

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, as well as detailing the scope for the Department for Work and Pensions (DWP) Housing Benefit debt recovery health check.

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

- 4.1 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.

4.2 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.

4.3 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.

4.4 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 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 stage 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 5.4 of this report.

5. Actions during Quarter 1 2018/19

- 5.1 As a result of the review, the PDT provided officers with a report detailing the findings and recommendations, this was provided at the last meeting of this committee. These findings have formed the HB Overpayment Recovery Action Plan shown in **Appendix 1**.
- 5.2 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.
- 5.3 The PDT put forward eleven recommendations 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;
- 5.4 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. The successful candidate was appointed in Mid-May, who has experience in overpayment recovery and started to work with the Team Leader in late May to review the recommendations from the PDT and to form the action plan.

The PDT returned on 15 June to provide a verbal update to all staff involved in the review. The action plan then commenced from 18 June 2018.

6. Housing Benefit Overpayment Recovery action plan

6.1 The action plan is shown in **Appendix 1**. This action plan is being used as a working document and is providing the HB Overpayment team with a clear direction for the work which is to be undertaken during the next nine months.

This action plan is updated regularly and will be provided in future committee reports to show the progress which is being made.

6.2 A number of key actions have been undertaken already: -

- ✓ Action 1 to 4: These are covered earlier in the report;
- ✓ Action 5: Working arrangements – objectives and aims set for the HB Overpayment Recovery team;
- ✓ Action 7: Management Information spreadsheet set up;
- ✓ Action 9: Staff awareness of the importance of overpayment recovery;
- ✓ Action 10: Benefits Officers training took place to improve confidence when discussing overpayment with customers;
- ✓ Action 11 & 12: Overpayment stages broken down to get an understanding of who is involved at each stage, alongside the work needed for the recovery to be successful;
- ✓ Action 12: Various methods of recovery being utilised;
- ✓ Action 13, 16 & 17: Targeted review of highest and oldest debts – sourcing the most effective recovery method;
- ✓ Action 20 & 21: Overpayments over 4 months where no action has been taken, passed to HB Overpayment recovery team to work on;
- ✓ Action 2: DWP Debt Service is being utilised – with positive outcomes – attachment of earnings;
- ✓ Action 24, 33 & 34: Write off process has been reviewed and write offs are undertaken regularly
- ✓ Action 25: Agreement with NK for overpayments created for a value of £10 and under, where the only method of recovery would be invoice, are to be classed as 'uneconomical to recover' and sent for automatic write off;
- ✓ Action 35: Review of old debts from Lincoln Civica system are being reviewed; and
- ✓ Action 36: Designated Overpayments telephone line set up for customer contact.

6.3 The action plan will continue to be monitored by the Revenues and Benefits Manager, and forms part of 1-1 meetings with the Benefit Team Leader and the HB Overpayment Recovery Team. As part of these meetings, recovery methods are constantly being reviewed, along with the effectiveness of the work undertaken by the team.

7. Financial outcomes – quarter 1 2018/19

7.1 As part of the formation of the HB Overpayment project, Officers have reviewed all recovery methods available for all stages of debt. The stages are have broken down as follows: -

- Overpayments recovered from ongoing Housing Benefit;
- Overpayments at sundry debtors less than 4 months old;
- Overpayments at sundry debtors over 4 months old; and
- Write off.

As a result, Officers are now able to have a detailed understanding of what stage debts are at and, at a glance, whether the debts are increasing or decreasing, and where resource allocation is needed.

