

Debt Report – 1 April 2024 to 30 September 2024

1. Summary

- 1.1. This provides an overview of the debt position at the end of September 2024 across revenues and benefits, parking services, housing revenue accounts (current and former tenant rent arrears and leasehold and temporary accommodation) and sundry debt (including adult social care) and details the steps being taken to improve collection across a number of service areas.
- 1.2. The paper also provides details of those sums written off in line with the corporate debt management policy and scheme of delegations during the period 01 April 2024 to 30 September 2024.

2. Context

- 2.1. The council collects income from many streams; this could be statutory, as in local taxation, or non-statutory, such as for services provided.
- 2.2. High quality income management is key to ensure the council meets its spending plans. The Corporate Debt Management Policy (Policy) is the framework for our approach, principles and strategy within which all activities will be conducted.
- 2.3. Invoicing and recovery processes must be lawful, effective and fair to ensure prompt collection and minimise debt owed to the council. Where recovery action is necessary, the Policy ensures the Council is consistent in its approach and assists customers who experience financial difficulty. Loss of income could result in reduced services.
- 2.4. Aged debt becomes increasingly difficult to collect for several reasons including:
 - Greater likelihood of there being a change in the debtor's circumstances – they may have moved, become insolvent for example.
 - Debtors may have other, higher priority debts.
 - Debtors question the legitimacy of the debt.
- 2.5. The council recognises that the higher cost of living continues to affect citizens and businesses, increasing pressure on household budgets and business operating costs, and has a range of measures in place to maximise the support available.
- 2.6. Paying by Direct Debit is convenient, safe, and costs less to process than other payment methods, and is actively promoted where appropriate. We understand that some people may not be able to pay by Direct Debit and we offer a range of payment methods where possible.

3. Current Position

- 3.1. Debt is an evolving position and as such reports reflect a snapshot at a point in time.
- 3.2. Table 1 shows the estimated amount **overdue** by income type on 30 September 2024, and its percentage of the total. Different income types are invoiced on a range of payment terms; assumptions that have been made about the values in Table 1 are outlined in the report. Note that we have previously reported on the total amount **due**, whereas the figures below are only the amount

which is **overdue**. Therefore, this table does not directly compare with the same table presented in previous reports.

Table 1: Balance payable by Income Type

Type of debt	Overdue Debt	Percentage
Accounts Receivable ¹	£61,308,187	29.61%
Council Tax	£54,451,760	26.30%
Business Rates	£19,422,621	9.38%
Overpaid Housing Benefit (Debtors)	£9,221,311	4.45%
Overpaid Housing Benefit (Benefits)	£9,824,321	4.74%
Housing Revenue Accounts (Current Rent Arrears, Former Tenants Arrears and Leasehold)	£17,291,034	8.35%
Housing (Temporary Accommodation)	£3,965,400	1.92%
Parking Services (Penalty Charge Notices) ²	£1,544,586	0.75%
Parking Services (Bus Lane Enforcement) ²	£1,435,343	0.69%
Parking Services (Clean Air Zone) ²	£28,584,452	13.81%
Total³	£207,049,015	100.00%

¹ The income types in this category have a range of due dates, some are due immediately, others are billed in advance. For this table we have included only the debt which is outstanding for 30 days or more.

² These figures represent the outstanding debt for contraventions that occurred in the last financial year. The value of outstanding contraventions from the current financial year have not been included as these are considered live debts which are still progressing through the statutory stages of the PCN lifecycle.

³ The total is not comparable with this table in previous reports, as it only includes 'overdue' debt.

Accounts Receivable

3.3. This relates to all invoices managed through the corporate financial system. There were 65,907 invoices issued for the total sum of £85.954m between 1 April 2024 and 30 September 2024.

3.4. Some invoices issued through this process are due immediately, others are issued in advance of the due date. For the purposes of Table 1 above, we have counted amounts outstanding for 30 days or more as overdue.

