

Joint: Audit Committee and Resources Scrutiny Commission

29 January 2024



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 for the period 01 April 2023 to 30 September 2023 and the steps being taken as part of the continued ethical approach to debt collection.

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 as services transitioned back to business as usual following the implementation of new processes and resultant IT changes. The ongoing cost of living crisis and the impact from wider global macroeconomic events continues to impact collection, which are covered in more detail later in this report.
- Write offs undertaken during the period 01 April 2023 to 30 September 2023 have increased as a result of increased recovery activity.



1. Summary

- 1.1. This briefing paper provides an overview of the debt position 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 2023 to 30 September 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 fiscal 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. Cost of Living Crisis

- 3.1.1. 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, increases in energy prices and ultimately rising costs to produce items and provide services, with the following impacts:
 - Border controls introduced by the government following the UK's departure from the European Union initially affected the flow of imported goods causing supply chain disruption. Whilst initial disruption has been overcome, businesses who import from the EU are faced with increased costs which can be passed on to customers as higher prices¹.
 - The war in Ukraine had a negative impact on energy prices worldwide but the current situation facing the UK is not a question of security of gas supply, but of high gas prices set by

¹ www.iea.org.uk/publications/has-brexit-really-harmed-uk-trade-counteracting-the-office-of-budgetary-responsibilitys-claims/

international markets. From October 2022 through to Jun 2023, the government implemented an energy price guarantee to limit increases in domestic fuel charges to counter increased wholesale energy costs. The Office of Gas and Electricity Markets (OFGEM) operates an energy price cap which ensures that prices for people on default energy tariffs are fair and that they reflect the cost of energy². The energy price cap has reduced during this period, but further increases may negatively impact on household finances.

- Inflation (CPI) remained high during the first six months of 2023/24, albeit falling from 10.1% in March 2023 to 8.7% in April 2023. Inflation has steadily fallen from April to 6.7% in September 2023 (the latest period for which data is available) and remained unchanged from August 2023³.
- Mortgage rates – the rates for 2- and 5-year fix mortgages have continued to rise over this period in response to the Bank of England raising base rates from historically low figures⁴. As inflation remains significantly above the Bank of England target of 2.0%, we cannot rule out further interest rate rises, although these have remained unchanged for two months. 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 Renters Reform Bill was introduced to Parliament on 17 May 2023 and, if enacted, may lead to landlords leaving the private rented sector which may negatively impact on both rents and the availability of rental properties.

3.1.2. 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)⁵ which runs from April 2023 to April 2024 which replicated the support available to domestic consumers.

3.1.3. 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. Where this occurs there will undoubtedly be an impact on the level of disposable income available to service debt repayments.

3.1.4. Whilst collection and recovery activity have returned to pre-pandemic levels, the ongoing cost of living crisis continues to impact collection and it is likely that collection rates will not return to pre-pandemic levels until 2024/25.

4. Current Position

4.1. Debt is an evolving position and as such reports reflect a snapshot at a period in time.

Table 1 shows the overarching level of debt per debt type on 30 September 2023. This is a cumulative figure and includes arrears that may stretch back across many years.

² www.ofgem.gov.uk/information-consumers/energy-advice-households/energy-price-cap

³ www.ons.gov.uk/economy/inflationandpriceindices

⁴ www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp

⁵ www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers

Table 1: Debt Summary by Debt Type

Type of debt	Outstanding Debt	Percentage
Accounts Receivable ¹	£67,222,235	36.18%
Council Tax	£52,403,390	28.20%
National Non-Domestic Rates (NNDR)	£24,990,648	13.45%
Overpaid Housing Benefit (Debtors) ¹	£10,195,073	5.49%
Overpaid Housing Benefit (Benefits) ¹	£9,716,624	5.23%
Housing Revenue Accounts (Current Rent Arrears, Former Tenants Arrears and Leasehold) ^{1,2}	£15,627,415	8.41%
Housing (Temporary Accommodation) ^{1,2}	£2,811,000 ⁴	1.51%
Parking Services (Penalty Charge Notices) ^{1,2,3}	£2,833,000 ⁴	1.52%
Total	£186,140,029	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

