POLICY NOTE

THE COUNCIL TAX REDUCTION (MISCELLANEOUS AMENDMENT) (SCOTLAND) (NO. 2) REGULATIONS 2025

SSI 2025/112

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.

Summary Box

This instrument amends the Council Tax Reduction (Scotland) Regulations 2021 ("the 2021 Regulations"), and the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 ("the 2012 Regulations").

The purpose of this instrument is to amend regulations to ensure that payments made via the Ministry of Defence's Lesbian, Gay, Bi-sexual and Transgender (LGBT) Financial Recognition Scheme are disregard indefinitely as capital of a council tax reduction applicant in the calculation of council tax reduction. These payments will also be disregarded in calculating the gross income of a second adult or a non-dependant adult who lives with a council tax reduction applicant. If these changes are not made to the 2012 and 2021 Regulations, council tax reduction applicants who receive payments from the LGBT Financial Recognition Scheme or who live with a person who receives such payments, could see their council tax reduction entitlement reduced or ceased as a result.

This instrument adds payments under the LGBT Financial Recognition Scheme to the list of those evidence in connection with which does not need to be provided.

It also removes a duplication in regulation 66(3) of the 2012 Regulations of references to payments from infected blood schemes including payments made from the estate of a deceased person where the payment derives from an infected blood scheme.

Finally, it corrects a minor omission through adding payments made under or by the Thalidomide Trust to the list of those to be disregarded in calculating the gross income of a second adult who lives with a council tax reduction applicant.

Ministry of Defence's Lesbian, Gay, Bi-sexual and Transgender Financial Recognition Scheme

In recognition of the impact of historic law prohibiting same-sex sexual activity, and the policy prohibiting lesbian, gay, bi-sexual and transgender (LGBT) Service personnel from serving in His Majesty's (HM) Armed Forces, the United Kingdom (UK) Government has

introduced processes to enable those affected to apply for restorative measures. The LGBT Financial Recognition Scheme is open to those who served under and suffered, during their service in HM Armed Forces, from the ban, between 27 July 1967 and 11 January 2000.

There are two types of Financial Recognition Payments:

- LGBT Dismissed or Discharged Payment. A payment for those who were dismissed or administratively discharged during the ban, including Officers who were ordered or instructed to resign or retire by their respective Service Board, solely on the basis of their actual or perceived sexual orientation or gender identity.

- LGBT Impact Payment. A payment which reflects the personal impact which the Ban had on applicants during the period of their service in HM Armed Forces up to the point they left service.

The MOD has requested that payments made via the LGBT Financial Recognition Scheme be disregarded from the UK Governments in calculating entitlement to means-tested benefits and council tax reduction.

Policy Objectives

This instrument amends the 2012 Regulations and the 2021 Regulations. The amendments come into force on 3 June 2025.

The level of Council Tax Reduction (CTR) a household is entitled to depends on household circumstances, income, capital, savings, and other factors. The policy intent of these regulations are to ensure that those who receive a LGBT Financial Recognition Scheme payment do not lose their existing CTR entitlement or be determined to be entitled to less CTR as a result.

The amendment ensures that payments made under the LGBT Financial Recognition Scheme are fully and indefinitely disregarded as counting towards any capital an applicant may have for the purposes of establishing entitlement to council tax reduction. This will ensure anyone who receives such a payment will not have their entitlement to council tax reduction reduced or ceased.

The amendment also ensures that payments made under the LGBT Financial Recognition Scheme are fully disregarded in calculating the gross income of a second adult or a non-dependent adult who lives with a council tax reduction applicant.

The amendment inserts LGBT Financial Recognition Scheme payments into the list of payments evidence in connection with which does not need to be provided for the purposes of determining that person's entitlement to, or continuing entitlement to, council tax reduction.

Similar amendments have been made previously so payments made under analogous schemes such as Grenfell Tower compensation, Post Office compensation and under the Vaccine Damage Payments scheme could be disregarded in the same way.

Minor Omission

These Regulations correct a minor omission in paragraph 2 of schedule 5 (amount of alternative maximum council tax reduction) of the 2012 Regulations. This instrument now includes any payment made under or by the Thalidomide Trust, among those disregarded in calculating the income of a second adult who lives with a council tax reduction applicant, to meet the policy intent.

Duplication

These Regulations also removes a duplication in regulation 66(3) of the 2012 Regulations of references to payments from infected blood schemes including payments made from the estate of a deceased person where the payment derives from an infected blood scheme.

United Nations 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) (No.2) Regulations 2025 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

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

Consultation

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

Impact Assessments

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

Financial Effects

The policy measures implemented in this instrument will not increase the level of Council Tax householders pay or reduce the level of CTR received. That is because all the changes maintain the current level of council tax liability that a household has, rather than reducing or increasing it.

The Cabinet Secretary for Finance and Local Government confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government
Local Government Directorate
April 2025