

# Resources Scrutiny Commission

## 01 December 2022



**Report of:** Director of Finance

**Title:** Update on the Council's Debt and Arrears Position

**Ward:** City Wide

**Officer Presenting Report:** Kevin Smith (Operations Manager, Revenues and Benefits)

### Recommendations:

- That the Commission note the internal debt / arrears update report to the period 30 September 2022 and the ethical approach to debt collection being taken to address this position.

### Summary

This report seeks to provide the Commission with a high-level update on the Council's debt position and write offs and the ethical steps being taken to improve collection and minimise sundry debt.

### The significant issues in this report are:

- That the level of debt across all debt types remains higher than in previous years due to the impact of the COVID-19 pandemic and temporarily reducing, pausing or delaying recovery action during 2020/21 and 2021/22 and more recently in conjunction with the cost-of-living crisis and wider global macroeconomic events.
- Write offs undertaken during the period 01 April 2022 to 30 September 2022 have increased from the previous year due to increased recovery activity.



## 1. Summary

- 1.1. This briefing paper provides an overview of the debt position across revenues and benefits, parking services, housing (domestic rent and temporary accommodation) and sundry debt (including adult social care) and details the steps being taken to improve collection and minimise sundry debt across a number of service areas.
- 1.2. The implementation of a corporate debt management policy has assisted with the alignment of collection and recovery processes across all debt types (where legislatively possible) bringing together best practice.
- 1.3. 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 2022 to 30 September 2022.

## 2. Wider macro economic events

- 2.1. The council sends invoices, bills and demand notices in respect of various statutory and non-statutory charges. The methods for the billing and recovery of statutory charges are prescribed by statute, whereas those in respect of non-statutory debts are less prescribed.
- 2.2. The council collects income from many streams; some of this activity is governed by legislation while others by sound principles of financial management. The key to economic, efficient and effective income management is the creation and maintenance of a clear framework that sets out the approach, principles and strategy within which all activities will be conducted.
- 2.3. It is essential that all monies due are collected effectively by the council and that debt owed to the council is kept to a minimum. This is because the council has both a legal duty and a responsibility to its citizens to ensure that income due is collected promptly.
- 2.4. Effective income management processes are critical to the delivery of overall council service objectives. An efficient income management process contributes to the availability of resources for service provision. Every pound of income that is not collected or takes extra effort to collect leads to one or two potential outcomes, namely:
  - A resource needing to be taken from the overall service budget to compensate for the cost of collection, for example charging order costs; or
  - Loss of income for the council which could in the longer term result in reduced services.

## 3. Impact

### 3.1. COVID-19 Pandemic

- 3.1.1. The impact of COVID-19 pandemic on both citizens and businesses was unprecedented and despite a huge degree of public policy support, the crisis hit incomes and employment opportunities.
- 3.1.2. There is evidence to suggest that some households, particularly those with low incomes, have exhausted savings and increased debt since the start of the pandemic.
- 3.1.3. During the COVID-19 pandemic, like many authorities, Bristol temporarily suspended or paused recovery work. This temporary measure aligned with the governments circa.18 months COVID-19 support; to businesses via grants and reliefs, tenants via the eviction ban, low-income households via the local council tax support payments and £20 per week uplift in universal credit, which ended in October 2021.

- 3.1.4. Council financial government support included a scheme for in-year loss of income (including summons income) which compensated councils for 75% of 95% of income loss on qualifying streams once assessed as irrecoverable. This funding applied to both 2020/21 and 2021/22 however this ceased from 2022/23.

## 3.2. Cost of Living Crisis

- 3.2.1. Wider macro-economic events such as the UK's exit from the European Union, response to the pandemic and the war in Ukraine have led to a series of supply chain disruptions, labour shortages, increase in energy prices and ultimately rising costs to produce items and provide services, with the following impacts:

- Inflation – the Office for National Statistics<sup>1</sup> reported on 19 October 2022 that CPI for September 2022 stood at 10.1%, an increase of 0.2% on the previous month and a 7.0% increase from September 2021.
- Mortgage rates – the rates for 2- and 5-year fix mortgages have risen in response to the Bank of England raising base rates from historically low figures. This particularly impacts those on standard variable rate or tracker mortgages but may also impact those whose fixed term deals are due to end over the coming months.
- Rents – the rental market has been buoyant in Bristol for some time and increases in mortgage rates could lead to landlords increasing rent. This will further restrict properties available to those on lower incomes.
- Energy prices - from 01 October 2022, the amount companies can charge customers increased by 80%, with the bill for a typical household expected to reach £296 per month. The government has also recently announced that the energy price guarantee will end in April 2023 rather than remaining in place for two years.

- 3.2.2. Business costs have significantly risen over the past year which presents real challenges as they continue to recover from the pandemic and ensure the resilience of cash-flow in the face of increasing demand conditions.

- 3.2.3. While the crisis will affect all households, some groups will be affected more than others. Low income households are most at risk and will face particular challenges as a result of reduced real term incomes and increased costs. there is increased pressure on household finances and a situation where living standards are being squeezed such that people cannot afford the standard of living that they were accustomed to.

- 3.2.4. The temporary pause of recovery activity across all income streams from March 2020 had a significant impact on income in both 2020/21 and 2021/22 and continues to be felt in 2022/23. The lifting of that pause from late October 2021 saw a resumption in collection activity. This has had a positive impact on income levels as the city and Council commence post pandemic recovery, but may not be fully realised until the 2023/24 financial year.

## 4. Current Position

- 4.1. Debt is an evolving position and as such reports reflect a snapshot at a period in time. Table 1 below shows the overarching level of debt per debt type as of 30 September 2022. This is a cumulative figure and includes arrears that may stretch back across many years. This figure is higher than in previous years due to a number of factors:

- The COVID-19 pandemic temporarily reducing or delaying recovery action

<sup>1</sup> [www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23](https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23)

- Write off decisions have been delayed due to the temporary pause or reduction of recovery action
- The financial impact of COVID-19 on citizens and their ability to make payment towards, for example, council tax.

Table 1: Debt Summary by Debt Type

Type of debt	Outstanding Debt	Percentage
Accounts Receivable <sup>1</sup>	£62,515,951	38.99%
Council Tax	£40,539,486	25.29%
National Non-Domestic Rates (NNDR)	£29,058,519	18.13%
Overpaid Housing Benefit	£10,337,259	6.45%
Housing (Accounts including Current Rent Arrears) <sup>1,2</sup>	£12,457,733	7.77%
Housing (Temporary Accommodation) <sup>1,2</sup>	£1,952,575	1.22%
Penalty Charge Notices <sup>1,2</sup>	£3,460,012	2.16%
<b>Total</b>	<b>£160,321,5357</b>	<b>100.00%<sup>3</sup></b>

<sup>1</sup> This figure is subject to annual fluctuations as these debt types are billed on an 'as required' basis.

