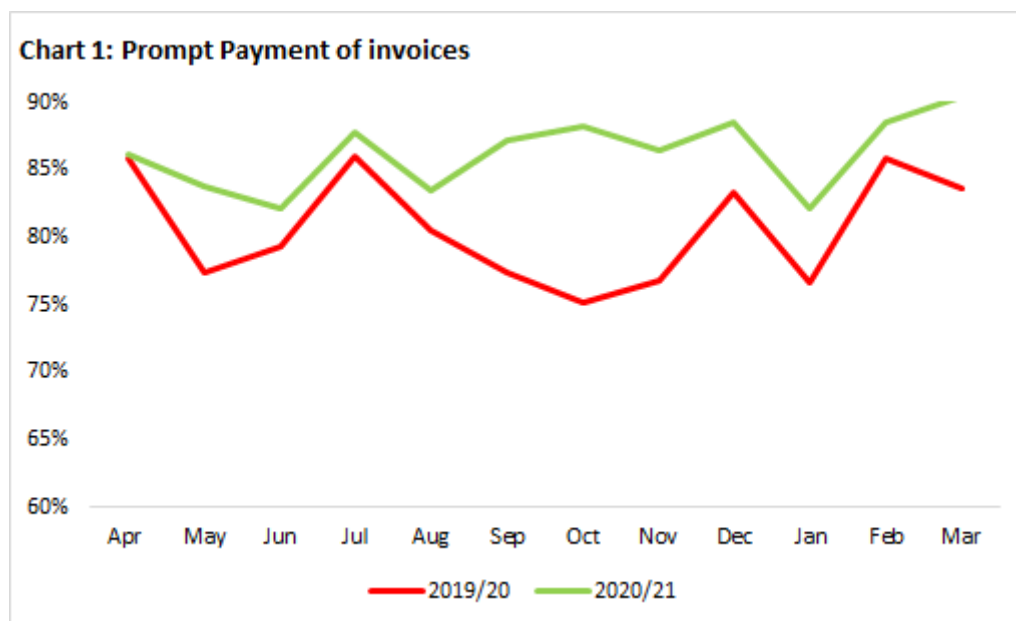


Appendix D –Debt and Payment Performance Monitoring

1.1. The prompt payment outturn based on received date was 86.2% (80.8%, 2019/20), which is 5.4% up on the previous year's performance. During 2020/21, the Accounts Payable team processed Covid-19 related support payments to taxi drivers, Integrated Community Equipment Service users (Adult Social Care) and business receiving re-start grants. The performance for 2020/21 is shown alongside the equivalent 2019/20 figures within chart 1.



1.2. During 2020/21, system workflow has been further improved and tightened to help drive improved financial compliance. Adult Social Care payments are now processed through a system interface and work continues to automate other payments where possible. As a result of changes to the ICT contract all BACS payments are now processed via Local Government Shared Services (LGSS). The Accounts Payable team continue to work closely with the procurement team and the Council to ensure suppliers are paid quickly wherever possible.

1.3. In 2020/21 a total of 75,308 payments were paid out, of which 67,958 were paid within 30 days (based on the invoice date)

