

Cabinet Secretary for Finance and the Constitution
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Graham Simpson MSP
Convener
Delegated Powers and Legal Reform Committee
The Scottish Parliament
Edinburgh
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Dear Graham,

When I tabled the recent Council Tax Reduction (Scotland) Amendment (No. 2) Regulations 2017 in October, I undertook to write to the Committee about a potential consolidation of the Regulations which set out the Council Tax Reduction (CTR) scheme. The Minister for Parliamentary Business referred to this when he appeared before the Committee earlier this month, and this letter fulfils that commitment.

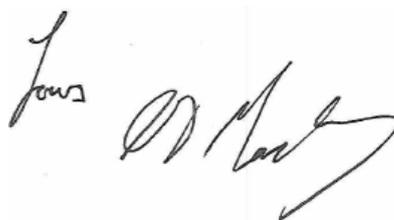
The Committee's annual report invited the Scottish Government to bring forward a consolidating instrument, and that the Committee "would welcome an indication as to when a consolidating instrument might be forthcoming", reflecting that the Regulations have been amended a number of times. As background, it may be helpful to set out the reasons behind the large majority of these amendments. Firstly, there have been annual updates to ensure that the amounts of some premiums set out in the Regulations have been increased as necessary with changes to the economy (such as keeping pace with inflation). Secondly, there have been changes that we have required to make to reflect, or respond to, benefit changes made by the UK Government. Thirdly, the Regulations have been changed to reflect new Scottish Government policy, such as the 25% increase in the child premium within CTR, introduced in 2017. We have also sometimes taken the opportunity to amend the Regulations to ensure that they are technically correct, such as updating references to other pieces of legislation. These have all been valuable and necessary changes to ensure that the CTR scheme continues to operate effectively, and to deliver the original policy intention that nobody would be worse off under CTR than they would have been under Council Tax Benefit, had it not been abolished.

I recognise the Committee's view a set of consolidated regulations would have the benefit of accessibility to readers, given the number of amending Regulations. However, as the Minister for Parliamentary Business made clear when he appeared before the Committee, a consolidation would involve a significant amount of work. In deciding whether a consolidation at this point would be the best use of resources, I have weighed a number of issues.

One of those is the fact that the main day to day users of the Regulations are local authorities, welfare rights bodies, and those who provide software to local authorities to operate the scheme. Each of these groups is very used to interpreting and applying similarly complex and changing Regulations in relation to benefits. While occasionally these groups ask for further information on the policy intention behind our changes, none of them have approached us and asked us to consolidate the Regulations. The fact that the Regulations that have been amended numerous times does not seem to be a barrier to the understanding of these key stakeholders.

It is also the case that the benefit landscape is changing significantly. While the CTR scheme is not a benefit, entitlement to a reduction has many linkages to the benefit system. As one example, the CTR scheme uses entitlement to particular disability benefits to determine the necessary living costs or applicable amount of an applicant. Therefore, the rollout of Universal Credit, and the establishment of a number of devolved benefits, will potentially impact upon both the operation of the scheme and the relief it provides to vulnerable households. These circumstances may mean significant changes to the CTR scheme are required over the coming 12-18 months, and may be best achieved through a new set of Regulations.

Whilst we entirely accept it would be desirable to consolidate the Regulations, it does not appear to me to be essential to do so. Given all of the factors above, I am, therefore, wary of giving the Committee a timescale at this stage for the consolidation of the CTR Regulations. Our work considering potential changes to the CTR scheme is likely to be completed in the late summer, at which point we will be better able to advise the Committee of the timescales for any consolidation.



DEREK MACKAY