<sup>2</sup> These debt types are collected outside of Revenues.

<sup>3</sup> Subject to rounding

## Accounts Receivable

4.2. The total sum outstanding in respect of sundry debt as of 30 September 2022 is £62.515m (representing 38.99% of the total council debt, see Table 1 above). This contrasts with the brought forward balance of £78.300m as of 31 March 2022 and represents a reduction of 20.16% as of 30 September 2022.

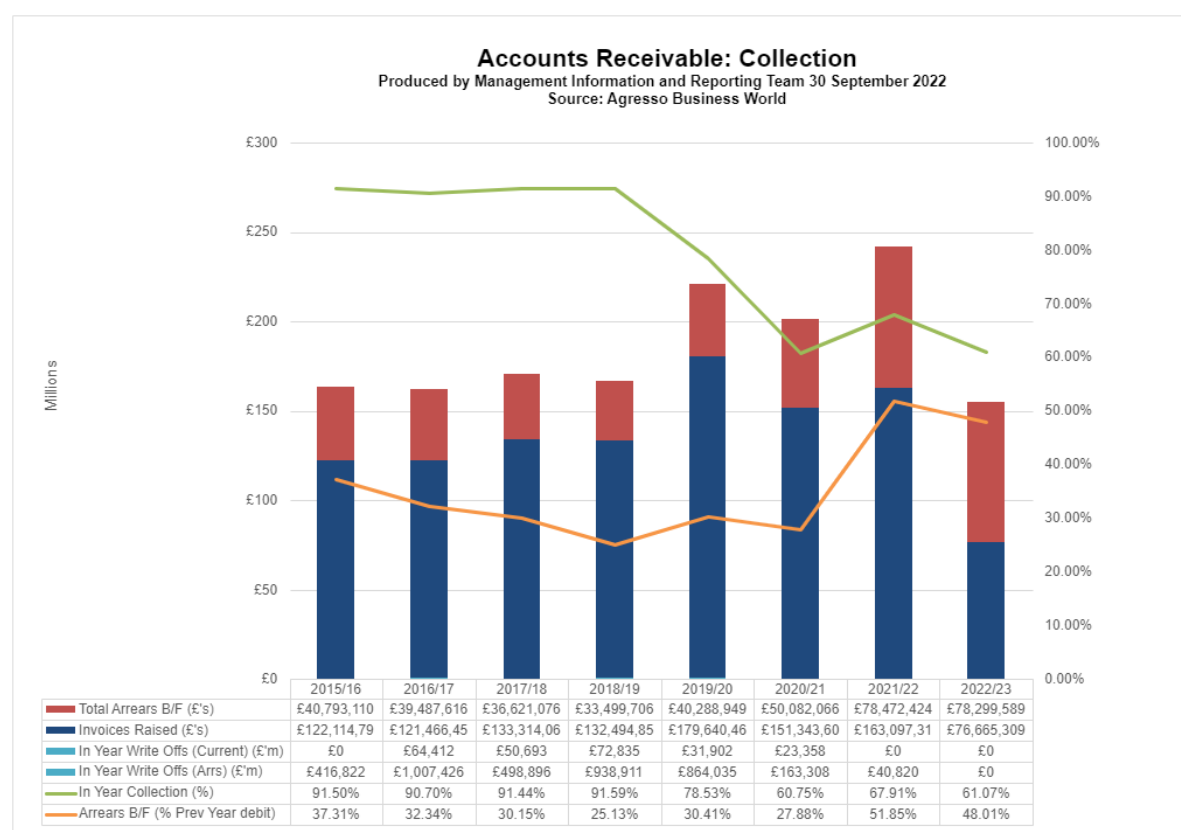
4.3. Table 2 below compares data at year end (Q4) 2020/21 and subsequent quarters. The total sum outstanding will fluctuate as invoices are raised and / or move through the Dunning process.

Table 2: Accounts Receivable

Report Date	Up to 90 days	90 to 365 days	Over 1 year	Total Outstanding
31 Mar 2021	£43,862,645	£15,035,819	£19,573,960	£78,472,424
30 Jun 2021	£20,523,236	£12,953,705	£18,081,290	£51,558,231
30 Sep 2021	£14,862,338	£22,846,172	£19,085,940	£56,797,450
31 Dec 2021	£15,909,649	£20,619,594	£20,068,984	£56,598,228
31 Mar 2022	£39,563,980	£17,414,964	£21,320,646	£78,299,589
30 Jun 2022	£28,282,231	£15,587,814	£25,116,989	£68,987,034
30 Sep 2022	£16,599,239	£24,188,877	£21,727,835	£62,515,951

- 4.4. It should be noted however that debt levels across all stages fluctuate over time due to the ad hoc nature of invoicing.
- 4.5. Over 1 year old debt has increased slightly, by £0.407m, since 31 March 2022 and there is a continued uptick in debt between 90 days and 1 year of £6.774m over the same period, although, as can be seen from the data in Table 2, this is a similar pattern to that in 2021/22.
- 4.6. Whilst all aged debt is pursued it is recognised that once debt reaches 1 year old it becomes increasingly difficult to collect for a number of reasons including those set out below:
- Data ages and becomes less relevant
  - Prioritisation of other debts by debtors
  - The legitimacy of the debt is questioned by debtors
- 4.7. The Income Collection team is responsible for collecting outstanding amounts of circa £150m per annum and is responsible for post invoice collection activity. However, there is a reliance on service areas taking some ownership of unpaid invoices issued within their area early in the collection process, from accurate invoicing to reviewing outstanding debt reports and making proactive contact with customers to encourage payment prior to the more formal collection activity commencing.
- 4.8. Accounts receivable collection rate trends are shown in Figure 1 overleaf.

