

Audit Committee

24 July 2023



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 Audit Committee note the internal debt / arrears update report to the period 31 March 2023 and the ethical approach to debt collection being taken to address this position.

Summary

This report seeks to provide the Audit Committee 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 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 31 March 2023 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 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 31 March 2023.

2. Context

- 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.
- 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 additional local council tax reduction payments, the household support fund 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 remained high throughout 2022/23, rising from 9.0% in April 2022 to a high of 11.1% in October 2022 before easing slightly to 10.1% in March 2023¹.
- 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. As inflation remains significantly above the Bank of England target of 2.0%, we cannot rule out further interest rate rises. 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. The government's intention to introduce the Renters Reform Bill may lead to landlords leaving the private rented sector which may negatively impact on both rents and the availability of rental properties.
- Energy prices - from October 2022 through to Jun 2023, the government has implemented an energy price guarantee to limit increases in domestic fuel charges to counter increased wholesale energy costs.

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. Some assistance has been provided through the Energy Bills Discount Scheme (EBDS)² which runs from April 2023 to April 2024 which replicated the support available to domestic consumers.

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 to which they are accustomed.

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 due to the volume of cases requiring collection and recovery activity. 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 as continued collection and recovery activity drives increased collections.

¹ www.ons.gov.uk/economy/inflationandpriceindices

² www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers

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 31 March 2023. This is a cumulative figure and includes arrears that may stretch back across many years.

Table 1: Debt Summary by Debt Type

Type of debt	Outstanding Debt	Percentage
Accounts Receivable ¹	£76,164,212	40.92%
Council Tax	£50,500,986	27.13%
National Non-Domestic Rates (NNDR)	£21,775,018	11.70%
Overpaid Housing Benefit (Debtors)	£10,303,880	5.54%
Overpaid Housing Benefit (Benefits)	£9,567,911	5.14%
Housing (Accounts including Current Rent Arrears) ^{1,2}	£12,636,357	6.79%
Housing (Temporary Accommodation) ^{1,2}	£2,110,982	1.13%
Parking Services (Penalty Charge Notices) ^{1,2,3}	£3,073,530	1.65%
Total	£186,132,877	100.00%⁴

¹ This figure is subject to annual fluctuations as these debt types are billed or invoiced on an 'as required' basis

² These debt types are collected outside of Revenues and Benefits

³ Does not include Clean Air Zone

⁴ Subject to rounding

Accounts Receivable

- 4.2. The total sum outstanding in respect of sundry debt on 31 March 2023 totaled £76.164m (representing 40.92% 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 2.73% as of 31 March 2022.
- 4.3. The sum outstanding in respect of arrears brought forward on 01 April 2022 has reduced to £24.331m at 31 March 2023.
- 4.4. 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.