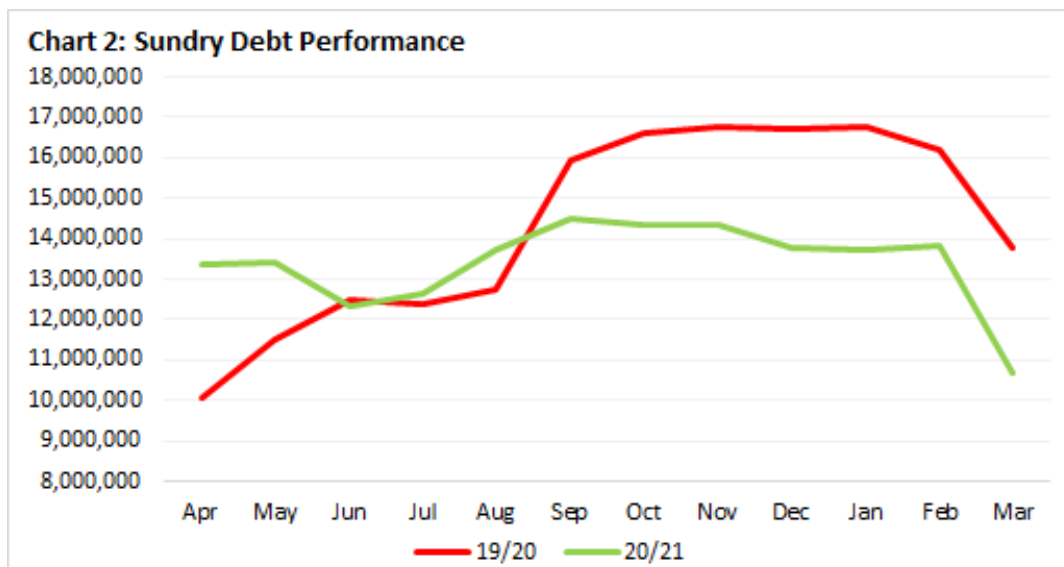
1.4. The total value of payments made was £313.9m of which.

- £313.5m (99.6%) was paid electronically, by either BACS or CHAPS.
- £0.405m (0.4%) was paid via a cheque- 268 cheques, 432 less cheques in 2020/21.

2. Sundry Debt Performance

2.1. The total outstanding sundry debt on 31 March 2021 was £21.8m (£27.1m, 31 March 2020), a reduction of £5.3m in comparison to the previous year. Of this £10.7m, accounted for debt aged over 6 months old (6m+ debt), this is set out in Chart 2 alongside the comparative figures for 2019/20.

2.2. Of the £10.7m (6m+ debt), £7.7m (72%) is in respect of debt outstanding from NHS organisations and the Clinical Commissioning Group (CCG). It should be noted that £0.957m of NHS/CCG payments are unallocated and have not been included within the figure quoted, this is due to the poor quality of information on remittances that have been received.



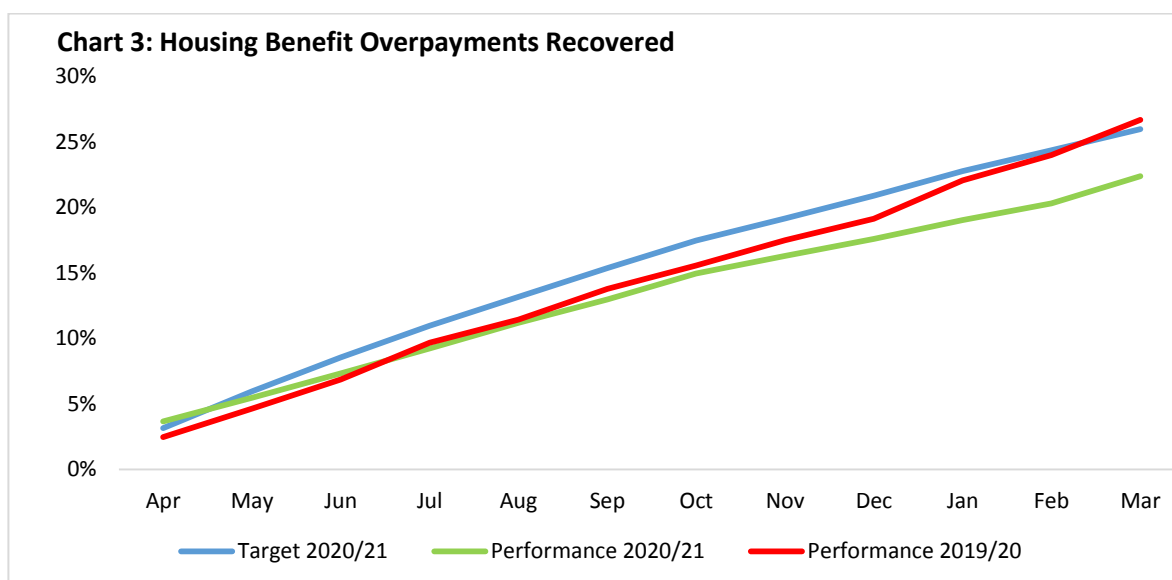
2.3. A review of the end-to-end debt recovery process is ongoing. This will include an internal audit report outlining the Councils strengths, weaknesses and making recommendations for improvements. It is anticipated outcomes of this work will include:

