



Committee and Date
Audit Committee
7th September 2017

Item

Public

BENEFIT OVERPAYMENT PERFORMANCE MONITORING REPORT

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1. Summary

The Revenues and Benefits Service is responsible for the recovery of Housing Benefit overpayments. This report provides Members with performance monitoring information on the collection of this income for the year to 2016/17.

2. Recommendations

Members are asked to note the report.

REPORT

1. The service is responsible for recovering amounts outstanding on invoices raised by the former district councils relating to Housing Benefit overpayments, and for debt due to Shropshire Council for the same reason, which are now recovered separately from the Sundry Debt Service.
2. With regards to Housing Benefit overpayment recovery, the total value of invoices raised in 2016/2017 is: -

Created	£3,417,788.96
Recovered	£3,265,991.73
Written off	£ 229,333.36
3. The total value of invoices raised for the period April 2017 to July 2017 is:-

Created	£ 680,623.32
Recovered	£ 655,554.29
Written off	£ 50,062.82

4. At 2 August 2017 the total amount outstanding, including previous years, was £6 million compared with £6.2 million as at 31st July 2016. The table at Appendix A provides a detailed breakdown of this debt by financial year, and also categorises the debt between sundry debt and debt being recovered from ongoing Housing Benefit.
5. Nationally, Housing Benefit overpayments are increasing. There are a number of ongoing national initiatives that explain why a large number of Housing Benefit Overpayments continue to have been created in the past twelve months.
 - Shropshire Council has been required to participate in the Real Time Information (RTI) project since September 2014. This is a data matching exercise that matches earnings information between Shropshire Council and HMRC and which focusses on higher level mismatches.
 - Shropshire Council has signed up to the Fraud and Error Reduction Scheme (FERIS) since November 2014. This requires us to undertake various activity to identify fraud and error (which results in overpayments). For 2017-18 the FERIS scheme has been replaced with the Right Benefit Initiative scheme.
 - There has been an increase in data matching via the Housing Benefit Matching Service (HBMS). This matches Shropshire Council and DWP data files to identify discrepancies between the two sets of records such as Income Support, JSA, Incapacity benefit and Pension Credit.
 - We are also receiving a higher volume of information via Automated Transfer to Local Authority Systems (ATLAS). This automatically loads DWP information directly into Shropshire Council's systems meaning that we are made aware of the changes more quickly
5. In order to deal with this higher level of overpayments we have taken the following action.
 - We have purchased additional functionality from Northgate which ensures that we are recovering overpayments at the appropriate rate. (For example, where a claim has been sanctioned or if there are income disregards we can recover at a higher rate). This functionality identifies discrepancies in our current system so we can increase our ongoing recovery rate. The recovery rates for 2017-18 are at Appendix C.
 - We have reorganised outstanding sundry debt into meaningful enforcement stages to easily identify what action is currently being taken in respect of each debt, and automate our enforcement procedures. These include where debt is being recovered from DWP benefit, where debt is with an enforcement

agent, where there is a payment arrangement etc. We have also recently taken advantage of Direct Earnings Orders, which allow us to attach earnings where people are working. Debt at each enforcement stage is monitored monthly to ensure appropriate action is being taken. A breakdown of debt at various enforcement stages is at Appendix B (please note this analysis does not include cases at invoice, reminder and final notice).

- This work is providing improved management information and is being monitored on a monthly basis by the Revenues and Benefits Service Manager, the Recovery Manager and the Benefits Manager.

REPORT

3. Risk Assessment and Opportunities Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

The targets seek to increase the number of income collections transacted electronically.

4. Financial Implications

Effective monitoring of outstanding debt will enable early action to be taken to minimise the risk of financial loss to the Council.

5. Background

Housing Benefit is a national welfare benefit administered by the Council for the Department of Work and Pensions. A complex legal framework is in place to define who is entitled to benefit and to reduce fraud and error in the system. The Benefits Service within the Council has a responsibility to pay the right benefit to the right person at the right time.

6. Additional Information

None

7. Conclusions

Members are asked to note the content of the report.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

N/A

Appendices

Appendix A – Housing Benefit Overpayment Debt Breakdown by financial year

Appendix B – Housing Benefit Enforcement Stage Analysis

Appendix C – Recovery rates from ongoing Housing Benefit 2017-18

Appendix A – Housing Benefit Overpayment Debt Breakdown by financial year

02/08/2017			
YEAR	TOTAL DEBT	SD	HB
2008/09	£96,121.60	£48,085.56	48,036.04
2009/10	£454,462.02	£337,279.29	117,182.73
2010/11	£270,824.31	£219,008.52	51,815.79
2011/12	£343,581.92	£267,439.56	76,142.36
2012/13	£405,395.39	£332,904.69	72,490.70
2013/14	£575,448.56	£434,561.73	140,886.83
2014/15	£922,927.43	£637,217.46	285,709.97
2015/16	£1,150,178.73	£716,273.94	433,904.79
2016/17	£1,350,513.02	£787,519.93	£562,993.09
2017/18	£470,068.46	£190,162.73	£279,905.73
Total	6,039,521.44	3,970,453.41	2,069,068.03

Appendix B – Housing Benefit Enforcement Stage Analysis

Housing Benefit Enforcement Analysis 02/08/2017		
	accounts	£ value
Payment Stages		
Arrangement	653	£1,224,209.39
Bail	536	£720,751.63
DWP	65	£89,720.69
HALL	25	£7,676.83
OtherLa	3	£13,143.61
DEA	133	£196,192.30
Total for stage	1,415	£2,251,694.45
Referral stages		
BAIL refer	37	£29,443.12
DWP refer	97	£72,343.01
PDEAW	46	£45,557.27
Visit	122	£197,929.51
LA refer	1	£785.31
Total for stage	303	£346,058.22
Non payment stages		
Prison	13	£19,188.32
AD Pen Defer	3	£3,147.98
Legal	7	£21,566.35
Charging Order	4	£29,980.07
Bankruptcy	3	£988.89
No Forwarding address	6	£7,075.05
Write off	84	£102,425.96
BAILRET	453	£359,814.67
Arrangement Reminder	59	£122,717.15
Arrangement Cancelled	17	£21,983.04
Correspondence	3	£2,029.38
UC pending	15	£44,766.68
UC recovery	0	£0.00
Dispute	14	£17,375.37
Total for stage	681	£753,058.91
Totals	2,399	£3,350,811.58

Appendix C – Recovery rates from ongoing Housing Benefit 2017-18

Maximum Rates for Deductions from Ongoing Benefit 2017-18	
Standard Rate	£11.10
If the claimant has been found guilty of fraud, or admitted fraud after caution	£18.50
Plus 50% of any earned income disregards	
Plus any disregard of regular charitable or voluntary payments	
£10 disregard of war disablement or bereavement pension	