



Department
for Work &
Pensions

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Lincoln City Council and North Kesteven District Council

Performance Development Team Housing Benefit Debt Recovery Health Check

Introduction

1. In April 2018, following a request from Lincoln City Council (LCC) and North Kesteven District Council (NKDC) the Housing Delivery Division (HDD) Performance Development Team (PDT) conducted an end to end review of LCC and NKDCs Housing Benefit (HB) overpayment and debt recovery process.
2. This report provides a brief summary of the findings and recommendations following the review. The recommendations are informal and offered to LCC and NKDC to consider adopting when updating its current processes. The PDT consultants assigned to this project were Lucie Eastham and Debbie Harrison.

Background

3. LCC and NKDC have a HB caseload of approximately 8,000 and 4,500 respectively. At the start of 2017/18 LCC had a total outstanding debt of £4,024,000 and NKDC £1,777,000. Prior to undertaking the review, the PDT consultants gathered supporting historical debt recovery performance data to establish any trends or areas for improvement.
4. The two councils have been through a significant amount of transformation becoming a shared service and moving IT supplier. There is a plan in place to identify and reduce 'old debt' and become up to date with 'new debt'
5. PDTs initial data gather (see **Annex 1**) included the last full 3 years performance data. The data shows a year on year increase in the total amount of debt recovered and the percentage of in year debt recovery achieved. However, overall

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outstanding debt has also increased year on year.

6. PDT consultants compared the debt recovery performance for both LCC and NKDC with that of a number of neighbouring LAs to give a more holistic view and greater context of their achievements to date. The table below includes a comparison of the in year recovery rate and the percentage of recovery against the total outstanding debt for each LA.

Council performance for % of recovery for 2016/17

County performance for % of recovery for 2016/17	In Year (%)	Against total debt (%)
Boston	68.51%	59.16%
East Lindsey	74.72%	33.54%
Lincoln	56.53%	18.67%
North Kesteven	61.74%	23.77%
South Holland	84.51%	38.34%
South Kesteven	92.81%	36.12%
West Lindsey	59.11%	24.32%

Scope and Approach

7. As detailed in the Partnership Agreement, the scope of the review included an independent assessment of the end to end Housing Benefit overpayment process for LCC and NKDC.
8. It was agreed that the PDT consultants would carry out an end to end on-site overpayment process review including:
 - ensuring overpayment processes and procedures are consistent and as efficient and effective as possible
 - reviewing existing recovery/enforcement procedures to ensure they maximise all opportunities to recover outstanding debt
 - reviewing arrangements for writing off debt
 - ensuring the most effective use is being made of available management information
 - ensuring overpayments are classified correctly
 - reviewing overpayment correspondence
 - reviewing quality and target expectations
9. The review was conducted over 2 days at LCC and was structured to include:
 - analysis of the existing debt position
 - specific case sampling

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- interviews with staff (including processors and team leaders)
- process observations
- prevention of debt
- informal feedback

Following completion of the review the PDT consultants wish to highlight the following findings and recommendations, detailed below.

Findings

10. PDT identified some good practices whilst conducting the review. LCC and NKDC recognised that work needed to be done with old debtors lost during the IT changes going back to 2012. This work includes looking at a total of just over 5000 overpayments and reviewing them. There is an expectation that this will be completed in the next 3 months. The recovery officers covering this work were knowledgeable, proactive and enthusiastic.
11. LCC and NKDC are currently filling an expression of interest for a debt officer. LCC were part of the Debt Service pilot which has now gone live nationally that shares employment and updated address details with LAs from HMRC. The new debt assistant will join the HB Assessor team and work on the Debt Service outcomes. This means that full use of the information provided can be used timeously and payment arrangements made or Direct Earnings Attachments (DEA) put in place.
12. LCC have a visiting officer who will talk to debtors about overpayments when on a visit or hand deliver a letter. Feedback shows this has worked well and payment arrangements made following a visit or hand delivery of a letter.
13. The recovery officers were aware of how much debt was outstanding and were under no illusions of the entirety of their recovery task.
14. We sampled 10 on going benefit cases and 4 sundry debtor cases. PDT identified that:
 - 80% of ongoing benefit claimants were not set at the correct recovery rate and agreed reductions had not been reviewed, some for many years however all cases were classified correctly
 - 3 ongoing benefit cases sampled showed that where claimants had moved into work and then returned to benefit, no monies had been collected whilst with the sundry debtor recovery team

