

From COSLA Resources Spokesperson Councillor Katie Hagmann



26 October 2023
Economy and Fair Work Committee
The Scottish Parliament,
Edinburgh,
EH99 1SP

Via email: economyandfairwork.committee@parliament.scot

Dear Committee,

I am writing to address the Committee's plans to discuss changes to the current system of earnings arrestment.

All stakeholders would like to see a system where those who can pay are made to, while simultaneously protecting those who cannot. However, local authorities already offer significant protection to households. As recognised by comments made to the Committee by a local authority colleague at a previous session, councils undertake significant early engagement with debtors, signposting support via agencies such as the Citizens Advice Bureau. Diligence processes are very much a last resort, and councils offer a range of flexibilities and services to prevent diligence processes being implemented in the first place. Indeed, diligence processes such as earnings arrestments are predominantly used in cases where debtors refuse to engage in the process of repayment and not where a debtor is unable to pay. Furthermore, when earning arrestments do take place, the current threshold of £655.83 means that someone who earns £1000 a month would only pay back £65.84 at a time.

For those who are unable to pay, local authorities continue to offer valuable support. Meanwhile, conversations between COSLA, the Institute of Ratings, Revenue and Valuations (IRRV), and other partners on how to build upon and roll out the excellent good practice already in place to local authorities across Scotland are continuing to take place.

In 2022/23, local authorities collected around £25 million from debtors due to unpaid Council Tax and other payments. Over the past decade, Local Government has experienced significant cuts to funding. A 9.6% reduction in revenue funding from 2013/14 to 2020/21 was followed by further real terms reductions in 2022/23 and 2023/24. This has a real impact on the ability of councils to deliver services to communities. In particular, those communities who are in desperate need of the amenities these services offer in a period of unprecedented financial pressure for households across Scotland. As a result, income from Council Tax and other charges is more crucial than ever before to the running of key Local Government services, and it is therefore critical that those who can pay do so.

As a result, we would caution against any alterations to the current system of earnings arrestment utilised by local authorities in the collection of outstanding Council Tax and other payments, and COSLA would be happy to talk to the Committee about this, or any of the other issues raised in this letter or with the collection of Council Tax more generally.

Kind regards,

Cllr Katie Hagmann
COSLA Resources Spokesperson