3.5. Table 2 compares data at 6 monthly intervals.

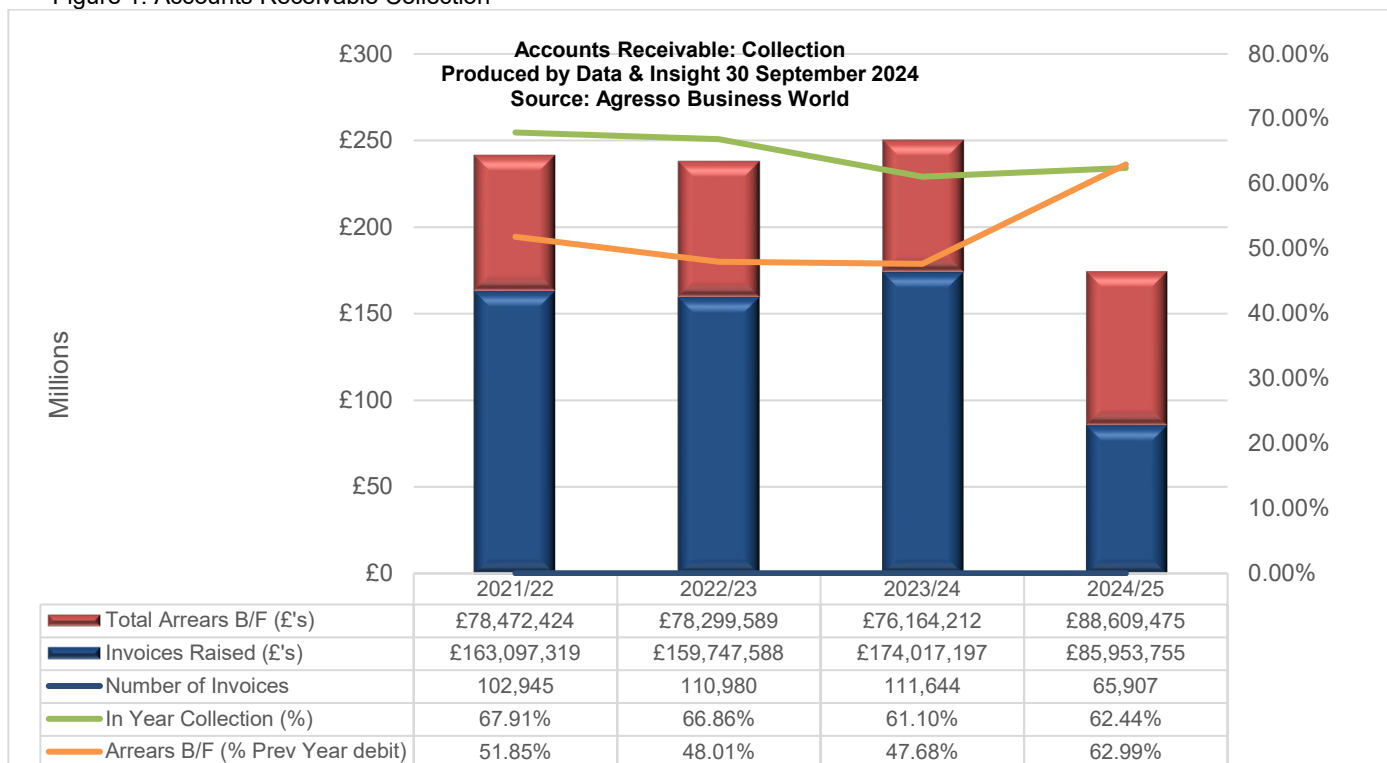
Table 2: Accounts Receivable

Report Date	Up to 29 days	30 to 89 days	90 to 365 days	Over 1 year	Total Due
31 Mar 2023	£*	£30,518,394*	£21,286,191	£24,359,627	£76,164,212
30 Sep 2023	£*	£17,647,437*	£26,033,874	£23,540,924	£67,222,235
31 Mar 2024	£*	£45,998,036*	£20,974,844	£21,636,605	£88,609,475
30 Sep 2024	£11,518,120	£7,686,199	£28,708,346	£24,913,642	£72,826,307

* Combined value of sums due between 1 and 89 days

- 3.6. Debt levels across all stages fluctuate over time due to the ad hoc nature of invoicing. Year-end figures tend to be higher due to seasonal variations.
- 3.7. Unpaid invoices are followed up with two reminders and a final notice. This process takes around 90 days to complete.
- 3.8. During this period service areas should review debt reports to ensure accurate invoicing and to make proactive contact with customers. Reports for budget holders segment by debt types to support prompt recovery. Service areas are signposted to best practice in prompt and accurate invoicing.
- 3.9. Following the final notice, unpaid debts are considered for appropriate ongoing recovery action.
- 3.10. Accounts receivable collection rate trends are shown in Figure 1.

Figure 1: Accounts Receivable Collection



3.11. The split of direct debit / non-direct debit payers for open accounts is shown in Table 3.

Table 3: Direct debit / non-direct debit payments

Payment Type	No.	Percentage
Other Payment Methods	11,985	95.11%
Direct Debit	616	4.89%
Total	12,601	100.00%

