

Housing Benefit Debt Recovery Report – 1st April 2023 to 31st March 2024

Executive Summary	<p>This report provides an update on Housing Benefit debt recovery detailing the council's collection performance and debt management arrangements for 2023 – 24.</p> <p>Previously this information was part of the Revenues Corporate Debt Recovery report. However, it is now being presented as a standalone item. This allows the Benefits Team to demonstrate it takes ownership of, and is accountable for its performance, and it can also demonstrate service improvements.</p> <p>The report includes a:</p> <ul style="list-style-type: none">▪ A summary of the work undertaken by the team.▪ Housing Benefit Debt Recoveries performance.▪ A summary of overpayment levels and recovery type.▪ Known risks to performance.
Options Considered	<p>To continue with the write-off limits at their current levels. To continue to recover outstanding debt within the current legislative guidelines.</p>
Consultation(s)	<p>No consultation required as this is a statutory requirement.</p>
Recommendations	<p>To approve the annual report giving details of Housing Benefit Overpayment debt recovery in accordance with the Council's Debt Recovery Policy, Write-Off Policy, and Housing Benefit Overpayment Recovery Policy.</p>
Reasons for recommendations	<p>Recommendation is to approve the annual report in relation to Housing Benefit Overpayment recovery and to approve the continued use of legislated recovery methods to ensure income maximisation for the council.</p>
Background papers	<p>Housing Benefit Overpayment Policy (Appendix 1) Corporate Debt Management and Recovery Policy Debt Write Off Policy Enforcement Agent Code of Practice Enforcement Agent Instructions (Please refer to the Corporate Debt Recovery Report appendices for copies).</p>
Wards Affected	<p>All</p>
Cabinet member(s):	<p>Wendy Fredericks</p>
Contact Officer	<p>Trudi Grant, Benefits Manager (01263 516262) trudi.grant@north-norfolk.gov.uk</p>

Links to key documents:	
Corporate Plan:	N/A
Medium Term Financial Strategy (MTFS)	This report is linked to the Corporate Plan under A Strong, Responsible and Accountable Council. We will ensure the Council maintains a financially sound position, seeking to make best use of its staff resources, effective partnership working and maximising the opportunities of external funding and income.
Council Policies & Strategies	Corporate Debt Management and Recovery Policy, and Debt Write Off Policy

Corporate Governance:	
Is this a key decision	Yes.
Has the public interest test been applied	Yes.
Details of any previous decision(s) on this matter	Previously included in the September 2022, 2021/22, Corporate Debt Report.

1. Purpose of the report

- 1.1 This is an annual report detailing the council's collection performance and debt management arrangements for 2023/24 in relation to Housing Benefit Overpayment debt.
- 1.2 The report includes a:
 - A summary of the councils Housing Benefit Debt Recoveries performance.
 - Recovery performance for Housing Benefit overpayments.
 - A summary of debts written off showing the reasons for write-off and values.
 - Level of provision for bad and doubtful debts.

2. Introduction & background

Introduction

- 2.1 The Benefits Team is responsible for the collection of Housing Benefit overpayments. It is important that we have robust procedures in place for the collection of Housing Benefit. This is a key income stream for the council which offsets against the subsidy loss around Housing Benefit overpayments.
- 2.2 This report provides an update on Housing Benefit debt recovery performance. Previously this information was part of the Revenues Corporate Debt Recovery report. However, it is now being presented as a standalone report. This allows the Benefits Team to demonstrate it takes ownership of, and is accountable for its performance, and it can also demonstrate service improvements.
- 2.3 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 recovery and should make use of networks and intelligence to support the recovery process.
- 2.4 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. North Norfolk District Council's performance and how it compares both regionally and nationally is shown in section 3.4 to 3.6 of this report.

Background

- 2.5 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 we can recover.
- 2.6 HB 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 several 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.
- 2.7 There are also overpayments that are caused by deliberate fraud or wilful neglect in reporting changes that would have led to a lower entitlement which create large overpayments for individuals who then struggle to repay the amounts.
- 2.8 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.
- 2.9 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, Debt Write-Off Policy, and the Housing Benefit Overpayment Policy.
- 2.10 Housing Benefit Overpayment recovery outside of the Housing Benefit claim originally sat within the corporate Sundry Debtor Team where an invoice for overpaid HB would be sent to the claimant and recovery action taken.
- 2.11 Following procurement of the Benefits system, it was agreed that the recovery of Housing Benefit overpayments would move across to the Open Revenues Sundry Debtor system in 2013 and managed by Benefit Officers. The Civica system had been developed bringing in an integrated Sundry Debtor module which would allow for Direct Debits, payment arrangements, County Court recovery, attachments of benefit, and better management reports, meaning the Housing Benefit Team were better placed to manage this debt.
- 2.12 Whilst we maximise opportunities to recover the debt via several recovery options, HB remains a difficult debt to collect as often the debtor is still receiving DWP Benefits, is on a low-income or is vulnerable. There are less recovery options available to us to recover the debt than for Council Tax and Business Rates.
- 2.13 The DWP have introduced more measures to support local authorities recover Housing Benefit debt. The Payment Deduction Programme (PDP) was introduced to help local authorities recover Housing Benefit debt directly from Universal and non-Universal Credit benefits.