Figure 1: Accounts Receivable Collection



## Positives

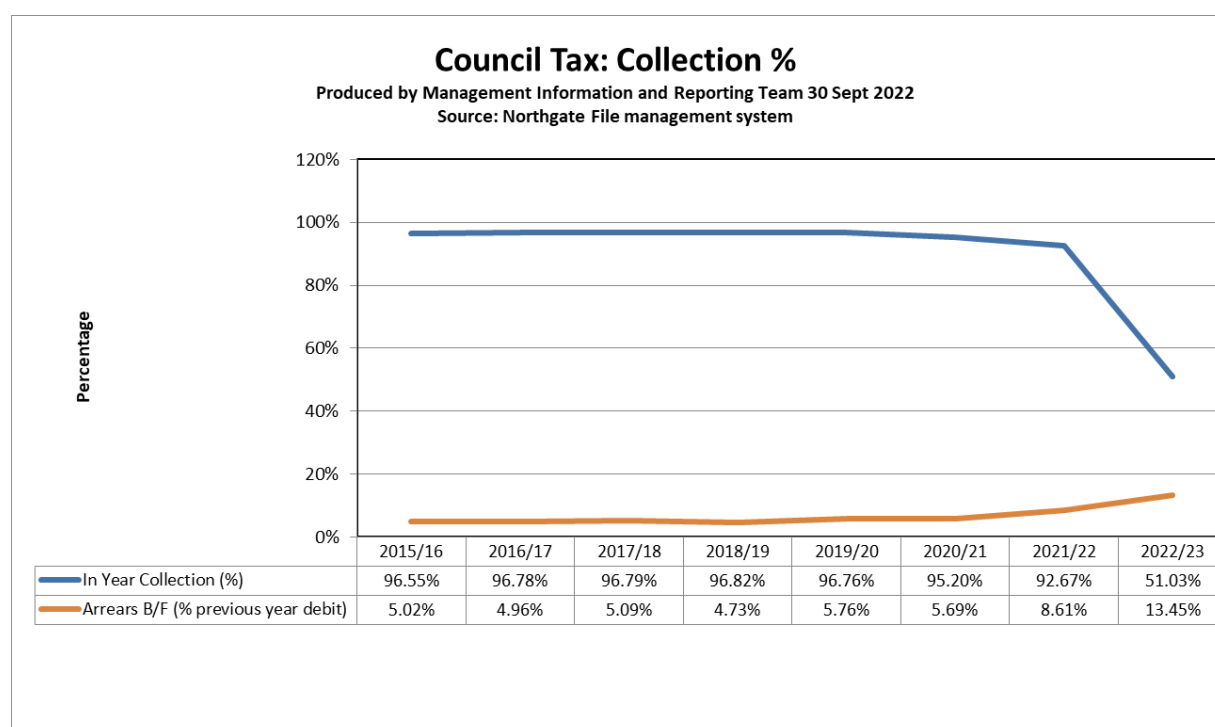
- 4.9. Permanent resource in adult social care is delivering targeted activity which is helping to reduce the level of older debt. This is in line with Care Act guidance which suggests embedding the initial stages of the recovery of care debt within social care teams.

- 4.10. Some centralisation of debt recovery continues to provide a more consistent approach to debt recovery and an increased focus.
- 4.11. Sundry debt reporting is included in the monthly financial monitoring reports by service area and is now available on an as required basis to budget holders.
- 4.12. Engagement with individual service areas is providing focus on unpaid invoices within those areas.

## Council Tax

- 4.13. Council tax debt / arrears on 30 September 2022 are £40.539m (representing 25.92% of the total council debt) this is in comparison to £38.191m as of 01 April 2022. Collection rate trends are shown in Figure 2 below. The collection rates prior to 2020/21 are all at pre pandemic levels and it should be noted that the 2022/23 dip is partially associated with it being a part year.

Figure 2: Council Tax Collection



- 4.14. Collection outturn in respect of council tax remained stable prior to 2020/21 when outturn was compromised by the impact of the COVID-19 pandemic. This has resulted in the level of arrears increasing significantly as shown by the increase in the arrears brought forward figure for 2022/23.
- 4.15. Bristol has c.63% of households (chargeable dwellings) in council tax liability band A and B (19% above the national average of 44% as of December 2021). Band B is the modal national council tax liability for the low-income population and the households / groups which are considered more likely than average to have taken on more debt or be more indebted since the start of the pandemic.
- 4.16. The current council tax reduction scheme in place in Bristol allows for 100% reduction in council tax liability, meaning that 17,665 households in Bristol have no council tax liability and, subsequently, those with a liability have either not applied for council tax reduction or have been assessed as being able to pay a proportion of their liability.
- 4.17. In addition, collection is lower than in previous years due to a range of factors:
- Increase in council tax charges of 4.99% in 2021/22 and 2.99% in 2022/23

- Increase in the number of residents who qualify for discounts and exemptions. Bristol's tax base in 2022/23 is reduced by 25.3% due to the impact of council tax discounts and exemptions, whereas the average reduction across England is c.20%.
- The reduction in the number of eligible LCTRS claimants
- Covid-19 Additional Relief (CARF) was announced by Government to support those businesses affected by the pandemic that were not eligible for other support. During September 2022, £12.8m was allocated to recipients rate accounts for the 21-22 year. Approximately £0.5m has reduced 2021/22 arrears, £2.7m has been refunded where accounts were paid up to date and the bulk was transferred to cover this year's liability.

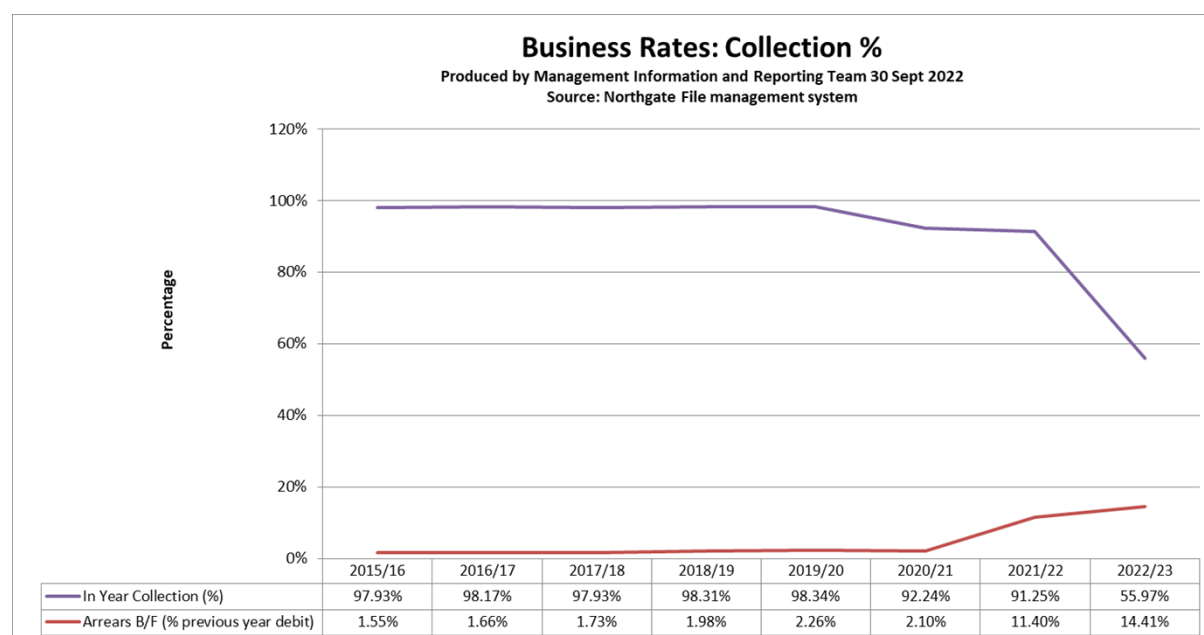
4.18. Additionally, temporarily pausing or reducing recovery or enforcement action and inability to get time in court due to court closures and new ways of working has affected both in-year collection rates and collection of arrears.