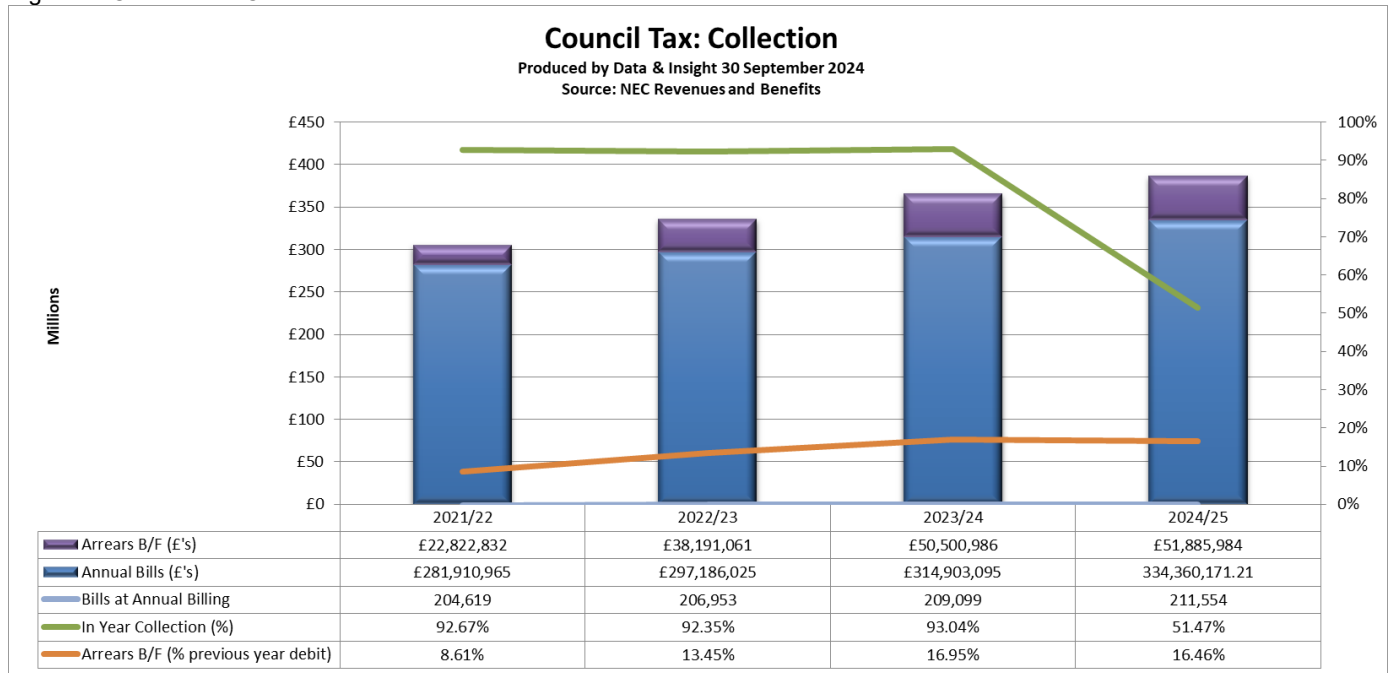
Council Tax

3.12. Council tax arrears for prior years stood at £39.822m on 30 September 2024, reduced from £51.886m on 1 April 2024. Collection rate trends are shown in Figure 2.

3.13. There were 211,554 annual bills issued for the total sum of £334.360m during March 2024. We would normally expect to issue a further 200,000 - 250,000 bills throughout the year in response to changes in people's circumstances.

3.14. Unpaid council tax for the current year, 2024 to 2025, amounted to £14.63m on 30 September 2024. This is a snapshot in time; it comprises arrears that are subject to recovery action but also includes amounts that will be offset by the award of discounts or exemptions during the year.

Figure 2: Council Tax Collection



3.15. Collection remains challenging due to several factors, including:

- Increasing council tax charges of 4.99% in 2023/24 and 2024/25.
- The average Band D council tax set by local authorities in England for 2023/24 was £2,171, in Bristol the Band D charge was £2,460.
- Increased work volumes have led to delays in processing changes and in issuing accurate bills.
- Additional reminder notices have been introduced through the Policy and unpaid cases will take longer to progress through the recovery stages.

3.16. Recovery activity (issuing reminders and taking court/enforcement action) was paused for 18 months over the pandemic. Dealing with the resulting backlog has prompted people to report changes in their circumstances. Additional temporary resource has been deployed to deal with the unprecedented levels of contact and process these changes.

3.17. The split of direct debit / non-direct debit payers for open accounts, including where no charge is due, is shown in Table 4.

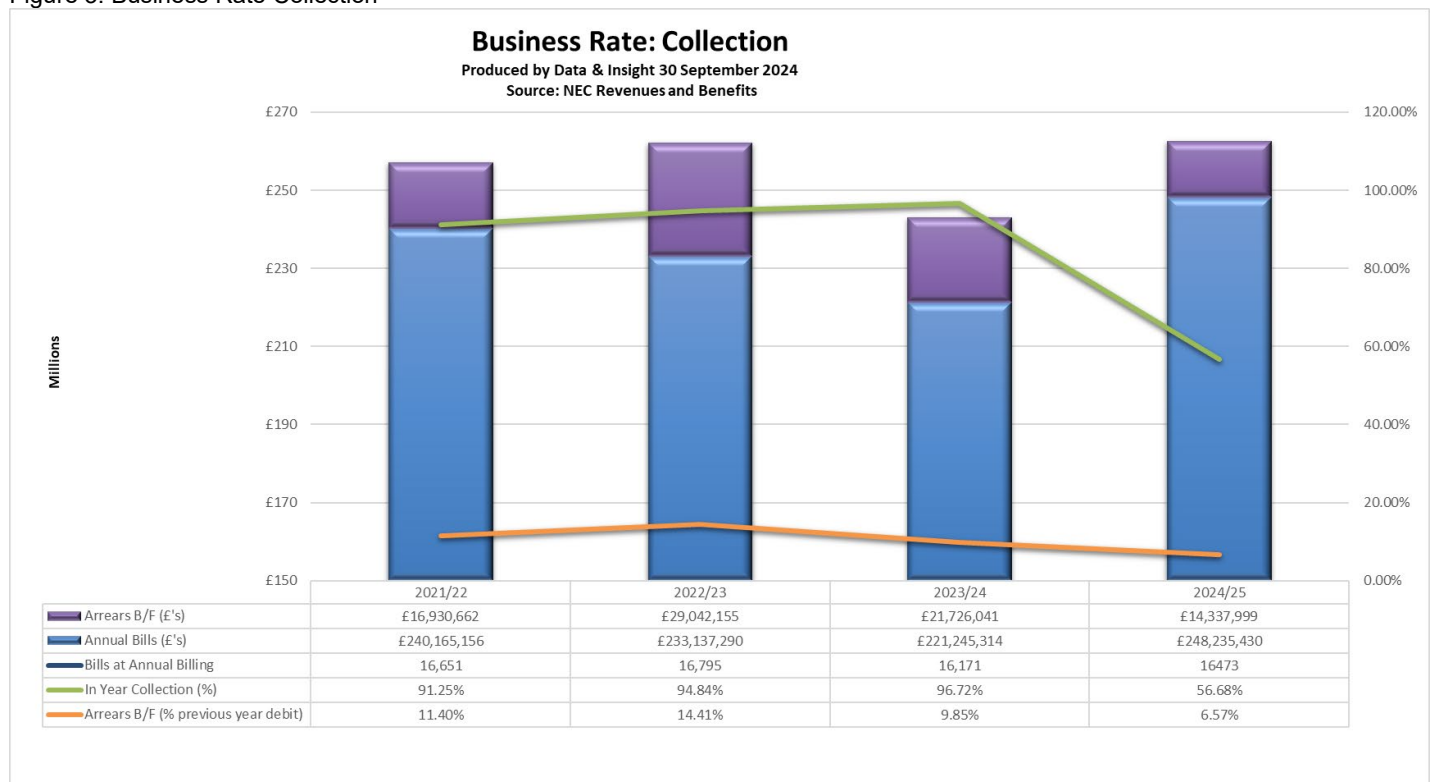
Table 4: Direct debit / non-direct debit payments (including. nil bills)

