

SUBJECT: HOUSING BENEFIT OVERPAYMENTS UPDATE

DIRECTORATE: CHIEF EXECUTIVE

**REPORT AUTHOR: CLAIRE MOSES, REVENUES AND BENEFITS MANAGER
(SHARED SERVICE)**

1. Purpose of Report

- 1.1 To provide Revenues and Benefits Joint Committee with an update on the recovery of Housing Benefit overpayments.

2. Executive Summary

- 2.1 This report sets out how officers intend tackling the outstanding Housing Benefit (HB) overpayments debts.
- 2.2 **Appendix 1** to this report show the outstanding HB overpayments by status for both Council and Private tenants.

3. Background

- 3.1 Housing Benefit overpayments can occur for a variety of reasons;
- Customers not promptly notifying of a change of circumstances affecting their entitlement to HB;
 - Delays in re-assessment of HB once a change has been reported to the Benefits Officer;
 - Fraudulently-claimed HB;
 - Error made in assessment of HB by the local authority; and
 - Error made by the Department for Work and Pensions (DWP) and Her Majesty Revenues & Customs (HMRC) in one of the benefit or incomes used in the assessment of Housing Benefit entitlement.
- 3.2 Due to the nature of the relatively large amounts of HB being paid over an extended period, individual overpayments can be sizeable and for some debts, these take many years to recover at standard weekly rate deductions from ongoing HB entitlement and DWP benefits.

4. Value and Extent

- 4.1 As at the end of quarter 3 2017/18, the value of outstanding overpayments for City of Lincoln and North Kesteven are £4,248,202 and £1,823,546, respectively. From quarter 2, this is an increase for City of Lincoln of £126,979 and a decrease for North Kesteven of £29,729. The recovery of overpayments can be at different stages and these are usually broken down into two areas – Live HB claim or Sundry Debtor. For Live HB claims, the amount of Housing Benefit awarded is reduced each week by a

certain amount (called an 'on-going deduction'). This amount is used to reduce the outstanding overpayment until it is cleared. Sundry Debtors overpayments are those where the customer is no longer in receipt of Housing Benefit, and the customer is invoiced for the outstanding debt. The customer is then required to set an arrangement to pay.

- 4.2 **Appendix 1** to this report shows the current recovery status of HB overpayments for both City of Lincoln and North Kesteven. It provides a breakdown of the number and value of overpayments for both council and private tenants. Officers have used a number of reports to obtain the figures within this appendix. At the last meeting of this Committee, officers explained there was minor duplication of some figures within the reports. This has since been investigated and updated figures have been provided within this report and appendices.

To provide context in relation to these figures, the table below shows the value of overpayments raised so far in 2017/18 and how this equates, in percentage, to the total value of HB paid out (as at the mid-year subsidy estimate for 2017/18): -

Authority	Total Overpayment value	Total HB estimated to be paid	%
City of Lincoln	£329,890	£31,190,713	0.11%
North Kesteven	£202,088	£17,101,374	1.18%

5. Action plan – 2017/18 – Update

- 5.1 At the last meeting of this Committee, Officers advised an action plan was in place to reduce the number of overpayments. The following actions were undertaken during quarter 3 and 4 of 2017/18: -

1. The recovery officer completed the review of the remaining City of Lincoln cases during November and December 2017. As a result of this work, the number of customers with an outstanding overpayment not at sundry debt stage has decreased from 1,006 to 874. Although this number has increased slightly since October 2017, as shown in the table below, due to the increase in overpayments created. However, it is encouraging that all new customers have a managed arrangement in place which is being reviewed bi-monthly. The table below provides details of this information: -

	Number of customers with an outstanding overpayment not at debtors	Outstanding overpayment not at Debtors
December 2016	1006	£920,737
October 2017	816	£818,607
January 2018	874	£834,841

2. The recovery officer began a review of the North Kesteven cases, in particular the older cases which were at 'write off' stage – with a view for a final decision to be made and for these overpayments to be written off. As a result of this, there has been a reduction in the number of overpayments not at sundry debt stage. Work has been undertaken to action all historical write off's which had been approved but not cleared on the Benefits System. The table below provides details of this information: -

	Number of customers with an outstanding overpayment not at debtors	Outstanding overpayment not at Debtors
December 2016	558	£436,522
October 2017	511	£401,593
January 2018	455	£355,335

3. During Quarter 3, a detailed analysis of cases at sundry debtor was due to be undertaken. However, due to a reduction in resources within this area, this has not been achieved. Officers are reviewing how this can be incorporated into current workloads and an update will be provided at the next meeting of this committee.

