



Leicestershire Partnership Revenues & Benefits

Housing Benefit Overpayments Update

1. PURPOSE OF THE REPORT

- 1.1 To update the Joint Committee on the changes and progress made to date on the process for recovering housing benefit overpayments.

2. RECOMMENDATION

- 2.1 To note the contents of the report.

3. INTRODUCTION

- 3.1 Housing Benefit Overpayments are created when changes which affect a customer's claim are identified and processed on the benefits system. These can be identified through DWP data matches or, are notified by the customer. The overpayment occurs when there is a gap between the date of notification and the date to which the claimant ceased to be entitled to housing benefit or their benefit was reduced.
- 3.2 The Government is focused on reducing benefit fraud and error and has introduced a number of data matching initiatives which each council has a duty to action promptly. In addition, Local Authorities are expected to refer all potential housing benefit fraud cases to the DWP's Single Fraud Investigation Service. Whilst it is a Government initiative the responsibility for the detection of fraud and error still sits with the Local Authority.

The data matching initiatives include:

- Real Time Information Bulk Data Match – This generates the highest amount of overpayments as it notifies the Local Authority of non declared changes to the start and end dates of employment, changes to earnings and pensions etc. in real time direct from HMRC.
- Daily files are received via the Automated Transfer To Local Authority Systems (ATLAS) service to automatically notify the local authority of changes to a person's income;
- The Fraud and Error Reduction Incentive Scheme (FERIS) is a benefit claim review Initiative where higher risk claims are targeted for review. From 2017 this will be replaced by the Right Benefit Initiative. Some targeted interventions will still continue.
- Wider Use of Real Time Information (WuRTI) – This takes the above real time information initiative further by allowing benefits assessors' access to HMRC systems to interrogate the earnings and pensions of claimants to identify any non-declared changes.

These matching exercises, whilst benefiting the councils in terms of additional subsidy paid for identifying customer error, generate substantial levels of overpayment debt.

3.3 Overpayments are the most difficult debts to collect for the Partnership. Often the debtor is still in receipt of DWP Benefits; is on a very low income; or, is vulnerable. The recovery options are limited to:

- Direct Earnings Attachments (DEAs)
- Deductions from their ongoing benefit;
- Agreeing an affordable payment plan,
- Instructing a 3rd party collection agency;
- Agreeing with other LAs to recover overpayments from customers who move away from the area and vice versa, or,
- Where the debt is large and there is prospect of recovery, taking action through the County Court to obtain a County Court Judgement. The Judgement allows the court to instruct a County Court Enforcement Agent to try to recover the debt.

3.4 Taking the debtors individual circumstances and their ability to pay into account is key to determining the right recovery method to use to recover a housing benefit overpayment. Deductions from ongoing benefit are fixed at £11.10 per week plus an additional 50% of any earned income disregards, or £18.50 per week if the overpayment is a result of proven fraud. If the debt is large this could take many years to clear and add additional financial stress and pressure when the individual's circumstances are already difficult. Aged debt that cannot be collected within a 'reasonable' timescale should be submitted for write off in accordance with best accounting practice.

4. OVERPAYMENTS RECOVERY - WHERE WE WERE AND WHERE WE ARE NOW.

4.1 In April 2015 the Partnership was restructured. It was recommended by the IRRV, during the service review, that greater efficiencies and improved customer service could be achieved by combining the separate recovery and billing teams to form one generic council tax team.

4.2 The original recovery team dealt with all recovery action for Council Tax, NNDR and Housing Benefit Overpayments.

4.3 The initial focus for the new council tax team was tackling the influx of correspondence which occurs following each annual billing run. The team spent the remainder of the year undertaking formal training sessions and 'on the job' generic training on all aspects of council tax billing and recovery. This was given priority as it comprises the majority of the team's workload. It is also important as it generates significant income for the Partner Authorities and the major preceptors.