- 2.3.1. Enhanced reporting and monitoring tools to assist budget managers and directors with recovery action. This action is already in train following the finance team piloting a new dashboard report with the Corporate Management Team.
- 2.3.2. The introduction of additional controls at the billing stage, which will improve accuracy for invoices and ensure evidence is strong to support latter stage recovery action, should it be required.
- 2.3.3. Closer working between Serco's Sundry Debt team, and the Councils service directorates continues to be positively developed, with budget holders and budget managers becoming more involved in terms of reviewing debt.

2.4. In 2020/21 a total of £69.7m invoices were raised, with a total of £64.4m being collected against the total outstanding debt. Serco have been carrying out two projects, to recover aged debt, during 2020/21, £0.447m had been collected across the two projects, however these are now reaching the end of their life.

3. Housing Benefit Overpayments

3.1. Chart 3 shows the total amount of housing benefit overpayments recovered against the cumulative target rate set for 2020/21 and the 2019/20 performance.

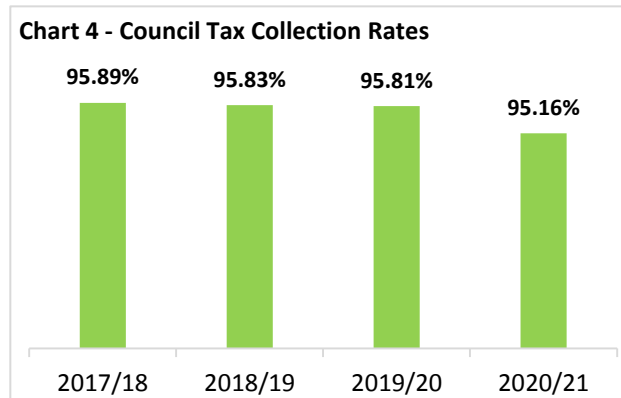


- 3.2. Housing benefit overpayment collection as at the 31 March 21 was 22.39%, which is below the target of 26.0% and 4.31% lower than the figure for March 2020 (26.70%). The amount of debt carried forward from 2019/20 was c£6m and the amount of newly identified debt in 2020/21 was £0.5m lower than 2019/20, and £1.6m lower than 2018/19. As a result, the age profile of the debt continues to get older.
- 3.3. Collection has been affected in 2020/21 by the impacts of Covid-19. DWP suspended debt collection processes for ‘attachments of benefit’ cases for most of the year and recovery via wage deductions was also impacted.
- 3.4. Despite this, the value of debt collected as a percentage of new debt raised continues to increase. In 2019/20 this was 135% of the value of the debt raised in year and in 2020/21 this has increased to 148%. This is resulting in a reduction of overall debt levels.
- 3.5. Overall overpayments are reducing for a number of reasons, including:
- 3.5.1. Universal credit is reducing the caseload of Housing Benefit claims. The reduction in identification of new debt is of overall benefit to the Council, but this does mean the achievement of the KPI becomes increasingly difficult.
 - 3.5.2. Benefits processing is significantly more up to date than it has been historically, leading to fewer overpayments caused by delays in processing.
 - 3.5.3. Recent data matching of earnings with DWP and HMRC has led to claims being more promptly updated when changes occur.
- 3.6. While the age profile of the debt is making achievement of the KPI increasingly difficult the actual underlying levels of outstanding debt are continuing to decrease after several years of increases.

