

Appendix B

Housing Benefits Overpayments: Context for the level of overpayments for Harborough District Council

Provided by Leicestershire Revenues & Benefits Partnership, July 2024

At the time of drafting this report, there remains 13% of the total debt raised outstanding.

The total amount of invoices raised during the reporting period of the internal audit report (2010 to date; 14 years) was £5, 651,988. The total that has been collected during this period has been £4,908,096.

Total balance currently outstanding is £743,892.80* which goes back to 2010 taking the overall recovery rate to 87% leaving 13% to recover. Of this amount* £175, 510 is subject to active recovery leaving a total of £568, 383 to recover; of which £312,282 (55%) is over 6-years old (some of which will be pending action, in recovery or awaiting a decision in respect of write-off). *It needs to be remembered that even if a debt is in 'active recovery' a change of circumstances could result in the need to negotiate a new payment plan.*

When an invoice is raised, the team will always seek to make direct deductions in the first instance.

The debts are very similar regarding remedies as sundry debts. Statutory powers regarding Housing Benefit overpayment recovery differ significantly from Council Tax and are far less robust.

There are few remedies to recover these types of debts, and they are not priority debts (as determined by debt charities and other organisations i.e. CAB, Joseph Rowntree Foundation, HMRC and DWP). The debts are more difficult to collect due to the financial circumstances of debtors in many cases, who may still be in receipt of benefit, on a low income or financially vulnerable.

The only real option if unable to attach the benefit of the debtor is via the County Court, adding additional cost and it still may not return repayment.

There are other matters to consider other than repayment, for example we are seeing more instances where overpayments have occurred due to failure to notify us of moving from temporary accommodation, (whilst there will be an overpayment the prospect of recovery is limited). We are seeing attachments returned where the claimant is subject to 'managed migration' from a legacy benefit. HMRC started providing various methods to identify and prevent HB overpayment, such as the ability to check a claimant's actual income – leading to identifying undeclared income, and consequently an increase in HB overpayments.

The audit report gives a snapshot of a figure without the wider context, and data should have been supplied to allow testing to be undertaken where possible and reflected in the report.

This matter had been identified by the LRBP previously as an issue and agency support was taken on at the end of 2023 to work to an agreed plan.

An options paper will be presented to the management board of what the policy and process will look like moving forwards, considering all the above and including the risk of taking cases via the County Court. This may be costly and could impact on us reputationally without adding any greater prospect of collection.