- 2.14 The DWP also introduced the Housing Benefit Debt Service (HBDS) which allows local authorities to send debtors details to the HMRC for employment information. This is an electronic process and allows us to obtain an attachment of earnings more quickly.
- 2.15 During the COVID-19 lockdowns many LAs redeployed staff away from debt recovery to other frontline activities. However, whilst we did cease enforcement action, we did not suspend our recovery practices altogether. Instead, we reviewed our practices to support households in hardship by accepting reduced payment arrangements, allowing payment holidays, and longer payment plans. We also ensured debtors were made aware of the Breathing Space regulations which allows for no recovery action to take place whilst the debtor sought professional debt advice.
- 2.16 Beyond the pandemic, we have continued to support debtors and now with the cost-of-living crisis we have continued to apply the same softer principles to recovery as we did during the pandemic, where applicable. We are now benefiting from the additional support from our own inhouse Financial Inclusion team, and we are working with the Citizens Advice (CA) where we have an inhouse CA Debt Adviser supporting our residents 2 days a week.
- 2.17 Looking ahead, the roll out of the managed migration of Universal Credit which started on 1st April 2024, could impede our recovery performance. We have identified all known risks to our service delivery associated with managed migration and we are taking steps to mitigate these with debt recovery being one of the areas being monitored.
- 2.18 Councils only receive 40% subsidy on claimant error overpayment debt through the Final Subsidy claim. However, if we can collect anything over 40% this is considered additional revenue to the Council and should be recovered in an efficient manner whilst still having regard to the customer's ability to pay.
- 2.19 The service will endeavour to continue to treat Housing Benefit overpayment recovery as a priority area of service delivery to reduce the loss of subsidy and increase council revenue.

3. Proposals and Options

Housing Benefit Debt Recoveries (HBDR) Performance

- 3.1 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.
- 3.2 We attend quarterly meetings with the DWP LA Performance Team where our overpayment recovery performance is one of the areas of service delivery that is reviewed. The DWP have advised that our Housing Benefit Debt Recovery performance is comparatively strong. Our collection rate for EOY 2022/23 was 36.01% as shown in table 1.

Table 1:

Monetary values are £1000		
	FYE 2022/23	April – Sept 2023/24
O/p identified	£649	£445
O/p recovered	£605	£399
% in year recovery	93.22%	90%
O/p written off	£39	£36
O/p outstanding Start of year	£1031	£1045

O/p outstanding Start of following year	N/A	N/A
% recovery against total debt	36.01%	27%

Source: DWP LA Performance Team

- 3.3 Details of our Housing Benefit overpayment collection performance, Norfolk, and nationally, are shown below in table 2. The council only has rent allowance (private rent cases) overpayments as we do not have any housing stock (rent rebate cases). There is quite a time lag in the national figures being published, and we currently only have national data to September 2023 (Q2).
- 3.4 In Q1 and Q2, we have performed better than other Norfolk councils, and have recovered more in rent allowance overpayments as shown in table 2.

Table 2:

		Total value of HB overpayments recovered during the quarter (£ thousands)					
		Q1			Q2		
		Rent Rebate ¹	Rent Allowance ²	*Total	Rent Rebate ¹	Rent Allowance ²	*Total
K03000001	GREAT BRITAIN	*	*	104,469	*	*	113,281
E92000001	ENGLAND	*	*	94,836	*	*	103,997
E10000020	<i>Norfolk</i>						
E07000143	Breckland	-	146	146	-	188	188
E07000144	Broadland	-	75	75	-	76	76
E07000145	Great Yarmouth	26	47	73	50	82	132
E07000146	King's Lynn and West Norfolk	*	*	96	*	*	120
E07000147	North Norfolk	-	187	187	-	212	212
E07000148	Norwich	108	149	257	109	130	239
E07000149	South Norfolk	-	60	60	-	52	52

Source: Housing Benefit Debt Recoveries (HBDR)

- 3.5 Through targeted interventions, data matching, and by reaching out to customers to report changes promptly, we have identified more overpayments in Q1 than any other Norfolk authority, and we have the second highest performance in Q2, as shown in table 3.