4. Council Tax and Non-Domestic Rates Collection

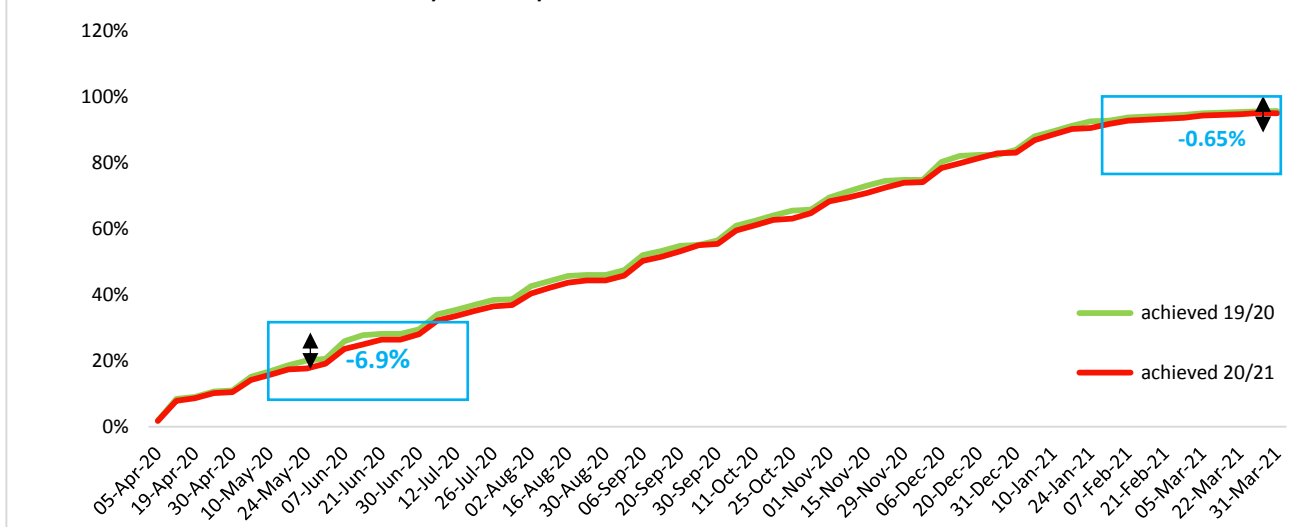
Council Tax

4.1. Chart 4 shows the performance in respect of Council Tax collection over the last four years, which outlines a very steady trend. Although the in-year collection rate for 2020/21, has reduced by 0.65% in comparison to 2019/20, this position is much improved from forecasts earlier in the year, where the collection rates were 6.9% lower.



4.2. Council Tax recovery was initially on hold (as advised by the government) and as a result of this, unemployment rates rising and increased economic uncertainty caused by the pandemic the collection rates fell 6.9% behind the 2019/20 achieved position. With recovery action resuming in August, initially with 'soft' reminders, followed by more formal recovery action in September. Collection rates have remained strong despite the 3 lockdowns and downturn in the economy, with in-year collection being 0.65% down on 2019/20 rates. Chart 5 outlines the rate throughout 2020/21 and 2019/20, highlighting the point at which collection rates dropped and the closing position.

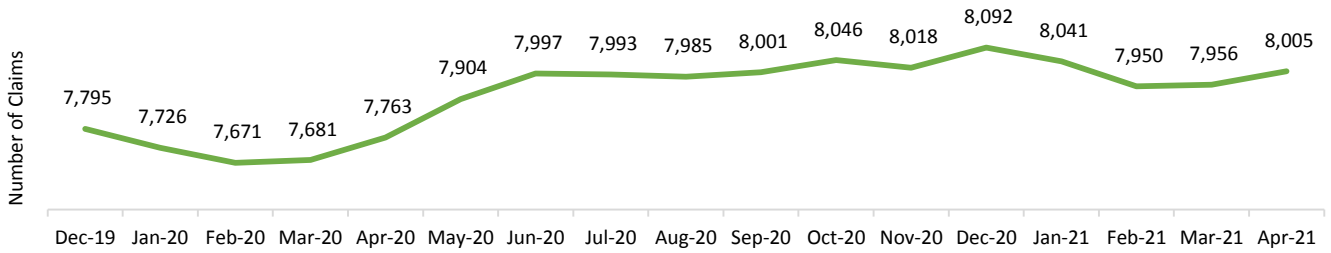
Chart 5: Council Tax Collection Rates 2019/20 v 2020/21