4.4 After the annual billing influx for 2016/17 had been tackled and the staff were more confident on all aspects of council tax, a project team was established to fully review the housing benefit overpayments recovery process. Business Process Reengineering (BPR) was carried out identifying all aspects of the current process. The next step was to work through and develop a more efficient and effective process. The before and after housing benefit overpayment recovery process flow charts are shown in Appendix A and B

- 4.5 Before the new process could be implemented, a data cleansing exercise needed to be completed which involved all old debts being moved onto an initial reminder stage and a letter being issued to advise them of their outstanding overpayment. This generated significant customer contact.
- 4.6 The above exercise was completed between November 2016 and January 2017 and the new process was then implemented at the end of January 2017. All old and newly generated overpayments are now dealt with as part of a weekly recovery cycle. This is a positive improvement and has eliminated delays in the process.
- 4.7 The whole team have been trained on the basic types of customer enquiry related to overpayments and they can all make payment arrangements. The next step is to roll out training on the more complex aspects of the process. This will be done gradually with three people at a time being mentored by the member of staff with the greatest knowledge. This ensures that control over the process and consistency in approach is maintained.

5. HOUSING BENEFIT OVERPAYMENTS ANALYSIS

- 5.1 The table below shows the arrears position before and after the data cleanse exercise which was carried out between November 2016 and January 2017.

It should be noted that less than 50% of the total number of invoices were sent a reminder during the data cleanse exercise. Payment arrangements or deductions from earnings or benefits were already in place for the remaining accounts.

<u>Hinckley & Bosworth BC</u>	Value	Number
Overpayment arrears and number of invoices outstanding as at 30.10.16.	£1,447,422	2236
Number of reminders issued on 09.11.16	£767,989	1369
Number of accounts already subject to a payment plan/deduction.	£679,433	867
Arrears at 31.10.2016 (After reminders/customer contact)	£1,342,010	1910
Reduction	£105,412	326

<u>NW Leicestershire DC</u>	Value	Number
Overpayment arrears and number of invoices outstanding as at 30.10.16.	£1,331,970	2099
Number of reminders issued on 21.11.16	£651,863	1191
Number of accounts already subject to a payment plan/deduction.	£680,107	908
Arrears at 31.10.2016 (After reminders/customer contact)	£1,248,284	1818
Reduction	£83,686	281

Harborough	Value	Number
Overpayment arrears and number of invoices outstanding as at 30.10.16.	£988,191	1366
Number of reminders issued on 30.11.16	£592,959	808
Number of accounts already subject to a payment plan/deduction.	£395,232	558
Arrears at 31.10.2016 (After reminders/customer contact)	£904,660	1180
Reduction	£83,531	186

6. AMOUNT OF DEBT RAISED IN 2016/17

- 6.1 The table on the next page shows the level of debt that was raised for each council in 2016/17. The debts are being raised mainly due to the above mentioned DWP data matching initiatives. Despite this debt being a challenge to collect, it is also positive, as it shows how much fraud and error is being identified and reduced.

Housing Benefit overpayment analysis													
HBBC	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Totals
Debt raised	£70,560	£56,494	£64,490	£68,198	£39,325	£74,563	£67,088	£56,174	£84,197	£130,933	£62,014	£80,167	£854,202
Partnership collection Rate	4%	7%	10%	12%	16%	18%	20%	21%	25%	26%	29%	31%	
Partnership anticipated collection rate	5%	9%	15%	19%	23%	25%	27%	28%	30%	32%	34%	36%	
HDC	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Totals
Debt raised	£44,797	£71,432	£40,800	£51,766	£23,715	£54,368	£70,850	£86,127	£38,111	£72,504	£29,506	£40,146	£624,122
Partnership collection Rate	3%	5%	8%	10%	13%	15%	16%	19%	22%	24%	24%	29%	
Sundry Debt collection rate	1%	1%	2%	3%	4%	8%	8%	9%	10%	10%	10%	13%	
Combined	3%	5%	8%	10%	13%	15%	16%	19%	22%	24%	24%	28%	
Partnership anticipated collection rate	3%	7%	11%	15%	17%	18%	21%	23%	25%	26%	29%	31%	
NWLDC	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Totals
Debt raised	£165,048	£61,129	£60,460	£74,581	£74,765	£83,427	£68,073	£79,156	£108,626	£117,865	£49,149	£104,671	£1,046,950
Partnership collection Rate	5%	8%	12%	15%	18%	21%	23%	25%	27%	29%	31%	33%	
Sundry Debt collection rate	1%	2%	3%	4%	5%	6%	7%	8%	8%	9%	10%	10%	
Combined	4%	8%	11%	14%	17%	20%	23%	24%	27%	28%	31%	32%	
Partnership anticipated collection rate	4%	4%	11%	16%	19%	20%	23%	24%	26%	29%	31%	34%	