Table 3:

		Total value of HB overpayments identified during the quarter (£ thousands)					
		Q1			Q2		
		Rent Rebate ¹	Rent Allowance ²	*Total	Rent Rebate ¹	Rent Allowance ²	*Total
K03000001	GREAT BRITAIN	*	*	107,172	*	*	117,423
E92000001	ENGLAND	*	*	98,033	*	*	107,713
E10000020	<i>Norfolk</i>						
E07000143	Breckland	-	166	166	-	181	181
E07000144	Broadland	-	145	145	-	35	35
E07000145	Great Yarmouth	32	37	69	43	39	82
E07000146	King's Lynn and West Norfolk	*	*	81	*	*	199
E07000147	North Norfolk	-	260	260	-	185	185
E07000148	Norwich	75	122	197	71	83	154
E07000149	South Norfolk	3	41	43	-	30	30

Source: Housing Benefit Debt Recoveries (HBDR)

3.6 When reviewing performance around the level of outstanding Housing Benefit debt (rent allowance only), we have the third lowest level of outstanding debt across Norfolk, as shown in table 4 below.

Table 4:

		Total value of HB overpayments outstanding at the start of the quarter (£ thousands)					
		Q1			Q2		
		Rent		*Total	Rent		*Total
Rent Rebate ¹	Allowance ²	Rent Rebate ¹	Allowance ²				
K03000001	GREAT BRITAIN	*	*	1,703,456	*	*	1,685,662
E92000001	ENGLAND	*	*	1,525,076	*	*	1,509,192
E10000020	<i>Norfolk</i>						
E07000143	Breckland	-	1,922	1,922	-	1,938	1,938
E07000144	Broadland	-	945	945	-	991	991
E07000145	Great Yarmouth	459	1,299	1,758	462	1,289	1,751
E07000146	King's Lynn and West Norfolk	*	*	1,735	*	*	1,694
E07000147	North Norfolk	-	1,045	1,045	-	1,100	1,100
E07000148	Norwich	2,242	2,152	4,394	2,195	2,110	4,305
E07000149	South Norfolk	5	786	791	5	765	771

Source: Housing Benefit Debt Recoveries (HBDR)

3.7 As there is a time lag in the published DWP HBDR data, we have provided up to data below on the balance of all Housing Benefit debt as of May 2024. We currently have £795,523 outstanding to collect. This is represented in Table 5 below along with the recovery type in use and the number of cases with the most debt being collected through an attachment of benefit.

Table 5:

Recovery Stage	Number of cases	Outstanding balance (£)
Attachment of Benefit	83	101,802.82
Attachment of Benefit (pending)	17	24,336.89
Direct Earnings Attachment	12	19,011.22
Direct Earnings Attachment (pending)	56	45,782.87
County Court Judgement	34	102,320.95
Enforcement Agencies	20	20,943.06
Enquiry – waiting for further information	1	587.78
Final – Debt past 28 days, recovery action not yet commenced	213	324,230.95
Information – waiting for further information before County Court Judgement obtained	2	4,497.25
Invoice – Debt within 28 days of date of invoice being issues	66	79,331.07
Oral Examination – No response to CCJ	10	25,735.32
Reminder – Debt	36	43,942.64
Totals	550	792,522.82

Housing Benefit Recovery

3.8 As previously advised Housing Benefit is a difficult debt to collect with less recovery options that 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 – County Court Judgement.