4.3. Prior years (arrears) debt collection has been affected by Covid-19, with the amount of Council Tax arrears collected in 2020/21 reducing by 11.37%, against a target of 14.31%. The suspension of DWP debt recovery processes and suspension of formal recovery action until September has impacted the remaining debt recovery process.

4.4. During the year the Council has seen a steady rise in the working age Local council Tax Support (LCTS) caseload. At the start of the pandemic the increase was sharp in line with the rise unemployment, lockdown 1.0 and the introduction of furlough. Chart 6 outlines the trend throughout the year and demonstrates the impact on LTCS claims the change in economic climate, caused by the reducing of lockdown measures in summer and then the re- introduction of further lockdowns in November and January had. Although the claim levels now seem to be steady around 8,000 this is still much higher than the reducing pre-Covid-19 trends, and there is potential for to increase further once the furlough scheme ends in 2021.

Chart 6: Working Age- Local Council Tax Support Claims



Non Domestic Rates

4.5. Chart 7 shows the performance for the collection of Non-Domestic Rates (NNDR) over the last 4 years. This usually remains steady at around 97.85%, however Covid-19 has significantly impacted the collection of NNDR income during 2020/21, with the collection rate reducing by 16.06% compared to the level achieved in 2019/20. In monetary terms this equates to £11.5m of uncollected NNDR income. Early in the year the Collection rate for NNDR deteriorated before remaining constant at c15-20% behind 2019/20, as show in in chart 8.

Chart 7: NNDR Collection Rates

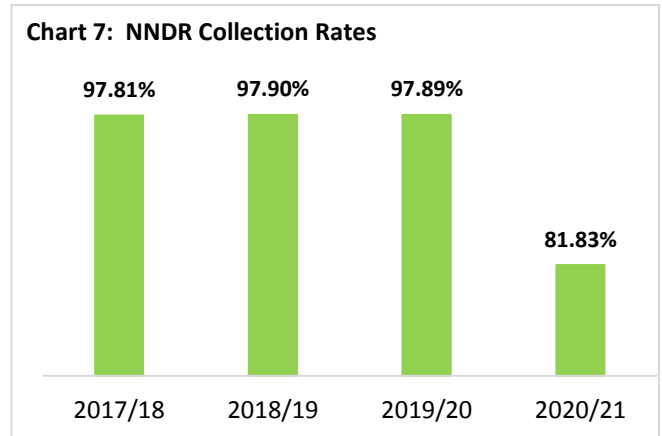
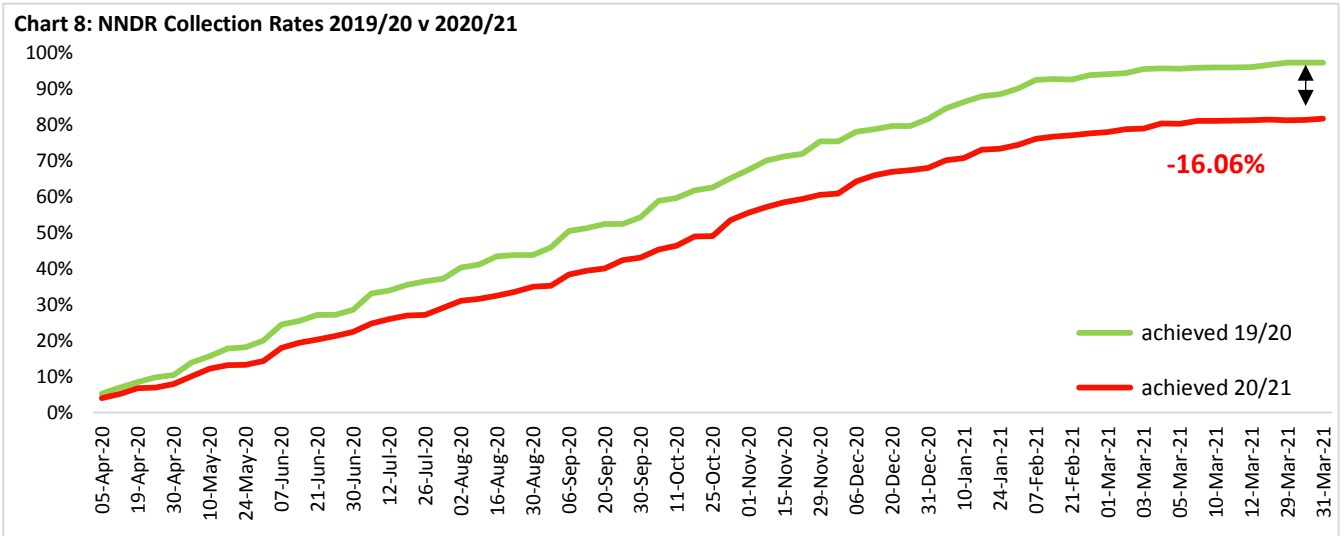


