its few remaining recipients.

10. This instrument amends regulation 20 of the Pension Age Regulations to increase the Family Premium from £17.60 to £17.65. The Lone Parent Family Premium does not exist in the pension-age scheme.

11. This instrument removes references in regulation 17 of the Working Age Regulations that are no longer necessary as a result of exit from the European Union.

12. This instrument removes references in regulation 17 of the Pension Age Regulations that are no longer necessary as a result of exit from the European Union.

13. This instrument removes the prohibition in the Working Age Regulations on a member of the European Parliament being a member of the Council Tax Reduction Review Panel. Members of this Panel also undertake further reviews of determinations under the Pension Age Regulations (see regulation 70C of those Regulations).

Consultation

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

Impact Assessments and Financial Effects

15. The instrument is an annual update amending existing principal Regulations. There are therefore no specific impact assessments. The uprating of CTR will not have a material impact on the cost of the scheme.

Local Government and Communities
Scottish Government
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