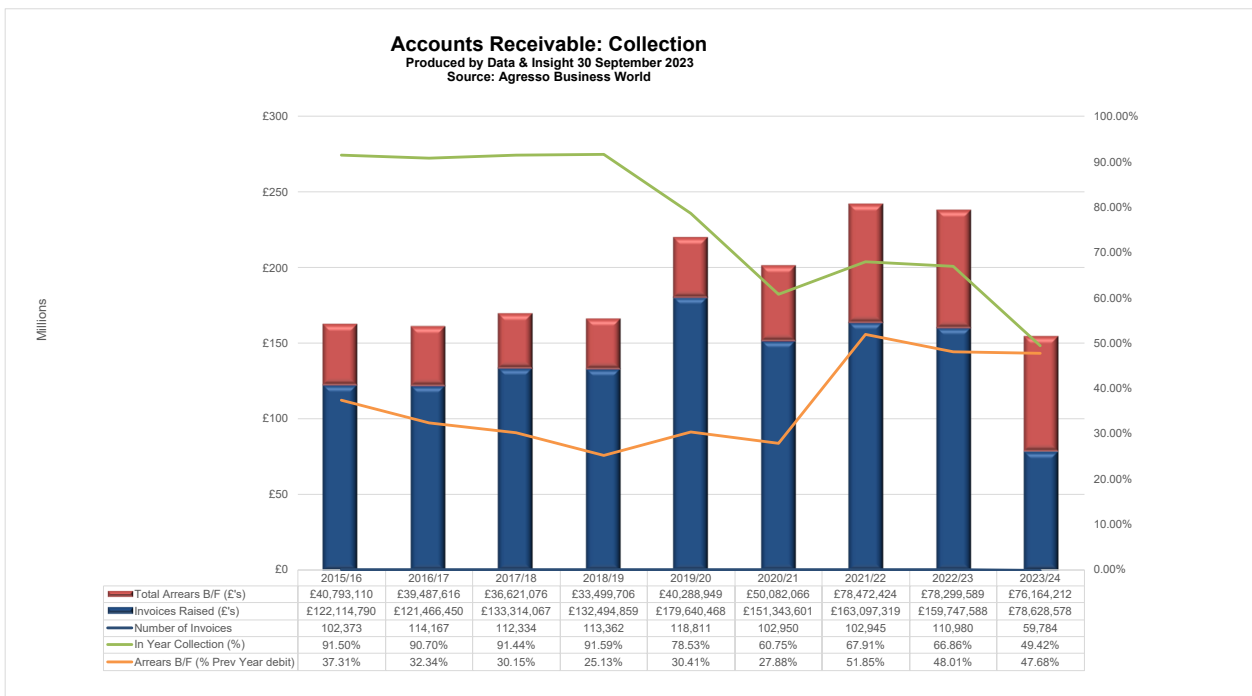
- 4.3. The sum outstanding in respect of arrears brought forward on 01 April 2023, £76.164m, had reduced to £30.429m by 30 September 2023, a reduction of 60.05%.
- 4.4. The total value of arrears on 30 September 2023 (which includes invoices raised in 2023/24 and overdue for payment plus the arrears brought forward into 2023/24) totaled £67.222m (representing 36.18% of the total council debt, see Table 1 above).
- 4.5. Table 2 compares data at year end (Q4) 2021/22 and subsequent quarters. The total sum outstanding will fluctuate as invoices are raised and / or move through the dunning cycle.

Table 2: Accounts Receivable

Report Date	Up to 90 days	90 to 365 days	Over 1 year	Total Outstanding
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
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
30 Jun 2023	£30,623,845	£16,157,187	£28,433,352	£75,214,384
30 Sept 2023	£17,647,437	£26,033,874	£23,540,924	£67,222,235

- 4.6. It should be noted 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 (i.e., credited to cost centres) in the then current fiscal year but which are not payable until after the end of the then current financial year due to 30-day payment terms.
- 4.7. Over one year old debt has reduced by £0.819m, since 31 March 2023 but increased for debt between 90 days and one year by £4.748m over the same period, although, as can be seen from the data in Table 2, this is a similar pattern to previous years, 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.
- 4.8. 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.
 - Debtors question the legitimacy of the debt.
- 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 59,784 invoices issued for the total sum of £78.629m during Q1 and Q2 2023/24.
- 4.12. Accounts receivable collection rate trends are shown in Figure 1.

Figure 1: Accounts Receivable Collection



- 4.13. 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	12,963	97.22%
Direct Debit	371	2.78%
Total	13,334	100.00%

