

Housing Benefit Debt Recovery Report – 1st April 2024 to 31st March 2025

Executive Summary	<p>This report provides an update on Housing Benefit debt recovery detailing the Councils' collection performance and debt management arrangements for 2024 – 25.</p> <p>The report includes a:</p> <ul style="list-style-type: none">▪ A brief overview of Housing Benefit overpayments▪ Housing Benefit Debt Recoveries performance▪ Key trends and known risks to performance▪ Recommendations of future recovery strategies
Options Considered	<p>To continue with the write-off limits at their current levels.</p> <p>To continue to recover outstanding debt within the current guidelines.</p> <p>The implementation of additional recovery methods to maximise recovery options to the Council.</p>
Consultation(s)	No consultation is required as this is a statutory requirement.
Recommendations	<ul style="list-style-type: none">(i) Note the performance of the debt management function carried out by the Benefits service.(ii) Note the debt write-offs for the year.(iii) Note the emerging impact of Universal Credit on collection levels.(iv) To support the implementation of future recovery strategies.(v) 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.
Reasons for recommendations	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 revenue to the Council is maximised.
Background papers	Housing Benefit Overpayment Policy (Appendix 1) Corporate Debt Management and Recovery Policy Debt Write Off Policy

Wards Affected	All
Cabinet member(s):	Wendy Fredericks
Contact Officer	Trudi Grant, Benefits Manager (01263 516262) trudi.grant@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	Effective income management processes are critical to the delivery of overall Council service objectives. A more efficient income management process contributes to the availability of resources for wider or deeper service provision. It is linked to the Council's Corporate Plan priority of being a strong, responsible, and accountable Council.
Medium Term Financial Strategy (MTFS)	<p>Housing Benefit debt recovery contributes to the MTFS by improving revenue, supporting financial control, enabling accurate financial planning, and helping meet statutory and audit expectations.</p> <p>We will support the Council in maintaining 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.</p>
Council Policies & Strategies	<p>Corporate Debt Management and Recovery Policy</p> <p>Debt Write Off Policy</p> <p>Housing Benefit Overpayment Policy (Appendix 1)</p>

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	Yes - The public interest in recovering Housing Benefit overpayments lies in ensuring the efficient, fair, and responsible use of public funds, which supports the Council's Medium Term Financial Strategy.
Details of any previous decision(s) on this matter	N/A

1. Purpose of the report

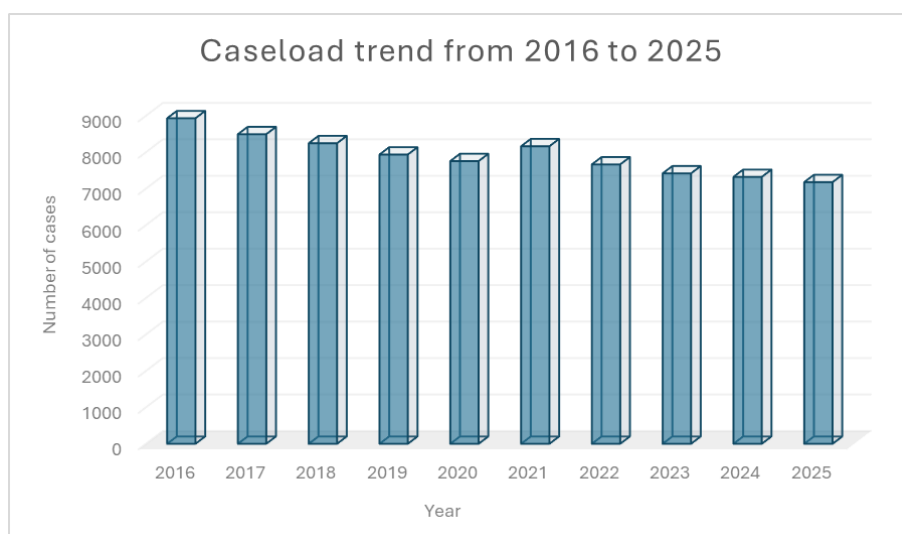
- 1.1 This is an annual report detailing the Council's collection performance and debt management arrangements for 2024/25 in relation to Housing Benefit Overpayment debt.
- 1.2 The report provides the Council with the assurance as to the efficiency and effectiveness of its collection and recovery policies and systems.