- 3.9 Where we recover through an attachment of benefit, the debt can be passed through to the Payment Deduction Programme (PDP) from the Benefit claim without having to transfer the debt to the Open Revenues Sundry Debtor system first. This helps speed up the attachment process. The attachment of benefit data in table 5 includes all cases using this recovery method, regardless of the route taken to set up the attachment.
- 3.10 Our recovery performance will be affected by managed migration of Universal Credit. This will affect our recovery where an attachment of benefit is against a legacy benefit, the attachment will cease, and a new attachment will need to be created against Universal Credit if claimed.
- 3.11 While it is legislatively possible to ask DWP to recover the overpayment under the new Universal Credit claim, there are some key obstacles to this:
- 3.12 The DWP will prioritise recovery of any other overpaid (DWP) benefit but there are also several other higher priority debts that would come before HB such as utilities, and Council Tax.
- 3.13 Prior to managed migration, where an attachable benefit was in payment, we would automatically set up the attachment as our preferred recovery method as we are collecting monies owed directly from the debtor's source of income. However, where the legacy benefit being claimed is Housing Benefit and the customer migrates to UC, if they have other debts such as utility arrears, utility companies will now be able to attach to the UC award leading to more companies trying to attach one person's award stacking multiple attachments of benefit.
- 3.14 It would also be reasonable to assume such activity may not be an administrative priority for the DWP in the short term either (UC resources are likely to be stretched massively while the migration process is completed) leading to delayed recovery.
- 3.15 Where an overpayment occurs and HB is still in payment, we can recover the overpayment from the ongoing HB entitlement by making a deduction from each monthly HB payment. As this debt is being collected directly from the claim, this debt is not included in the data in table 5.
- 3.16 The DWP set maximum recovery rates which must be adhered to when deducting from ongoing benefit. The standard maximum rate of recovery is £13.65 per week, rising to £22.75 per week for overpayments arising from fraud.
- 3.17 As at May 2024, we are recovering £234,653.40 in overpaid Housing Benefit against 154 cases using this method. The value of these overpayments is not treated as a corporate debt as they have not been passed for collection through the Open Revenues Sundry Debtor system. The value of these debts is recorded against the subsidy claim.
- 3.18 Table 6 shows the breakdown of the debts raised via the Open Revenues Sundry Debtor System, payments, and write-offs during 2023/24.

Table 6:

Balance Brought Forward	£671,891.53
Invoice Charge Total	£256,716.43
Payments Total	£261,395.40
Write-Off Total	£10,501.67
Refund Total	£1,286.86
Balance Outstanding as of 31st March 2024	£656,710.89

Housing Benefit Debt (Finance System)

- 3.19 A small number of debts remain on the old Finance System as these have successful attachments of benefits or arrangements in place which we did not want to cancel. The total debt outstanding is £54,573.

Write-Offs

- 3.20 The provision for bad debt for all Housing Benefit Overpayments is shown in Table 7 below, categorised by the system the debt is being recovered from. *Data is as of Friday 24th May 2024.

Table 7:

Outstanding Debt as at 31/03/24		
Source	Amount £	Bad debt Provision £
Finance System	54,572.54	23,444.79
Civica Debtor Module	711,371.75	410,958.00
Civica In Claim debt	292,331.01	122,194.95
Totals	1,058,275.30	556,597.74

- 3.21 Overpayments are only written off following careful consideration and in line with the Corporate Debt Recovery policy and Housing Benefit Overpayment Policy. Table 8 below shows in summary the amount of debt written off over the 2023/24 year and the reason for debts sitting on the Open Revenues Sundry Debtor system. No debts on the Finance System have been written off.

Table 8:

Write off reason	Number of cases	Amount of debt written-off
Bankrupt	19	-£3,923.35*
Deceased	24	£16,988.07
Detained (in prison)	3	£379.48
Of ill health	1	£1,025.28
Uneconomical to recover	12	£1,834.23
	Total	£16,303.71

**The amount written off under bankruptcy is showing as in credit, as this includes dividends, we receive from insolvency companies which show as a credit.*

Overpayment Subsidy

- 3.22 As Housing Benefit claimants migrate to UC Housing Costs, Housing Benefit expenditure will subsequently reduce, and the level of Housing Benefit subsidy will reduce with it.
- 3.23 The recovery of subsidy around overpayments is a particular concern. Where a Housing Benefit case has been overpaid, if there is an ongoing award of Housing Benefit, the overpayment will be recovered from ongoing payments. By doing this the authority maximises recovery opportunities and ensures the amount of subsidy against the overpayment is recouped.