7.2 Since the project started in June 2018, there has been some significant improvements. Key information is broken down as follows: –

City of Lincoln:

	Outcome	Comments
✓	Total value of outstanding overpayments has decreased by £58,211	Total overpayments at 31 May 2018 were £4,180,532 – this has now reduced to £4,122,320
✓	Number of overpayments at *clawback stage have increased from 1,664 to 1,715	Staff training has been positive – staff are setting clawbacks at first point of contact with customers
✓	Value of overpayments at clawback stage have decreased by £63,086	Staff training has been positive - clawback values are higher, with staff undertaken income and expenditure assessments to ascertain appropriate level
✓	Number of overpayments at sundry debtors less than 4 months old has decreased by 57	Successful introduction of cut-off of 4 months – anything older than this will go to the HB Overpayment recovery team for action. Workload adjusted for member of staff undertaking this work – to ensure they can concentrate on these debts, and these debts only.
✓	Value of overpayments at sundry debtor stage has decreased by £47,203	As above
x	Number of overpayments at sundry debtor over 4 months old has increased by 61	The 4 month cut-off has resulted in more debts coming across to the HBOP team. Within these debts, also includes: - ✓ the debt recovery service action whereby, 247 cases have been successfully

		<p>identified for attachment of earnings. As a result of this, once in place, the level of recovery will be much higher than the local authority could have recovered.</p> <p>✓ Old system (Civica) overpayments are being reviewed</p>
x	Value of overpayments at this stage has increased by £52,088	<p>As above</p> <p>Once the attachment of earnings starts, this figure will be expected to reduce.</p>

***Clawback is where an overpayment can be recovered by reducing ongoing Housing Benefit entitlement**

North Kesteven:

	Outcome	Comments
✓	Total value of outstanding overpayments has decreased by £21,779	Total overpayments at 31 May 2018 were £1,760,880 – this has now reduced to £1,739,101
✓	Number of overpayments at clawback stage have increased from	Staff training has been positive – staff are setting clawbacks at first point of contact with customers
✓	Value of overpayments at clawback stage have decreased by £17,763	Staff training has been positive - clawback values are higher, with staff undertaken income and expenditure assessments to ascertain appropriate level
✓	Number of overpayments at sundry debtors less than 4 months old has decreased by 17	Successful introduction of cut-off of 4 months – anything older than this will go to the HBOP recovery team for action. Workload adjusted for member of staff undertaking this work – to ensure they can concentrate on these debts, and these debts only.
✓	Value of overpayments at sundry debtor stage has creased by £8,256	As above

x	Number of overpayments at sundry debtor over 4 months old has increased by 18	The 4 month cut-off has resulted in more debts coming across to the HBOP team. Within these debts, also includes: - ✓ The debt recovery service action whereby, 111 cases have been successfully identified for attachment of earnings. As a result of this, once in place, the level of recovery will be much higher than the local authority could have recovered.
x	Value of overpayments at this stage has increased by £4,239	As above Once the attachment of earnings starts, this figure will be expected to reduce.

7.3 It is important to note, that whilst the value of overpayments outstanding is decreasing, staff are still creating overpayments – through delays in changes in circumstances being processed – these delays can be caused by customers, the DWP or by ourselves.

However, the rate of recovery of the overpayments is exceeding the creation of overpayments – the performance report presented at this committee shows an in period collection rate of 107.66% for City of Lincoln and 136.61% for North Kesteven (paragraph 4.15 of the Performance Update report)

The measure of success for this piece of work will be to ensure all overpayments are being recovered, using the variety of recovery methods available, and for those where recovery is not a viable option, a decision is made with regards to next stage such as write off. As a result, officers are confident the level of outstanding debt will reduce, the remaining debt will be at an effective recovery stage. Overpayments will continue to be created, due to delays in customer notification and the local authority delay in processing, however, recovery of these debts will be undertaken with immediate effect and will be reviewed regularly to ensure recovery continues.

8. Strategic Priorities

8.1 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”.

8.2 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.

9. Organisational Impacts

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

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

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

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

9.5 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.

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

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

10. Risk Implications

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

11. Recommendation

11.1 Members are asked to note this report and note that an update will be brought to Revenues and Benefits Joint Committee on 27 November 2018; and

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 Benefit Overpayment Action Plan

List of Background Papers:

None

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