7. Housing Benefit Overpayment Statistics

7.1 The tables below show the overpayment debt position at key dates for each council.

Key:

- **Total arrears** = Total amount outstanding for each council as at the date stated.
- **Number of invoices** = Number of invoices that the total arrears relate to as at the date stated.
- **Raised to date** = The amount of overpayment debt raised during the year as at the date stated.
- **Collection to date** = Includes all payments recovered from Direct Earnings Attachment, Deductions from DWP Benefits and payment arrangements.
- **Housing Benefits Deductions** = Amounts deducted from ongoing housing benefit claims.

HBBC	30.04.2017	31.03.2017	31.12.2016	31.10.2016	31.12.2015
Total arrears	£1,532,407	£1,521,984	£1,462,819	£1,447,422	£1,339,439
Number of Invoices	2213	2170	2165	2236	1896
Raised to date	£80,494	£854,202	£581,087	£440,717	£810,256
Collection to date	£26,381	£212,582	£142,916	£100,607	£180,452
Housing Benefit deductions	£41,676	£471,345	£337,784	£261,471	N/A

NWLDC	30.04.2017	31.03.2017	31.12.2016	31.10.2016	31.12.2015
Total arrears	£1,480,761	£1,457,313	£1,398,494	£1,331,970	£1,104,584
Number of Invoices	2135	2150	2123	2099	1738
Raised to date	£89,873	£1,046,950	£775,264	£587,482	£647,213
Collection to date	£36,852	£228,486	£144,849	£108,445	£166,377
Housing Benefit deductions	£29,553	£489,526	£382,063	£294,111	N/A

