

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 are tackling outstanding Housing Benefit (HB) overpayments debts.

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 & Customers (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. Actions during Quarter 3 2018/19

- 4.1 As a result of the review undertaken by the DWP's Performance Development Team (PDT) (previous reports to Joint Committee have reference this), 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**.

4.2 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.

4.3 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. Housing Benefit Overpayment Recovery action plan

5.1 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.

5.2 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 North Kesteven 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.

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

6. Financial Outcomes – 2018/19 Quarters 1 to 3

6.1 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.

6.2 The table below shows the improvements for quarter 1 and 2 2018/19 for City of Lincoln and North Kesteven since the project started in June 2018. Since the start of the project, **the total overpayments outstanding have reduced by £568,399 (£472,614 for City of Lincoln and £157,355 for North Kesteven): -**

City of Lincoln:

City of Lincoln:				
	Quarter 1 Outcome compared to 31 May 2018	Quarter 2 Outcome compared to 31 May 2018	Quarter 3 Outcome compared to 31 May 2018	Comments
✓	Total value of outstanding overpayments has decreased by £8,923	Total value of outstanding overpayments has decreased by £112,874	Total value of outstanding overpayments has decreased by £363,915	Total overpayments at 31 May 2018 were £4,133,397– this has now reduced to £3,769,482 (this figure is different to the performance report as included write offs due to be signed off)
✓	Value of overpayments at clawback stage have decreased by £23,118	Value of overpayments at clawback stage have decreased by £191,005	Value of overpayments at clawback stage have decreased by £472,614	Higher clawback amounts are being agreed, resulting in overpayments being cleared Once the clawback is no longer an efficient method of recovery, the overpayment is moved on to the next stage within 2 weeks.
✓	Number of overpayments at sundry debtors less than 4 months old has decreased by 57	Number of overpayments at sundry debtors less than 4 months old has increased by 89	Number of overpayments at sundry debtors less than 4 months old has decreased by 78	The decrease means payments have been made and overpayments have been cleared Successful introduction of cut-off of 4 months – anything older than this will go to the HB Overpayment recovery team for action.

				Those unsuccessful clawbacks are successfully being moved into this stage of recovery. These debts are monitored monthly with realistic and achievable payments and arrangements.
✓	Value of overpayments at sundry debtor stage has increased by £59,536	Value of overpayments at sundry debtor stage has increased by £105,874	Value of overpayments at sundry debtor stage has increased by £114,393	As above
x	Number of overpayments at sundry debtor over 4 months old has increased by 61	Number of overpayments at sundry debtor over 4 months old has decreased by 17	Number of overpayments at sundry debtor over 4 months old has decreased by 21	<p>The number of debts at this stage continue to reduce.</p> <p>This is as a direct result of the work undertaken with those debts within the 4 month stage.</p> <p>In addition, debts at this stage are referred to the DWP to gather earnings information – resulting in a direct earnings arrangement being put in place.</p>
x	Value of overpayments at this stage has increased by £15,319	Value of overpayments at this stage has decreased by £27,744	Value of overpayments at this stage has increased by £14,305	Whilst the number have reduced, the value of individual OP's within this category are currently higher than they have been

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

North Kesteven				
	Quarter 1 Outcome compared to 31 May 2018	Quarter 2 Outcome compared to 31 May 2018	Quarter 3 Outcome compared to 31 May 2018	Comments
✓	Total value of outstanding overpayments has decreased by £21,779	Total value of outstanding overpayments has decreased by £101,257	Total value of outstanding overpayments has decreased by £157,355	Total overpayments at 31 May 2018 were £1,700,825.42 – this has now reduced to £1,543,470 (this figure is different to the performance report as included write offs due to be signed off)
✓	Value of overpayments at clawback stage have increased by £63,441	Value of overpayments at clawback stage have increased by £61,500	Value of overpayments at clawback stage have decreased by £82,604	Higher clawback amounts are being agreed, resulting in overpayments being cleared Once the clawback is no longer an efficient method of recovery, the overpayment is moved on to the next stage within 2 weeks.
✓	Number of overpayments at sundry debtors less than 4 months old has increased by 37	Number of overpayments at sundry debtors less than 4 months old has increased by 26	Number of overpayments at sundry debtors less than 4 months old has increased by 22	Successful introduction of cut-off of 4 months – anything older than this will go to the HB Overpayment recovery team for action. Those unsuccessful clawbacks are successfully being moved into this stage of recovery.

				These debts are monitored monthly with realistic and achievable payments and arrangements.
✓	Value of overpayments at sundry debtor stage has increased by £20,267	Value of overpayments at sundry debtor stage has increased by £733	Value of overpayments at sundry debtor stage has increased by £4,693	As above
x	Number of overpayments at sundry debtor over 4 months old has no changed	Number of overpayments at sundry debtor over 4 months old has decreased by 17	Number of overpayments at sundry debtor over 4 months old has increased by 11	<p>The number of debts at this stage continue to reduce.</p> <p>This is as a direct result of the work undertaken with those debts within the 4 month stage.</p> <p>In addition, debts at this stage are referred to the DWP to gather earnings information – resulting in a direct earnings arrangement being put in place.</p>
x	Value of overpayments at this stage has increased by £23,652	Value of overpayments at this stage has decreased by £65,398	Value of overpayments at this stage has decreased by £79,444	<p>As above</p> <p>Once the attachment of earnings starts, this figure will be expected to reduce.</p>

6.3 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 processes – 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 98.57% for City of Lincoln and 116.08% for North Kesteven.

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 – however bad debt provision is also being considered as part of this action plan.

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

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 June 2019.

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

List of Background Papers:

None

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