4.19. The collective measures / schemes above have reduced the amount due to be collected and resulted in a lower rate of collection.

## 5. Non-Domestic Rates (Business Rates)

5.1. Business rates debt / arrears as of 30 September 2022 totaled £29.058m (representing 18.58% of the total council debt) this is in comparison to £29.042m as of 01 April 2022. Collection rate trends are shown in Figure 3 below.

Figure 3: Business Rate Collection



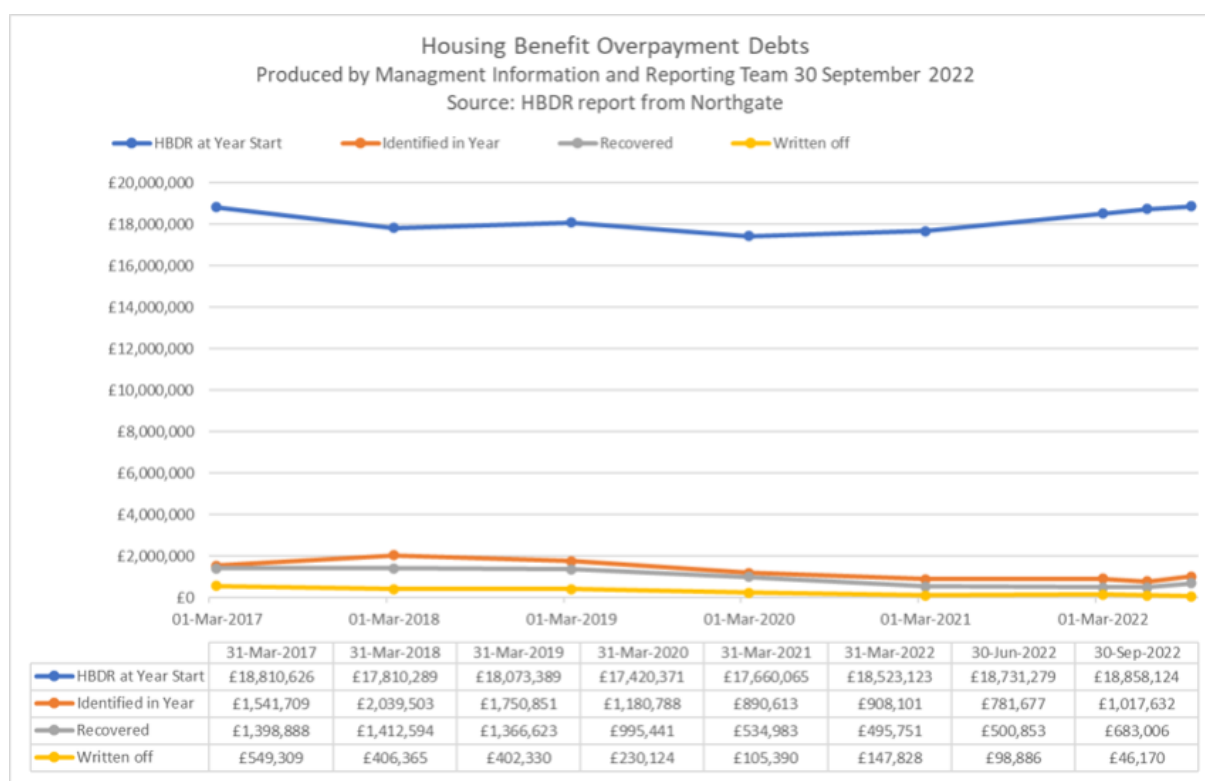
5.2. National collection picture - by the end of March 2022, local authorities had achieved an average in-year collection rate of 95.5% (Bristol 91.25%), an increase of 2.5 percentage points over 2020/21 (Bristol 92.24%). This is partly because of the temporary reduction or pause in recovery action which continued during 2021/22 but also due to business insolvency and recovery from the impact of the COVID-19 pandemic.

5.3. Appeals against the Rating List have also had a negative impact on collection, with gross rates being reduced by some £6m (as of 30 September 2022) since April 2022, thereby negatively impacting on year end business rates income.

- 5.4. The ongoing economic uncertainty and business outlook may have a material impact on collection outturn.