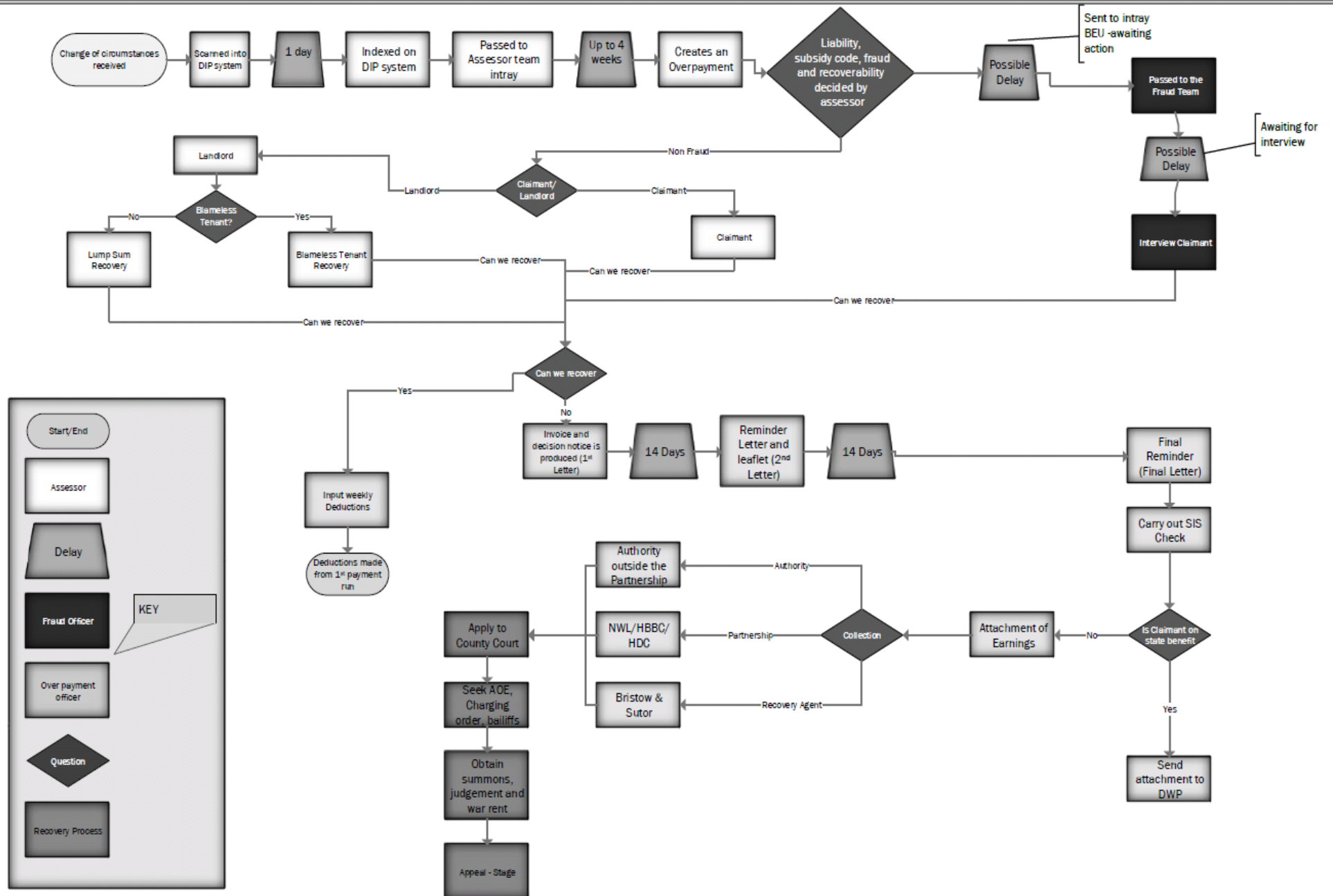
HDC	30.04.2017	31.03.2017	31.12.2016	31.10.2016	31.12.2015
Total arrears	£1,013,540	£1,031,394	£1,015,719	£988,191	£786,298
Number of Invoices	1329	1311	1363	1366	1116
Raised to date	£18,162	£624,123	£481,966	£357,727	£422,089
Collection to date	£18,848	£151,186	£100,081	£75,163	£86,373
Housing Benefit deductions	£16,082	£265,369	£191,275	£135,832	N/A

8. DWP Best Practice Guidance.

8.1 Appendix C contains three tables which provide an analysis of the DWP's suggested good practice as outlined in their Pursuing Housing Benefit Overpayment Recovery Effectively: Good Practice Guide 2015 and how the Partnership compares with their suggestions.

