



**One Parent
Families Scotland**
changing lives, challenging poverty



Scottish government analysis of the impact of revisions to the Council Tax Reduction Scheme for working-age caseload in receipt of universal credit

OPFS Submission to Scottish Parliament Social Justice and Social Security Committee

September 2021

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One Parent Families Scotland

One Parent Families Scotland (OPFS) is the leading organisation working with single parent families in Scotland. Building on seventy-five years of advocacy and service delivery expertise, OPFS provides single parent tailored information, advice and support, along with training activities, employability programmes and flexible childcare. OPFS campaigns with parents to make their voices heard to change the systems, policies and attitudes that cause child poverty. Our vision is of a Scotland in which single parents and their children are valued and treated equally and fairly.

Single Parent Families

- Single Parents Families are one of the six priority family types identified as being at highest risk of child poverty by Scottish Government.
- 38% of Lone parent families are living in poverty
- Families often belong to more than one priority group. For example, among children in relative poverty: 40% of children in lone parent families also have a disabled person at home; over half (54%) of children in a family with a younger mother are also in a lone parent household.
- The Child Poverty (Scotland) Act 2017 sets statutory ambitious targets to reduce levels of child poverty by 2030.
- The [first Delivery Plan](#) outlines action Scottish Government is taking to meet the 2030 targets and covers the period 2018-22. The [latest progress report](#) highlighted that significant progress needs to be achieved in the years ahead to deliver upon the 2030 targets.
- Some drivers show positive improvements, including key employment indicators, skills and childcare availability. Evidence suggests that lower housing costs can be credited with lower poverty rates in Scotland compared to the rest of the UK.
- SPF's make up 25% of all families, and 92% are headed by women

OPFS submission

The [Council Tax Reduction \(Scotland\) Regulations 2021](#) consolidate the existing regulations for working age council tax reduction and make significant changes to

the way it is calculated for those in receipt of Universal Credit. They are expected to come into effect for financial year 2022/23.

Currently some households get different levels of CTR depending on whether they are getting Universal Credit or legacy benefits. The new scheme, covered in new regulations seeks to address this.

The Scottish Government has prepared a paper modelling the impact of the changes on different household types. This sets out:

- Background to the CTR scheme, and why some households currently get different levels of CTR depending on whether they are getting Universal Credit or legacy benefits
- How the new scheme seeks to address this, and analysis of its impact on different households
- Micro-simulation modelling of the impact of the new rules across the whole caseload.

The Social Justice and Social Security Committee wrote to OPFS to ask our views on these regulations. In particular:

1. If OPFS has been consulted by Scottish Government officials on these regulations?
2. Do we consider that the regulations meet the policy intent, set out in the [policy note](#) that: "as far as practicable, a household in the same circumstances receives the same level of Council Tax Reduction whether it is on Universal Credit or not."
3. The new rules aim to provide equity 'as far as practicable' but will not do so in every single circumstance. Does this give OPFS any concerns?
4. Does OPFS have any suggestions that would further reduce the occurrence of different levels of CTR support for those on Universal Credit compared to legacy benefits?
5. Does OPFS have any concerns about the changes to local authority systems that will be required as a result of the new rules in these regulations?

1. Has OPFS been consulted by Scottish Government officials on these regulations.

No, we have not been consulted.

2. Do we consider that the regulations meet the policy intent, set out in the policy note that: “as far as practicable, a household in the same circumstances receives the same level of Council Tax Reduction whether it is on Universal Credit or not.”

The Scottish Government paper modelling the impact of the changes on different household types points out that ‘... households that are in receipt of UC have consistently received lower awards on average when compared to equivalent households where CTR entitlement is calculated under the Legacy CTR scheme. For example, in 2020-21, the average award for UC cases was £730 per year, £70 less than the average for legacy CTR cases (1.1.11.).

So, for a significant minority of cases CTR entitlement will reduce when households are moved to UC by DWP, when compared to their CTR entitlement under the Legacy CTR scheme. We therefore very much support the primary policy objective of the Revised UC CTR scheme, which is to ensure, as far as practicable, that households receive the same level of CTR on UC as they would on legacy benefits.

As stated in the policy paper receipt of income-based Jobseeker’s Allowance, Income Support and income-related Employment and Support Allowance has the practical effect of automatically qualifying the recipient for full CTR. For others if a household’s income is less than their applicable amount, they will be awarded 100% CTR, reducing their Council Tax liability to zero and therefore meaning they pay no Council Tax.

The UC CTR Scheme as set out in regulations calculates CTR entitlement through a similar mechanism to the Legacy CTR scheme, however there are some key differences in the definition of income and the applicable amount. (2.3.1.)

It cannot be right that in the example given (2.4.4) a single parent household in receipt of CTR through the UC Scheme therefore has to pay around £273 more per year in Council Tax because of its lower CTR award. This is despite having no change in household circumstances (except the migration to UC) and in cash terms a marginal fall in overall household income.

The paper highlights that low-income households with children are generally not better off under the UC CTR Scheme under any combination of hours/earnings. Table 4 (p13) highlights this is particularly the case for families with more than 2 children and is a reflection of the impact of the UK government 2 child policy.

3. The new rules aim to provide equity 'as far as practicable' but will not do so in every single circumstance. Does this give OPFS any concerns?

We feel the proposed changes will result in a fairer system overall. For example, Table 6 (p20) highlights that a Single Parent with one child on an earned income of around £145 will see an increase from 21% to 86% in CTR and for those with 2 children from 58% to 100% reduction.

As the paper highlights an estimated 85% of households were modelled to see no change in their CTR entitlement, 10% of the CTR caseload is expected to gain some CTR entitlement- these increases are concentrated in households with dependent children, including lone parent households - and an estimated 5 % of the current CTR caseload would see a decrease mainly in high house bands. (4.4.3)

4. Does OPFS have any suggestions that would further reduce the occurrence of different levels of CTR support for those on Universal Credit compared to legacy benefits? No.

5. Does OPFS have any concerns about the changes to local authority systems that will be required as a result of the new rules in these regulations? No.

In conclusion we wanted to highlight that in Scotland people on low incomes, including families on benefit, do not get help with water rates. We have found that many single parents on benefit end up with arrears and in debt with water rates as they cannot afford to pay the sum from an already low income - esp. those families affected by the benefit cap and 2 child policy. Could water rates be included in a payment reduction scheme?

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