- 3.24 However, once the case migrates to UC, the potential to continue recovering the remaining outstanding Housing Benefit overpayment significantly reduces as the recovery options are limited. There is also the impact of the outstanding overpayment to the subsidy claim and the ability to recoup subsidy already lost.
- 3.25 Where an overpayment is being recovered through deductions from ongoing benefit, full subsidy is claimed (as this is part of a claimant's HB award diverted to the debt rather than paid out) but, where cases migrate to UC, there will simply be no ongoing HB so no subsidy at all.
- 3.26 The issue is that where a claimant error overpayment occurs the LA can only recoup 40% of the value of the overpayment through the subsidy claim. So, unless the LA can recover the overpayment in full, it loses 60% subsidy on those overpayments. This is where the LA's finances could be hit.
- 3.27 Our Final Subsidy claim for 2023/24 identified £158,915 of claimant error overpayment of which we receive 40% subsidy = £63,566. Where we can recover the overpayment from ongoing benefit, we would be able to recoup the remaining 60%.
- 3.28 The impact of the loss is made worse for Prior Year overpayments. This is where an overpayment is created that spans a previous financial year. The LA will have claimed 100% subsidy on the expenditure as it relates to a previous financial year and would have been included in the Final Subsidy claim for that year. The LA in effect must pay back the DWP 60% of the value of the overpayment and has the 100% subsidy replaced with 40%.
- 3.29 Our Final Subsidy claim for 2023/24, identified £219,950 of claimant error overpayments being created for a previous financial year. We would have claimed 100% subsidy for this expenditure prior to the 2023/24 Final Subsidy claim. We would now have to pay back 60% of this expenditure to the DWP (£131,970). Where we can recover 100% of the overpayment from ongoing benefit, we would be able to recoup the 60% we had to payback.
- 3.30 Further migration could impact the recovery of Housing Benefit overpayments and recouping subsidy losses.

4. Corporate Priorities

- 4.1 This report is linked to the Corporate Plan under A Strong, Responsible and Accountable Council.
- 4.2 We will ensure the Council maintains a financially sound position, seeking to make best use of its staff resources, effective partnership working and maximising the opportunities of external funding and income.
- 4.3 We aim to provide effective and efficient delivery of the Benefits Service. Managing our finances to ensure best value for money, continuing a service improvement programme to ensure our services are delivered efficiently, providing services that are value for money and meet the needs of our residents, ensuring that strong governance is at the heart of all we do, creating a culture that empowers and fosters an ambitious, motivated workforce and exploring opportunities to work further with stakeholders and partner organisations.

5. Financial and Resource Implications

- 5.1 The information gained from this report will help improve monitoring and our ability to consider any risks in a more accurate way.
- 5.2 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.

- 5.3 With the commencement of managed migration, as Housing Benefit claims end, a greater amount of debt will be transferred to the Open Revenues Sundry Debtor system for recovery. This could inhibit the amount of debt we collect and increase the timeframe over which debts are collected, imposing a financial risk to council finances around revenue and subsidy loss.
- 5.4 As a council we need to ensure our approach to debt recovery ensures debts are recovered in a targeted and efficient way, taking a collaborative approach to debt recovery and financial inclusion.
- 5.5 There are no expected resource implications as the management of Housing Benefit Debt recovery is resourced from within the team.

Comments from the S151 Officer

The Council makes every effort to collect outstanding debts and it is only after all avenues for recovery have been exhausted then a debt is considered for write off.

6. Legal Implications

- 6.1 The Council can collect monies owed under the following regulations which set out the definition of an overpayment and how it can be recovered:
 - The Social Security Administration Act 1992; and
 - The Housing Benefit Regulations 2006.

Comments from the Monitoring Officer

This report details information relating to Housing Benefit debt recovery. There are no apparent specific governance or legal issues arising.

7. Risks

- 7.1 The Council is already required to make provision for bad and doubtful debts. The additional information gained from this report will help improve monitoring and our ability to consider the appropriateness of the provisions in a more accurate way, whilst protecting the subsidy claim.

8. Net Zero Target

- 8.1 This report does not raise any issues relating to the net zero target. There is the potential to reduce issuing of recovery notices through better engagement and payment plans via online and Direct Debit channels.

9. Equality, Diversity, and inclusion

- 9.1 The Corporate Debt Recovery Policy takes account of the impact that getting into debt can have on people and their families. Whilst the council encourages people to pay, it also aims to provide reasonable facilities and assistance for them to do so.

9.2 The Financial Inclusion Team and partnership working with the Citizens Advice is providing a positive impact on those with protected characteristics and is supporting households on a case-by-case basis.

9.3 Before writing off debt, the Council will satisfy itself that all reasonable steps have been considered to collect it and that no further recovery action is possible or practicable. It will consider the age, size, and types of debt, together with any other factors that it feels are relevant to the individual case. All write-offs are dealt with in the same fair and consistent way in line with equality and diversity issues.

10. Community Safety issues

10.1 This report does not raise any issues relating to the community safety issues.

11. Conclusions and recommendations

11.1 This is an annual report detailing the council's collection performance and debt management arrangements for 2023/24.

The report includes a:

- A summary of the work undertaken by the team.
- Housing Benefit Debt Recoveries performance.
- A summary of overpayment levels and recovery type.
- Known risks to performance.

11.2 This is a recommendation to Full Council to approve the annual report in relation to Housing Benefit Overpayment debt recovery and to approve the continued use of legislated recovery methods to ensure income maximisation for the council.