APPENDIX A – PREVIOUS HOUSING BENEFIT OVERPAYMENT RECOVERY PROCESS

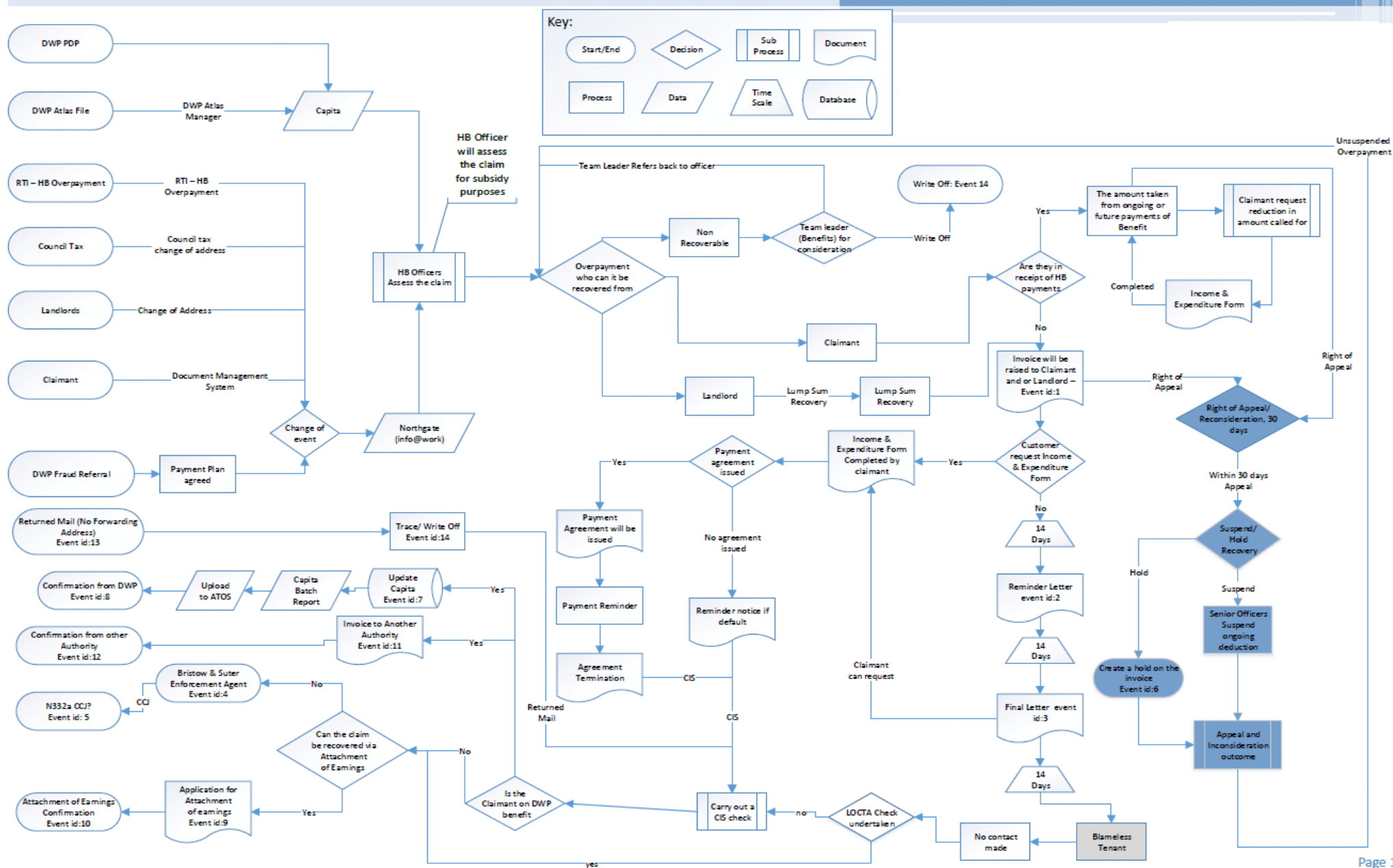
Overpayments Process – 18.05.16 Meeting



APPENDIX B – NEW HOUSING BENEFIT OVERPAYMENT RECOVERY PROCESS

Overpayments Process 02/02/17 v1.7

March 21, 2017



APPENDIX C

OVERPAYMENT RECOVERY - COMPARISON WITH DWP BEST PRACTICE GUIDE

Table 1 - What does a good Housing Benefit recovery team look like?