### Overpaid Housing Benefit

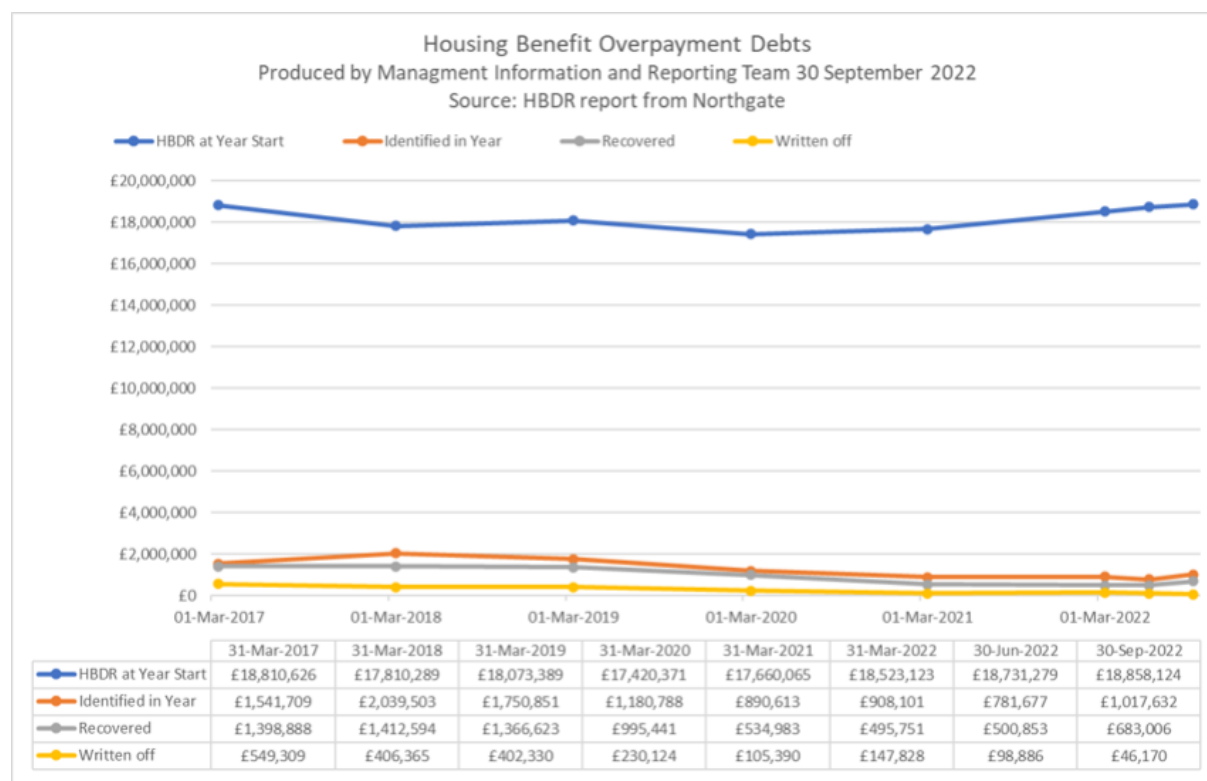
- 5.5. Housing benefit debt / arrears (where citizens were no longer in receipt of housing benefit) on 30 September 2022 totaled £10.337m (representing 6.61% of the total council debt) this is in comparison to £10.83m as of 01 April 2022.
- 5.6. By 30 September 2022 a further £6.12m overpaid housing benefit is owed by those who are still entitled to Housing Benefit.



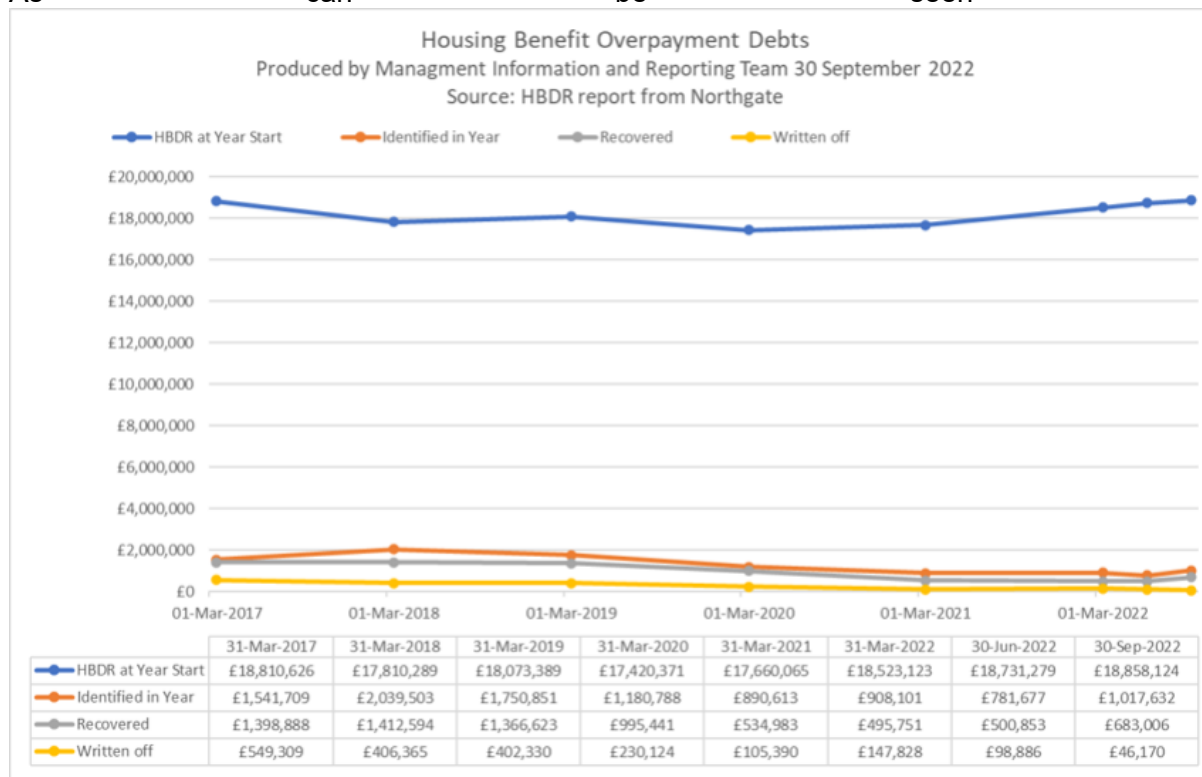
- 5.7. shows the figures for overall debt as reported to the Department for Work and Pensions.



Figure 4: Total Outstanding Overpaid Housing Benefit



5.8. As can be seen from



, the overall level of overpaid housing benefit has remained relatively constant in the range of £18m to £19m since March 2017.

### Housing (Accounts including Current Rent Arrears)

5.9. Housing Revenue Account total indebtedness as at 30 September 2022 totaled £12.458m (representing 7.96% of the total council debt), as shown in Table 3 below. The sum outstanding includes all assets and former accounts but does not include Leasehold debt as these are held in another system which currently isn't managed by HRA services and may be captured elsewhere in this report.

5.10. Of the overall debt 68% is made up of Standard Current Rent arrears (£8.496m).

5.11. There have been reductions in the sums outstanding comparing the figures to the same period in 2021/22.

Table 3: Housing Revenue Account Arrears

	Week	2021/22	2022/23	Difference
Total Arrears	27	£12,792,227	£12,457,733	- £334,494
Standard Current Arrears	27	£8,554,067	£8,496,677	-£57,390

5.12. The Income and Leasehold service started the resumption of enforcement work in March 2022, starting with the serving of Notices, in line with the corporate debt management policy and in line with the new internal sign off process. As arrears fluctuate over the course of the year comparative data based on the same period for the previous year shows a reduction, however overall debt has increased. There has been an overall increase of £354,568 in standard current arrears from April 2022 (£8.1m).

