

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 & Customs (HMRC) in one of the benefit or incomes used in the assessment of HB 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 the findings and recommendations, which 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 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

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 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 £991,386, including write offs (£684,065 for City of Lincoln and £307,321 for North Kesteven): -**

		Lincoln		Difference
		Baseline (May 2018)	30 June (2019)	
*Clawback	Number	1,664	579	(1,085)
	Value (£)	£1,063,395	£500,925	(£562,470)
Less than 4 months old	Number	252	291	39
	Value (£)	£213,174	£260,190	£47,016
Over 4 months old	Number	3,476	3,530	54
	Value (£)	£2,836,829	£2,959,530	£122,701
Written off	Value (£)		£261,313	(£261,313)
Total outstanding	Value (£)	£4,113,397	£3,690,645	(£422,752)

		North Kesteven		Difference
		Baseline (May 2018)	30 June (2019)	
*Clawback	Number	748	394	(354)
	Value (£)	£410,064	£260,941	(£149,123)
Less than 4 months old	Number	101	117	16
	Value (£)	£61,410	£130,280	£68,870
Over 4 months old	Number	1,453	1,462	9
	Value (£)	£1,229,351	£1,125,862	£103,489
Written off	Value (£)		£123,579	(£123,579)
Total outstanding	Value (£)	£1,700,825	£1,517,083	(£183,742)

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

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.

In-year rates of recovery are positive – as at the end of July 2019 the in-period collection rate for 2019/20 so far is 116.06% and 91.44% for City of Lincoln and North Kesteven, respectively.

7. Next steps for 2019/20

- 7.1 It was agreed that the DWP PDT team would undertake a telephone review after the first 6 months and an onsite visit after 12 months of implementation.
- 7.2 On 11th July 2019, the DWP undertook the on-site visit and spoke to a number of the team members involved in the HBOP recovery work. The DWP have recognised in year debt recovery had risen. As at the point of this visit, latest 2019/20 in year recovery stood at 92.78% (City of Lincoln) and 84.03% (North Kesteven). The 2016/17 data available at the time of the start of the review showed in year recovery at 56.53% (City of Lincoln) and 61.74% (North Kesteven).
- 7.3 The PDT were very positive during the review and acknowledge a noticeable change in processes, results and culture.

There were a number of areas of development and improvement which the DWP have recognised, both in terms of work output (reduction in outstanding overpayment value, improved collection) and staff improvements (morale, closer working between the teams and a well organised team who receive direction in what they needed to achieve). Further details are shown in **Appendix 1** to this report.

- 7.4 In addition, the PDT have recognised further areas for development as the team continue with this work. These are shown in **Appendix 1** to this report. The areas for further development are as follows: -

1. The PDT have undertaken a review of the Payment Deduction process, it would be beneficial for the Councils to undertake some housekeeping on the referrals that they have sent to this service and implement a review of the referrals to eliminate any missed opportunity, along with reviewing any good practice guides that are distributed on the outcome of the PDP review.
2. The team continue non-standard recovery rates automatically reverting to standard rates after the agreed period. Evidence was seen where the review date had been extended/left at the discretion of staff although improvement has been made in this area, to capture through the monthly 'non-standard rate' report. Consider further work to analyse the outcomes of this report to establish the increase of recovery generated
3. Potential for more staff development in the ability to 'challenge' an offer of payment. Non benefit customers should be at least paying standard rates

These areas have been taken up by the team leader who is managing the Housing Benefit Overpayments (HBOP) Team and is included within the monthly 1-1 with the Shared Service Manager.

- 7.5 The HBOP team are currently in post to 30th September 2019. The team continue to reduce the level of HBOP outstanding, and as a result, officers are extending the team to 31st March 2020.

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: -

1. Note that the current Housing Benefit Overpayments Team is being extended to 31st March 2020; and
2. Note this report, also that future Housing Benefit Overpayment updates will be included within the overall performance report within this Committee's Agenda.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? One

List of Background Papers: None

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