Chart 8: NNDR Collection Rates 2019/20 v 2020/21



4.6. Additional 100% rate relief and business support grants were made available by the government. These schemes primarily focussed on specific industries such as leisure, hospitality, retail and nurseries, where Peterborough’s business base is largely represented by warehousing, distribution, and transport. These businesses along with other received no relief and in many cases have been unable to continue to pay their rates liability. Formal recovery action was suspended during 2020/21, with ‘soft’ reminders being issued during February and March 2021.

4.7. Temporary staff have been employed throughout 2020/21 to help minimise the impact in recovery as far as possible, but more so to assist with the prompt administration of business grants. Additional

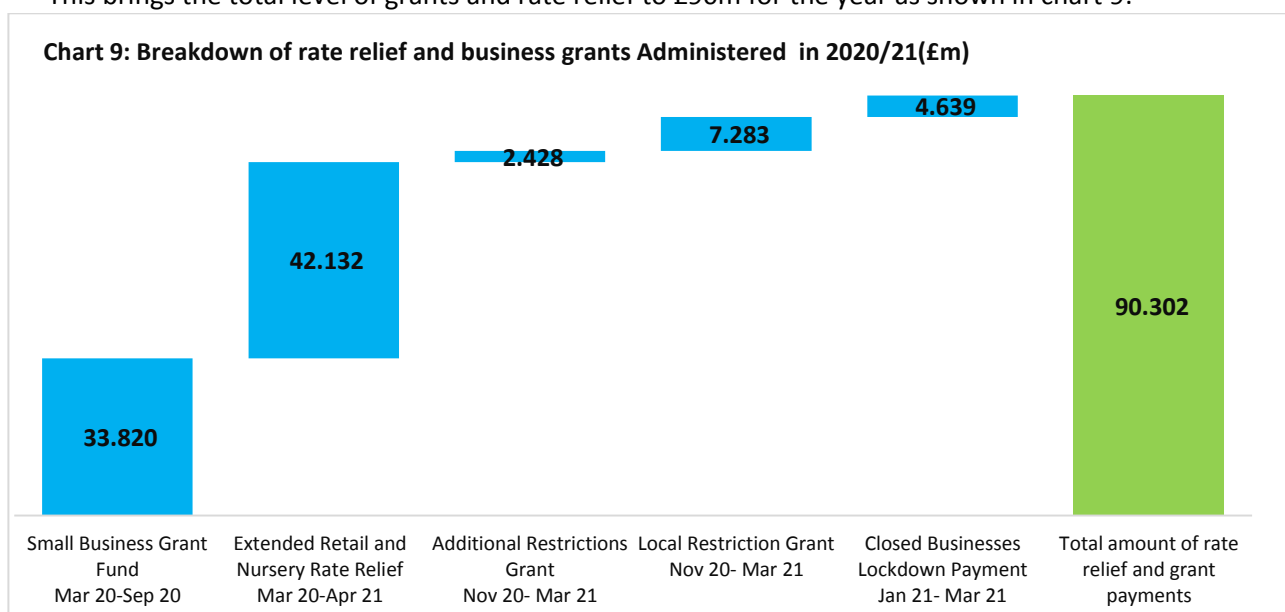
staffing resource will continue in 2021/22 and will focus on the recovery action for the current year and to recover the outstanding debt that remains from 2020/21.