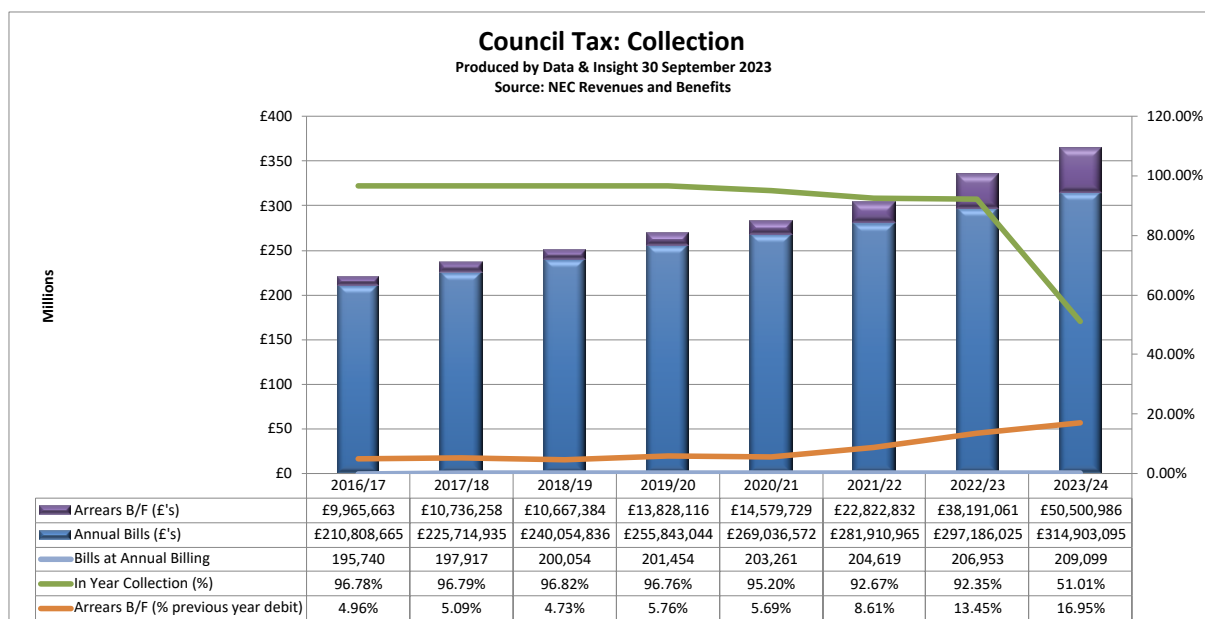
Positives

- 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 30 September 2023 totaled £39.682m (representing 28.20% of the total council debt) this is in comparison to £50.501m on 01 April 2023. Collection rate trends are shown in Figure 2. The collection rates prior to 2020/21 are all at pre pandemic levels.
- 4.19. There were 209,099 annual bills issued for the total sum of £314.903m during 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.

Table 4: Direct debit / non-direct debit payments

Payment Type	No.	Percentage
Other Payment Methods	81,251	38.46%
Direct Debit (inc. Salary Deductions)	129,899	61.54%
Total	211,244	100.00%

4.21. There are a number of annual bills issued for accounts where no payment is due, for example because of full council tax reduction. Excluding these accounts provides the data as shown in Table 5.

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

Payment Type	No.	Percentage
Other Payment Methods	47,861	27.63%
Direct Debit (inc. Salary Deductions)	125,344	72.37%
Total	173,205	100.00%

4.22. 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 over the period 2020/21 and 2021/22 which continued into 2022/23 and 2023/24, as shown by the increase in the arrears brought forward figures in Figure 2. Recovery action continues where there is non-payment, but the volume of cases will likely lead to collection increasing over an extended period.

4.23. Bristol has 62.72% of households (chargeable dwellings) in council tax liability band A and B (19.32% above the national average of 43.40% as of 1 April 2023). 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.

4.24. The current council tax reduction scheme in place in Bristol allows for 100% reduction in council tax liability, meaning that 17,851 working age households in Bristol (as of October 2023) 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.

4.25. In addition, collection is lower than in previous years due to a range of factors:

- Increase in council tax charges of 2.99% in 2022/23 and 4.99% in 2023/24.
- The average Band D council tax set by local authorities in England for 2023/24 is £2,065, in Bristol the Band D charge is £2,345.24.
- The reduction in the number of eligible working age council tax reduction claimants.

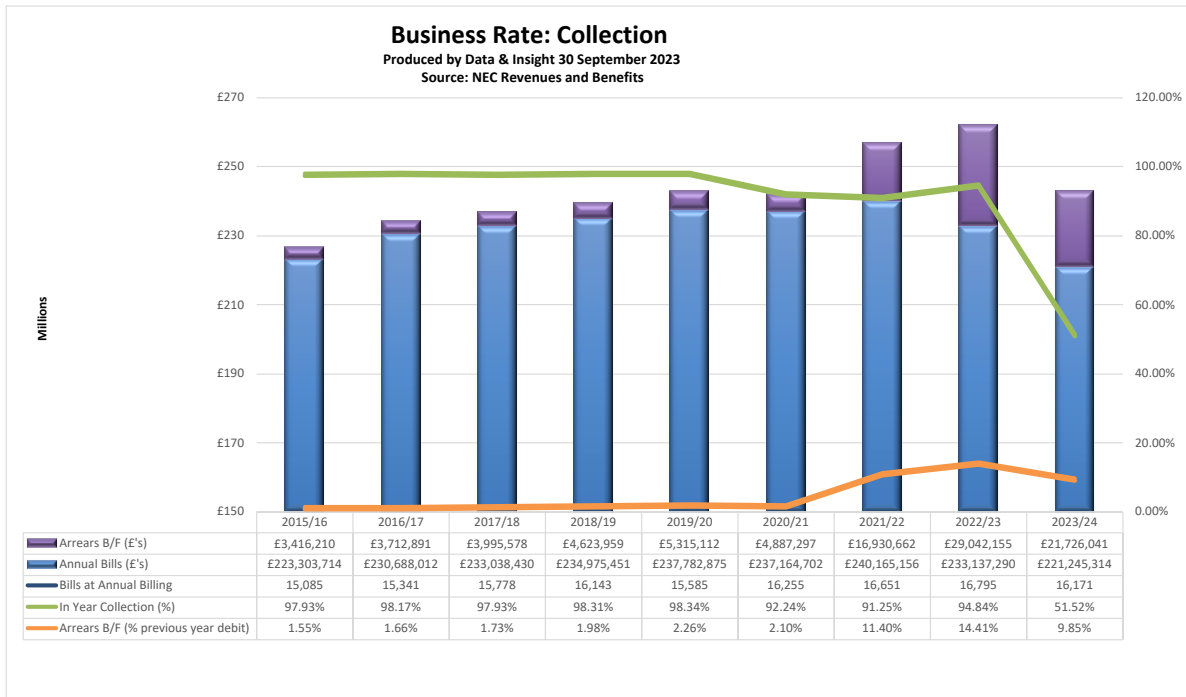
4.26. Additionally, temporarily pausing or reducing recovery or enforcement action for a significant period and inability to obtain time in court alongside new ways of working affected both in-year collection rates and collection of arrears.

