

Decision Pathway – Report



PURPOSE: For noting

MEETING: Cabinet

DATE: 04 July 2023

TITLE	Written Off Debt		
Ward(s)	All		
Author: Kevin Smith	Job title: Operations Manager, Revenues and Benefits		
Cabinet lead: Cllr Craig Cheney, (Deputy Mayor and Cabinet member for Finance, Governance, Property and Culture)	Executive Director lead: Stephen Peacock, Chief Executive		
Proposal origin: BCC Staff			
Decision maker: For noting Decision forum: Cabinet			
Purpose of Report:			
<ol style="list-style-type: none"> Report for information providing an overview of debts written off across the Council during the fiscal year 2022/23. 			
Evidence Base:			
<ol style="list-style-type: none"> 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. 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. 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. 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: <ul style="list-style-type: none"> 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. 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. The Council recognises that where a debt remains unpaid after exhausting all appropriate recovery methods and is deemed to be irrecoverable, or where there are extenuating circumstances, the debt will be 			

recommended for write off. The council will seek to minimise the cost of write offs to Council taxpayers by taking necessary action to recover monies due.

7. The Council will take all reasonable and economical debt recovery action to recover the full debt that is due before consideration is given to writing off a debt. The debt will be subject to the collection and legal procedures as outlined in the Corporate Debt Management Policy ('CDMP'). The degree of enforcement action attempted will be dependent on the amount owed, the type of debt and the customer's personal circumstances where they are known.
8. There will be limited circumstances where it is appropriate to consider writing off the amount(s) owed (or part thereof) to the Council. The reasons may be legislative, may be a directive from the Court or local management (where circumstances dictate). Where a debt is determined as non-recoverable it will be identified as such at the earliest possible opportunity and properly dealt with in accordance with the CDMP.
9. If assets have been lost, stolen or damaged and the loss is not recoverable from insurance or other sources, they may be written off by the Executive Director in conjunction with the Chief Financial Officer as Section 151 Officer or Nominated Deputy.
10. Write offs must be transparent and will only be processed where the invoice has been raised correctly and where there is a justified reason why the debt should no longer be pursued. Negotiations with third parties and reduction of actual value below the amounts incurred (for example insurance) do not take place outside of the financial system.
11. In considering the approval to write off a debt the authorising officer shall consider:
 - The CDMP
 - The interest of the local community
 - The Council's fiduciary duty
 - The rights of the customer and the effect of continued enforcement action
12. Any member of staff, member or contractor who has an interest in any debt must not participate in the decision-making process regarding the write off of the debt and must declare their interest. For the purposes of this policy an interest includes those in the following list, however, the list is not intended to be exhaustive and where a member of staff is unsure whether they have an interest they should seek advice from their line manager or Internal Audit.
 - The debt is owed by a relative, including relatives by marriage
 - The debt is owed by a relative of a current or former partner
 - The debt is owed by a friend or neighbour
 - The debt is owed by an organisation of which you are a member
 - The debt is owed by an organisation of which a relative is a member
 - The debt is owed by a company or individual with whom you have a business relationship
13. This does not preclude members who, in the normal course of discharging their duty to represent their constituents on a wide range of matters, from discussing specific cases subject to the relevant constituent consent.
14. Approved reasons for write off of debts fall into two broad categories, firstly those debts that the Council is unable to collect and secondly those debts that are deemed uneconomic to collect. The following reasons are recognised as valid reasons for the write off of debts, subject to all appropriate action to enforce payment having been attempted.
15. Unable to collect:
 - The customer is deceased and has left no estate

- The customer is subject to a formal insolvency order (in such cases any accruing debt to be written off will only be up to the date of the order)
- The debt has been remitted by the Court
- It would cause the customer hardship to enforce payment, or it is in the interests of the Council or the wider community to write off the debt. This includes the use of the Council's powers under Section 49 of the Local Government Finance Act 1988 in respect of writing off a Non-Domestic Rate on the grounds of hardship when appropriate
- The customer has absconded / gone away and cannot be traced
- The customer is living outside the jurisdiction of the English courts and is unlikely to return
- The Court has refused to make an order in respect of the debt
- The customer has served a prison sentence to discharge the debt
- The debt is an overpayment of Housing or Council Tax Benefit which is deemed to be unrecoverable in accordance with the Housing Benefit General Regulations 1987 and the Department for Work and Pensions overpayment guidance manual
- The age of the debt precludes recovery, or the debt is Statute Barred

16. Uneconomic to recover:

- It is uneconomical to take action to enforce payment if the amount is a small balance (under £10)
- Legal action is unlikely to be cost effective or it is in the Council's interest to agree a negotiated settlement of part of the debt

17. In general, recommendation for debts to be written off will be made only where one of the above categories applies. However, it is recognised that it is difficult to anticipate all potential circumstances where write off may be justified, and that on occasion it may be appropriate to write off a debt for other reasons. Where this is the case a full written report justifying the recommendation must be provided to the S151 Officer, who will make a decision regarding the writing off of the debt.

