

## Housing Benefit Circular

Department for Work and Pensions  
Caxton House, Tothill Street, London SW1H 9NA

# HB A6/2016

### ADJUDICATION AND OPERATIONS CIRCULAR

<b>WHO SHOULD READ</b>	All Housing Benefit Administration and Finance staff
<b>ACTION</b>	For information
<b>SUBJECT</b>	Payment Deductions Project

### Guidance Manual

The information in this circular does not affect the content of the HB Guidance Manual.

### Queries

**extra copies of this circular/copies of previous circulars** can be found at <https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-circulars>

- about the
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# Payment Deductions Project

## Introduction

1. The Payment Deductions Project (PDP) is part of the Fraud, Error and Debt (FED) Programme.
2. The PDP Local Authority (LA) Interface is a technical solution for the recovery of Housing Benefit (HB) debt from Universal Credit and non-Universal Credit Benefits (See Annex 1) and has been commissioned by the Department for Work and Pensions (DWP) to provide a mechanism for the referral and management of HB debt only. The interface will go live on 1 August 2016 after which the clerical process will cease to exist and both LAs and DWP Debt Management (DM) will use the interface. LAs should be aware that the interface will not accept debts relating to Local Council Tax schemes or rent arrears.

The interface will have the following functionality:

- LAs will be able to refer outstanding HB debt (Referrals)
  - LA notifications of revised debt balance to DM (Revisions)
  - the return of debts by DM to LAs where appropriate (Cessations)
  - the recall of debts by the LAs (Recalls)
  - automated issue of the payment schedule of HB debt deductions from DM to LAs
3. Under existing arrangements LAs would provide details of the HB debt in recovery at the point of migration from HB to Universal Credit on the MGP1 (UC413) form. The introduction of the PDP interface will replace this clerical transaction of debt information.
  4. For DWP non-Universal Credit benefits; under existing arrangements LAs refer debt to be recovered by email, with the introduction of PDP, the interface will replace this clerical transaction of debt information. The email inbox and the HB enquiries (HBEN) post-box will no longer accept referrals with effect from 1 August 2016.
  5. Technical guidance providing instructions on how to use the PDP interface will be issued separately by your LA IT Supplier.
  6. LAs will continue to retain ownership of the debt and the DWP Debt Manager System (DMS) will manage recovery of the debt and forward any deductions from benefit to LAs.

## Local authority debt referrals

7. Each LA will refer relevant HB debt(s) to DWP's DMS via the automated PDP interface, at the new claim stage or throughout the life of the claim.
8. LAs must check their systems to ensure that DM are not already holding the debt as a result of an earlier clerical referral before it is referred via the PDP interface as they do not have the functionality to check whether referrals made over the interface are duplicates of those already referred manually. If the LA refer a debt that is already held on the system both debts may be recovered resulting in customer complaints and the need for additional management of refunds.
9. If the LA uses a third party debt management system, they may be required to move the HB debt back into their live system to enable the referral to interact with the PDP interface. The LA IT suppliers will provide further guidance on this.
10. Referral data will be sent to DMS as a batch file once a day.
  - DM will now accept up to five HB debt balances at any one time for Universal Credit claimants
  - DM will continue to only accept one HB debt balance at a time for non-Universal Credit benefit claimants
  - debt balances must be classified as either fraud or non-fraud and can consist of a single debt or multiple debts rolled up, but must be of the same classification
  - recovery of HB fraud debts will take priority over HB non-fraud debts. These will be held in DMS and recovered in chronological order according to the date DM received the debt.
11. Before making a referral LAs should check the Customer Information System (CIS) to ensure that a DWP benefit is in payment. For Universal Credit, LAs should ensure that an award with a start date (and no end date) has been recorded in the award screen to avoid referrals being returned unnecessarily.
12. At the point of referral LAs will not receive confirmation that the debt has been accepted by DWP DM. LAs should therefore assume that the debt has been accepted unless they receive a return notification for one of the reasons listed in the return of debts (Cessation) section.
13. Currently LAs are only able to refer HB debt that is in recovery at the point of migration to Universal Credit by recording this on the MGP1 (UC413). With the introduction of the PDP interface LAs will be able to refer all HB debt for recovery from Universal Credit.