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- 1 sample showed, where a claimant had an agreement reduction of £5 due to hardship and then moved into work, returning to benefit after a 2 year period the ongoing benefit claw back rate was automatically set at £5 and not reviewed. This was a fraud case and should be being recovered at £18.50
- 2 of the 4 sundry debtor cases had a payment agreement in place. However 1 of these was set at £5 a fortnight despite being in work which is lower than the ongoing benefit rate. This had not been reviewed for a number of years
- a further sundry debtor case had had the final reminder sent out in June 2013 and no further action had been taken. Presumably this was a case that was 'lost' due to the change in IT and will be reviewed shortly.

Recommendations

15. We identified the following timeline for letters sent to sundry debtors ie where no HB benefit is in payment:

- Day 1 - Invoice Issued (automated process however daily intervention used as a check before invoice is sent)
- Day 21 – 1st reminder sent
- Day 35 – Final reminder sent
- Currently there is a 16 week period before the next action is taken
- Day 147 – Letter before action sent (this states the claimant has another 2 weeks to respond)
- Day 161 - further action considered. DEAs, PDPs, Instalments, Debt collection agency

Recommendation 1	
<p>Consider current timeline in particular looking at:</p> <ul style="list-style-type: none"> • reducing reminders at days 21 and 35 • starting action at day 31 	<p>Annex C within the Overpayment Recovery Good Practice Guide shows in a flowchart an effective HB overpayment recovery time line.</p> <p>https://www.gov.uk/government/publications/housing-benefit-overpayment-recovery-good-practice</p>

16. Benefit assessment officers talked PDT through the process of recovery from ongoing benefit. It appears that where Housing Benefit is in payment there is a robust process in place to recover from ongoing benefit including:

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- automatic uprating of recovery rate
- underlying entitlement considered
- hardship consideration takes place with Income & Expenditure forms being used at every opportunity
- blameless tenants considered
- claim suspended at the point a change is notified
- ability to suspend claims by customer service staff

However there are certain areas that could be considered to strengthen the recovery process.

Recommendation 2	
Review the diary dating process to ensure a consistent approach to diary dating including how and when this should be done	There were varied methods of diary dating across the teams with confused views of how often a review should take place. Some officers were using their own Outlook diaries to diary date which would disappear if the officer left.
Recommendation 3	
Ensure that there is a process in place to review the level of benefit claw back when a claimant returns to HB where there has been a recovery reduction previously	Sampling and talking to assessors showed missed opportunities are evidential where claimants have: <ul style="list-style-type: none"> • returned to benefit • had a recovery reduction
Recommendation 4	
Consider claimant capital before recovery from ongoing benefit or payment arrangement	There was no evidence to show that any claimant capital was considered when an overpayment has been identified. It was presumed that a claimant on benefit should have the recovery clawed back from HB
Recommendation 5	
Consider putting a telephone rota in place, for example half a day at a time so debt officers time dealing with debt recovery is not as highly impacted	25% of officers time is taken on call handling from claimants relating to any aspect of 'any' recovery at any time of the day. The staff consider this to impact severely on recovery work and being able to 'get on with work'. A more structured way of dealing with calls would be beneficial to the completion of recovery tasks.

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17. Despite the production of much Management Information (MI) some team leaders or senior benefit staff did not use this to look at productivity or results. Staff have no targets to work towards and some do not consider debt recovery to be part of their role. Generally the recovery team and the assessment team felt they could work more closely.