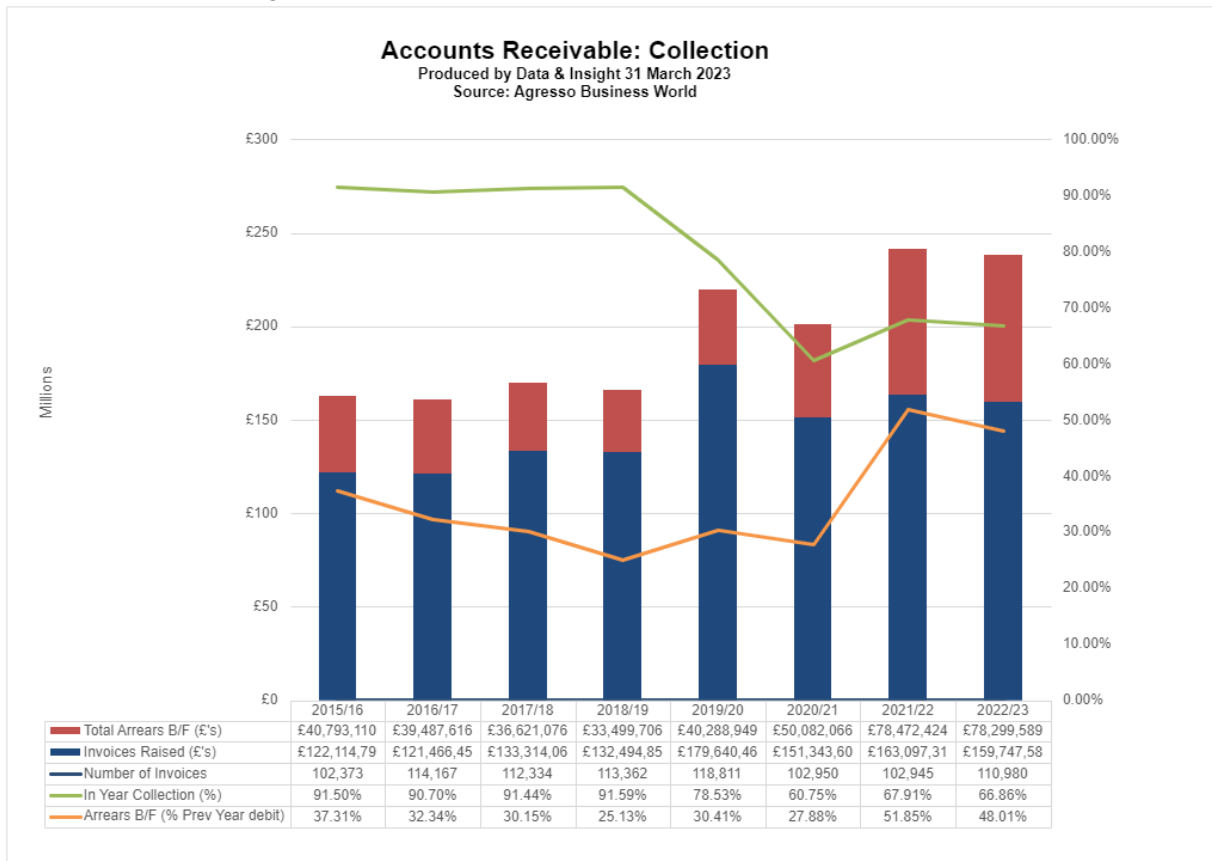
Table 2: Accounts Receivable

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

Report Date	Up to 90 days	90 to 365 days	Over 1 year	Total Outstanding
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
31 Dec 2022	£16,490,933	£25,306,012	£24,295,443	£66,092,387
31 Mar 2023	£30,518,394	£21,286,191	£24,359,627	£76,164,212

- 4.5. It should be noted however that debt levels across all stages fluctuate over time due to the ad hoc nature of invoicing. Year-end figures are higher due to the number of invoices issued during March to ensure income is received in the then current financial year which are not payable until April due to 30-day payment terms.
- 4.6. Over one year old debt has increased by £3.039m, since 31 March 2022 which is replicated in relation to debt between 90 days and one year of £3.871m 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, where the total outstanding is reduced at Q1, Q2 and Q3 and then increases again at Q4 where invoices are raised prior to year-end.
- 4.7. Total debt on 31 March each year shows a downward trend.
- 4.8. Whilst all aged debt is pursued it is recognised that once debt reaches one 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
- 4.9. 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.
- 4.10. The level of debt relating to Adult Social Care is a significant component of the total outstanding arrears figure.
- 4.11. There were 110,980 invoices issued for the total sum of £159.748m during 2022/23. This is an increase of 7.81% in the number of invoices issued, but a decrease of 2.05% in the overall value of invoices.
- 4.12. Accounts receivable collection rate trends are shown in Figure 1 overleaf.

Figure 1: Accounts Receivable Collection



4.13. The split of direct debit / non-direct debit payers for is shown in Table 3 below.

Table 3: Direct debit / non-direct debit split

Payment Type	No.	Percentage
Other Payment Methods	13,013	89.96%
Direct Debit	1,452	10.04%
Total	14,465	100.00%