2. 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 overpaid Housing Benefit. This is a key income stream for the Council which offsets against any Housing Benefit subsidy losses.
- 2.2 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) is clear that local authorities should maximise all recovery options and should make use of networks and intelligence to support the recovery process.
- 2.3 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 regionally is shown in section 10.5 to 10.7 of this report.

3. Housing Benefit Caseload

- 3.1 Housing Benefit (HB) is an income-related benefit that is intended to help meet housing costs for rented accommodation. Housing Benefit is treated as a legacy benefit and is being replaced for most working-age claimants (with some exceptions) by the housing element of Universal Credit (UC). This process is referred to as Managed Migration.
- 3.2 The number of people claiming HB has been steadily decreasing and will continue to fall as legacy HB claims transfer to UC. This downward trend is reflected below illustrating approx. 20% decline over the last 10 years.



- 3.3 Looking ahead, managed migration of UC, will 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.

- 3.4 Where the number of people claiming HB is reducing, the amount of overpaid HB identified by local authorities will reduce, as well as the amount of overpaid HB we can recover. In addition to this the administration grant for HB received from the DWP and the amount of subsidy we can claim will also reduce over time.

4. What is an overpayment

- 4.1 An overpayment occurs where an amount of HB 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 delaying in reporting changes which may affect their entitlement or the Council making an error when calculating or paying HB.
- 4.2 Changes in circumstances can be identified through DWP data matches or may be notified by the claimant or a third party.
- 4.3 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.
- 4.4 *Example of Housing Benefit overpayment:*

Mr H of 1 Street receives £50 per week in HB. Mr H has currently been paid Housing Benefit up to Sunday 8th June 2025. On, Monday 9th June 2025, Mr H informs the team that he vacated the property he was claiming HB for on Sunday 11th May 2025. An overpayment of HB is created for the period Monday 12th May 2025 to Sunday 8th June 2025 (4 weeks @ £50 per week = £200).

5. The importance of identifying Housing Benefit Overpayments early

- 5.1 Overpayments represent money that was paid out incorrectly and should not have been spent. Identifying and recovering these overpayments helps ensure that public funds are used appropriately and fairly, protecting the public purse.
- 5.2 When Housing Benefit is overpaid, the local authority may not always be able to recover the money, especially in cases of official or local authority error. This means the Council could bear the financial loss. Identifying overpayments early reduces this risk.
- 5.3 If overpayments go undetected, incorrect payments may continue for months or even years. Early identification stops further loss and allows the correct benefit amount to be paid moving forward.
- 5.4 Timely identification helps distinguish between error (e.g., forgetting to report a change in income) and intentional fraud. Addressing overpayments helps reinforce compliance with benefit rules and can deter fraudulent claims.
- 5.5 Overpayments can result in significant debts for claimants if not identified early. Prompt detection allows quicker resolution and a smaller repayment burden, helping to avoid financial hardship.

- 5.6 Local authorities must demonstrate good financial governance and compliance with DWP regulations. Identifying and classifying overpayments accurately supports audit processes and allows the authority to claim the correct level of subsidy from central Government.

6. Housing Benefit Subsidy

- 6.1 Housing Benefit Subsidy is the mechanism by which we are reimbursed by the DWP for the Housing Benefit we have paid out in each financial year. This is claimed back through the Final Subsidy claim which is subject to an external audit.
- 6.2 The amount we are reimbursed depends on the type of claim, the tenancy type, and any errors or overpayments. The HB Subsidy rates that apply to different types of claims and overpayments are shown below.

Type of Benefit Payment / Overpayment	Subsidy Rate	Notes
Claimant error	40%	Council must attempt recovery to receive this rate.
Local Authority error	0% to 100%	Thresholds determine the amount of subsidy recouped. These are based on the total amount of our Local Authority error overpayments. If we stay below the lower threshold we will receive 100% subsidy back on overpayments. This reduces to 40% if levels go over the lower threshold, and 0% if levels go over the higher threshold which are calculated throughout the year based on overpayment levels.
Official error (e.g. by the DWP)	100%	This is reduced to 0% if the overpayment is recovered. These overpayments are normally written-off as they are official errors and not fair to the claimant to recover.
Fraud overpayments (with prosecution/sanction)	40%	Must meet fraud criteria (e.g. penalty, caution, or conviction)

