POLICY NOTE

THE COUNCIL TAX REDUCTION (SCOTLAND) AMENDMENT REGULATIONS 2020

SSI 2020/25

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.

The purpose of these Regulations is to uprate in the Council Tax Reduction (CTR) scheme various allowances, premiums and deductions; and to fully disregard in the scheme advance payments to those who experienced historical child abuse in care.

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 be if CTB had 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. For those of pension age these generally increase by 3.9% (annual growth in earnings to July 2019), and for those of working age by 1.7% (the rate of Consumer Price Index September 2019).

5. This instrument uprates 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 by 1.7% (the rate of Consumer Price Index September 2019).

6. This instrument increases the income thresholds for non-dependant deductions by 3.9% (the annual increase in earnings growth to July 2019) and the non-dependant deductions amounts by 1.7% (Consumer Price Index September 2019).

7. This instrument increases the Applicable Amount used in calculating the CTR of people who receive Universal Credit, as set out in regulation 23(2)(a) of the Working Age Regulations, in line with the equivalent Universal Credit increases.

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 amends regulation 21 and 22 of the Working Age Regulations, and inserts a new regulation 22A, to increase the Family Premium from £17.45 to £17.60. The Lone Parent Family Premium will not increase and will remain at £22.20 for its few remaining recipients. This is in line with the Housing Benefit Regulations.

10. This instrument amends regulation 20 of the Pension Age Regulations to increase the Family Premium from £17.45 to £17.60. The Lone Parent Family Premium does not exist in the pension-age scheme.

11. This instrument amends schedule 5 of the Working Age Regulations so that CTR fully disregards as capital payments made by the Scottish Government Advance Payment scheme (paid to those who suffered historical child abuse in care). The scheme already disregards such payments as income (under Schedule 4, paragraph 18 as personal injury payments).

12. No amendment is required to the Pension Age Regulations for these payments as schedule 4 paragraph 17 disregards payments in consequence of personal injury as capital and regulation 27 does not include these payments as income.

Consultation

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

Impact Assessments and Financial Effects

14. 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
6 February 2020