Recommendation 6	
Ensure that team leaders and senior benefits staff are able to analyse and understand Management Information (MI) to manage debt recovery performance	Evidence shows that team leaders collate MI for senior managers and pass MI onto the staff. However, there is no analysis of the MI themselves or understanding of productivity, achievements or areas for improvement
Recommendation 7	
Consider looking at the highest and oldest debt MI and completing some targeted activity on these groups	Although there was much MI produced, MI around oldest and highest debtors was not. It is not unusual for 50% of total debt to be owed by under 5% of the highest debtors or 25% of total debt owed by those debtors owing more than £10k
Recommendation 8	
Consider setting targets for both assessors and recovery teams Examples of targets could be: <ul style="list-style-type: none"> • Quality target (whole new claim process) • Number of claims processed (broken down depending of complexity) • Recovery % target or monetary figure 	Staff had no targets to work to for either quality or the number for example of claims processed. Do the staff understand what is expected of them?
Recommendation 9	
Review current activity within quality checking and consider re-introducing more % checks	While focused checks are conducted for subsidy analysis, quality checks are not currently priority. The findings in this report confirm that with a quality check framework in place missed opportunities for recovery could significantly reduce and give assurance that correct rates are being recovered. If peer quality checks are to be resumed there should be an element of some: <ul style="list-style-type: none"> • checking by the team leaders to ensure consistency.

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	<ul style="list-style-type: none"> analysis of checks for trends or sharing good practice
Recommendation 10	
The importance of recovery should be regularly communicated so that staff understand debt recovery is part of their role and understand the level of debt	It was identified that some staff were uncomfortable with recovery and had indicated to their managers that recovery was not their role. PDT can offer support in this area and conduct a telephone communications workshop to revisit skills and improve confidence in talking to claimants and dealing with challenging conversations
Recommendation 11	
Consider more collaboration between staff for example a monthly or bi monthly meeting where they can share achievements and discuss areas for improvement	It was suggested that more interaction between teams (assessors and recovery) would be beneficial by the assessors and debt officers

18. During the visit PDT was also able to assist in the Universal Credit work area and support the lead with some good practices to support a more efficient service. The universal credit lead took actions to:

- revisit the process currently in place for checking CIS interest markers are set/unset, to reduce the amount of notifications currently received. 1000 had been received in a month
- liaise with the IT systems team to be proactive in readiness for PDF to be switched off

19. We would like to thank all the staff who were involved in this review for their honest and open conversations and for making us feel so welcome during our visit.

Summary report produced by Debbie Harrison and Lucie Eastham

Annex 1

PDT looked at the historic performance on debt identified, recovered, outstanding and written off. The following table provides last full 3 years performance published on gov.uk.

<i>Historical Performance on debt recovery</i>		Lincoln City Council	North Kesteven District Council
Total HB debt identified			
	2014/15	£1,560,000	£811,000
	2015/16	£1,441,000	£739,000
	2016/17	£1,706,000	£920,000
Total HB debt recovered			
	2014/15	£859,000	£432,000
	2015/16	£931,000	£492,000
	2016/17	£961,000	£568,000
Total HB Debt Outstanding at start of year			
	2014/15	£2,550,000	£1,120,000
	2015/16	£3,122,000	£1,329,000
	2016/17	£3,441,000	£1,470,000
<i>Historical Performance on debt recovery</i>		Lincoln City Council	North Kesteven District Council
Total HB Debt written off			
	2014/15	£80,000	£47,000
	2015/16	£90,000	£50,000
	2016/17	£102,000	£11,000
In year recovery			
	2014/15	55.06%	53.27%
	2015/16	64.61%	66.58%
	2016/17	56.33%	61.74%

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Recovery against total debt outstanding			
2014/15		20.90%	22.37%
2015/16		20.43%	23.79%
2016/17		18.67%	23.77%