- 6.3 Councils only receive 40% subsidy on a claimant error overpayment. However, if we can collect anything between 40% to 100%, 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.
- 6.4 *Using the previous example in 4.4 - As the Council has already paid out £200 in HB, there will be a cost to the Council of £120 as it will only get £80 (40%) subsidy back on the original expenditure of £200.*
- 6.5 *The incentive here is to recover the full £200 as the Council will increase revenue by an additional £80.*

- 6.6 Where an overpayment is being recovered through deductions from ongoing HB payments, 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.
- 6.7 Our Final Subsidy claim for 2024/25 identified a total of £99,845 in claimant error overpayments of which we receive 40% subsidy = £39,938. Where we can recover the overpayment from ongoing benefit, we would be able to recoup the remaining 60% (£59,907).
- 6.8 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%.
- 6.9 Our Final Subsidy claim for 2024/25, identified £118,779 of claimant error overpayments being created for a previous financial year. We would have claimed 100% subsidy for this expenditure as part of the 2023/24 Final Subsidy claim. We would now have to pay back 60% of this expenditure to the DWP (£71,267). Where we can recover 100% of the overpayment from ongoing benefit, we would be able to recoup the 60% we had to payback.
- 6.10 Continued UC migration will impact the recovery of HB overpayments and recouping subsidy losses.

7. Tackling fraud and error in the Benefits system

- 7.1 Fraud and error are significant risks within the welfare benefits system due to the complexity of regulations and frequent changes in claimant circumstances. We receive approx.8,000 work items each month. Accurate and timely assessments are crucial to avoid incorrect HB payments, reduced subsidy from the DWP, and financial losses for the Council.
- 7.2 We are focused on reducing benefit fraud and error and are currently undertaking the following measures.

Type of measure	Notes
Verification Framework	Evidence requirements for new claims and changes ensures correct and relevant evidence is gathered before a payment is made.

Housing Benefit Matching Service (HBMS)	The DWP matches HB records submitted by the Council against other Government databases (HMRC, DWP).
National Fraud Initiative (NFI)	A Government led data matching exercise. Cross matches are carried out against data sets supplied by DWP, HMRC, DVLA, NHS.
Housing Benefit Accuracy Award (HBAA)	DWP lead initiative which supports Councils to improve the accuracy of HB claims. Targets high risk claims using data analytics and claim characteristics.
Fraud referrals	Where there is suspected fraud activity against HB, a referral is passed to the Single Fraud Investigation Service (SFIS) for investigation.
Regular Quality Assurance checks	Accuracy checks are carried out to ensure accurate decision making, compliance, prevention of subsidy loss, improved staff performance and training needs.
Training for staff	Periodic training is completed to ensure officers are applying correct legislation, verification, and decision making.
Media campaigns	We encourage customers to report changes in their circumstances through online, social, and paper based campaigns. We also offer several methods to report a change.

8. A supportive & informative approach to debt recovery

- 8.1 We are committed to taking a supportive approach to the recovery of HB overpayments, recognising that many residents facing debt are experiencing financial vulnerability, hardship, and complex circumstances. Rather than taking a solely enforcement-led approach, we aim to balance the need of recovering monies owed with compassion and fairness.
- 8.2 With the current cost of living, we find we chase customers for multiple debts who are often in financial difficulty and unable to effectively manage their finances. Many households facing financial hardship, will result in loss of income to the Council as households will need to prioritise household bills such as rent, food, electricity, gas, and water over bills such as Council Tax and HB overpayments. We have also seen households cancelling important services around health and care, which could have a knock on effect to demand for other Council services.
- 8.3 It is important to have efficient and effective recovery mechanisms in place to maintain the Council's cash flow but at the same time using methods that support our most vulnerable residents.
- 8.4 To strengthen our approach to debt recovery, People Services has established a collaborative partnership with Citizens Advice where our vulnerable residents can access early engagement, financial inclusion, and person-centred support.
- 8.5 We are also using the Low Income Family Tracker (LIFT) Dashboard to make informed decisions on a customer's ability to pay and allows us to work with customers to break

the cycle of debt, ensuring they are receiving all benefits and financial support they are entitled to and effectively recovering monies that is owed to the Council.

