

Deputy First Minister
and Cabinet Secretary for Finance, Constitution and Economy
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Convener, Finance Committee
The Scottish Parliament
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Dear Convener

During the evidence session on the Community Charge Debt (Scotland) Bill on 14 January, I undertook to provide the Committee with further detail of consultation and discussions with COSLA and local authority practitioners on the development of the provisions of the Bill, as referenced in paragraph 14 of its Policy Memorandum.

As noted in exchanges during the Committee session, a meeting was held between the then-Minister for Local Government and Planning, and the COSLA President and Spokesperson for Resources and Capacity, to discuss the Bill and financial settlement from the Scottish Government to local government. That meeting took place on 6 November 2014, and was followed by consideration of the Bill's financial settlement by COSLA Leaders on 21 November 2014.

In addition to this political-level meeting, my officials undertook discussions with COSLA and local government officers during the weeks following the former First Minister's announcement on 2 October 2014 that legislation would be brought forward to end recovery of community charge debts. Those discussions in turn informed formal meetings between Scottish Government and COSLA which were held at official level and political level on 28 October and 6 November respectively. In view of the constrained timetable which was available for drafting of the Bill and to minimise time spent travelling to meetings, discussions were undertaken by telephone where practicable to do so.

A summary of discussions and correspondence between Scottish Government and local government on the Bill is provided at Annex A.

The purpose of this engagement, as set out in the Policy Memorandum, was to ensure that the provisions of the Bill which have operational implications for local authorities were informed by understanding of how community charge debt recovery operates in practice. Examples of topics covered include the mechanisms for operating community charge debt recovery within local authority systems, the question of whether any local authorities had sold off community charge debt to private debt collectors, the treatment of community water

charge debt, and the agreed date of commencement for the Bill's provisions of 1 February 2015. Local authority practitioner input was facilitated by COSLA to ensure understanding of how local authority systems operate debt recovery arrangements, and the steps which local authorities would be required to undertake to end such arrangements.

One example of provision within the Bill which was informed by this consultation is the intention of the legislation to remove liability to pay community charge debt rather than make it illegal for local authorities to collect it. This approach was agreed in order to mitigate the risk that (were the legislation to make it illegal for local authorities to collect such debt) authorities in receipt of money from repayment arrangements which could only be cancelled by the taxpayer would be accepting funds to which they were not lawfully entitled.

Discussions also covered the operation of 'third party deductions' from social security benefits to recover community charge debt. The Scottish Government has subsequently liaised with the Department for Work and Pensions (DWP) to ensure that the Department is aware of the intention to end recovery of these debts in Scotland, including those which are recovered through third-party deductions from the social security benefits which it administers. I wrote to DWP Ministers on 8 January 2015 to inform them of the introduction of the Bill and set out the change in policy in Scotland on recovery of community charge debts which it will effect, and my officials have engaged with DWP policy teams to ensure that this has also been communicated to the Department at an operational level.

I hope that this information is helpful to the Committee in its consideration of the evidence heard on the Bill.

Yr. a/c,

JA

JOHN SWINNEY

SUMMARY OF DISCUSSIONS AND CORRESPONDENCE BETWEEN SCOTTISH GOVERNMENT AND COSLA/LOCAL GOVERNMENT ON THE COMMUNITY CHARGE DEBT (SCOTLAND) BILL

Thursday 2 October: telephone call between Cabinet Secretary for Finance and President of COSLA confirming intention to introduce legislation to end recovery of Community Charge debts.

Tuesday 14 October: SG/COSLA officials discussion and agreement to set up a formal meeting following recess to discuss progressing the above policy commitment.

Tuesday 21 October: SG/COSLA officials discussion of points to cover at official-level meeting scheduled for 28 October.

Tuesday 28 October: formal meeting between COSLA officers and SG officials, with agreement to arrange political-level meeting to discuss the Bill in wb 3 November.

Thursday 6 November: meeting between the Minister for Local Government and Planning, and the COSLA President and Spokesperson for Resources and Capacity, including discussion of the financial settlement from the Scottish Government to local government.

Monday 10 November: SG/local authority practitioner discussion on operational procedures for recovery of community charge debts.

Tuesday 11 November: letter from Minister for Local Government and Planning to President of COSLA confirming financial settlement of £869,000 to be offered to local government to reflect ending of their ability to recover community charge debts.

Friday 21 November: COSLA Leaders' consideration of proposed financial settlement.

Wednesday 3 December: letter from President of COSLA to Minister for Local Government and Community Empowerment confirming acceptance of the financial settlement offered to local government.

Thursday 4 December: letter from Deputy First Minister to President of COSLA confirming introduction of the Bill to Parliament.