4.27. The collective measures / schemes above have reduced the amount due to be collected and have temporarily resulted in a lower rate of collection. The collection target for 2024/25 will look to bring in year collection levels (as a percentage of collectible debit) close to pre-pandemic levels.

Non-Domestic Rates (Business Rates)

4.28. Business rates debt / arrears on 30 September 2023 totaled £14.226m (representing 13.45% of the total council debt) this is in comparison to £21.775m on 01 April 2023. Collection rate trends are shown in Figure 3.

Figure 3: Business Rate Collection



4.29. The split of direct debit / non-direct debit payers for open accounts is shown in Table 6.

Table 6: Direct debit / non-direct debit payments

Payment Type	No.	Percentage
Other Payment Methods	10,939	65.71%
Direct Debit	5,708	34.29%
Total	16,647	100.00%

4.30. There are a number of annual bills issued for accounts where no payment is due, for example because of entitlement to, for example, small business rate relief. Excluding these accounts provides the data as shown in Table 7.

Table 7: Direct debit / non-direct debit payments (exc. nil bills)

Payment Type	No.	Percentage
Other Payment Methods	5,883	56.49%
Direct Debit	4,532	43.51%
Total	10,415	100.00%

- 4.31. Recovery action continues there is non-payment, but the volume of cases will likely lead to collection increasing over an extended period.
- 4.32. Appeals against the Rating List have had a negative impact on collection, with £2.8m refunded since April 2023, negatively impacting on business rates income.

Overpaid Housing Benefit

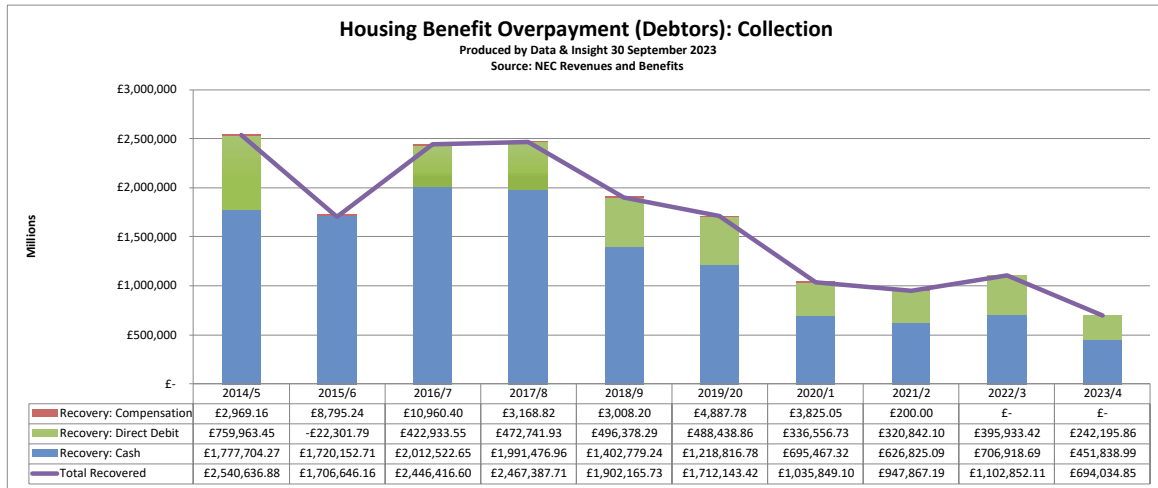
- 4.33. Total Housing benefit debt / arrears on 30 September 2023 totaled £19.912m (representing 10.72% of the total council debt), comprising £9.717m (5.23%) in respect of those currently in receipt of Housing Benefit and a further £10.195m (5.49%) in respect of those for which Housing Benefit is no longer in payment. The figure of £19.912m differs from that shown at

Figure 5 due to the different year end dates used.