Positives

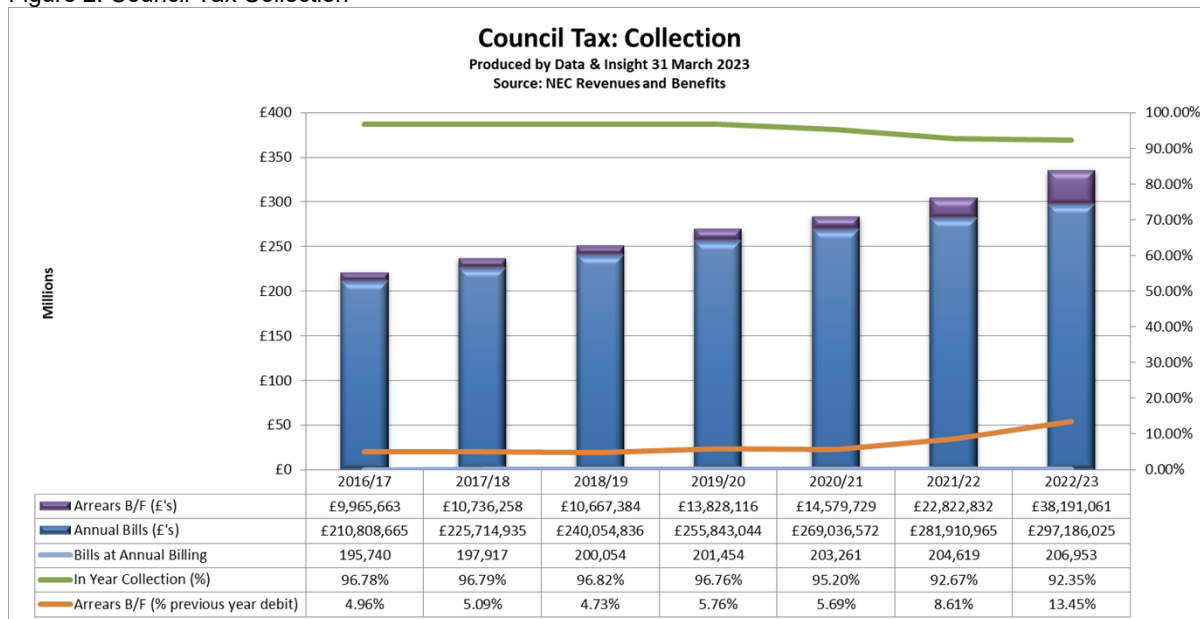
- 4.14. Permanent resource in adult social care is delivering targeted activity which is helping to reduce the level of older debt. This is in line with Care Act guidance which suggests embedding the initial stages of the recovery of care debt within social care teams.
- 4.15. Some centralisation of debt recovery continues to provide a more consistent approach to debt recovery and an increased focus.
- 4.16. 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.
- 4.17. Engagement with individual service areas is providing focus on unpaid invoices within those areas.

Council Tax

4.18. Council tax debt / arrears on 31 March 2023 totaled £50.501m (representing 27.13% of the total council debt) this is in comparison to £38.191m as of 01 April 2022. Collection rate trends are shown in **Error! Reference source not found.** below. The collection rates prior to 2020/21 are all at pre pandemic levels..

4.19. The sum outstanding in respect of arrears brought forward on 01 April 2022 has reduced to £26.956m at 31 March 2023.

Figure 2: Council Tax Collection



4.20. The split of direct debit / non-direct debit payers for open accounts is shown in Table 4 below.

Table 4: Direct debit / non-direct debit split

Payment Type	No.	Percentage
Other Payment Methods	81,362	38.78%
Direct Debit (inc. Salary Deductions)	128,335	61.22%
Total	209,795	100.00%

4.21. 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 during the fiscal years 2021/21 and 2021/22 as shown by the increase in the arrears brought forward figures. Whilst recovery action has recommenced the volume of cases will likely lead to collection increasing over an extended period.

4.22. Bristol has 62.52% of households (chargeable dwellings) in council tax liability band A and B (19.06% above the national average of 43.46% as of October 2022). 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.

4.23. The current council tax reduction scheme in place in Bristol allows for 100% reduction in council tax liability, meaning that 17,665 working age households in Bristol (at December 2022) 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 none or a proportion of their liability.

4.24. 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 2023/24 is reduced by 24.4% due to the impact of council tax discounts and exemptions, whereas the average reduction across England is 21.2%.
- The reduction in the number of eligible working age council tax reduction claimants

4.25. Additionally, temporarily pausing or reducing recovery or enforcement action for a significant period and inability to get time in court alongside new ways of working affected both in-year collection rates and collection of arrears.