5.13. Standard Current arrears are following a similar trajectory to 2020/21 where collection rates were affected due to the COVID-19 pandemic. As a proportion of gross debit standard current arrears sit at 7% and the average rent arrears for a resident has reduced from £791 to £744 during this period.

5.14. The number of residents owing more than seven weeks rent continues to reduce and currently sits at 12.58%, a reduction 1.12% from September 2021.

Table 4 below shows the average collection rates for the first six months of the current and previous years. At the end of September 2022 in year collection is 98.6% and performance since April has been encouraging, reaching over 100% in July and 99.40% in August 2022 respectively.

Table 4: Housing Rent Collection Rates

Month	2019/20	2020/21	2021/22	2022/23
April	100.17%	95.14%	98.84%	96.49%
May	97.73%	96.09%	100.41%	98.24%
June	100.28%	97.99%	98.77%	98.23%
July	100.48%	96.32%	100.10%	100.62%
August	100.22%	101.09%	98.50%	99.40%
September	101.11%	103.73%	98.64%	98.81%
<b>Average</b>	<b>100.00%</b>	<b>98.39%</b>	<b>99.21%</b>	<b>98.63%</b>

5.16. There has been a 2.32% increase in collection rates since April 2022. Collection rates have been affected by the Rent increase in 2022/23 and the reduction of Discretionary Housing Payments in previous years.

5.17. Table 5 below shows the aged debt profile of former tenant arrears (14.4%) which are included in the total figure of £12.457m.

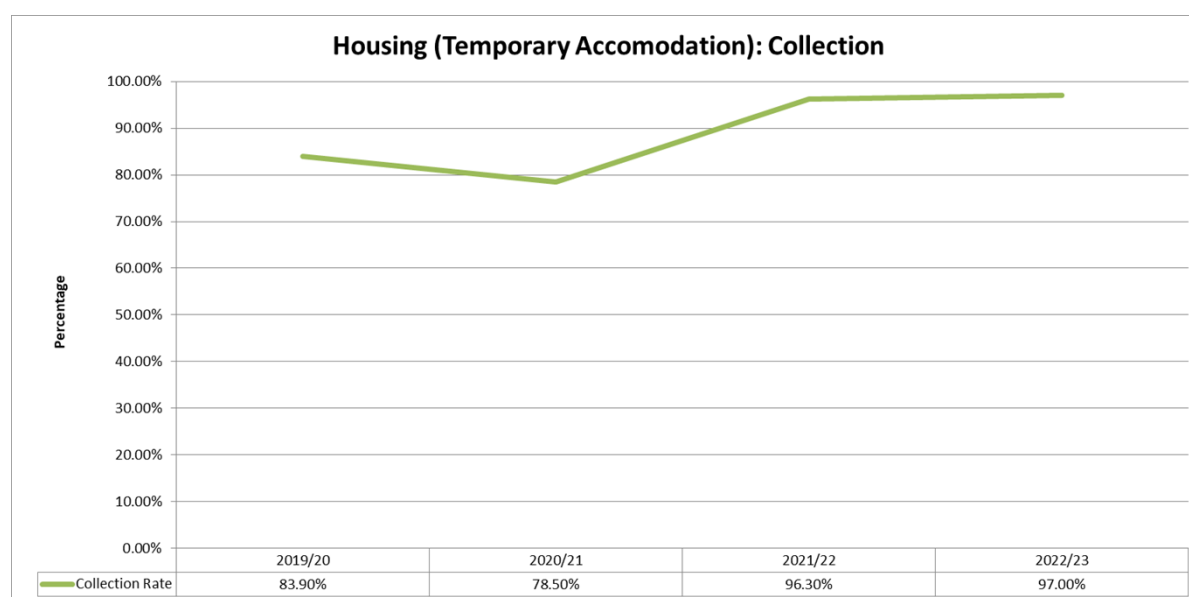
Table 5: Housing Rent - Former Tenant Debt Age Profile

Period	No.	No. (Percentage)	Value	Value (Percentage)
Over 6 years	32	1.77%	£35,843.63	2.00%
2017/8	13	0.72%	£19,655.09	1.10%
2018/9	115	6.36%	£124,679.99	6.96%
2019/2	445	24.61%	£480,319.92	26.81%
2020/1	337	18.64%	£342,799.37	19.14%
2021/2	510	28.21%	£448,834.35	25.06%
2022/3	356	19.69%	£339,158.22	18.93%
<b>Total</b>	<b>1,808</b>	<b>100.00%</b>	<b>£1,791,290.57</b>	<b>100.00%</b>

### Housing (Temporary Accommodation)

5.18. Temporary Accommodation debt on 30 September 2022 totaled £1.952m (representing 1.25% of the total council debt), with a further £0.25m in respect of debt outstanding on current client's accounts. Collection rate trends are shown in Figure 5 overleaf.

Figure 5: Housing (Temporary Accommodation) Collection Rates



5.19. Table 6 below details the sums outstanding split by year, noting the sum of £0.25m in respect of current clients is not included.

Table 6: Housing (Temporary Accommodation) Arrears

Period	No.	No. (Percentage)	Value	Value (Percentage)
2017/18	1	0.02%	£865.45	0.04%
2018/19	196	2.97%	£61,649.26	3.16%
2019/20	937	14.21%	£272,432.90	13.95%
2020/21	1,721	26.10%	£539,944.38	27.65%
2021/22	2,439	36.99%	£708,316.97	36.28%
2022/23	1,299	19.70%	£369,366.00	18.92%
<b>Total</b>	<b>6,593</b>	<b>100.00%</b>	<b>£1,952,574.96</b>	<b>100.00%</b>

### Penalty Charge Notices

5.20. Penalty Charge Notices debt / arrears on 26 September 2022 totaled £3.460m (representing 2.21% of the total council debt).