Payment Type	No.	Percentage
Other Payment Methods	78,447	36.97%
Direct Debit (inc. Salary Deductions)	133,735	63.03%
Total	212,182	100.00%

Business Rates (Non-Domestic Rates)

3.18. Business rates arrears for previous years stood at £11.096m on 30 September 2024, a reduction on the £14.338m on 01 April 2024. Collection rate trends are shown in Figure 3.

Figure 3: Business Rate Collection



3.19. There were 16,473 annual bills issued for the total sum of £248.235m during March 2024.

3.20. Recovery action continues where there is non-payment.

3.21. The split of direct debit / non-direct debit payers for open accounts, including where no charge is due, is shown in Table 5. Many businesses choose to pay by direct BACS credit.

Table 5: Direct debit / non-direct debit payments (including nil bills)

Payment Type	No.	Percentage
Other Payment Methods	10,634	64.62%
Direct Debit	5,822	35.38%
Total	16,456	100.00%

Overpaid Housing Benefit

3.22. Total outstanding Housing Benefit (HB) overpayments (debt) on 30 September 2024 is shown as £18,272,756 on the report produced for the Department for Work and Pensions (DWP).

3.23. Total debt is reported from two separate areas of the system as split out in table 1:

- 'Benefits' - where it is being repaid via ongoing entitlement from a person's HB or from their landlord's payment (from a payment of HB for other tenants being made to that landlord). We can also seek recovery via the DWP from other welfare benefits.
- 'Debtors' - where collection and recovery are via invoice and reminders.

3.24. Individual debts move between the Benefits and Debtors areas of the system, depending on the person's circumstances at the time.

3.25. From January 2025, the weekly recovery rate for those remaining on Housing Benefit will be increased to the standard rate of £13.65 for those cases that are due to migrate to Universal Credit in the near future. All other cases will be recovered at the existing reduced rate of £4.25 per week but can be further reduced if people found themselves in exceptional hardship.

3.26. Accelerated migration of HB cases to Universal Credit is reducing the amount we can recover from ongoing entitlement, the HB caseload having reduced by 12% over this period.