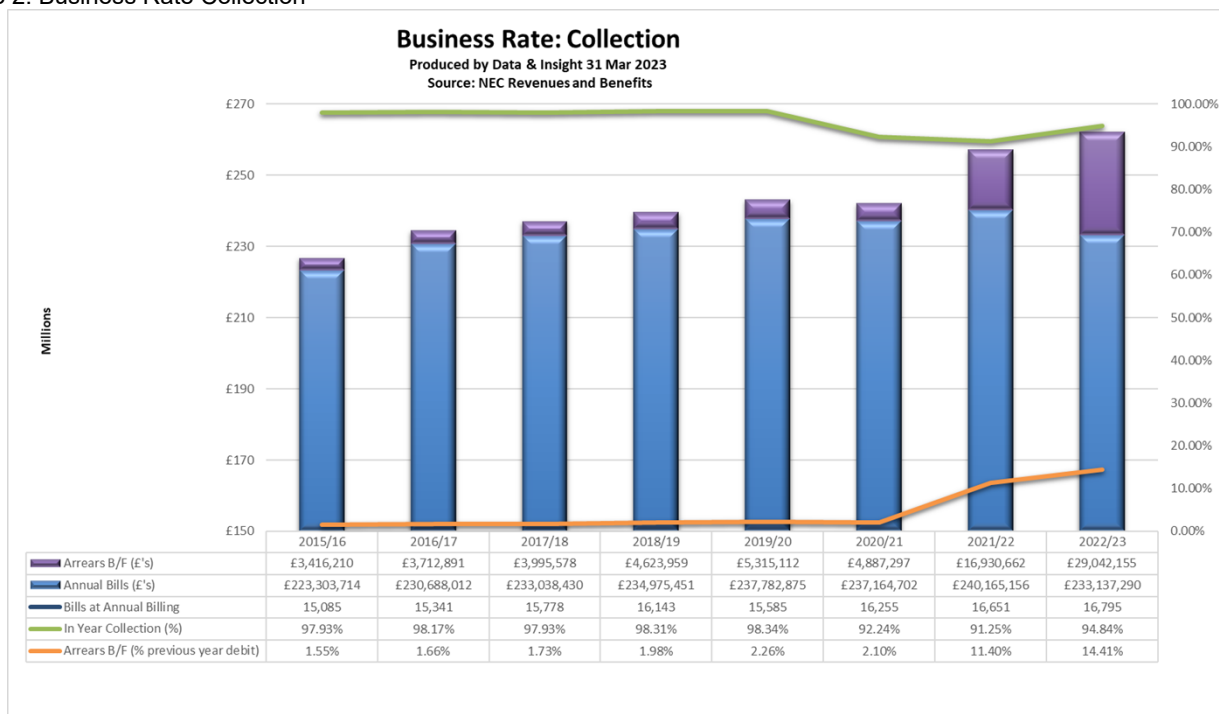
4.26. The collective measures / schemes above have reduced the amount due to be collected and have temporarily resulted in a lower rate of collection.

Non-Domestic Rates (Business Rates)

4.27. Business rates debt / arrears on 31 March 2023 totaled £21.775m (representing 11.70% of the total council debt) this is in comparison to £29.042m as of 01 April 2022. Collection rate trends are shown in Figure 2 below.

4.28. The sum outstanding in respect of arrears brought forward on 01 April 2022 has reduced to £10.598m at 31 March 2023.

Figure 2: Business Rate Collection



4.29. The split of direct debit / non-direct debit payers for open accounts is shown in Table 5 overleaf.

Table 5: Direct debit / non-direct debit split

Payment Type	No.	Percentage
Other Payment Methods	11,274	67.59%
Direct Debit	5,407	32.41%

Payment Type	No.	Percentage
Total	16,681	100.00%

4.30. By the end of March 2023, Bristol had achieved an average in-year collection rate of 94.84%, an increase of 3.59 percentage points over 2021/22. Whilst recovery action has recommenced the volume of cases will likely lead to collection increasing over an extended period.

4.31. Appeals against the Rating List have had a negative impact on collection, with gross rates being reduced by some £11m since April 2022, thereby negatively impacting on year-end business rates income.