4.34. There were 1,406 invoices issued for the total sum of £1.868m during Q1 and Q2 2023/24.

4.35. Collection rate trends are shown in Figure 4.

Figure 4: Housing Benefit Overpayment (Debtors) Collection



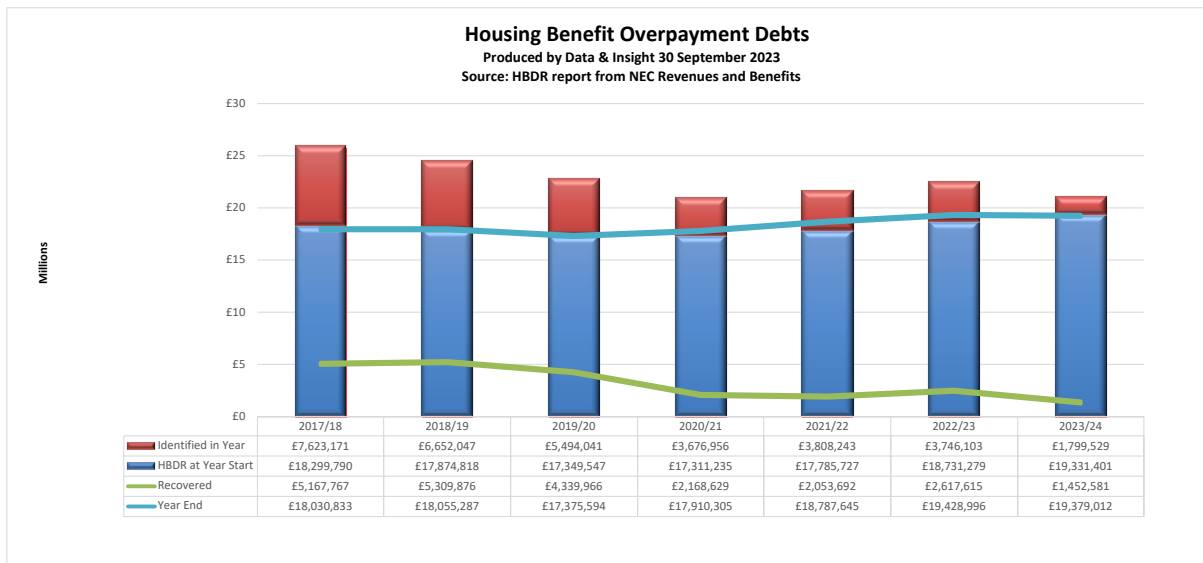
4.36. The split of direct debit / non-direct debit payers for in respect of those no longer in receipt of Housing benefit is shown in Table 8.

Table 8: Direct debit / non-direct debit payments

Payment Type	No.	Percentage
Other Payment Methods	4,169	76.12%
Direct Debit	1,308	23.88%
Total	5,477	100.00%

Figure 5 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 5: Total Outstanding Overpaid Housing Benefit



4.38. Collection and recovery activity continues with increased numbers of cases referred to employers for direct earnings attachments or to 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 Revenue Accounts (Current Rent Arrears, Former Tenants Arrears and Leasehold)

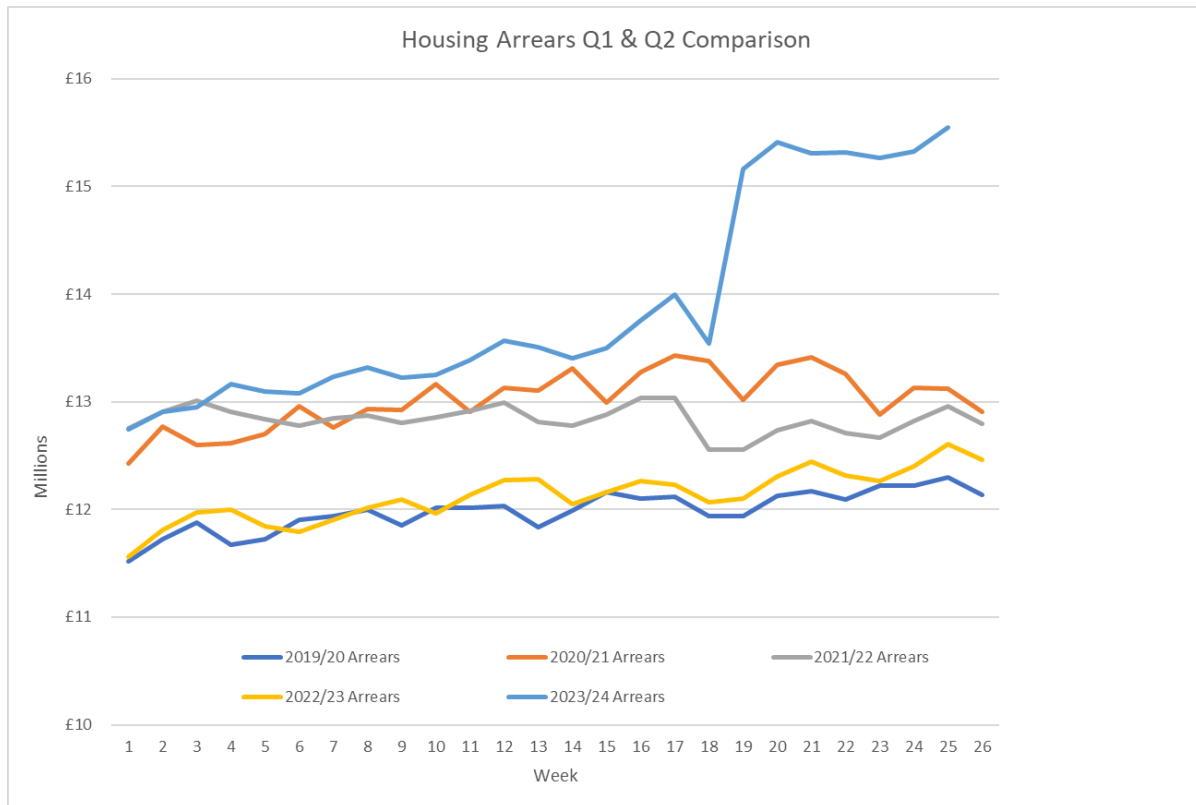
4.39. Housing Revenue Account (HRA) total indebtedness in April 2023 totaled £13.156m representing 8.41% of the total council debt), as shown in Table 9. In September 2023, the overall debt rose to £15.627m, equating to 8.40% of total council debt. This sum includes all assets and former accounts for HRA properties and other accounts managed by the Income (HRA) Service.