18. The value of write offs during 2022/3 totalled £8.563m and is split as detailed in the table below:

Write Off Description	Value	Percentage	No.	Percentage
Accounts Receivable	£472,940.46	5.52%	1,480	2.74%
Council Tax	£1,419,041.99	16.56%	7,135	13.19%
National Non-Domestic Rates (NNDR)	£1,783,843.11	20.83%	700	1.29%
Overpaid Housing Benefit (total)	£374,364.31	4.37%	2,263	4.18%
Housing (Including former tenant rent Arrears)	£1,121,831.00	13.10%	1,354	2.50%
Housing (Temporary Accommodation)	NIL	0.00%	NIL	0.00%
Parking Services (Penalty Charge Notices)	£3,391,047.59	39.60%	41,165	76.09%
TOTAL	£8,563,068.46	100.00%¹	54,097	100.00%¹

¹ Subject to rounding

19. The data relating to Parking Services (Penalty Charge Notices) does not include any data relating to the Clean Air Zone (CAZ). A full report on the operation and impact of the CAZ is due to be published in December 2023.

20. All write offs during the fiscal year 2022/23 were made in accordance with the Corporate Debt Management Policy.

21. Work is ongoing to benchmark and profile write offs for future reports.

Cabinet Member / Officer Recommendations:

- That Cabinet note the content of this report.

Corporate Strategy alignment:

1. Theme 7: Effective Development Organisation - Data Driven and Good Governance
Analysis of data enables conclusions to be drawn and trends identified to identify areas of concern or where additional support may be required.

City Benefits:

1. Understanding the reasons for and types of write off ensures focus is maintained on accurate billing and invoicing thus aiming to minimise both the number and value of write offs moving forward which will have a positive impact on the Council's financial position.

Consultation Details:

1. N/A

Background Documents:

1. Corporate Debt Management Policy, approved 18 January 2022 - [Corporate Debt Management Policy](#)
2. Bristol City Council 2022/23 Provisional Outturn Report - [Appendix A1 BCC 2022-23 Provisional Outturn](#)

Revenue Cost	£ NIL	Source of Revenue Funding	N/A
Capital Cost	£ NIL	Source of Capital Funding	N/A
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: This report presents write offs of debts/receivables for the financial year 2022/23. Recovery of invoiced sums/debt due to the councils is essential to enable the Council to fund its services and any write off is reviewed and considered in line with the Councils policies and usually only approved for write off if debt is unrecoverable and uneconomic to recover. There are other Ethical and Social impact reasons for write offs which are assessed on a case-by-case basis. There are no financial implications noted on this paper as the figures quoted are retrospective. Bad debt provisions aligned with accounting guidelines ensures a prudent estimate is provided for in the accounts

Finance Business Partner: Olu Kupoluyi, 30 May 2023

2. Legal Advice: Any writes offs of monies due to the Council must be in accordance with both the policy and the Financial regulations. The Policy has been appended to this report and it provides a link to the financial regulations. If the decision maker is satisfied on the information provided, that repayment is unlikely to be made, and where continued recovery action is ineffective or not economic, and/or where any possible arrangement will not lead to the debt being settled in realistic and reasonable timescales the debt may be written off and no longer pursued.

Legal Team Leader: Kate Meller, Team Manager - Litigation, Regulatory and Community Team, 24 May 2023

3. Implications on IT: I can see no implications on IT in regards to this activity.

IT Team Leader: Gavin Arbuckle, 19 May 2023

4. HR Advice: The are no HR implications arising from this report.

HR Partner: Bryn Williams (HR Business Partner), 18 May 2023

5. Procurement and Contract Manager Advice: Based on the content within this document there appears to be no procurement and contract management support needed.

Procurement Business Partner: Chris Williams, 19 May 2023

EDM Sign-off	Stephen Peacock, Chief Executive	07 Jun 2023
Cabinet Member sign-off	Cllr Craig Cheney, (Deputy Mayor and Cabinet	12 Jun 2023

	member for Finance, Governance, Property and Culture)	
For Key Decisions - Mayor's Office sign-off	Mayor's Office	5 June 2023

Appendix A – Further essential background / detail on the proposal Use this section to provide more details to expand upon the points made in this report.	NO
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment (template available by following the link on the Decision Pathway page on The Source)	NO
Appendix E – Equalities screening / impact assessment of proposal (Please contact equalities.team@bristol.gov.uk for support. See also equality impact assessments)	NO
Appendix F – Eco-impact screening/ impact assessment of proposal (template available here) Lead officer for support Giles Liddell..	NO
Appendix G – Financial Advice (Financial officer must be the author of the advice)	NO
Appendix H – Legal Advice (Legal Services must be the author of the advice)	NO
Appendix I – Exempt Information (Legal Services must confirm that information is to be exempt in accordance with the constitution)	NO
Appendix J – HR advice	NO
Appendix K – ICT Include here additional information from ICT	NO
Appendix L – Procurement Include here additional information from Procurement	NO