FINANCE COMMITTEE
RESPONSE FROM THE SCOTTISH GOVERNMENT TO THE STAGE 1 REPORT ON THE COMMUNITY CHARGE DEBT (SCOTLAND) BILL

I am writing in response to the Finance Committee’s Stage 1 report on the Community Charge Debt (Scotland) Bill.

I would like to take the opportunity to thank the Committee for its careful consideration of the Bill, and to thank those who contributed to that consideration by providing evidence. I am pleased that the Committee supports the general principles of the Bill.

The Committee asked a number of specific questions in the report, the answers to which are as follows.

As regards the local authorities which indicated an intention to use the electoral registers to assist with collecting outstanding community charge arrears, Aberdeenshire Council and City of Edinburgh Council were both quoted in the press as checking, or intending to check, the electoral registers. In addition, an Aberdeen City councillor was reported as urging his authority to track down community charge debtors in its area.

We did not specifically ask local authorities for an estimate of amounts recovered through informal or sporadic payments of community charge. Local authorities’ returns to the Scottish Government on council tax and community charge collections would include any such payments, but they are not separately identified. However, by definition, it is difficult to make a robust estimate of what might be received in the future in informal and sporadic payments, but our assumption is that the value would not be material.
In discussions with COSLA, we were advised that it was not possible for local authorities to know for sure whether all recovery arrangements would realise their total debts outstanding in future years, and therefore the policy cost estimates could only be based on actual value of community charge currently subject to arrangements in each authority. COSLA therefore asked local authorities what they anticipated recovering through current arrangements in place to collect community charge debt.

Finally, the Committee asks for an explanation why no estimate of potential savings has been provided. There is no single unit cost of collection of community charge arrears with which savings could be estimated on the basis of amounts collected. Moreover, the costs of community charge collection are not identified separately by local authorities, and are likely to be included in the expenditure lines for council tax collection. In discussions with COSLA officers and local authority practitioners, no indication was given of the cost of current collections, and this is borne out by the submission from Dundee City Council to the Committee, which states that the Bill may have a small financial implication which would be difficult to quantify.

Further, as the Bill extinguishes liability for community charge debt, local authorities will not be pursuing further cases of community charge debt. The submission from the Principal Officer (Local Taxes), Perth and Kinross Council, stated that 'further attempts to collect Community Charge debt would be expensive' but did not put a figure on this. It is expected that there would be costs in staff time and resource in obtaining and enforcing summary warrants for future recovery of very small amounts but, as the submission from East Ayrshire Council points out, it is impossible to quantify this in monetary terms or potential caseloads.

There is also an element of administrative effort for local authorities and the Department for Work and Pensions in respect of third party deductions used to recover very small amounts of community charge debt. Again, it would be difficult to quantify this for the same reasons as in the paragraph above.

I hope the Committee finds this information useful in its further consideration of the Bill.

JOHN SWINNEY