SUBMISSION FROM ARGYLL AND BUTE COUNCIL

1. What is your view on the purpose of the Bill and broadly, are you supportive of it?

Response

The purpose of the bill is clearly to end collection of any old outstanding community charge debt. Such debt was raised in the period of 1989 to 1994 and is all over 20 years old. Whilst much of this may now be subject to prescription, it sends out a message that local taxation debts will be written off after a period of time and is likely to make older council tax debt harder to collect. This message is not one that is helpful to local government financing.

In practical terms, the additional collections of community charge debt that would otherwise be expected are under £1m out of the £423m debt still outstanding, and so they are not that significant. The Scottish Government has indicated that it will ensure that local authorities are recompensed for this loss of income. In general the impact is therefore mainly in terms of its impact on public perceptions.

2. Do you have any views on the level of the financial settlement that is proposed in connection with the Bill?

Response

The proposed level of settlement reflects existing payment arrangements in place. It assumes that no new arrangements would subsequently be put in place. This would reflect the situation in the recent past in that new arrangements are very rare for this age of debt. However, given that many more people registered to vote in the referendum, it might now be easier to trace people and find them than it was previously.

3. Does the settlement figure accurately reflect the total community charge debt that would be recoverable by local authorities, given the operation of the law of prescription?

Response

The settlement figure does not reflect the amount of community charge debt that is still recoverable, i.e. not subject to prescription. It only reflects the level of current payment arrangements in place.

Some local authorities may find it difficult to assess accurately the level of debt subject to prescription. Whilst it is relatively easy to ascertain the whether 20 years has passed since the date of the summary warrant, this assessment will overstate the amount of such debt subject to prescription. It is more complex to ascertain if 20 years has passed since there has been some acknowledgement of the debt through correspondence or making an instalment payment etc.

4. The Scottish Government considers that, beyond the financial settlement that will be provided to affected local authorities, the Bill will have no financial implications
Response
The bill will have some further financial implications in that it prevents further collection on community charge debt that has not prescribed. Whilst most local authorities would not have anticipated such collections in their accounts on the grounds of prudence, many would still have continued collecting small amounts for some time in addition to the £869,000 identified as subject to current payment arrangements. Whilst there would undoubtedly be some costs associated with such collection activity, such as commission payments and administrative costs, these costs would be outweighed by the collections.

It is difficult to quantify what amounts might still be collected as these are undoubtedly reducing year on year. The settlement proposed equates to less than 3 years of the collections achieved in 2013-14, and is possibly on the low side.