5.21. Table 7 below shows the number of PCN's issued and outstanding collection rates.

Table 7: Parking Services Collection Performance

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Parking PCN's	96,891	98,097	102,933	97,981	60,655	92,254
Bus Lane PCN's	39,442	51,145	59,587	47,373	78,018	172,020
<b>Total PCNs Issued</b>	<b>136,333</b>	<b>149,242</b>	<b>162,520</b>	<b>145,354</b>	<b>138,673</b>	<b>264,274</b>
No. PCNs Outstanding	30,177	28,059	32,119	20,147	34,465	48,265
No. PCNs Outstanding (%)	22%	19%	20%	14%	25%	18%
Face Value of Debt at Year End	£2,153,737	£1,889,991	£2,045,775	£1,542,520	£2,167,770	£3,460,012
Value of Year End Liability	£642,422	£841,542	£812,727	£549,689	£685,543	£873,644
Liability as a % of Debt	30%	45%	40%	36%	32%	25%
Amount Collected in Following Year	£823,007	£776,263	£841,858	£454,356	£747,833	£855,828
<b>Year End Debt (%)</b>	<b>38%</b>	<b>41%</b>	<b>41%</b>	<b>29%</b>	<b>35%</b>	<b>25%</b>

5.22. The data in Table 7 clearly shows a downward trend in the percentage of debt brought forward over time but an uptick in brought forward arrears in monetary terms. This can be attributed to the temporarily reducing, pausing or delaying of recovery during 2020/21 and 2021/22.

5.23. The number of PCNs issued varies due to addition of new sites and increasing compliance over time.

- 5.24. The percentage of PCNs outstanding at year end is very stable. The figure for 2019/20 is lower than usual because very few PCNs were issued in March 2020 due to the first lockdown in response to the COVID-19 pandemic. PCNs issued in March usually make up a significant proportion of those outstanding at the end of the financial year. The 2020/21 and 2021/22 figures are higher than normal as recovery activities were suspended.
- 5.25. The face value of PCNs at year end is a snapshot in time which shows the increase in volume during 2021/22 due to enforcement of the closure of Bristol Bridge.
- 5.26. The value of year end liability was set too high in 2017/18 at 45% and was reduced in 2018/19 to 40%. The figure was set lower for 2019/20 due to the impact of the COVID-19 pandemic – but at that time the length of suspension of recovery activity would be extended for the whole year. Liability reduced further in 2021/22 to reflect the ongoing situation with COVID-19 and the ongoing suspension of recovery activity. Actual outturn for 2020/21 was better than anticipated. The percentage recovery rate for 2021/22 was set lower as it was expected there would be a high cancellation rate of PCNs due to the then new Bristol Bridge restrictions.
- 5.27. The collection figure for 2020/21 has been revised to show the amount collected in 2020/21 as of 01 April 2022. The figure for 2021/22 is as of 26 September 2022.

### **Council Income Loss - Financial Support Schemes**

- 5.28. Regulation was passed in Parliament that for an interim period implemented:
- 5.28.1. The phasing of the 2020/21 collection fund (which covers both council tax and business rates) deficit over the 3 years (2021/22 to 2023/24), and
- 5.28.2. Compensated councils for 75% (of 95%) of in year losses deemed irrecoverable in council tax and business rates income in respect of both 2020/21 and 2021/22. Other income losses such as parking were also included in this sales, fees and charges income compensation scheme.
- 5.29. Both these regulations have now ceased to apply.

## **6. Collection and Recovery - Next Steps**

- 6.1. The ethical approach to collection activity introduced into the Revenues service has shown some promise but the suspension of recovery from March 2020 through to October 2021 and realignment of staff in Revenues to COVID-19 related business grant work reduced the opportunity to enhance this approach. Various work has been undertaken including 'soft' reminder letters, partnership working with the Money and Pension Service (MaPS), omni channel communication campaigns and focussed local outreach work. The ethical debt project will transform the way in which the council undertakes collection activity and deliver new and improved collection processes in respect of other debt types once these have been embedded in Revenues.
- 6.2. The work already started in Revenues and Benefits continues to be reviewed and revised with a view to enhancing our approach to collection activity to minimise the impact of debt on citizens as we look to recommence collection activity. We will continue to issue 'soft' reminder notices, will continue our omni channel communications campaigns and commence our local outreach work, all interspersed between legislatively required notices. We will also continue to issue letters before action in an effort to engage with those in debt prior to more formal recovery action being taken.
- 6.3. Engagement with third sector agencies remains key and our continued engagement with MaPS on the national stage and our local advice agencies will continue to be important as the recovery from the pandemic continues.

## **7. Written Off Debt**

- 7.1. The council has both a legal duty and a responsibility to the people of Bristol to ensure effective income management and that the income due to the council is paid promptly to support the delivery of council services.
- 7.2. The corporate debt management policy aims to promote and support proper and equitable debt management processes for all major sources of income owed to the council and to ensure the council both minimises debt and maximises rates of collection. The council must ensure that all collection processes comply with the relevant legislation, and the policy has been written to ensure that in doing so, the council's processes are fair to everyone, and that where recovery action is necessary, the council is consistent in its approach and assists customers who experience financial difficulty.
- 7.3. The policy was approved by Cabinet in January 2022 and implemented for write offs from April 2022.
- 7.4. Writes offs in the period 01 April 2022 to 30 September 2022 totaled £3.069m in comparison to £2.1m during the period 01 April 2021 to 30 September 2021, an increase of 46.14%.
- 7.5. Table 8 below details the total number and value of write offs, by debt type, for the period 01 April 2022 to 30 September 2022.

Table 8: Write off by Debt Type

Write Off Description	Value	Percentage	No.	Percentage
Accounts Receivable	£0.00	0.00%	0	0.00%
Council Tax	£621,615.00	20.26%	2,619	10.83%
National Non-Domestic Rates (NNDR)	£214,739.76	7.00%	166	0.69%
Overpaid Housing Benefit	£162,111.03	5.28%	854	3.53%
Housing (Accounts including Current Rent Arrears)	£448,752.81	14.62%	614	2.54%
Housing (Temporary Accommodation)	£0.00	0.00%	0	0.00%
Penalty Charge Notices	£1,621,671.16	52.84%	19,923	82.41%
<b>Total</b>	<b>£3,068,889.76</b>	<b>100.00%</b>	<b>24,176</b>	<b>100.00%</b>

### Accounts Receivable Write Offs

- 7.6. Write offs in the six months to 30 September 2022 totaled £NIL (representing 0.00% of the total value of write offs in this period).
- 7.7. The reasons for write off, along with the value and number, are shown in Table 9 below.

Table 9: Accounts Receivable Write Offs

Write Off Description	Value	Percentage	No.	Percentage
N/A	£0.00	0.00%	0	0.00%
<b>Total</b>	<b>£0.00</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

## Council Tax Write Offs

7.8. Write offs in the six months to 30 September 2022 totaled £0.622m (representing 10.83% of the total value of write offs in this period).