3.27. Table 6 shows the breakdown of the recovery through the Benefits system.

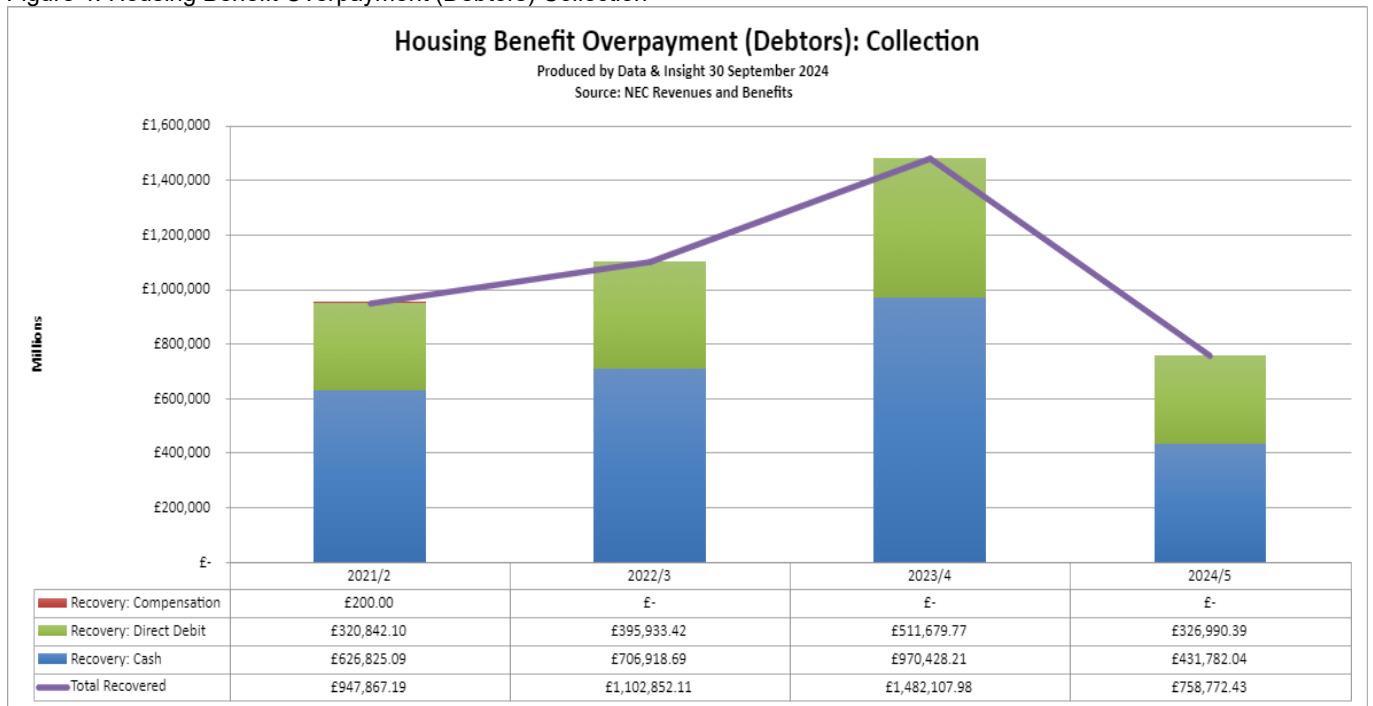
Table 6: Housing Benefit Recoveries through 'Benefits'

Recovery method	Amount recovered 23/24	Amount recovered Q1 and 2 24/25
Ongoing HB entitlement	£714,900	£231,271
Landlord recovery	£655,781	£387,155
Request to DWP	£417,476	£318,496
TOTAL	£1,788,157	£936,922

3.28. There were 2,190 invoices issued for the total sum of £2.534m between 1 April 2024 and 30 September 2024.

3.29. Collection rate trends are shown in Figure 4.

Figure 4: Housing Benefit Overpayment (Debtors) Collection



3.30. Collection and recovery activity continues with increased numbers of cases referred to employers for direct earnings attachments or to collection agents.

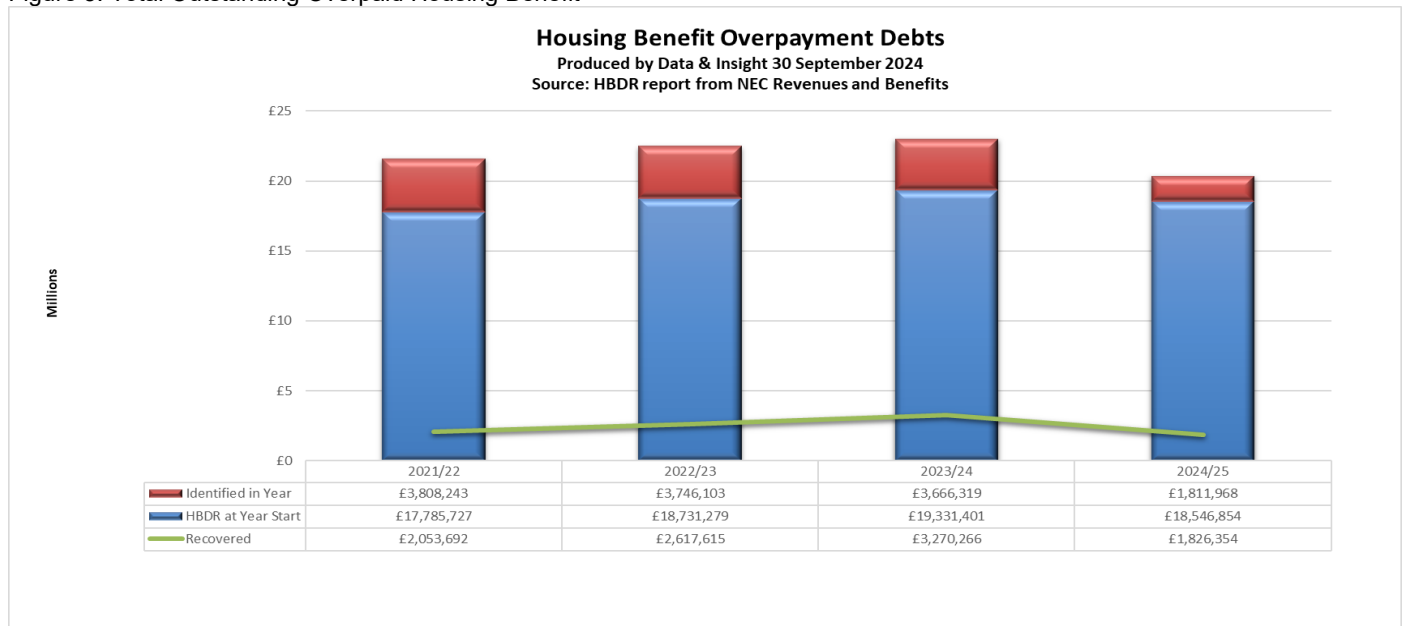
3.31. The split of direct debit / non-direct debit payers for those recovered by invoice is shown in Table 7.

