
Cabinet Member for Strategic Finance and Resources

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

All

Title:

Housing benefit overpayment resources

Is this a key decision?

No

Executive Summary:

Since April 2018, Local Authorities have the opportunity to refer details of customers who have a Housing Benefit Overpayment to the Department for Work and Pensions (DWP) in order for a matching exercise to take place with Her Majesty's Revenues and Customs data. This is called the Housing Benefit Debt Service (HBDS). The objective of this exercise is to identify if the individual is working, with a view to recovering any Housing Benefit overpayment directly from the customer's earnings (Direct Earnings Attachment).

The council currently has 2,770 invoices outstanding that are not currently in recovery (value of @ £3million) because we have been unable to trace the debtors. In order to maximise the opportunity we have to use the HBDS, it is requested that an officer is recruited on a temporary basis, for a period of 6 months, to work within the Housing Benefit Overpayments team. This resource will focus on the 2,770 invoices and refer the customer's details to the DWP. Data will be returned to this resource, and will instigate a Direct Earnings Attachment Order to the debtor's employer. Where a match is identified via the Housing Benefit Debt Service; this will result in the Overpayment being placed in a recovery stream and income will be received by the council as a consequence.

For the purposes of the project this member of staff will be essentially fulfilling an enforcement role and will not be providing advisory support to our debtors; rather the issue and undertaking of Direct Earnings Attachment Orders in order to increase recoveries and boost collection will be the sole focus.

Recommendations:

The Cabinet Member for Strategic Finance and Resources is recommended to approve the funding of a temporary G3 officer resource for a period of six months.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Housing benefit overpayment resources

1. Context (or background)

- 1.1 In response to the national increase in Housing Benefit overpayment debt, in December 2017 the Department for Works and Pensions (DWP) asked councils to volunteer to be part of a pilot scheme – the Housing Benefits Debt Service (HBDS) project.
- 1.2 The objective of this project was to match customer information held by the council, with real time employer information held by Her Majesty's Revenue and Customs (HMRC). On return of the data, where a "match" was found, the council could then apply for a Direct Earnings Attachment (DEA) from the customer's wages to recover the Housing Benefit overpayment.
- 1.3 Coventry volunteered to be part of this project, and referred data for the matching exercise for a four month period. The pilot was very successful with Coventry seeing the number of overpayment invoices subject to a DEA increasing by 24 per cent.

- 1.4 Due to the success of the councils involved in the pilot, in April 2018 the DWP rolled this service out nationally, allowing councils to send a maximum of 1,200 records per month to be matched.
- 1.5 Due to limited resource, Coventry are sending on average 188 cases per month whereas we have the potential to send far more; we currently have 2,770 customers who have a Housing Benefit overpayment debt that is not in recovery. This is generally where the customer is not in receipt of benefits and the Council have been unable to trace them. This debt totals around £3 million. Potentially these customers could be employed and the HBDS could provide a match for a percentage of them and thus enabling the Council to take enforcement action.

2. Options considered and recommended proposal

- 2.1 Calculations based on current resources indicate that, following a period of training, it would take approximately five months for an officer to work through the 2,770 cases. This work involves sending the data to the DWP and then processing the information when it is returned. This will involve applying for a DEA where the data has been matched, or deciding on the recovery action to be taken with the case where there is no match.
- 2.2 It is difficult to predict how much of this data will be matched. However, based on the results from the pilot, successful matches could be around 40 per cent. A 40 per cent match rate represents £1.2 million of the stated £3 million overpayment debt that could be put into recovery.

3. Results of consultation undertaken

Not applicable

4. Timetable for implementing this decision

As soon as approval is granted, the service will take steps to recruit a temporary member of staff for a six month period (which includes a training period) – potentially August 2018 –January 2019.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

The cost for a G3 officer for a period of 6 months is estimated at £13,000. At a 40 per cent match rate £1.2 million could be recovered in the fullness of time and ultimately the project will comfortably cover the initial investment.

5.2 Legal implications

The Housing Benefit Regulations 2006 as amended set out when overpayments take place and how and from whom they can be recovered.

The Welfare Reform Act 2012 supported by the Social Security (Overpayments and Recovery) Regulations 2013 introduced Direct Earnings Attachments (DEAs) from April 2013. A DEA allows for recovery of overpaid benefit directly from a debtor's earnings without having to apply via the court system.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

This project will help to maximise corporate revenue.

6.2 How is risk being managed?

It is possible that the match rate will be significantly lower than expected or that DEAs will prove unsuccessful (if, for example, employees have left employment). The temporary resource will then be moved onto other enforcement work, appropriate to the grade, to support the maximisation of Housing Overpayment recovery.

6.3 What is the impact on the organisation?

Increased corporate revenue.

6.4 Equalities / EIA

No impact

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

No impact

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