- 4.8. Covid-19 has had a significant impact on the financial position of many residents and businesses. The Council was keen to support both during this difficult period and a more lenient approach to debt recovery was agreed, to ensure even more pressure was not being placed on those most impacted financially by the pandemic. This position was replicated by central government by, for example, courts not being open to conduct local taxation liability hearings until September.
- 4.9. Non-Domestic Rates recovery action has been on hold due the current financial situation many businesses face, but recovery action recommenced in February, initially with soft reminders and targeted calls. Due to the challenges of collection debt last year a more robust approach is being taken to recover the 2020/21 arrears now owed.

5. Covid-19 Grant Administration

Business Rate Relief and Grants

- 5.1. Despite the challenges outlined in section 4, the Revenues and Benefits team have been recognised by the Department for Business, Energy and Industrial Strategy (BEIS) for being one of the top performing teams, for the speed at which they paid grants to local businesses impacted by Covid-19, during the first lockdown.
- 5.2. Various grants schemes have been awarded to businesses throughout 2020/21, which include:
- 5.2.1. **Small Business Grant Fund (SBGF):** £33.8m administered from March- September 2020 and awarded under 3 different schemes, and supporting 2,764 local businesses.
 - 5.2.2. **Local Restrictions and Additional Restrictions Grants:** administered November 2020 to March 2021 including lockdown 2 and 3 related grants and discretionary schemes which the Council designed to best support local businesses.
 - 5.2.3. **Closed Business Lockdown Payment-** announced by the chancellor following lockdown 3.0 in January 2021.
 - 5.2.4. **Extended Rate relief and Nursery Discount:** introduced in April 2020, with the total relief granted reaching £42.1m supporting 1,300 businesses and 34 nurseries.
- This brings the total level of grants and rate relief to £90m for the year as shown in chart 9:



5.3. The Council is continuing to administer some of these scheme where they remain open, or have been extended by the government. In addition a Business Restart Grant was announced in March to support the economy to reopen and recover. The Council has received a £8.3m grant and is working to promptly distribute this grant to businesses.

LCTS Hardship Fund

5.4. The Council received £1.7m of Council Tax Hardship funding at the beginning of the pandemic, to provide support to working age recipients of Local Council Tax Support (LCTS), by providing a further £150 reduction in their annual Council Tax bill. During the year £1.4m of government funding was allocated to 9,964 households, supporting working age families, those on lower income, or struggling due to the rise unemployment and furlough. The suspension of DWP debt recovery processes and suspension of formal recovery action until September has impacted the remaining debt recovery process though.

Test and Trace Self Isolation payments

5.5. In addition to business grants and LCTS hardship payments the team administered the government Test and Trace isolation payments. Since October 2020, 4,180 claims have been processed and awards totalling £0.775m have been made to those on low incomes, who have been required to self-isolate after testing positive or coming in the close contact with someone who has tested positive for Covid-19.

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