4.40. Leasehold debt was added to the Income (HRA) Service debt profile from Accounts Receivable (£1.547m) on 13 August, and this makes up 53% of the increase in the last period, a further £0.103m was added in Heating and Hot Water arrears. Leasehold debt is currently £1.579m as the 'Actuals' were added in September 2023. The entire Leasehold debt is being reviewed as many of the leaseholders we have contacted following the debt transfer from Accounts Receivable state they were not aware of the debt and had previously not been contacted by the council before about invoices. They are now challenging these invoices and the outstanding amounts. If the council did not notify Leaseholders of these invoices the council will have to write these debts off under Leasehold legislation. Moving the debt to the HRA will ensure the appropriate legislative and processes are followed to ensure that Leasehold Service Charges are recovered and managed in a timely and effective manner.

4.41.

Figure 6 shows the level of arrears for current year and previous years.

Figure 6: Housing Revenue Accounts Arrears Q1 and Q2 Yearly Comparison



4.42. Of the overall HRA debt, 56.0% is made up of Standard Current Rent arrears (£8.753m).

Table 9: Housing Revenue Accounts Arrears

Account Type	April 2023/24	September 2023/24	Change
Standard Current Arrears	£8,511,643	£ 8,752,787	£241,144
Leasehold Service Charge	N/A	£1,579,209	£1,579,209
Other Charges - Current	£1,583,444	£1,758,104	£174,660
Former Accounts	£3,061,189	£3,537,314	£476,125
Total	£13,156,276	£15,627,415	£2,471,139

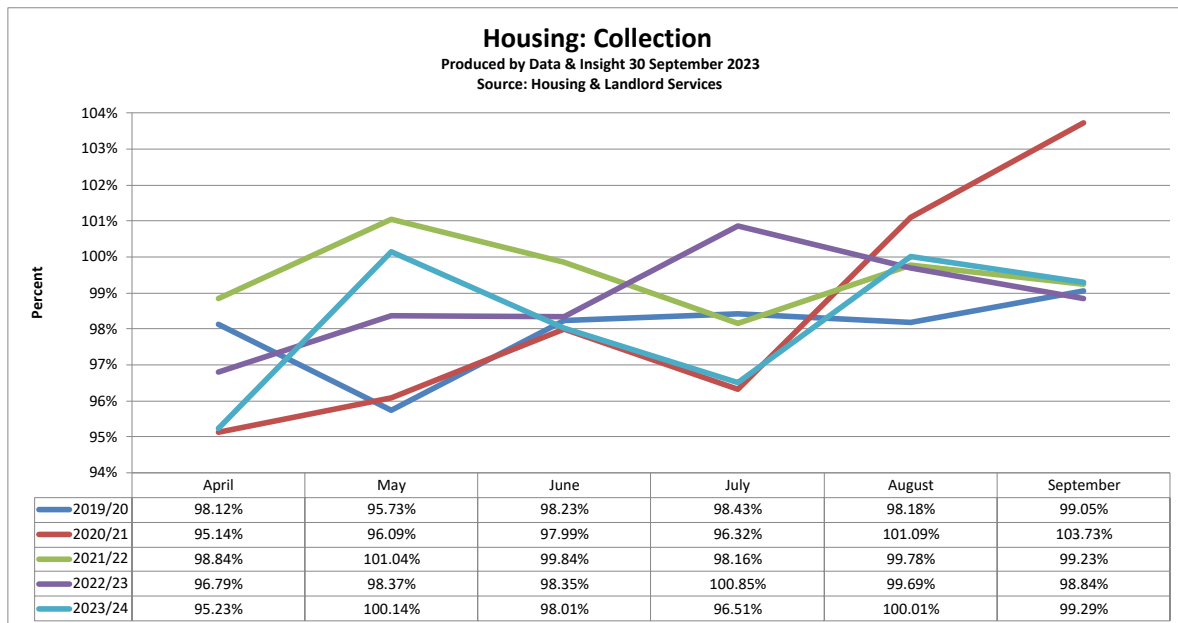
4.43. Standard Current arrears are following a similar trajectory to the last three years where collection rates were affected due to the COVID-19 pandemic and the on-going cost of living crisis. The continual reduction of discretionary housing payments (DHP) over the last three years has also affected collection performance and seen Standard Current arrears increase. We have activity supported residents with applications for DHP, and whilst this was successful in clearing some resident's arrears, it masked the underlying problem of some residents not seeing rent as a priority debt.