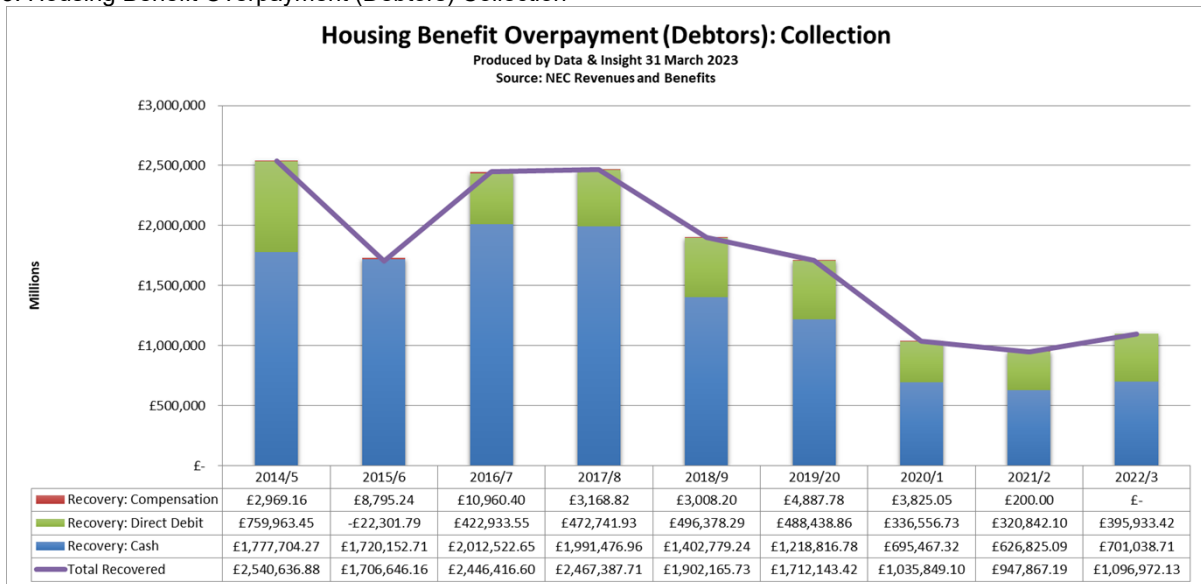
Overpaid Housing Benefit

4.32. Total Housing benefit debt / arrears on 31 March 2023 totaled £19.872m (representing 10.68% of the total council debt), comprising £9.567m (5.14%) in respect of those currently in receipt of Housing Benefit and a further £10.304m (5.54%) in respect of those for which Housing Benefit is no longer in payment. The figure of £19.871m differs from that shown at Figure 4 due to the different year end dates used (31 March and 02 April).

4.33. There were 5,060 invoices issued for the total sum of £5.209m in the fiscal year 2022/23.

4.34. Collection rate trends are shown in Figure 3 below.

Figure 3: Housing Benefit Overpayment (Debtors) Collection



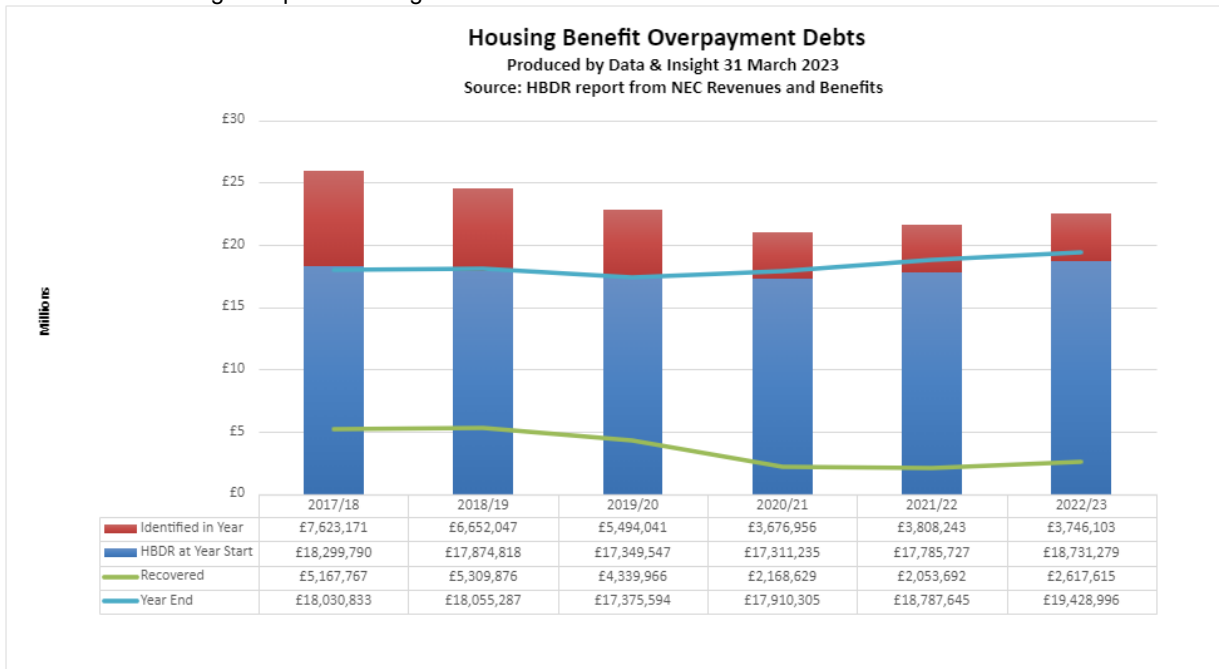
4.35. The split of direct debit / non-direct debit payers for in respect of those no longer in receipt of Housing benefit is shown in Table 6 overleaf.

Table 6: Direct debit / non-direct debit split

Payment Type	No.	Percentage
Other Payment Methods	4,375	76.62%
Direct Debit	1,335	23.38%
Total	5,710	100.00%

Figure 4 shows the figures for overall debt as reported to the Department for Work and Pensions which includes combined collection figures for Housing Benefit Overpayment.

Figure 4: Total Outstanding Overpaid Housing Benefit



- 4.37. As can be seen from Figure 4, the overall level of overpaid housing benefit has remained relatively constant in the range of £18m to £19m at fiscal year-end since 2017.
- 4.38. Collection and recovery activity continues with increased numbers of cases referred to employers for direct earnings attachments or collection agents. Deductions are made from ongoing entitlement for those who remain in receipt of Housing Benefit. Recovery from landlords who have been overpaid also continues.