- 8.6 Our Financial Inclusion work is continuing to maximise households' income through unclaimed benefits and grants and so far, has achieved £5.6 million additional annualised income for residents since 2023.
- 8.7 This approach not only supports ethical and responsible debt recovery, but also strengthens financial resilience, prevents escalation of hardship, tackles poverty, and improves resident outcomes.

9. Current outstanding overpayment levels

- 9.1 While we maximise recovery opportunities through various methods, HB overpayments remain challenging to collect. This is often due to debtors being on low incomes, receiving DWP benefits, or being vulnerable. Fewer recovery options are available for HB overpayments compared to Council Tax or Business Rates, for example.
- 9.2 Where an overpayment occurs and HB remains in payment, we can recover it by deducting a set amount from the ongoing HB entitlement each month. The DWP sets maximum recovery rates; the standard rate is £13.95 per week, increasing to £23.25 per week for overpayments resulting from fraud.
- 9.3 As at May 2025, we are recovering £175,905.82 in overpaid HB against 82 cases using this method. These debts are not yet classed as corporate debt, as they have not been passed to the Sundry Debtor system. They continue to be recorded against the subsidy claim and will transfer to the Sundry Debtor system when the claimant migrates to UC.
- 9.4 In addition to this, as of May 2025, we have £688,000 of overpaid HB to be collected through the Sundry Debtor system. This is spread across 420 accounts.
- 9.5 A small number of debts are being managed by the Finance team through the Civica E-Financials system, as they have existing benefit attachments or payment arrangements which we do not wish to disrupt. The total debt outstanding against these cases is £54,573.
- 9.6 The total debt outstanding across all systems is shown below.

System	Amount of HB overpayment outstanding
Open Revenues – Recovery via ongoing HB	£175,905.82
Open Revenues – Sundry Debtor	£688,000
Civica Financials – Sundry Debtor	£54,573
Total debt to collect across all systems	£918,478.82

10. Recovery Performance for 2024/25

- 10.1 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) return we submit to the DWP each quarter.
- 10.2 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 has advised that our Housing Benefit Debt Recovery performance is comparatively strong. A recovery rate of between 28% - 30% is considered strong by the DWP.
- 10.3 Our collection rate for End of Year 2024/25 was 31.38% which is an increase to the previous year. At the beginning of the 2025 financial year, we have just over £633,000 of overpaid HB debt to collect via the Sundry Debtor system. Please refer to the table below.

HB Debt Recoveries performance			
	FYE 2023/24 (£)	FYE 2024/25 (£)	FYE 2025/26 (£)
Overpayment outstanding at the start of year (1 st April)	660,752	707,598	633,006
Overpayments identified throughout the year	336,405	217,056	
Overpayments recovered throughout the year	274,773	257,775	
O/p written off	16,304	37,160	
% recovery against total debt	29.04%	31.38%	

- 10.4 Details of our Housing Benefit overpayment collection performance for Norfolk are shown below. 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 2024 (Q2).
- 10.5 In Q1 and Q2 for 2024, we have the third highest performance around the recovery of HB overpayments.

		Total value of HB overpayments recovered during the quarter (in thousand £)					
		Q1			Q2		
		Rent Rebate	Rent Allowance ¹ ²	*Total	Rent Rebate	Rent Allowance ¹ ²	*Total
E10000020	Norfolk						
E07000143	Breckland	-	172	172	-	277	277
E07000144	Broadland	-	37	37	-	34	34
E07000145	Great Yarmouth	32	52	84	27	50	78
E07000146	King's Lynn and West Norfolk	*	*	86	*	*	103
E07000147	North Norfolk	-	160	160	-	148	148
E07000148	Norwich	127	110	237	107	143	250
E07000149	South Norfolk	-	64	64	-	70	70

- 10.6 Through targeted interventions, data matching, and by reaching out to customers to report changes promptly, we have the third highest performance in Q1 and Q2 around identifying HB overpayments, as shown below.