## Revision of debt balances or classification

14. At any point the LA can revise the balance or classification of a debt via the interface if appropriate.
15. If a claimant makes direct contact with an LA to make a payment against an outstanding HB debt after a referral has been made via the interface, the claimant should be advised to contact DM. However, in exceptional cases should the LA accept the payment, a revision must be made via the interface as soon as possible to ensure accurate accounting. Should an LA accept a payment and it is likely to clear the debt in full, then they should contact DM to obtain the most up to date debt balance, to avoid potential over recovery and the subsequent action by DM having to refund the claimant.
16. Where an HB debt balance becomes overpaid the following action should be taken

### Example 1

Where an LA accepts a payment from a claimant and the HB debt has already been recovered in full, it will be the LAs' responsibility to provide a refund to the claimant.

### Example 2

Where an LA accepts a payment from the claimant prior to DM having made the final payment to the LA and no other debt is held, the LA should refer the payment as a revision to DM who will manage any refund to the claimant.

### Example 3

Where an LA accepts a payment from the claimant prior to DM having made final payment to the LA and there are other outstanding debt(s), DM will apply the revision to the HB debt and manage any balance adjustments required.

### Example 4

Where an LA receives payments resulting in a credit balance solely because DWP has recovered too much then it will be DWPs responsibility to manage any refund to the claimant.

## Return of debts (Cessation)

17. Debts can be returned by DM to LAs via the interface for a number of reasons detailed below:

### **Universal Credit Claimant**

- CIS broadcast is received notifying DM that the Universal Credit claim has ceased
- HB debts will be returned to the LA at the end of the Assessment period for Full Service claimants when an award ceases. HB debts will remain with Live Service for 6 months following an on-going nil award, this is known as the re-award period, during this period the claim remains open
- the claimant dies
- DM receives a recall from the LA
- a claimant becomes insolvent
- 100% benefit sanction is imposed for 13 weeks or more
- the sixth debt of the same classification has been received, or if the sixth debt received is fraud and at least one of the five debts held is non-fraud, the last received non-fraud debt will be returned to the LA

### **DWP non-Universal Credit benefit claimant**

- CIS broadcast is received notifying DM that the claim has ceased
- the claimant dies
- DM receives a recall from the LA
- a claimant becomes insolvent
- 100% benefit sanction is imposed for 13 weeks or more
- DM will continue to accept only one HB debt at any one time and will return the HB debt if there is already LA debt held, or other on-going DWP debt recovery is currently in place which is due to last more than 28 days
- there are 3 missed instalments and no other prescribed benefit in payment
- DM determines there is insufficient benefit to make a recovery. This is where the benefit award is small and deductions for HB and DWP debts cannot be set as this would contravene the rules that require a minimum amount of benefit to remain in payment
- DM determines that maximum deductions are already in place. This is where third party deductions such as court fines, utility arrears, etc. are already in place and any other deduction for HB or DWP debts would exceed the maximum amount that can be recovered from an individual's benefit

## Local authority recalls debt

18. The LA has the option to recall the HB debt at any time e.g. because the LA has decided to take their own recovery action. For:
- Universal Credit claimants: if at a later date the LA decides to re-refer this debt it could then affect when the debt will go into recovery, this is because recoveries are made in chronological order according to the date the referral was received by DM. If this becomes the sixth non-fraud debt to be received by DM it would be returned to the LA
  - non-Universal Credit claimants: it is also possible that any re-referral will be immediately returned as another HB debt could have been received by DM or other recovery activity could have started
19. LA's will receive a notification via the interface of any recalled debts and need to be aware that there is a holding period during which any unallocated monies can be transacted, this is to ensure the accurate debt balance is returned to the LA.
- Universal Credit - up to 5 days
  - DWP non-Universal Credit benefits - up to 14 days