Table 7: Direct debit / non-direct debit payments

Payment Type	No.	Percentage
Other Payment Methods	3,168	67.48%
Direct Debit	1,527	32.52%
Total	4,695	100.00%

3.32. Figure 5 shows the figures for overall debt as reported to the DWP which includes combined collection figures for Housing Benefit overpayment.

Figure 5: Total Outstanding Overpaid Housing Benefit



Housing Revenue Accounts (Current Rent Arrears, Former Tenants Arrears and Leasehold)

3.33. Housing Revenue Account (HRA) total indebtedness in October 2024 totaled £17,291,034.

3.34. Of the overall HRA debt, 49.0% (£8,523,636) is made up of Standard Current Rent arrears these are residents who live in council owned homes. The rest of debt is made up of former debt (£4,084,171), Leasehold service charge arrears (£1,980,113) and other sub accounts (£2,703,114).

3.35. Breakdown of HRA debt is shown in Table 8.

Table 8: HRA debts shown against previous years with percentage change over last twelve months

Debt account class	Q2 22/23	Q2 23/24	Q2 24/25	Percentage change in last 12 months
Standard Current	£8,496,678	£8,752,787	£8,523,636	-2.62% ¹
Leasehold Current	N/A	£1,579,209	£1,980,113	25.39
Former Arrears	£2,645,041	£3,542,873	£4,084,171	15.28% ¹
Other Accounts	£1,316,014	£1,762,520	£2,703,114	53.37% ¹
Total debt for HRA	£12,457,733	£15,637,389	£17,291,034	9.56% ¹

¹ Subject to rounding.

3.36. The Income (HRA) service took over the management of Leasehold debt from the General Fund (Resources) following the transformation of the Rents & Leasehold service in March 2023. The actual debt is added every six months and (£694,539) was added in week commencing 29th September 2024 which is reflected in large jump in leasehold arrears above.

- 3.37. Standard rent account decreased by £229,151 in the previous twelve months. Residents in arrears decreased from 49.98% to 47.83% since October 2023.
- 3.38. We have been unable to run the service at full capacity due to recruitment issues and staff turnover. A manual Direct Debit review was carried out in March 2024, which took officers away from business-as-usual activities which also had an impact on our performance in March.
- 3.39. The average collection rate for the last twelve months was 99.12%. This was an improvement from 2023-2024 when our average collection rate was 98.81% although below our target of 100%.

Housing (Temporary Accommodation)

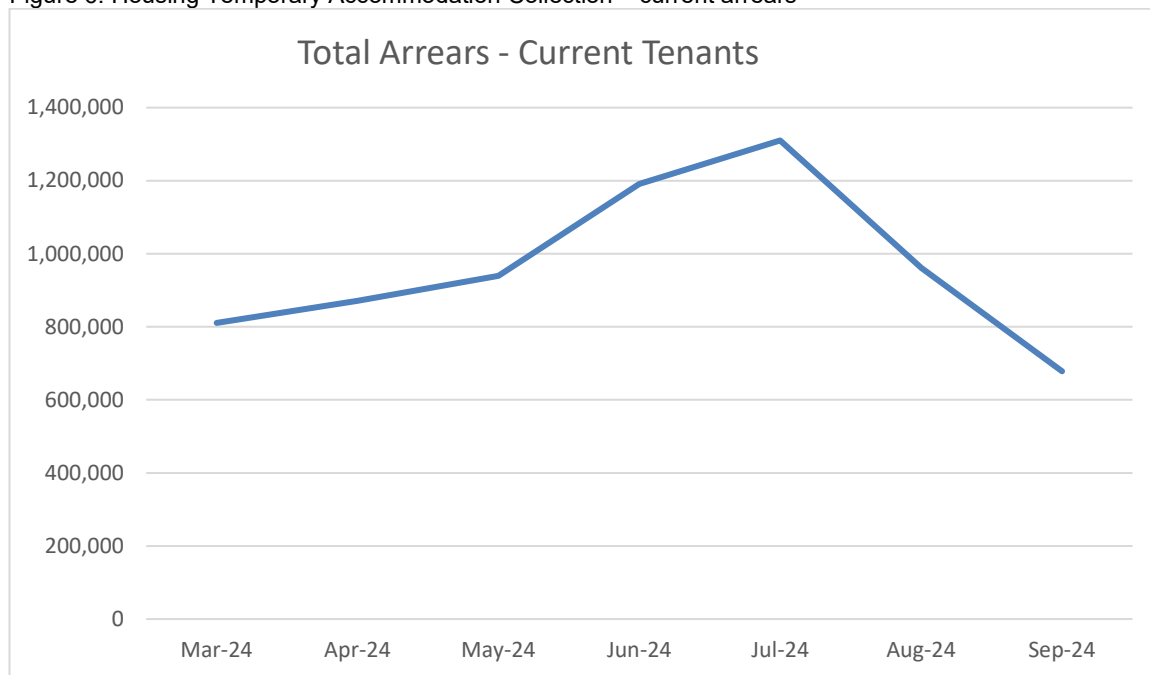
- 3.40. There continues to be an increase in arrears in TA, this can be attributed to increased numbers of households presenting and being placed into emergency accommodation. Bristol has seen similar increases to that which is reflected in the national landscape, where there has been an increase in demand for emergency accommodation. A significant proportion of clients in TA tend also to not be tenancy ready, and managing a rent account is a significant component of this.
- 3.41. Temporary Accommodation arrears as of 30 September 2024, by comparison with 31 March 2024 is shown in table 9

