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| SUBJECT: | HOUSING BENEFIT OVERPAYMENTS UPDATE |
| DIRECTORATE: | CHIEF EXECUTIVE AND TOWN CLERK |
| 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 & 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. Actions During 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 referenced this), the PDT provided officers with a report detailing findings and recommendations, this was provided at the last meeting of this Committee. These findings formed the HB Overpayment Recovery Action Plan which has been used during 2018/19 to ensure the team undertake recommended actions to improve recovery of these overpayments.

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 This action plan has been used as a working document and has provided the HB Overpayment team with a clear direction for the work which has now become 'business as usual' within the team.

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 Benefit Team Leaders 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

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 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 £676,968 (£463,353 for City of Lincoln and £213,615 for North Kesteven): -**

| | | Lincoln – 2018/19 | | Difference |
|------------------------|-----------|---------------------|---------------|-------------------|
| | | Baseline (May 2018) | 31 March 2019 | |
| *Clawback | Number | 1,664 | 440 | (1,224) |
| | Value (£) | £1,063,395 | £492,219 | (£571,176) |
| Less than 4 months old | Number | 252 | 260 | 8 |
| | Value (£) | £213,174 | £234,183 | £21,009 |
| Over 4 months old | Number | 3,476 | 3,595 | 1,119 |
| | Value (£) | £2,836,829 | £2,923,642 | £86,813 |
| Written off | Value (£) | | (£238,400) | |
| Total outstanding | Value (£) | £4,113,397 | £3,650,044 | (£463,353) |

| | | Sleaford – 2018/19 | | Difference |
|-----------|--------|---------------------|---------------|------------|
| | | Baseline (May 2018) | 31 March 2019 | |
| *Clawback | Number | 748 | 308 | (440) |

| | | | | |
|------------------------|-----------|------------|------------|-------------------|
| | Value (£) | £410,064 | £247,205 | (£162,859) |
| Less than 4 months old | Number | 101 | 128 | 27 |
| | Value (£) | £61,410 | £97,539 | £36,129 |
| Over 4 months old | Number | 1,453 | 1,474 | 21 |
| | Value (£) | £1,229,351 | £1,142,466 | (£86,885) |
| Written off | Value (£) | | £115,608 | |
| Total outstanding | Value (£) | £1,700,825 | £1,487,210 | (£213,615) |

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

7. Next Steps for 2019/20

7.1 It was agreed that the Housing Benefit Overpayment Team would continue during 2019/20. As a result, an Expression of Interest was undertaken during February 2019 with the role being offered to all Housing Benefit Officers.

Two Officers expressed an interest in the roles – one of these was currently working within the overpayments team and the other as a Benefits Officer. Both expressions were successful and the officers started the role on 1st April 2019.

As a result, the team will continue to review HB overpayments and recovery during 2019/20 as per actions above.

7.2 Financial Outcomes – April 2019:

The table below shows the difference from 31 March 2019, **the total overpayments outstanding have increased slightly by £110,862 (£81,163 for City of Lincoln and £29,699 for North Kesteven).**

The reason for this increase is due to a number of financial changes customers experience at the start of a new year. Whilst many of these changes are picked up by officers via automation routes (information directly from DWP, HMRC etc), some changes need to be notified by customers. If there is a late notification of the change, an overpayment can occur.

| | | Lincoln – April 2019 | | Difference |
|------------------------|-----------|--------------------------|---------------|----------------|
| | | Baseline (31 March 2019) | 30 April 2019 | |
| Clawback | Number | 440 | 603 | 163 |
| | Value (£) | £492,219 | £548,554 | £56,335 |
| Less than 4 months old | Number | 260 | 251 | (9) |
| | Value (£) | £234,183 | £203,832 | (£30,351) |
| Over 4 months old | Number | 3,595 | 3,623 | 28 |
| | Value (£) | £2,923,642 | £2,978,821 | £55,179 |
| Written off | Value (£) | (£238,400) | (£8,233) | |
| Total outstanding | Value (£) | £3,650,044 | £3,731,207 | £81,163 |

| | | Sleaford – April 2019 | | Difference |
|---------------------------|-----------|--------------------------------|------------------|----------------|
| | | Baseline (31 March 2019) | 30 April 2019 | |
| Clawback | Number | 308 | 420 | 112 |
| | Value (£) | £247,205 | £262,930 | £15,725 |
| Less than 4 months old | Number | 128 | 119 | (9) |
| | Value (£) | £97,539 | £123,623 | £26,084 |
| Over 4 months old | Number | 1,474 | 1,461 | (13) |
| | Value (£) | £1,142,466 | £1,130,356 | (£12,110) |
| Written off | Value (£) | £115,608 | (£581) | |
| Total outstanding | Value (£) | £1,487,210 | £1,516,909 | £29,699 |

7.3 It is important to note, that whilst overall 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 internal officers.

However, the rate of recovery of the overpayments normally exceeds the creation of overpayments on a monthly basis. For April 2019, in-period collection rates for April 2019, are; 95.09% for City of Lincoln and 137.36% for North Kesteven.

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

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

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, also to note that an update will be brought to the next Revenues and Benefits Joint Committee on 11th September 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? None

List of Background Papers: None

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