		Total value of HB overpayments identified during the quarter (in thousand £)					
		Q1			Q2		
		Rent Rebate ¹	Rent Allowance ²	*Total	Rent Rebate ¹	Rent Allowance ²	*Total
E10000020	Norfolk						
E07000143	Breckland	-	120	120	-	335	335
E07000144	Broadland	-	84	84	-	62	62
E07000145	Great Yarmouth	26	28	54	23	33	56
E07000146	King's Lynn and West Norfolk	*	*	46	*	*	115
E07000147	North Norfolk	-	114	114	-	120	120
E07000148	Norwich	78	145	223	87	116	204
E07000149	South Norfolk	-	81	81	1	88	89

10.7 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 in Q1 and the second lowest in Q2, as shown below.

		Total value of HB overpayments outstanding at the start of the quarter (in thousand £)					
		Q1			Q2		
		Rent Rebate ¹	Rent Allowance ²	*Total	Rent Rebate ¹	Rent Allowance ²	*Total
E10000020	Norfolk						
E07000143	Breckland	-	1,823	1,823	-	1,762	1,762
E07000144	Broadland	-	981	981	-	1,028	1,028
E07000145	Great Yarmouth	448	1,223	1,671	442	1,198	1,640
E07000146	King's Lynn and West Norfolk	*	*	1,619	*	*	1,555
E07000147	North Norfolk	-	1,050	1,050	-	993	993
E07000148	Norwich	2,045	1,951	3,996	1,992	1,983	3,975
E07000149	South Norfolk	5	749	754	6	757	763

11. Write-Offs

11.1 The provision for bad debt for all Housing Benefit Overpayments is £515,113.

11.2 Overpayments are only written off following careful consideration and in line with the Corporate Debt Write-Off policy and Housing Benefit Overpayment Policy. The table below shows a summary of the amount of debt written off and reason in 2024/25.

Write off reason	Number of cases	Amount of debt written-off (£)
Bankrupt	50	10,270
Deceased – no estate	32	25,299
Interest charges not able to be recovered	2	107
Of ill health	1	228
Undue Hardship	2	180
Uneconomical to recover	17	1,077
Total	104	37,160

12. Risks affecting recovery of overpayments in 2025 and beyond

- 12.1 There are several factors which could risk the team's performance around the recovery of overpayments.
- 12.2 *Change in volume or value of overpayments*
In 2024 we saw an increased level of overpayments outstanding at the start of the financial year compared to the previous year. This was partially attributed to Government initiatives such as the Housing Benefit Award Accuracy scheme, which looks for fraud and error in the system. Whilst such initiatives are welcomed, because of this initiative, an additional £11k of HB overpayments were identified. These initiatives are continuing in 2025. An increase in overpayments will also be seen because of managed migration as Housing Benefit claims end.
- 12.3 *Delays in processing changes in circumstances*
If we do not process reported changes before the next payment of Housing Benefit is issued, subsequent overpayments are classified as a Local Authority error and could result in further loss of subsidy and recovery. During 2024 we saw an increase in workloads due to the additional work associated with the managed migration to Universal Credit. Workloads in 2023/24 were calculated at just under 89,000 work items, and for 2024/25 workloads increased to just over 94,000 work items. The increase in workloads is expected to continue during 2025 with the managed migration process due to be completed by 31st March 2026. We are also seeing a reduced team size.
- 12.4 *Emerging barriers to recovery*
Rising cost of living and economic hardship reduces the claimant's ability to repay debts promptly. We also need to consider the increased levels of financial vulnerability where households are struggling to meet the cost of priority bills such as food, utilities, and rent. This limits the capacity around repayments.
- 12.5 *Transition to Universal Credit and other welfare reforms*
As Housing Benefit continues to transition alongside the rollout of Universal Credit (UC), we must adapt our overpayment recovery strategies to account for more complex overlaps and transitional rules. The shift of claims from HB to UC means fewer HB claims but the legacy HB debt remains and must still be recovered.
- 12.6 Where the overpayment would have been recovered directly from ongoing HB payments, once the HB claim ends due to the transition to UC, the debt is more difficult to recover. Normal practice would be to recover through an Attachment of Benefits directly from the UC payment, but HB is seen as a low priority debt when the DWP handles attachments of benefits and other debts such as Council Tax and utilities take precedence.
- 12.7 Welfare reforms have been announced by the Government around disability benefits. This will affect households from 2026 where access to certain disability benefits and components will be reduced. Potentially, this will lead to households having less income to repay debts and pay for essential cost of living items.
- 12.8 *Debt pandemic*

As we entered 2024 many families were feeling the effects of the cost of living crisis, rising inflation and higher interest rates. These pressures add to debt, further stretching household budgets, and many people are turning to credit to cover essential costs.