Housing (Accounts including Current Rent Arrears)

- 4.39. Housing Revenue Account total indebtedness on 31 March 2023 totaled £12.636m (representing 6.79% of the total council debt), as shown in Table 7 overleaf. This amount includes all assets and former accounts but does not include Leasehold debt as these are held in another system which currently is not managed by HRA services and may be captured elsewhere in this report. This is currently £2.1m and is currently in the process of being transferred back to the HRA to manage following the transformation of the Income & Leasehold Service and the creation of a standalone Home Ownership Service.
- 4.40. Of the overall HRA debt, 64% is made up of Standard Current Rent arrears (£8.106m).
- 4.41. There have been reductions in the sums for Standard Current arrears when comparing the figures to the same period in 2021/22.

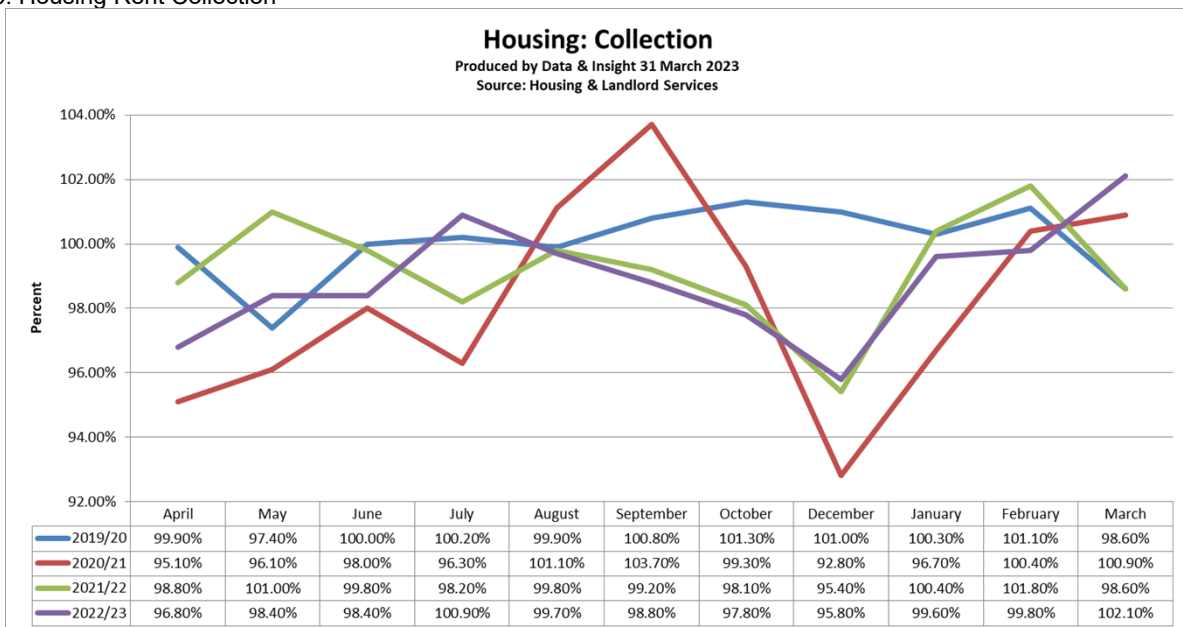
Table 7: Housing Revenue Account Arrears

	2021/22	2022/23	Difference
Total Arrears	£12,790,310	£12,636,357	-£153,953
Standard Current Arrears	£8,491,080	£8,106,714	-£384,366

- 4.42. The Income and Leasehold service started the resumption of enforcement work in March 2022, with the serving of Notices, in line with the corporate debt management policy and in line with 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. There has been an overall reduction of £0.384m in standard current arrears from April 2022.
- 4.43. 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 6.5% and we've seen a 1.09% reduction in net debit, this is defined as the total annual charge minus payments received directly for Housing Benefit, Universal Credit APAs and DHP.
- 4.44. The number of residents owing more than seven weeks rent continues to reduce and currently sits at 12.01%, a reduction of 0.75% since April 2022.

Figure 5 below shows the average collection rates for 2022/23 and previous years. The average collection rate for 2022/23 was 99.3%. Considering the current financial climate and the reduction resources since August 2022 performance has been good.