The following actions were due to be undertaken in Quarter 4 2017/18. However, due to the loss of staff within the Benefits Team (leaving the authority and transfer to the Universal Credit Team), it is unlikely this work will be undertaken: -

1. A review of the City of Lincoln overpayments – the Shared Service developed an overpayment guide (which was referenced at the last committee). Guidance requires a 12 month review of the deductions which have been set. It is important to keep these under review and customers can contact the team and ask them to be changed (if they have had a change in their income / HB award). Once the second review of the City of Lincoln overpayments was completed, it was the intention for these to be reviewed every 2 months - to ensure deductions are not being reduced unnecessarily and recovery of the

overpayment is on track;

2. The Recovery Officer was due to undertake a similar review to that of the City of Lincoln overpayments and will adjust the ongoing Benefit in line with the guidance. There are currently a total of 455 cases totalling £355,335;
3. A review of the adjusted North Kesteven overpayments was due to begin 2 months after the start of the above action – to ensure deductions are not being reduced unnecessarily and recovery of the overpayment is on track.

6 Action plan – 2018/19

- 6.1 At the last meeting of this committee, an action plan for 2018/19 was submitted. Unfortunately, due to the uncertainty of central government funding within the Revenues and Benefits Service, the level of resource allocated to overpayments needs to be reviewed. The Head of Service and Revenues & Benefits Manager will be meeting in February to discuss staffing levels and resource allocation for 2018/19. A verbal update will be provided at this committee on 20th February.

A report will be brought back to this committee on 12th June 2018, analysing the outcome of the resource allocation and the work undertaken above, along with a proposed timetable of work for 2018/19 which is likely to include: -

- a) At this stage, Officers do feel that in order for this project to be successful and to effectively reduce outstanding overpayment levels, the resource requirement in this area would need to be increased to at least one full-time equivalent officer, with the role potentially being obtained from the current Benefits establishment and would lead and actively monitor both City of Lincoln and North Kesteven outstanding balances, ensuring the correct rate of recovery is applied, making and reviewing arrangements, ensuring write offs are actioned quickly, ensuring overpayments are passed to sundry debtor stage quickly and efficiently.
- b) Ensure ongoing reviews of outstanding and new overpayments are undertaken every 2 months to maximise the available recovery rate and ensure proactive recovery is being undertaken. This will be particularly important for overpayments created by Right Benefit Initiative (RBI) – whilst processing RBI ensures a reduction in fraud and error within the system, there is a significant impact to the number of overpayments raised and the required recovery of these. Since July 2017, a total of 355 overpayments have been created for City of Lincoln and 423 for North Kesteven. This has resulted in an increase of overpayment levels of £140,122 and £97,348 respectively. It is important that both Councils continue with the RBI work – the information is provided directly from HMRC and allows for Housing Benefit claims to be updated automatically without the need to contact the customer and wait for them to provide the information. Although the overpayments created are significant, in undertaking this work, once changes have been made, the customers claim is then being paid based on accurate information.

- c) A review of large overpayments / older debt where weekly deductions are minimal – for example, there is a North Kesteven case where the overpayment is £14,249 and is being recovered at £6.50 per week. Whilst this is effective recovery in that money is being recovered, it would take 2,192 weeks, or 42 years to recover in full. Officers will undertake a review of all overpayments with an outstanding value above £1,000. This will then be put into a table to show the value of the overpayment, weekly recovery rate and the balance by the year 2020 (undertaken for working and pension age). In doing this, the information will be used for future decision making with regards to potential write offs of ‘uncollectable’ overpayments.
- d) A separate action plan will be devised for overpayments at sundry debt stage.
- e) Engage with Department for Work and Pensions regarding potential ‘free consultancy’ work to assist delivery of this action plan and identify other initiatives that may be introduced.

7. Strategic Priorities

7.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Two that have an impact on the Revenues and Benefits Service are:-

- Lincoln: “Let’s Reduce Inequality”.
- North Kesteven: “Our Community and Our Economy”.

7.2 Both authorities look to protect the poorest people. The Benefits Service plays a key role in reducing poverty and disadvantage by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section are also mindful of the strategic priorities when engaging with business ratepayers as they recover the business rate. Digital Inclusion, Channel Shift, Financial Inclusion and Partnership Working are all key priorities for the shared service.

8. Organisational Impacts

8.1 Finance: There would be a positive financial implication arising from this report in relation to the reduction in outstanding Housing Benefits overpayments.

8.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.

8.3 Land, property and accommodation: There are no direct implications arising from this report.

8.4 Human Resources: There are no direct implications arising from this report.

8.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required) – There are no direct Equality, Diversity or Human Rights implications arising from this report.

8.6 Significant Community Impact: There is no change in policy / strategy or the way the service is being delivered.

8.7 Corporate Health and Safety implications: There are no corporate Health and Safety implications.

9. Risk Implications

9.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

10. Recommendation

10.1 Members are asked to note this report and note that an update will be brought to Revenues and Benefits Joint Committee on 12th June 2018; and

10.2 Support plans to continue with the 'Housing Benefit Overpayment Action Plan' in relation to the areas outlined in this report, for 2018/19, including re-allocation of resources to undertake this work.

Is this a key decision? ~~Yes~~/No

Do the exempt information categories apply? ~~Yes~~/No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? ~~Yes~~/No

How many appendices does the report contain? One

Appendix 1: Outstanding HB overpayments by status

List of Background Papers: None

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