7.9. The reasons for write off, along with the value and number, are shown in Table 10 below.

Table 10: Council Tax Write Offs

Write Off Description	Value	Percentage	No.	Percentage
Abscond	£414,415.64	66.67%	1,335	50.97%
Aged Debt	£5,198.04	0.84%	68	2.60%
Charging Order	-£9,195.22	-1.48%	25	0.95%
Deceased	£8,717.25	1.40%	126	4.81%
Insolvency	£171,761.49	27.63%	862	32.91%
Other	£30,717.80	4.94%	203	7.75%
<b>Total</b>	<b>£621,615.00</b>	<b>100.00%</b>	<b>2,619</b>	<b>100.00%<sup>2</sup></b>

<sup>1</sup> Negative value indicate an in-year reduction

<sup>2</sup> Subject to rounding

7.10. Write offs during this period are for standard areas of council tax adjustments such as insolvency or deceased estates.

## National Non-Domestic Rates Write Offs

7.11. Write offs in the six months to 30 September 2022 totaled £0.215m (representing 0.69% of the total value of write offs in this period).

7.12. The reasons for write off, along with the value and number, are shown in Table 11 below.

Table 11: National Non-Domestic Rate Write Offs

Write Off Description	Value	Percentage	No.	Percentage
Absconded	£11,020.80	5.13%	25	15.06%
Aged Debt	£4,857.11	2.26%	9	5.42%
ENCON	£882.71	0.41%	1	0.60%
Insolvency	£202,286.45	94.20%	107	64.46%
Other	£7,756.97	3.61%	19	11.45%
Revaluation Hardship	-£12,064.28 <sup>1</sup>	-5.62%	5	3.01%
<b>Total</b>	<b>£214,739.76</b>	<b>100.00%<sup>2</sup></b>	<b>166</b>	<b>100.00%</b>

<sup>1</sup> Negative value indicate an in-year reduction

<sup>2</sup> Subject to rounding

7.13. Write offs during this period are for standard areas of national non-domestic rate adjustments such as insolvency.

### Overpaid Housing Benefit Write Offs

7.14. Write offs in the six months to 30 September 2022 totaled £0.162m (representing 3.53% of the total value of write offs in this period).

7.15. The reasons for write off, along with the value and number, are shown in Table 12 below.

Table 12: Overpaid Housing Benefit Write Offs

Write Off Description	Value	Percentage	No.	Percentage
Abscond	£60.06	0.04%	21	2.46%
Aged Debt	£673.74	0.42%	2	0.23%
Claimant Error (unreasonable to recover)	£26,240.22	16.19%	62	7.26%
Deceased	£31,096.83	19.18%	223	26.11%
Insolvency	£18,084.89	11.16%	130	15.22%
Local Authority Error	£29,068.15	17.93%	194	22.72%
Landlord Error (unreasonable to recover)	£272.05	0.17%	6	0.70%
No blame attached	£94.49	0.06%	8	0.94%
Other	£45,455.95	28.04%	135	15.81%
<b>Total</b>	<b>£162,111.03</b>	<b>100.00%</b>	<b>854</b>	<b>100.00%</b>

7.16. Write offs during this period are for areas such as insolvency or deceased estates.

### Housing (Accounts including Current Rent Arrears) Write Offs

7.17. Write offs in the six months to 30 September 2022 totaled £0.449m (representing 2.54% of the total value of write offs in this period).

7.18. The reasons for write off, along with the value and number, are shown in Table 13 below.

Table 13: Housing (Rent Arrears) Write Offs

Write Off Description	Value	Percentage	No.	Percentage
Deceased	£154,681.17	34.47%	314	51.14%
Insolvency	£124,293.78	27.70%	79	12.87%
Statute Barred	£130,665.55	29.12%	165	26.87%
Other	£39,112.31	8.71%	56	9.12%



Write Off Description	Value	Percentage	No.	Percentage
<b>Total</b>	<b>£448,752.81</b>	<b>100.00%</b>	<b>614</b>	<b>100.00%</b>

7.19. Write offs during this period are for standard areas such as insolvency or deceased estates.

### Housing (Temporary Accommodation)

7.20. Write offs in the six months to 30 September 2022 totaled £NIL (representing 0.00% of the total value of write offs in this period).

7.21. The reasons for write off, along with the value and number, are shown in Table 14 below.

Table 14: Housing (Temporary Accommodation) Write Offs

Write Off Description	Value	Percentage	No.	Percentage
N/A	£0.00	0.00%	0	0.00%
<b>Total</b>	<b>£0.00</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

### Penalty Charge Notices Write Offs

7.22. Write offs in the six months to 30 September 2022 totaled £1.622m (representing 82.41% of the total value of write offs in this period).

7.23. The reasons for write off, along with the value and number, are shown in Table 15 overleaf.

Table 15: Penalty Charge Notice Write Offs

Write Off Description	Value	Percentage	No.	Percentage
CEO Spoilt	£9,005.00	0.55%	289	1.45%
DVLA	£180,318.00	11.12%	4,302	21.59%
Foreign Vehicle / Driver	£96,265.00	5.94%	2,435	12.22%
Enforcement Agent	£1,326,527.16	81.80%	12,763	64.07%
Other	£9,556.00	0.59%	134	0.67%
<b>Total</b>	<b>£1,621,671.16</b>	<b>100.00%</b>	<b>19,923</b>	<b>100.00%</b>

7.24. Write offs during this period are for adjustments such as DVLA and foreign vehicles / drivers.

## 8. Policy

Corporate Debt Management Policy, approved 18 January 2022

## 9. Consultation

### a) Internal

Monitoring information reported to impacted service areas

- b) **External**  
None

## 10. Public Sector Equality Duties

10.1. Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to -
  - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities)
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
  - foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice; and promote understanding

There is no requirement for an EqIA as this report is only providing a position statement.

### Challenges / Areas for Further Improvement

10.2. There is a need to improve the financial system which currently has limited debt collection functionality. Outlined below are some of the improvements being explored:

10.2.1. The introduction of new modules, alongside a review of functionality to improve capability and bring improvements to what are sometimes cumbersome administrative processes for both collection and recovery activity and write off.

10.2.2. Decentralisation of bad debt provisions and increased frequency of adjustments.

10.2.3. Standard documentation used within ABW to be reviewed following audit recommendations

10.2.4. Following an optimisation review a workflow rewrite is to be investigated and new modules considered for implementation to create and deliver business efficiencies.

### Appendices

None

## Local Government (Access to information) Act 1985

### Background Papers:

- Background Paper 1: Care Act 2014: Care and support statutory guidance Annex D – Debt

Recovery (see [www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance#AnnexD](https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance#AnnexD))

- Corporate Debt Management Policy