Figure 5: Housing Rent Collection



- 4.46. There was a strong end to the year where collection rates in March hit 101.2%. There has been a 4.7% increase in collection rates when compared to April 2022. Collection rates have been affected by the rent increase in 2022/23 and the reduction of Discretionary Housing Payments in previous years.
- 4.47. Table 8 overleaf shows the aged debt profile of former tenant arrears (17.4%) which are included in the total figure of £12.636m

Table 8: Housing Rent - Former Tenant Debt Age Profile

	Number	Percentage	Value	Percentage
Over six years	14	0.73%	£9,877.53	0.45%
2017/18	13	0.68%	£16,776.75	0.76%
2018/19	118	6.16%	£124,222.46	5.64%

	Number	Percentage	Value	Percentage
2019/20	440	22.96%	£471,132.43	21.40%
2020/21	328	17.12%	£334,585.28	15.20%
2021/22	377	19.68%	£379,018.97	17.21%
2022/23	626	32.67%	£866,113.05	39.34%
Total	1,916	100.00%	£2,201,726.47	100.00%

4.48. The split of direct debit / non-direct debit payments is shown in Table 9 below.

Table 9: Direct debit / non-direct debit split

Payment Type	No.	Percentage
Direct Debit	87,597	25.25%
Other Payment Methods	259,325	74.75%
Total	346,922	100.00%

Housing (Temporary Accommodation)

4.49. Temporary Accommodation debt on 31 March 2023 totaled £2.111m (representing 1.13% of the total council debt), with a further £3.8m in respect of debt outstanding on current client's accounts. Collection rate trends are shown in Figure 6 below.

Figure 6: Housing (Temporary Accommodation) Collection Rates



4.50. Table 10 below details the sums outstanding split by year, noting the sum of £0.25m in respect of current clients is not included.

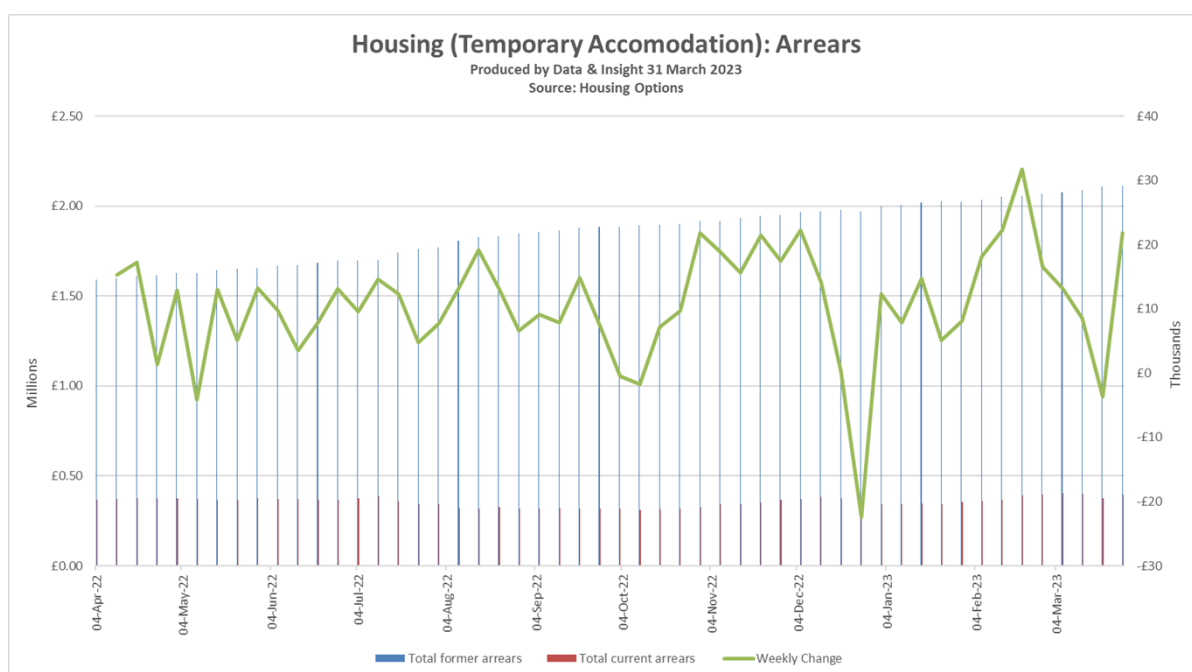
Table 10: Housing (Temporary Accommodation) Arrears

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%
Total	6,593	100.00%	£1,952,574.96	100.00%

4.51. The split of Temporary Accommodation debt by current and former tenants is shown in Figure 7 below.

Figure 7: Housing (Temporary Accommodation) Debt



Parking Services (Penalty Charge Notices)

4.52. Penalty Charge Notices debt / arrears on 31 March 2023 totaled £3.073m (representing 1.65% of the total council debt).

4.53. Table 11 overleaf shows the number of PCN's issued (excluding the Clean Air Zone), outstanding balances and collection rates.