The DWP say that recovery teams can vary both in structure and size but it is essential that all recovery officers:

DWP Best Practice	P/ship	Comments
are well trained and motivated in recovery work, with sound knowledge, wider awareness of debt issues and empathy for its debtors	✓	Training on negotiating payment arrangements has been delivered to the whole team. Training on the more complex aspects of overpayment recovery is being rolled out to 3 people at a time to ensure that they practice and embed the knowledge before moving to the next set of trainees. We have an overpayments champion who delivers the training and provides support to the trainees.
have good negotiation and organisational skills, and use their initiative and take ownership of the recovery process	✓	The team all have strong negotiation skills. They understand what is expected of them and take ownership of all contact. They seek advice from colleagues in the Benefits Team if the enquiry is complex.
are encouraged to be innovative, looking for a better, leaner, more efficient way of working	✓	This principle is embedded across the whole Partnership
have clear procedures and targets	✓	New procedures have been devised and were implemented in November 2016. Annual targets are set in the Partnership Service Plan for overpayment recovery.
are effective both within team and across team working; and explore innovative information sharing (within existing data sharing rules)	✓	Where it is legal to do so, the team will use various third party sources of information to aid in debt collection.
are part of a network with other organisations, able to build and maintain strong working relationships with all relevant stakeholders.	✓	The overpayments champion attends the regional overpayments user group/network meetings to share ideas and best practice.

make good use of current availability to 'enabling' technology	⊗	System functionality is limited in the Capita Software. There are no additional modules available which would work with our core software. In the future a text messaging system could interface with the core software and this could be used for housing benefit overpayment, council tax and NNDR debt.
keep up to date with legislation and use exiting powers to their advantage wherever possible	✓	Training is provided on all legislative or procedural changes. We currently utilise all available pre-county court processes. New County Court processes are still being developed but they will only be used in exceptional circumstances due to the additional costs incurred. We will consider this option if we can ascertain that the debtor can pay but is choosing not to.
use adequate software that is fit for purpose	✓	The Capita software is very basic with limited automation. Processes are very manual and not very efficient but it still allows us to carry out full recovery processes.
make full use of multiple payment options.	✓	With the exception of Direct Debit all other payment methods are available to customers. Many payments are collected through a Direct Earnings Attachment (DEA) or a deduction from ongoing DWP Benefits or Housing Benefit.

Table 2 - Effective debt recovery

Good practice includes:

DWP Best Practice	P/ship	Comments
setting out a recovery plan for each case prior to taking any action, as there is little point in pursuing a debt if there is no prospect of recovering it or by a recovery method that will not succeed	✓	After the initial reminder and a further reminder has been issued, in the event of no payment or contact, each case is considered on it's merits and a decision is made by the officer on the appropriate next action to take. It depends on the circumstances of the debtor and their ability to pay.
capturing telephone numbers (land and mobile) and email addresses so that contact can be made with debtors by phoning, text messaging and email, as required, throughout the recovery process.	✓	Phone numbers and email addresses are captured on the corresponding Council Tax record of the debtor. Text messaging is not currently available but this will be considered in the future when other key projects have been implemented and resources become available.
ensuring that an income and expenditure form is completed if a debtor claims hardship, and that a set procedure exists for reducing repayment amounts once this form has been submitted	✓	Where debtors request a payment arrangement which is lower than what we deem to be reasonable we will ask for an Income and Expenditure form to be completed. We will follow an internal procedure to consider reducing repayment amounts.
make use of employer details gathered as part of the Real Time Information project	⊖	We currently obtain employment details either direct from the debtor or via the LOCTA service.
use of social media sites to obtain employer information	⊖	This is matter is currently with the legal teams to agree the protocols for the use of social media to obtain personal information.
the income and expenditure form captures the employer details	✓	This question is included on the form.
benefit processors capture full details of employer when a claimant declares work	⊖	A number of Council Tax Officers have access to the DWP's Customer Information Service (CIS) but employment information is not yet available within this service. This may change in the future.

