



Committee and Date

Audit Committee

15<sup>th</sup> September 2016

Item

**7**

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 2015/16.

### **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 2015/2016 is: -

Created                      £3,855,193.79

Recovered                    £2,985,128.40

Written off                    £ 185,909.16

3. The total value of invoices raised for the period April 2016 to July 2016 is:-

Created                      £1,094,267.61

Recovered                    £ 974,283.77

Written off                    £ 34,506.31

4. At 31<sup>st</sup> July 2016 the total amount outstanding, including previous years, was £6.2 million compared with £5.4 million as at 31<sup>st</sup> July 2015. 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. The increase in outstanding Housing Benefit overpayments follows a national trend. There are a number of ongoing national initiatives that explain 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).
  - 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 2016-17 are at Appendix C.
  - In the last twelve months 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)**

Malcolm Pate

**Local Member**

N/A

**Appendices**

N/A

**Appendix A – Housing Benefit Overpayment Debt Breakdown by financial year**

<b>31/07/2016</b>			
<b>YEAR</b>	<b>TOTAL DEBT</b>	<b>SD</b>	<b>HB</b>
2008/09	122,458.16	76,485.68	45,972.48
2009/10	544,313.28	456,303.18	88,010.10
2010/11	358,478.76	307,066.05	51,412.71
2011/12	401,552.82	318,685.04	82,867.78
2012/13	517,729.79	430,181.22	87,548.57
2013/14	716,626.88	533,561.05	183,065.83
2014/15	1,197,053.51	791,157.08	405,896.43
2015/16	1,676,062.95	904,264.70	771,798.25
2016/17	688,229.12	305,805.15	382,423.97
<b>Total</b>	<b>6,222,505.27</b>	<b>4,123,509.15</b>	<b>2,098,996.12</b>

**Appendix B – Housing Benefit Enforcement Stage Analysis**

<b>Housing Benefit Enforcement Analysis 25.08.2016</b>		
	<b>accounts</b>	<b>£ value</b>
<b>Arrangement</b>	666	£1,173,903.87
<b>Bail</b>	501	£545,001.91
<b>DWP</b>	187	£236,503.87
<b>HALL</b>	28	£6,130.43
<b>Other La</b>	4	£14,764.71
<b>DEA</b>	153	£213,073.19
<b>BAIL refer</b>	74	£81,913.04
<b>DWP refer</b>	3	£7,638.96
<b>PDEA</b>	39	£44,196.50
<b>Visit</b>	147	£377,248.88
<b>LA refer</b>	0	£0.00
<b>Prison</b>	11	£4,421.40
<b>Admin Pen Defer</b>	8	£12,412.50
<b>Legal</b>	9	£24,034.40
<b>Charging Order</b>	4	£29,980.07
<b>Bankruptcy</b>	1	£429.24
<b>No Forwarding address</b>	36	£27,487.20
<b>Write off</b>	445	£216,837.33
<b>BAILRET</b>	447	£330,076.94
<b>Arrangement Reminder</b>	29	£41,105.22
<b>Arrangement Cancelled</b>	49	£71,512.38
<b>Correspondence</b>	3	£3,514.98
<b>UC pending</b>	3	£916.21
<b>Dispute</b>	15	£38,068.15
<b>Totals</b>	<b>2,862</b>	<b>£3,501,171.38</b>

### Appendix C – Recovery rates from ongoing Housing Benefit 2016-17

<b>Maximum Rates for Deductions from Ongoing Benefit 2016-17</b>	
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	