Table 11: Parking Services Collection Performance (exc. Clean Air Zone)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Parking PCNs	98,097	102,933	97,981	60,655	92,254	99,226
Bus Lane PCNs	51,145	59,587	47,373	78,018	172,020	121,994
Total PCNs Issued	149,242	162,520	145,354	138,673	264,274	221,260

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
No. PCNs Outstanding	28,059	32,119	20,147	34,465	48,265	39,112
No. PCNs Outstanding (%)	18.80%	19.76%	13.86%	24.85%	18.26%	17.68%
Face Value of Debt at Year End ¹	£1,889,991	£2,045,775	£1,542,520	£2,167,770	£3,460,012	£3,073,530
Value of Year End Liability ²	£841,542	£812,727	£549,689	£685,543	£873,644	£859,407
Liability as a % of Debt	44.53%	39.73%	35.64%	31.62%	25.25%	27.96%
Amount Collected in Following Year	£776,263	£841,858	£454,356	£747,833	£959,407	£959,407
Year End Debt (%)	41.07%	41.15%	29.46%	34.50%	27.73%	31.22%

¹ This is the face value of all outstanding PCNs

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

4.54. The data in Table 11 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.

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

4.56. 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 but it is good to see this figure reducing again at the end of 2022/23.

4.57. The face value of PCNs at year end is a snapshot in time. The increase in volume during 2021/22 was due to enforcement of the closure of Bristol Bridge.

4.58. Without full use of enforcement agents, recovery levels remain lower than in preceding years. However, recovery rates have stabilised following the general disruption from COVID-19 and the liability for 2022/23 was therefore set based on actual recovery rate for 2021/22. This is expected to remain stable in the short term before increasing again once new debt management processes are introduced and full enforcement can be re-commenced.

4.59. The collection figure for 2021/22 has been revised to show the amount collected in 2022/23 as of 01 April 2023.

4.60. The data relating to Parking Services 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.

4.61. It is not possible to map PCNs issued (or outstanding) as a large number relate to addresses outside of Bristol City Council's administrative boundary.

5. Ethical Debt

5.1. New initiatives and processes have been put in place under the Ethical Debt project, now more often referred to as Outreach or Debt Support. Cost of living pressures are clearly impacting on people's

ability to pay and we are endeavouring to maximise the support we are able to offer.

- 5.2. 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. Bi-monthly debt clinics have been run around the city with invites sent targeting those living in the vicinity of the location where the clinic will be held for those whom our records indicate unmanageable debts exist. Bulk soft letter campaigns continue to be undertaken signposting customers to sources of self-service support and advice.

6. Collection and Recovery – Next Steps

- 6.1. The recovery of collection performance to the levels pre-pandemic may take some time however steps are being taken to engage with customers in line with the Corporate Debt Management Policy and recovery action continues across all debt types.
- 6.1.1. Continue to progress cases through stages as set out in the corporate debt management policy.
 - 6.1.2. Increase use of multi-channel communications to encourage engagement by those in debt to the council and look to enhance these communications through the use of RCS-enabled messaging.
 - 6.1.3. Continue referring cases to collection and enforcement agents where there is no other identified recovery activity available or where those in debt are not engaging.
 - 6.1.4. Maximise use of third sector advice agencies by signposting those suffering from financial difficulty or vulnerability with a view to increasing welfare benefit take up.
 - 6.1.5. Work with colleagues to ensure that bills and invoices are appropriate to both service and customer requirements.
 - 6.1.6. Outreach activities to continue with debt clinics held in community locations across the city to inform and provide assistance to those who are financially vulnerable. Over the coming months the plan is to expand the clinics to other community locations such as food banks.
 - 6.1.7. In association with external partners, continue exploring the possibility of creating a fund to support those carrying troublesome debt and struggling to pay the Insolvency Service fees to secure insolvency solutions, for example Debt Relief Orders.

7. Challenges / Areas for Further Improvement

- 7.1. 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:
- 7.1.1. 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.
 - 7.1.2. Decentralisation of bad debt provisions and increased frequency of adjustments.
 - 7.1.3. Standard documentation used within ABW to be reviewed following audit recommendations. Work ongoing with relevant services.

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

8. Written Off Debt

- 8.1. 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.
- 8.2. 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.
- 8.3. Write offs in the period 01 April 2022 to 31 March 2023 totaled £8.563m.
- 8.4. Table 12 below details the total number and value of write offs, by debt type, for the 2022/23 fiscal year.

Table 12: Write off by Debt Type

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%
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

- 8.5. 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.

9. Policy

Corporate Debt Management Policy, approved 18 January 2022

10. Consultation

- a) **Internal**
Monitoring information reported to impacted service areas
- b) **External**
None

11. Public Sector Equality Duties

11.1. 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 EqlA as this report is only providing a position statement.

Appendices

1. Exempt Financial Information

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)