POLICY NOTE

THE COUNCIL TAX REDUCTION (MISCELLANEOUS AMENDMENT) (NO. 2) (SCOTLAND) REGULATIONS 2026

SSI 2026/259

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.

The purpose of these Regulations is to amend:

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

The amendments will uprate the family premium in the calculation of entitlement to a council tax reduction.

The amendments will broaden the scope of the disregard for payments made by way of compensation for historical child abuse in institutions in the UK, as well as providing for an element of futureproofing.

The amendments will remove references to the widowed mother's allowance, which is no longer payable.

The amendments will disregard from capital any payment made to a person under the 'Mother and Baby Institutions' Payment Scheme.

Policy Objectives

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").

Family Premium

An omission was made in The Council Tax Reduction (Miscellaneous Amendment) (Scotland) Regulations 2026 in that the transitional family premium amount specified under the Council Tax Reduction (State Pension Credit) (Scotland) Regulation 2012:(regulation 20 (e) (applicable amount) was not uprated.

This instrument therefore uprates the Transitional Family Premium figure used in the calculation of council tax reduction, to £20.22.

Compensation for Historical Institutional Child Abuse

In the assessment of council tax reduction any capital or income a person has can have an impact on their entitlement unless the regulations disregard such a payment. What counts as capital is not specified within the regulations, rather the regulations state what sources of capital are disregarded.

This instrument provides for 'future proofed' amendments to both sets of regulations so that further scheme-specific legislative exceptions will not be required for full income and capital disregards to apply to payments from any scheme set up to provide compensation in respect of historical institutional child abuse in the United Kingdom. They provide for a full and indefinite income and capital disregard.

The disregard will continue to cover payments made under the scheme established by the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 ("the 2021 Act") however, it will no longer be confined to payments under that scheme.

In relation to the Pension Age Regulations, the instrument broadens the scope of the existing disregard from treatment as capital, by extending it beyond payments made directly to victims of abuse. The revised disregard will cover *any* payment made in respect of historical institutional child abuse in the United Kingdom, thereby covering payments made to a person other than the victim of the abuse. This could include next of kin and nominated beneficiaries. This amendment will ensure that anyone who receives such a payment will derive the full benefit of the payment. The existing disregard of payments in respect of historical institutional child abuse in the UK is made in relance on the general disregard of payments made by way of compensation for personal injury, limiting it to payments made directly to victims.

In relation to the Working Age Regulations, the instrument also extends the disregard from capital, which currently only covers payments from the scheme under the 2021 Act.

<u>Widowed Mother's Allowance</u>
This instrument removes references to Widowed Mother's Allowance in both sets of regulations. Widowed Mother's Allowance was a UK social security benefit established in 1946 for widows with dependent children. It was abolished and replaced by Widowed Parent's Allowance in April 2001 to allow for widowers to claim as well. As it was only paid to a mother who qualified for Child Benefit, it will no longer be payable to anyone given the passage of time.

<u>Mother and Baby Institutions Payment Scheme</u>
In the assessment of council tax reduction any capital a person has can have an impact on their entitlement unless the regulations disregard such a payment from being counted as capital. These regulations amend both sets of regulations to ensure that any compensation payments made under the Irish Government's Mother and Baby Institutions Payments Scheme are fully disregarded indefinitely. Some of the recipients of payments under the scheme may now live in Great Britain.

EU Alignment Consideration

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

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the following statement regarding children's rights.

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024, the Scottish Ministers certify that, in their view, the Council Tax Reduction (Miscellaneous Amendment) (Scotland) Regulations 2026 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

Consultation

No formal consultation was to be conducted in relation to these Regulations.

Impact Assessments and Financial Effects

A Child Rights and Wellbeing Impact Assessment is provided with this instrument. No other Impact Assessments have been undertaken.

The Cabinet Secretary for Public Finance and Local Government 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.

Local Government
September 2026