

Report to: **Audit and Governance Committee**
Date: **5 December 2023**
Title: **Housing Benefit Overpayments**
Portfolio Area: **Cllr Chris Edmonds – Lead Hub Member for Resources**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

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RECOMMENDATION:

That the Committee NOTE the contents of the report.

1. Executive summary

- 1.1 The Council is responsible for the collection of Sundry Debts, Housing Benefit overpayments, Council Tax and Non-Domestic Rates (Business Rates). These are all key income streams to the Council, and it is important that we have robust procedures in place for their collection.
- 1.2 The Revenues and Benefits team is responsible for the recovery of Housing Benefit overpayments. This report provides Members with an update on collection performance. Previously this information was part of the half yearly Sundry Debt Report, however it is now being presented as a standalone report. The primary reason for this is that, following the Revenues and Benefits Service Review, there is a greater desire for the team to take ownership of, and be more accountable for its performance, as well as being able to demonstrate service improvements.
- 1.3 Housing Benefit overpayments are one of the most difficult debts to collect as the debtor is often receiving benefits, is on a low-income or is vulnerable. Notwithstanding this, the Department for Work and Pensions (DWP) are clear that local authorities should

maximise all recovery options in maximising debt and should make use of networks and intelligence to support the recovery process.

- 1.4 The Government publishes statistics on the amount of Housing Benefit that local authorities have identified as overpaid to claimants, the amount recovered, and the amount written off. The statistics are published twice yearly, in March and September and are based on the Housing Benefit Debt Recovery (HBDR) returns we submit to the DWP each quarter. West Devon Borough Council's performance and how it compares both regionally and nationally is shown in paragraph 3 of the report.

2. Background

- 2.1 Housing Benefit (HB) is an income-related benefit that is intended to help meet housing costs for rented accommodation. Since the end of 2018, most new working-age claimants have claimed the housing element of Universal Credit (UC) rather than HB. The number of people claiming HB has been steadily decreasing and will continue to fall as existing HB claims transfer to UC. This has had an impact, both on the amount of overpaid HB identified by local authorities and the amount of overpaid HB they recover.
- 2.2 Housing Benefit overpayments are created when changes which affect a claim are identified and processed on the Benefits system. These can be identified through DWP data matches or may be notified by the claimant. An overpayment occurs where an amount has been paid to which there is no entitlement. This can happen for a many reasons including the claimant giving incorrect or incomplete information, the claimant not reporting any changes which may affect their entitlement or the Council making a mistake when calculating or paying HB.
- 2.3 The Government is focused on reducing benefit fraud and error and has introduced several data matching initiatives which we are required to action promptly. Whilst these exercises may benefit the Council in terms of additional Housing Benefit subsidy paid for identifying claimant error, they can also generate significant amounts of overpayment debt which we must recover.
- 2.4 The Council's management arrangements underpin the delivery of all the Council's priorities including the commitment to provide value for money services. Incorporated within this, is the timely collection of monies due to the Council. Debts are recovered in accordance with the Debt Recovery Policy published on our website.

3. Outcomes/outputs

- 3.1 Housing Benefit overpayments are one of the most difficult debts to collect as often the debtor is still receiving DWP Benefits, is on

a low-income or is vulnerable. The recovery options open to us to recover the debt are not as comprehensive as for Council Tax and Business Rates, however we do have the following options:

- Direct Earnings Attachments (DEAs);
- Payment plans;
- Instructing a third-party collection agency;
- Deductions from ongoing benefit;
- Applying to another local authority for deductions from ongoing entitlement in their area;
- Civil proceedings

3.2 In 2016, the DWP introduced the Payment Deduction Programme (PDP) to help local authorities recover Housing Benefit debt from Universal and non-Universal Credit benefits. As of October 2023, we had debts totalling £120,842 being collected through this method.

3.3 We are also able to recover overpaid Housing Benefit through ongoing entitlement and the balance as of October 2023 was £357,583. The DWP set maximum recovery rates which must be adhered to when deducting from ongoing benefit. The standard maximum rate of recovery is £11.25 per week, rising to £18.75 per week for overpayments arising from fraud.

3.4 The balance of the debt of £269,207.10 is at various recovery stages as detailed below, with most debt being collected through a payment arrangement.

