



Committee and Date

Audit Committee

17th September 2015

Item

Public

BENEFIT OVERPAYMENT PERFORMANCE MONITORING REPORT

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1. Summary

The Benefits team are 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 2014/15.

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 2014/2015 is: -

Created £3,969,891.11

Recovered £2,792,605.46

Written off £ 127,265.32

3. The total value of invoices raised for the period April 2015 to July 2015 is:-

Created £1,224,688.32

Recovered £1,091,731.23

Written off £ 73,922.38 (awaiting authorisation)

4. At 31st July 2015 the total amount outstanding, including previous years, was £5.4 million compared with £4.3 million as at 31st July 2014. 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. There are a number of reasons why the figure has increased 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).
 - In March 2015 the Benefits Team undertook a data cleansing exercise to uprate State Retirement Pension figures manually rather than automatically as had happened in previous years. This data cleansing highlighted a number of discrepancies and identified a number of overpayments
 - 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 recently 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 2015-16 are at Appendix B.
 - As part of our recent restructure HB overpayment recovery was merged with the Revenues Recovery Team to increase scope for this type of work. We are currently organising the 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. We have also recently taken advantage of Direct Earnings Orders, which allow us to attach earnings where people are working. An officer is working through the outstanding debt and moving it to the relevant stage, or making contact with the debtor, whatever is appropriate. We are also about to pass some of our higher level debts to a Visiting Officer to make contact with the debtor to try to enter into dialogue and secure payment.

- 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)

Mike Owen, Brian Williams, Chairman of Audit Committee

Local Member

N/A

Appendices

N/A

Appendix A – Housing Benefit Overpayment Debt Breakdown by financial year

Position as at: 31/07/15			
YEAR	TOTAL DEBT	SD	HB
2008/09	135,749.30	74,361.50	61,387.80
2009/10	636,003.00	524,344.14	111,658.86
2010/11	414,736.92	351,767.28	62,969.64
2011/12	454,831.46	340,517.51	114,313.95
2012/13	640,015.91	505,582.99	134,432.92
2013/14	883,418.79	652,627.09	230,791.70
2014/15	1,674,466.57	947,651.56	726,815.01
2015/16	615,057.09	70,700.46	544,356.63
Total	5,454,279.04	3,467,552.53	1,442,369.88

Appendix B – Recovery rates from ongoing Housing Benefit 2015-16

Standard Rate £11.10 per week

Fraud Rate £18.50 per week

Plus, in each of the above cases 50% of

- Any £5, £10, £20, or £25 earned income disregard
- Any disregard of regular charitable or voluntary payments