Table 9: Temporary Accommodation Arrears

Temporary Accommodation Arrears	31 March 2024	30 September 2024
Former Arrears	£2,703,617	£3,341,743
Current Arrears	£810,375	£678,304
Total	£3,513,992	£4,020,047

- 3.42. This is an increase of £506,055 from the figure of £3,513,992 as of 31 March 2024. There are, however, issues with overreporting of Temporary Accommodation debt from our rent accounting system. When these issues are resolved we expect the debt figures will reduce. More information on the issues is below.
- 3.43. We identified a system error following the introduction in July 2023 of a new interface between the Housing Benefits IT system and our rent accounting system. This has resulted in Housing Benefit income not being correctly allocated to client accounts, which resulted in a requirement for manual processing which creates a time lag with posting payments to accounts. We are in the process of transferring to a new Housing management system in the coming months, as part of the Housing IT Transformation programme, which will resolve these issues.
- 3.44. The average monthly collection of charges (not covered by housing benefit) from client households in temporary accommodation in 2023-24 is £65,417.65. As at 30 September 2024 this has increased to £66,651.88. The average recovery rate for this element was 69%.

Figure 6: Housing Temporary Accommodation Collection – current arrears



3.45. All short-term letting accounts are monitored (both current and former accounts) and reviewed and arrears letters and actions are undertaken every two weeks to maximise recovery. Current arrears continued to increase during the summer of 2024, reaching a high of £1,310,315 in July (please see figure 6 above). From 1 August 2024 a specific task force of Tenancy Support Officers, working alongside the Interim Supported Accommodation Team, have written to and visited in person 1,974 EA account holders. (Please note some clients who have not engaged in repayment plans have been visited more than once)

3.46. The cumulative impact of direct and in person debt recovery in partnership with our Interim Supported Accommodation Team has resulted in a 51.77% reduction in current placement arrears from July to September 2024. The service redesign as part of the wider Tackling Homelessness Programme will address a number of the issues impacting arrears, including additional staff resource with the creation of the Move-On Team.

Parking Services (Penalty Charge Notices)

3.47. Table 10 shows the number of PCN’s issued (excluding the Clean Air Zone), outstanding balances and collection rates for the outstanding debt for contraventions that occurred in the last financial year. The value of outstanding contraventions from the current financial year have not been included as these are considered live debts which are still progressing through the statutory stages of the PCN lifecycle.

Table 10: Parking Services Collection Performance (exc. Clean Air Zone)

	2019/20	2020/21	2021/22	2022/23	2023/24
Parking PCNs	97,981	60,655	92,254	99,226	109,557
Bus Lane PCNs	47,373	78,018	172,020	121,994	125,840
Total PCNs Issued	145,354	138,673	264,274	221,260	235,397
No. PCNs Outstanding	20,147	34,465	48,265	39,112	40,824
No. PCNs Outstanding (%)	13.86%	24.85%	18.26%	17.68%	17.34%
Face Value of Debt at Year End ¹	£1,542,520	£2,167,770	£3,460,012	£3,073,530	£2,974,416
Value of Year End Liability ²	£549,689	£685,543	£873,644	£859,407	£986,845
Liability as a % of Debt	35.64%	31.62%	25.25%	27.96%	33.18%
Amount Collected in Following Year ³	£454,356	£747,833	£959,407	£1,256,20	£1,248,655 ⁴
Year End Debt (%)	29.46%	34.50%	27.73%	40.87%	41.98%⁴

¹ This is the face value of all outstanding PCNs at the end of each financial year.

² This is an assessment of the value of the outstanding debt for any PCNs issued in that year which are expected to be recovered.

³ This is the actual amount of debt that was recovered in the following financial year.

⁴ Figures as at 30/09/2024.

3.48. The data in Table 10 reflects Covid and the performance of Enforcement Agents. A larger percentage of debts were unpaid during Covid, and debt recovery was lower when Enforcement Agents were suspended. Since the introduction of additional measures under the corporate debt management policy and the re-establishment of Enforcement Agents, debt collection has increased significantly. A lot of the debt collected in 23-24 related to the backlog of PCNs from earlier years, and we do not expect this level to be maintained long term.

3.49. Bristol's Clean Air Zone began on 28th November 2022. Data for 2022-23 reflects the establishment of the new service and partial year data will not be reflective of future rolling years. There is no formal definition of 'overdue' debt for Penalty Charge Notices. These figures represent the outstanding debt for contraventions that occurred in the last financial year. The value of outstanding contraventions from the current financial year have not been included as these are considered live debts which are still progressing through the statutory stages of the PCN lifecycle.

