

EAST RENFREWSHIRE COUNCILCABINET15 March 2018Report by Deputy Chief ExecutiveWRITE OFF OF IRRECOVERABLE COMMUNITY CHARGE**PURPOSE OF REPORT**

1. The purpose of this report is to seek the Cabinet's approval to write off historical Community Charge balances from 1989/90 to 1992/93 totalling £3,363,049.

RECOMMENDATION

2. It is recommended that the Cabinet agrees to write-off the sum of £3,363,049 of historical Community Charge, which can be met from existing bad debt provision, without impact to the Council's General Fund balances.

BACKGROUND

3. Community charge replaced the previous system of domestic rates as the mechanism for local taxation in April 1989, and was relatively quickly replaced by the current system of Council Tax in April 1993.

4. The former Strathclyde Regional Council had responsibility for the billing and collection of Community Charges and, when East Renfrewshire Council formed in 1996, the historical caseload of arrears for residents within this area was transferred from the Regional authority to East Renfrewshire Council. A £4.8m pot of bad debt provision was also transferred at that time. Recovery work continued for several years and around 94.6% of these charges were collected, with the bad debt provision being reduced over the years in tandem with this recovery.

REPORT

5. As all of the arrears are now in excess of 20 years old they are prescribed from further legal action meaning that they can no longer be legally pursued. In September 2014, the Scottish Government undertook to introduce legislation to prevent local authorities from taking steps to recover any historical Community Charge debts.

6. The Community Charge Debt (Scotland) Act 2015 was passed by Scottish Parliament in February 2015 and received Royal Assent in March 2015. The Act extinguishes all Community Charge and associated liabilities, and provides that summary warrants or decrees for these debts are unenforceable. The Council cannot therefore undertake further recovery action on Community Charge debt.

7. Community Charges and statutory addition balances outstanding for the period from April 1989 to March 1993 amount to £3,363,049. There has been no previous request made to Cabinet seeking approval to write off any of the arrears, unlike other income streams which are usually considered for write off on an annual basis.

FINANCE AND EFFICIENCY IMPLICATIONS

8. Specific Bad Debt provision was made at the establishment of East Renfrewshire Council in 1996 to cover this sum and there will therefore be no impact on the Council's General Fund balances.

RECOMMENDATION

9. It is recommended that the Cabinet agrees to write-off the sum of £3,363,049 of Community Charge and statutory additions, which can be met from existing bad debt provision, without impact to the Council's General Fund balances.

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BACKGROUND PAPERS

Community Charge Debt (Scotland) Act 2015

KEY WORDS

Write-off, Community charge, debt