Recovery stage	Number of cases	Outstanding balance (£)
Direct Earnings Attachment	9	13,270.79
Final reminder	2	16,489.08
Action held	2	2,632.12
Invoice	6	1,579.89
IVA	9	19,470.34
LA (Local Authorities) Deductions	2	4,581.68
Payment arrangement	55	173,817.53
Reminder	2	4,766.09
Trace/further action required	29	32,599.58
Total	116	269,207.10

3.5 This report is intended to set a baseline of the current level of Housing Benefit overpayments. As part of the Revenues and Benefits Service Review, a dedicated post was created to deal with

overpayments. It is intended that the post holder will be set some challenging targets for the level of income collected, in a similar format to the well-established reporting of collection rates for Council Tax and Business Rates. Future reports will provide updates on progress and performance compared to the baseline position.

Summary of performance – April to March 2021/22

3.6 Details of our historic performance in collecting Housing Benefit overpayments compared to overall performance in the South West region, and nationally, are shown below, where we performed significantly better than the South West and national position. There is quite a time lag in the national figures being published, and we currently only have national data to September 2022.

Period	Debt outstanding at start of period	Debt raised during period	Debt recovered during period	% of HB debt recovered during period against total debt	Amount of debt written off during period
	£'000s	£'000s	£'000s	£'000s	£'000s
Full year Apr-Mar 2021/22	622	237	235	27%	30
South West region	100,152	23,763	24,977	20%	4,637
Great Britain 2021/2022	1,836,251	410,529	422,598	19%	62,600

Summary of performance – half year April to September 2022/2023

Period	Debt outstanding at start of period	Debt raised during period	Debt recovered during period	% of debt recovered during period against total debt	Amount of debt written off during period
	£'000s	£'000s	£'000s	£'000s	£'000s
Half-year	543	111	75	11%	21

Apr-Sep 2022/23					
South West region	94,047	13,056	12,697	12%	1,598
Great Britain 2022/23	1,750,798	206,184	198,263	10%	31,598

3.7 Although these are only part year figures, West Devon Borough Council's performance is on a par with both regional and national performance and it is expected that the outturn position for 2022/23 will be consistent with previous financial years.

4. Options available and consideration of risk

4.1 The Council could choose not to recover Housing Benefit overpayments, however in doing so, the Council would expose itself to reputational risk and scrutiny from the Department for Work and Pensions and internal and external audit. It would also be unable to demonstrate that it is providing its residents and businesses with best value for money.

4.2 No specific consultation has taken place as we need to ensure that we have appropriate procedures for the administration of the financial affairs of the Council.

5. Proposed Way Forward

5.1 The Audit and Governance Committee notes the contents of the report.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Section 151 Officer has responsibility under section 151 of the Local Government Act 1972, for the administration of the financial affairs of the Council. One such area of administration covers the recovery of Housing Benefit overpayments.</p> <p>This is underpinned by legislation including the Social Security Administration Act 1992 and associated regulations.</p>

Financial implications to include reference to value for money		<p>There are no costs attached to any of the recommendations in the report, however there are financial implications arising from the creation of Housing Benefit overpayments.</p> <p>Local Authorities are encouraged to minimise overpayments and to recover overpaid benefit where appropriate. The rates of Housing Benefit Subsidy that apply to overpayments vary according to the circumstances in which they were made. This can be nil, 40% or 100% depending on the type of overpayment and, for Local Authority errors and administrative delays, whether the threshold set by the DWP is met.</p>
Risk		There is a risk of income not being collected. Failure to have a clearly defined policy will leave the Council vulnerable to complaints and at risk of reputational damage if there is not a clearly defined process for the collection of Housing Benefit overpayments.
Supporting Corporate Strategy		The debt recovery process underpins all the Thematic Delivery Plans outlined in 'A Plan for West Devon.'
Consultation & Engagement Strategy		There is no requirement for any consultation or engagement to take place regarding this report.
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations.
Comprehensive Impact Assessment Implications		
Equality and Diversity		All recovery action is undertaken in accordance with legislation, associated procedures and best practice to ensure no discrimination takes place.
Safeguarding		None.
Community Safety, Crime and Disorder		None.
Health, Safety and Wellbeing		None.
Other implications		None.

Supporting Information

Appendices:

None.

Background Papers:

None