staff use 'employer' tracing technology where the employer is unknown have previously agreed reduced repayments to ensure that the recovery rate remains appropriate)	✓	The Partnership uses the LOCTA service for all three councils.
ensuring that processes are in place to identify any breakdown in instalment repayments immediately	✓	The new processes, which commenced in November 2016 and were fully implemented in January 2017, are now run on a weekly basis and this process picks up all broken payment arrangements. Reports are also checked on a weekly basis to move individual cases to the next stage.
ensuring that where the debt is sufficiently large, County Court procedures are used (but only if you have a realistic prospect of recovery)	⊖	This is not currently in operation. We intend to develop these processes for very specific cases once the resource in the Team has increased following the recruitment of an additional Senior Council Tax Officer.
keeping in view the largest debts (depending on the size of the LA) to ensure all appropriate action is taken	✓	This is monitored by the overpayments champion
putting in place a collection and monitoring policy and systems to monitor the recovery of Administrative Penalties	✓	The Fraud Officers monitor the level of payments received against Administrative Penalties. These are also picked up on the weekly recovery runs to ensure they are actively being monitored.
using debt collection services intelligently, creating competition where possible by using more than one agent	✓	We use one enforcement agency to collect debts on our behalf. They offer this service at no cost to the Local Authority. Other Enforcement Agencies charge for this service. There is no guarantee of success due to the circumstances of this category of debtor. This is carried out before any court action is taken.
use of social media sites to provide an indication as to a debtors potential means of repayment/life style	⊖	This is matter is currently with the legal teams to agree the protocols for the use of social media to obtain personal information.
using credit reference agency information to support the recovery process.	✓	We use Experian for tracing absconders and to identify a debtor's financial circumstances.

agreeing with other LAs to recover overpayments from customers who move away from the area and vice versa	✓	We are always proactive on this type of recovery if an attachment of benefits or earnings is not a success. To an extent this has now been superseded by a new DWP process called 'PDP' which allows us to electronically refer the case to the DWP. If the debtor has any DWP benefits in payment they will then make deductions from that and send us the payments to reduce the overpayment. However where this is not successful an application will be made to other LAs to recover debts on our behalf.
ensuring that debt recovery teams work closely with fraud investigation teams (and the Single Fraud Investigation Service if appropriate). Any recovery of a fraudulent overpayment should appear seamless to a debtor and should appear to them to be a natural progression of the fraud investigation (arrange to speak with the debtor as part of the fraud sanction process in order to commence recovery at the earliest opportunity)	✓	The new overpayment process includes the Fraud Officers ascertaining at the point of sanctioning the claimant what their financial circumstances are and making a payment arrangement with them at that stage. Employment details are obtained, if applicable, at this point in order for the agreement to proceed.
networking with other LAs to learn lessons and share good practice	✓	The overpayments champion attends the Housing Benefit Overpayments user/networking group.
setting up a benchmarking overpayment recovery liaison group with other authorities	✓	See above.
using national HB Recoveries and Fraud data that is published to support benchmarking, both local and national.	✓	This would be used for specific exercises not as a regular occurrence.

Table 3 - Writing off debt**Good practice includes:**

DWP Best Practice	P/Ship	Comments
writing off debt where there is little prospect of the debt being repaid	✓	This principle is applied to all housing benefit overpayment, council tax and NNDR debt. It is always the last report after all appropriate recovery actions have been taken.
ensuring debt is only written-off, by an authorised officer, in accordance with the LAs corporate or benefit service's write-off policies after all avenues of recovery that the LA considers appropriate have been considered	✓	The delegations are outlined in the write off policy.
ensuring that the LAs bad debt provision is large enough to cover written off HB overpayments	✓	This is sufficient. It is provided by each finance team annually.
notating system/system flagging of outstanding overpayments when benefit is no longer in payment, in the event of future benefit award, or other change of circumstances, to enable recovery in the future	✓	An indicator is applied on the Capita system which flags up that there is an outstanding invoice. The benefits officer will liaise with their council tax colleagues to reinstate deductions from benefits.
regularly reviewing debt that has been written off in order to consider recommencing recovery action (particularly larger debts).	✓	If a debtors circumstances change and this comes to our attention then will re-invoice the debtor and write back any debt previously written off.