4.44. Standard arrears have increased by £0.241m between April and September 2023, however as a proportion of net debit, standard current arrears sit at 9.3% which is a reduction of 0.7% as a proportion of net debit. This is defined as the total annual charge minus payments received directly for Housing Benefit, Universal Credit APAs and DHP. Unlikely other Stock retaining Local Authorities

our arrears have remained relatively stable over the last three years, where the average increase in arrears is around 11% according to Inside Housing⁶.

Figure 7 shows the average collection rates for Q1 and Q2 2023/24 compared with previous years. The average collection rate so far for 2023/24 is 98.3%. Q3 is a difficult period for the service so we have brought in extra resources to support recovery during the next few months to maximise income during this period.

Figure 7: Housing Revenue Accounts Collection



4.46. Table 10 shows the aged debt profile of former tenant arrears (which equal 22.53% of total debt) and which are included in the total figure of £15.627m. These figures are as of November 2023. Former tenant debt has continued to increase as long-standing arrears cases are worked through and as these debts shift from one balance sheet to another (from current to former arrears).

Table 10: Housing Rent - Former Tenant Debt Age Profile

Period	Value	Percentage	Count	Percentage
Over six years	£46,698	1.05%	86	1.33%
2018/19	£143,453	9.68%	790	4.07%
2019/20	£620,936	25.73%	2,099	17.63%
2020/21	£469,062	17.11%	1,396	13.32%
2021/22	£608,070	16.01%	1,306	17.27%
2022/23	£926,430	17.92%	1,462	26.31%
2023/24	£706,750	12.48%	1,018	20.07%
Total	£3,521,402	100.00%	8,157	100.00%

⁶ www.insidehousing.co.uk/news/council-housing-rent-arrears-rise-significantly-survey-finds-82573

Housing (Temporary Accommodation)

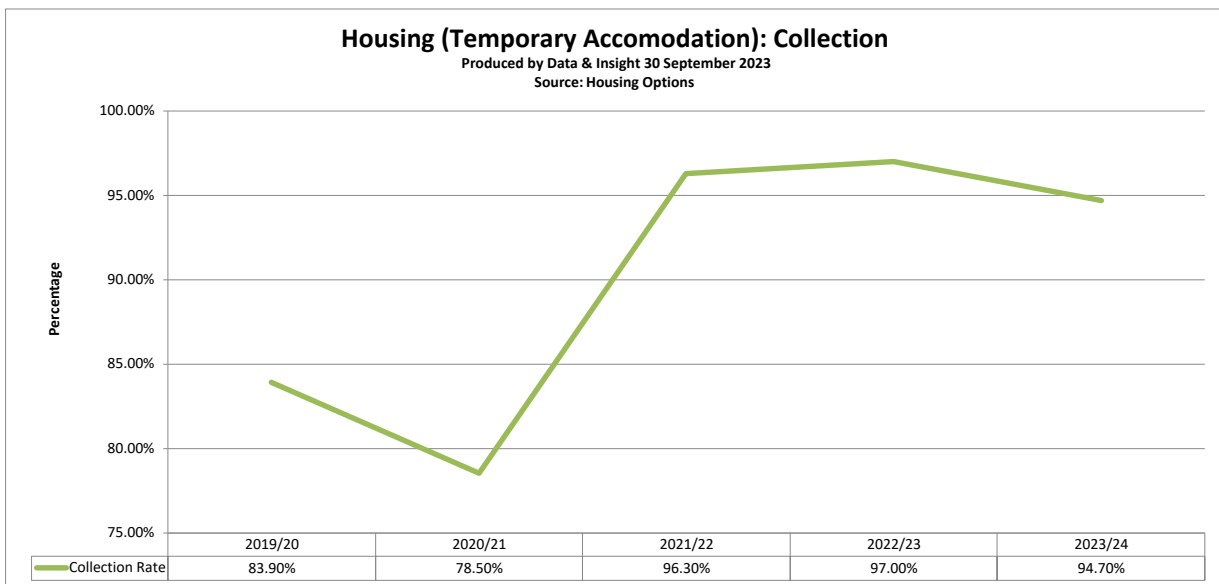
4.47. Full data for current customers who are in temporary accommodation is not available as the service has identified a key flaw in line of business application reporting. The service has and continues to work with colleagues across the Council to resolve the issue.

4.48. We have however identified and isolated a system error following introduction of a new application interface for all new placements made after July 2023. This has resulted in key revenue not being correctly allocated to client accounts. We believe there is a significant delay in key revenue being posted to the emergency accommodation accounts. This is the focus of our work to confirm actuals and then implement a fix to the identified problem.

4.49. Temporary Accommodation debt shows as £2.811m on 30 September 2023 and represents 1.51% of total council debt. This is an increase of 33.16% from the figure of £2.111m as of 31 March 2023. It is acknowledged that this figure might be lower due to the system error noted above.