- 12.9 Unsecured debts like credit cards, personal loans, and buy now pay later schemes are becoming more common, and some households are falling into a cycle of high interest borrowing that only worsens their financial situation.
- 12.10 At the same time, a major issue is the £32 million in unclaimed benefits and support across North Norfolk that could help struggling families. Many people are unaware of the help available to them, and this gap in access to support remains a significant problem. This is detailed below.

£32,016,699 is unclaimed in North Norfolk		
21,350 people are not claiming support		
Benefit type	Amount	Claims
Total amount unclaimed in North Norfolk	£32,016,699	21,350
Universal Credit amount	£17,330,417	1,614
Pension Credit amount	£3,292,751	1,594
Carer's Allowance amount	£2,926,123	687
HB (pensioner) amount	£1,937,082	550
Child Benefit amount	£1,997,617	1,046
FSM amount	£1,408,760	Not available
Healthy Start amount	£267,444	184
Water social tariffs amount	£96,480	713
Broadband amount	£1,975,401	9,877
WHD amount	£594,348	3,962
Free TV Licences amount	£190,275	1,123

Source: Policy in Practice Missing Out Report 2024

13. Proposals and options

Improvements and recommendations for future overpayment recovery

- 13.1 In response to the risks forecast for the recovery of overpaid Housing Benefit, the following outlines forward looking options we are considering mitigating risk and enhancing recovery while ensuring a fair and supportive approach.
- 13.2 *Digital data driven recovery*
We are committed to improving the management and recovery of debts owed by residents while ensuring a compassionate and effective approach to those experiencing financial hardship. To achieve this, we will continue to utilise the Benefits and Council Tax data linked through the Low Income Family Tracker (LIFT) Dashboard.
- 13.3 The LIFT Dashboard will enable us to identify households with multiple debts owed to the Council, facilitating targeted interventions including income maximisation, attachment of benefits where appropriate, and consideration of debt write-offs to reduce overall indebtedness.
- 13.4 We seek to strengthen cross-departmental collaboration using the LIFT Dashboard to focus on households who are unable to pay or have fallen into Council Tax arrears.

Recognising that arrears often arise from insufficient income to meet basic living costs; we will work to understand individual circumstances and ability to pay and proactively guide households towards appropriate support services. Early intervention and prompt reporting of changes in circumstances will be key to preventing the development and escalation of arrears.

13.5 Further, we seek to collaborate with our Registered Social Landlords to implement data sharing on tenants' rent arrears. This integration into the LIFT Dashboard will provide a comprehensive view of residents' debt profiles, supporting informed and consistent debt recovery decisions across services.

13.6 By making smarter use of integrated data, we aim to identify warning signs early and deliver timely support to residents before debts escalate. This approach will enable services to manage needs more effectively, reduce financial hardship, and promote sustainable repayment outcomes for the benefit of both residents and the Council.

13.7 *Maximising household incomes*

We will continue to use the LIFT dashboard to stabilise households' incomes by identifying and targeting households eligible for but missing out on Pension Credit, Universal Credit, Attendance Allowance, Severe Disability Premiums, Free School meals, Healthy Start, free childcare, and social tariffs for utilities. We will also use LIFT metrics to prioritise discretionary funds where households have cash shortfalls, are in poverty, in debt and have a threat of homelessness.

13.8 We will continue to build the Better Off platform using the LIFT dashboard and Better Off calculator and facilitate an Apply Once option to increase take up to missed income.

13.9 *Partnership working*

We seek to continue our partnership with Citizens Advice with a dedicated Debt Adviser support for residents facing financial difficulties. This collaboration aims to deliver practical, personalised assistance to households struggling with debt, helping them to achieve realistic and sustainable debt management outcomes. Through this partnership, we seek to enhance the support available to our community, reduce financial hardship, and improve overall debt recovery effectiveness.

13.10 *Extension to external recovery methods*

For debts where we have been unable to engage successfully with the customer, we will extend our recovery methods to include the use of Enforcement Agents under a formal Service Level Agreement. It is recognised that historically this method has had limited success, as Enforcement Agents are restricted to contacting customers by phone or letter when recovering Housing Benefit debts.

