POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT (NO. 3) REGULATIONS 2019

SSI 2019/325

The above instrument is made in exercise of the powers conferred by sections 80 and 113 and paragraph 1 of schedule 2 of the Local Government Finance Act 1992. It is subject to the negative procedure. It amends the Council Tax Reduction (Scotland) Regulations 2012 ("the working age Regulations") and the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012, jointly referred to as "the principal Regulations".

The purpose of these Regulations is to ensure various changes to reserved and developed benefits do not have a consequential impact on a household's entitlement under the Council Tax Reduction scheme.

Policy Objectives

The Council Tax Reduction (CTR) scheme operates by reducing a household's council tax liability by taking into account their circumstances and income. When introduced its overall policy objective was to ensure no household would be worse off as a result of the abolition of Council Tax Benefit. These Regulations maintain that policy objective.

Ongoing and backdated payments are currently being made by the Department for Work & Pensions (DWP) to Universal Credit (UC) claimants who lost their entitlement to the Severe Disability Premium component of a number of DWP benefits upon moving to UC. Regulation 2(b) amends the working age Regulations to exclude these payments from income calculations made under the CTR scheme, so that the CTR entitlement of affected UC claimants is not reduced.

DWP is also currently undertaking a 'Legal Entitlement and Administrative Practice' exercise to identify and reimburse benefit claimants entitled to a payment of arrears of Maternity Allowance (MA). The arrears relate to amounts of MA which should have been paid to claimants between April 2015 and July 2017. Regulations 2(d) and 3(b) amend the principal Regulations to implement an equivalent capital disregard for the CTR scheme, so that entitlement to CTR is not adversely affected by these payments.

The UC maximum amount calculated by DWP in determining an entitlement to UC may vary for households where three or more children (or qualifying young persons) are resident. This will depend on whether the third and any other subsequent child was born before 6 April 2017. This is relevant to the CTR scheme as the UC maximum amount is used in the calculation of a household's level of CTR, for those CTR applicants in receipt of UC.

Whether a household is entitled to CTR depends on the extent to which a household's income is above that household's 'applicable amount', a figure that takes account of a household's composition and circumstances. For those on UC and in receipt of CTR Regulation 23(2A) of the working age Regulations currently provides for the addition of £16.73 to the applicable amount for each child and young person in a household, irrespective of their birth date. DWP has now changed UC rules so that where a UC applicant has a 3rd child born on or after 6 April 2017 no amount for that child is included in the UC calculation (known as the '2 child limit'),

unless one of a few exceptions applies. Regulation 2(a) amends the working age Regulations to ensure that when calculating the applicable amount for a household on UC with children, the CTR scheme does not make any distinction based on the number of children born on or after 6 April 2017.

Young Carer Grant (YCG) is a new type of financial assistance to be provided by the Scottish Government to young people who provide care to persons in receipt of certain disability benefits. Regulations 2(c) and 2(d) amend the working age Regulations so that payments of YCG are excluded from the calculation of income and capital for CTR purposes. This ensures that YCG will have no impact on the level of CTR to which an applicant may be entitled.

In April 2018, the Home Secretary announced that the Windrush Compensation Scheme (WCS) would be established to compensate those of the "Windrush generation" who have faced difficulties in demonstrating their lawful immigration status in the UK. The scheme opened for applications on 3 April 2019 and will run for two years until 2 April 2021. Regulations 2(c), 2(d) and 3 amend the principal Regulations to ensure that compensation paid under the WCS is not counted as income and capital for CTR purposes, and will therefore have no impact on the level of CTR to which an applicant may be entitled.

Consultation

Formal consultation was not considered to be necessary as these amendments maintain the policy intention of the principal Regulations of ensuring that no household would be worse off than it would have been had Council Tax Benefit not been abolished.

Impact Assessments

An Equalities Impact Assessment (EQIA) was undertaken in development of the principal Regulations. As these amending Regulations do not alter the policy intention of the principal Regulations a further EQIA has not been produced.

As there is no impact on the environment or on environmental issues no Strategic Environmental Assessment is required.

Financial Effects

This instrument has no impact on Council Tax receipts or liabilities.

The Minister for Public Finance and Digital Economy confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government
Directorate for Local Government & Communities
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