4.50. Collection rates for the period 2019/20 to 2023/24 are shown in Figure 8 below.

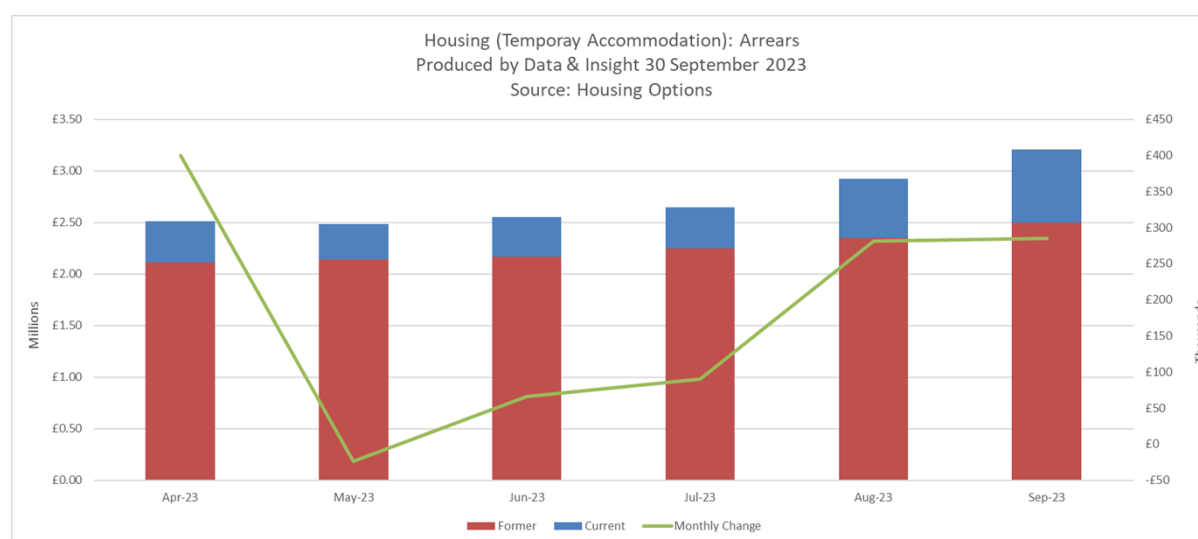
Figure 8: Housing (Temporary Accommodation) Collection Rates



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

Figure 9.

Figure 9: Housing (Temporary Accommodation) Debt



4.52. 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.

4.53. The increase in arrears can be attributed to increased numbers of households presenting and being placed into emergency accommodation. Bristol has seen similar increases in use of emergency accommodation to that which is reflected in the national landscape where there has been a 14% increase in demand for emergency accommodation⁷.

Parking Services (Penalty Charge Notices)

4.54. Penalty Charge Notices (PCN) debt / arrears on 30 September 2023 totalled £2.833m (representing 1.52% of the total council debt), a reduction of 7.84% from 31 March 2023.

4.55. Table 11 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
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%

⁷ www.housingtoday.co.uk/news/number-of-people-in-temporary-accommodation-up-14/5126978.article

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Amount Collected in Following Year	£776,263	£841,858	£454,356	£747,833	£959,407	£897,386
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.

4.56. 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, although this trend has reversed at the end of 2022/23. The improvement in 2022/23 can be attributed to increased collection via enforcement agents and the additional stages introduced under the corporate debt management policy.

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

4.58. 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.

4.59. 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.

4.60. The collection figure for 2022/23 has been revised to show the amount collected in 2022/23 as of 30 September 2023.

4.61. 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 late 2023 or early 2024.

4.62. 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.

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 continuing to impact 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. We aim to hold bi-monthly debt clinics 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 continues, and steps are being

taken to engage with customers in line with the Corporate Debt Management Policy. 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.
- 6.1.8. Work with third parties to proactively identify those who 'won't pay' from those who 'can't pay' to ensure collection and recovery activity is focussed appropriately.

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 within ABW (used to administer Accounts Receivable debt), 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. Standard documentation used within ABW continues to be reviewed and work is ongoing with relevant services.
 - 7.1.3. Following an optimisation review a rewrite of the ABW workflow remains an option and new modules are considered for implementation where available to create and deliver business efficiencies.
 - 7.1.4. Plans to decentralise bad debt provision to services with an increased frequency of adjustments to improve the link between invoicing and collection. This is planned to be implemented for 01 April 2024.

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 2023 to 30 September 2023 totaled £7.500m.
- 8.4. Table 12 below details the total number and value of write offs actioned, by debt type, during Q1 and Q2 2023/24.

Table 12: Write off by Debt Type

Write Off Description	Value	Percentage	No.	Percentage
Accounts Receivable	£710,502.85	9.47%	5,904	15.80%
Council Tax	£3,014,190.25	40.19%	9,798	26.21%
National Non-Domestic Rates (NNDR)	£1,709,990.98	22.80%	423	1.13%
Overpaid Housing Benefit (total)	£252,555.80	3.37%	3,175	8.49%
Housing Revenue Accounts (Current and Former. Tenants Arrears and Leasehold)	£378,618.81	5.05%	375	1.00%
Housing (Temporary Accommodation)	£ NIL	0.00%	NIL	0.00%
Penalty Charge Notices	£1,434,158.77	19.12%	17,702	47.36%
TOTAL	£7,500,017.46	100.00%¹	37,377	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 January 2024.

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 EqIA as this report is only providing a position statement.

Appendices

1. Exempt Information – Write Off Detail

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)