

<b>SUBJECT:</b>	<b>HOUSING BENEFIT OVERPAYMENTS UPDATE</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>CLAIRE MOSES, REVENUES AND BENEFITS MANAGER (SHARED SERVICE)</b>

## 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, as well as detailing the scope for the Department for Work and Pensions (DWP) Housing Benefit debt recovery health check.
- 2.2 **Appendix 1** to this report shows the findings and recommendations of the review undertaken by the DWP's Housing Delivery Division (HDD).

## 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 2017/18 outturn, the value of outstanding overpayments for City of Lincoln and North Kesteven are £4,219,349 and £1,824,908, respectively. 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.

## **5. Department for Work and Pensions (DWP) – Overpayment Review – April 2018**

5.1 In April 2018, the DWP's Housing Delivery Division (HDD) Performance Development Team (PDT) conducted an end to end review of the Shared Service Housing Benefit overpayment and debt recovery process.

5.2 The HDD team met with the Head of Service and Revenues & Benefits Manager to discuss the scope of the review and current processes within the team to identify and recovery overpayments.

5.3 As a result of the scoping meeting, it was agreed that the PDT consultants would carry out an end to end on-site overpayment process review for two days. This was undertaken at City Hall, with the PDT meeting a number of key staff – including senior management, team leaders, benefits officers, appeal officers and members of the recovery team. The review was structured to include: -

- Analysis of the existing debt provision;
- Specific case sampling;
- Interviews with staff;
- Process observations;
- Prevention of debt; and
- Information feedback.

5.4 During the two days, senior management highlighted the targeted work which had already been undertaken in relation to overpayment recovery. 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. During November and December 2017, the Housing Benefit Overpayment Recovery Officer completed a review of all City of Lincoln overpayments which were being recovered via ongoing Housing Benefit. The aim of the review was to contact those customers to increase the weekly repayment figure or, where the overpayment was low, to seek payment in full. 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. The Officer has continued to review the ongoing and new cases on a quarterly basis to ensure effective and proportionate managed arrangements are in place
2. From January 2018, 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 Officer has also reviewed all cases currently being recovered via ongoing Housing Benefit, using the same approach as for City of Lincoln (point 1 above). This has resulted in the number of customers with an outstanding overpayment not at sundry debt stage decreasing from 558 to 455.

3. During Quarter 4, a detailed analysis of cases at sundry debtor was due to be undertaken. The work that was being undertaken up to December 2017 was being absorbed by the existing members of the recovery team. It was intended for an Expression of Interest exercise to be undertaken in December 2017, however, due to a number of other work pressures, staffing changes and changes in Government schemes, the work was temporarily stopped. Officers have now reallocated resources allowing recruitment into a dedicated role, as detailed in section 6.5 of this report.

## 6. DWP – Findings and Recommendations – the next steps

6.1 As a result of the review, the PDT has provided officers with a report detailing the findings and recommendations, this is shown in **Appendix 1**. The PDT will also return to City Hall on 15 June 2018 to provide a verbal update to all staff who were involved with the original review.

6.2 The PDT identified some good practices whilst conducting the review, as well as acknowledging the shared service has already recognised work that needed to be done – such as: -

- Identifying old debtors – reviewing the status of recovery and moving the recovery stage forward;
- Filling the Expression of Interest for a Housing Benefit Overpayment recovery officer; and
- Identifying debtors suitable to be referred to the DWP as part of their Debt Service pilot

6.3 The PDT put forward eleven recommendations (paragraph 15 onwards in appendix 1), of which nine have been included in the HB Overpayment recovery action plan. These are: -

- Review current timeline for issuing of reminders;
- Review of diary dating process;
- Process in place to review the level of benefit claw back;
- Consideration of claimant capital as recovery method;
- Introduction of a telephone rota within the recovery team;
- Analysis and understanding of management information (MI);
- Targeted activity for highest and oldest debts;
- Communicating the importance of recovery to all staff so they understand their role; and
- Collaboration between staff and the HB recovery team – to share achievements and discuss areas for improvement;

Recommendations 8 and 9 have not been included within this action plan, as they relate to quality checking, for which there is a separate ongoing project and are already included within this.

- 6.4 The recommendations, along with work already planned have been used to create an action plan which is due to be implemented on 18 June 2018 once all staff have received an update regarding the recommendations. The action plan is shown in **Appendix 2**. This action plan will be used as a working document and will direct the workload for the overpayment recovery team during the next nine months. This action plan will be updated regularly and will be provided in future committee reports to show the progress which is being made.
- 6.5 During May 2018, an advertisement for 1 Full Time Equivalent Housing Benefit Recovery Officer (fixed term) was sent as an expression of interest which was ring-fenced to Housing Benefit Officers. There were three applicants for the role, who underwent a selection process. As a result, the successful candidate was appointed in Mid-May. The successful candidate has experience in overpayment recovery and has started to work with the Team Leader to form the action plan.

## **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 4 September 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?** Two

Appendix 1: Housing Delivery Division findings and recommendations report  
 Appendix 2: Housing Benefit Overpayment Action Plan

**List of Background Papers:** None

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