Table 11: Parking Services Collection Performance Clean Air Zone

	2022/23	2023-24
Total PCNs Issued	167,553	533,620
No. PCNs Outstanding	107,193	164,741
No. PCNs Outstanding (%)	51.40%	30.87%
Face Value of Debt at Year End ¹	£10,787,930	£25,119,490
Value of Year End Liability ²	£2,835,896	£7,787,740
Liability as a % of Debt	26.29%	31%
Amount Collected in Following Year ³	£3,743,758	£3,837,107 ⁴
Year End Debt (%)	34.7%	15.28%⁴

¹This is the face value of all outstanding PCNs at the end of each financial year.

² This is an assessment of the value of the outstanding debt for any PCNs issued in that year which are expected to be recovered.

³ This is the actual amount of debt that was recovered in the following financial year.

⁴ Figures as at 30/09/2024.

- 3.50. Due to the nature of the processing of Clean Air Zone PCNs, not all PCNs for contraventions that occur in a given financial year are issued in that financial year. An estimate is made at year-end of the PCNs yet to be issued, and these are included in the year-end liability. Data in the tables above represents that estimated debt position at each year end. Actual PCN numbers will be different.
- 3.51. Proportionately, long term CAZ debt is expected to be in line with Parking and Bus Lane debt although it will always be higher in financial terms because the initial debt (set by legislation) is £129 compared to £70 for Parking & Bus Lane. The higher debt also reflects the generally higher number of PCNs that are issued. Although it should be noted that PCN numbers are falling in line with the expected reduction in non-compliant vehicles and increase in compliance.
- 3.52. PCNs follow a statutory process and each debt increases in value over time. It takes between 4 and 6 months for PCNs to work through the various legislative stages which culminate with the registration of the debt at the Traffic Enforcement Centre at Northampton County Court which will issue an Order for recovery and a warrant for the Enforcement Agents.
- 3.53. There has been a delay in issuing warrants to Enforcement Agents for CAZ. This is due to the backlog that had built up whilst enforcement agent referrals were suspended compounded by ICT issues with the transfer of data to the courts. The backlog of referrals is significantly reduced and ICT issues are now resolved. We expect recovery rates to improve in the latter half of 2024-25.
- 3.54. Almost all payments in respect of PCNs are received via the council's online payment portal or via the automated telephone payment line. Payments made in cash are received at the council's Citizen Service Point.
- 3.55. It is not possible to map PCNs issued (or outstanding) as a considerable number relate to addresses outside of Bristol City Council's administrative boundary.

4. Debt Support

- 4.1. Cost of living pressures are clearly continuing to impact and we continue to work with individuals who are struggling to pay.
- 4.2. The 'premium rate' telephone line for payments has been replaced, making calls to this line more affordable.
- 4.3. The debt support referral service allows customer facing teams across the council to refer those struggling with unmanageable debt, and who often have other non-financial problems, for support, advice and signposting.
- 4.4. When resources allow, we hold debt clinics around the city targeting those living in the locality where our records indicate high levels of debts exist.
- 4.5. Bulk multi-channel campaigns continue to encourage contact for some debt types and signpost customers to sources of self-service support and advice.

5. Other Activities and Areas for Further Improvement

- 5.1. A new report will be designed to provide a drillable, transactional data set across all debt types, to support service areas in maximising income and to move towards a single view of debt; delivery date has not yet been decided.
- 5.2. A new 'Managing Our Debt' project has been initiated to provide governance and oversight for the work to:
 - Implement updates to the Corporate Debt Management Policy, streamlining internal processes. This will be proposed for adoption following S151 Officer approval in consultation with Strategy & Resources Chair and Vice Chair.
 - Reduce the level and age of outstanding debt and maximise revenue collection in the short-medium term by establishing a new centralised Debt Collection and Recovery Team to cleanse the data in Accounts Receivable and devise and undertake an action plan to recover collectable debt.
 - Review the end-to-end process of Accounts Receivable for prompt collection of debt, and ensure appropriate monitoring and controls are in place.
 - Identify and develop opportunities for continuous service improvement and transformation.

The 'Managing Our Debt' project will improve the overall debt position and provide progress updates to the Strategy and Resources Committee.

6. Written Off Debt

- 6.1. Debts are proposed for write off only when all recovery avenues have been exhausted and are approved in accordance with the authorisation levels set out in the financial regulations.
- 6.2. Write offs in the period 01 April 2024 to 30 September 2024 totaled £10.553m.
- 6.3. Table 10 below details the total number and value of write offs actioned, by debt type, during the first two quarters of 2024/25.

Table 4: Write off by Debt Type

Write Off Description	Value	Percentage
Accounts Receivable	£57,357	1%
Council Tax	£2,368,885	22%
National Non-Domestic Rates (NNDR)	£785,503	7%
Overpaid Housing Benefit (total)	£308,066	3%
Housing Revenue Accounts (Former Accounts only)	£683,623	6%
Housing (Temporary Accommodation)	£NIL	NIL
Parking Services (Penalty Charge Notices)	£1,183,871	11%
Parking Services (Clean Air Zone PCNs) ²	£5,166,598	49%
TOTAL	£10,553,903	100.00%¹

¹ Subject to rounding

² CAZ data **excludes** the potential PCNs for foreign vehicles which were written off rather than issued as a) we do not have the means to identify if they are compliant with the required Air Quality standards or not and b) do not have access to registered keeper details. A national register that would have enabled us to process these was not delivered by central government.