13.11 To strengthen our recovery capacity for larger debts, we intend to establish a contract for High Court Enforcement. This will provide enhanced powers and resources to recover outstanding Housing Benefit debt more effectively and efficiently.

14. Corporate Priorities

14.1 This report is linked to the Corporate Plan under A Strong, Responsible and Accountable Council.

- 14.2 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.
- 14.3 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.

15. Financial and Resource Implications

- 15.1 The information gained from this report will help improve monitoring and our ability to consider any risks in a more accurate way.
- 15.2 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 DWP 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.
- 15.3 The importance of prompt collection is that debts become more difficult to collect as the debt ages and there is a much greater risk of not being able to collect older debts. The Council maintains a provision for bad debts from which the cost of uncollectable debts relating to 2024/25, and earlier years are charged.
- 15.4 A periodical review is required to ensure the adequacy of the Council's Bad Debt Provisions can be met from the Council's revenue budget, which may reduce the funds available for other Council expenditure.
- 15.5 The level of write offs for 2024/25 total £37,160. It is important that bad debts are written off promptly so that the Council can maintain the appropriate level of bad debt provision. The approved write offs can be met from the Council's current Bad Debt Provision.
- 15.6 With the ongoing managed migration of HB to UC, overpayments being recovered from ongoing HB will then be transferred to the Open Revenues Sundry Debtor system for recovery. As this will make it more difficult to recover the debt, this could increase the timeframe over which debts are collected, imposing a financial risk to Council finances around revenue and subsidy loss.
- 15.7 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.
- 15.8 The cost of the LIFT Dashboard in 2024 and for 2025 is budgeted for from DWP Burdens Income. Should the Council look to increase its resource in Debt Management, consideration would be needed around funding.

Comments from the S151 Officer:

The S151 Officer (or member of the Finance team on their behalf) will complete this section.

Housing Benefit Overpayment Policy:

This policy supports the Council's statutory duty to recover Housing Benefit overpayments effectively, while recognising the need to balance financial control with support for vulnerable residents. It ensures a consistent approach aligned with national guidance, contributing to the Council's financial sustainability.

Housing Benefit Debt Management

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.

16. Legal Implications

- 16.1 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.
- 16.2 Monies owed to the Council in the form of debts are a form of asset that is the prospect of a payment sometime in the future. The decision not to pursue a debt carries a cost and so a decision not to pursue a debt is not taken lightly.
- 16.3 If requests for payment are not complied with then the Council can seek to recover money owed to it by way of court action through a County Court Judgement once all other options are exhausted. While a consistent message that the Council is not a soft touch is sent out with Court actions there can come a time where a pragmatic approach should be taken with debts as on occasion, they are uneconomical to recover in terms of the cost of process and the means of the debtor to pay.
- 16.4 The best approach to resolve their predicament is to maintain a dialogue with those in debt to the Council, to offer early advice and help in making repayments if they need it.
- 16.5 Debt recovery will follow the Council's Debt Management Policy and Housing Benefit Overpayment policy of which a revised version has been presented with this report.
- 16.6 The decision to write off debts has been delegated to Chief Officers who must have regard to the Financial Rules.

Comments from the Monitoring Officer

The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.

This report seeks to approve the annual report relating to Housing Benefit overpayment recovery and note performance. The information explains that it looks to maximise income for the Council whilst also supporting individuals in financial difficulty.

17. Risks

- 17.1 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.
- 17.2 Operational risks have been explained in section 12 of this report.

18. Net Zero Target

- 18.1 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.

19. Equality, Diversity, and inclusion

- 19.1 The Corporate Debt Recovery Policy and Housing Benefit Overpayment 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.
- 19.2 The Financial Inclusion Team, targeted work through the LIFT Dashboard, 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.
- 19.3 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.

20. Community Safety issues

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

21. Conclusions and recommendations

21.1 This is an annual report detailing the Council's collection performance and debt management arrangements for 2024/25.

21.2 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.
- Proposals for future debt recovery.

21.3 This is a recommendation to Full Council to approve the annual report in relation to Housing Benefit Overpayment debt recovery, to approve the continued use of legislated recovery methods to ensure income maximisation for the Council, and to support the proposals for improvements and recommendations for future overpayment recovery.