## Recovery of HB debt (Payment Schedule)

20. DMS will issue LAs with a schedule of deductions summarising recoveries made on an individual case basis via the automated interface. DM will continue to send monthly payments to LAs via Bankers Automated Clearing Services (BACS).
21. For DWP non-Universal Credit benefit deductions DM will set up an instalment plan to take deductions at a set rate and periodicity (according to benefit pay dates).
22. For Universal Credit there is no fixed instalment plan, the amount of deduction is determined each month according to existing priority rules. LAs should also be aware of the following:
- Universal Credit is paid monthly in arrears
  - Universal Credit is income based so the award can fluctuate each month as earnings/income rise and fall
  - deductions will be taken from available Universal Credit up to a maximum 40% of the award, according to the priority order
  - Universal Credit will hold up to five HB debts at any time, which will be recovered in order of the date they were referred to DM

- where there is a partnership and both claimants have their own individual HB debts then recovery is apportioned equally as long as they are both the same classification. If one of the debts is classified as fraud then this would be prioritised and recovered first
- it is possible that the total amount recovered from Universal Credit for HB debts within any given assessment period could be spread over more than one HB debt. This is because the amount available exceeded the balance of the first HB debt allowing recovery to commence on the next. LAs must be aware that there may be instances where small value payments could be made as a result of this scenario
- LAs should not raise queries regarding Universal Credit claimants relating to when deductions will start and the value of the deductions as this is impossible to predict for the reasons listed above

23. Where there is sufficient Universal Credit available to recover overpayments in priority order, the amount deducted from Universal Credit will be allocated equally between DWP, tax credits and the HB debt held by DM.

**Example**

A £60 monthly deduction would allocate £20 to each of the DWP, HM Revenue & Customs and the LA debts concurrently, to reduce the balance of each by an equal amount if they are all of the same classification.

24. Due to data protection policy, DM is only able to discuss debt currently in repayment with the LA owning that particular debt.

25. By exception, DM may override the deduction rate following an affordability request from the claimant. Claimants contacting the LA with an affordability request must be directed to DM who will consider and action the request.

### **Deductions priority order**

26. The existing policy regarding the priority order in which deductions are taken has not changed with the introduction of the PDP interface.

27. Fraud penalties, conditionality sanctions and payments of benefit on account, continue to be taken before the deduction priority order is applied. Any deductions relating to the claimants living expenses such as housing costs, utilities, child maintenance, etc. will be given priority over DWP, HB and tax credit overpayments. Fraud overpayments will continue to take priority over non-fraud overpayments.



## Transfer of files

28. The existing Data Hub will be used to transfer PDP files to and from the LA to DWP. Five specific file types will be used to manage the recovery of HB debt. These are:
- Referrals, Revisions and Recalls (from the LA to DWP DM)
  - Cessations and monthly schedules (from DWP DM to the LA)
29. LA IT suppliers have developed solutions that will create the PDP referrals, revisions and recalls individually in xml format. The files will then be compressed into a single .tar file which LAs will upload to the Data Hub once a day as appropriate. Instructions and specific locations will be shared prior to go live. Your LA IT supplier should provide you with detailed guidance and instructions on the creation, compression and uploading of the compressed .tar files.
30. The cessations and monthly schedule will be generated by DWP DM in xml format and placed in appropriate LA Message Queues within the Data Hub. These will also be provided as compressed .tar files. LAs must ensure these are downloaded from here daily and processed.

## Implementation

31. Debts notified under existing arrangements prior to the go-live will be processed as normal.
32. As part of the implementation LAs must
- cease sending HB debt information on the NCMGP1/ UCMGP1 for Universal Credit claimants from 1 August 2016
  - cease sending Appendix 6 and Appendix 7 forms currently used to refer and revise HB debt for non-Universal Credit claimants from 1 August 2016
  - re-refer any referrals returned due to missing or incorrect information being provided (non-quality referrals) from 1 August via the PDP interface
  - note that the LA Return form (LARET) will become obsolete from 1 August 2016
  - note that LAs will continue to receive the HB recovery notification (HBREC) informing them that recoveries have commenced for non-Universal Credit benefit claimants but they will not receive any notification for Universal Credit claimants
  - it is recommended that LAs should not attempt to recover debt by alternate means once it has been referred to DWP DM. The government's Welfare Reform agenda includes an intention to always make work pay, and recovery

of debt via multiple route ways (i.e. deductions from benefit, Direct Earnings Attachments) could compromise this important objective. If an LA wishes to recover via means other than deductions from benefit, then they should recall that debt from DM before they do so

## **Escalation**

### **Debt Management**

33. DM will deal with issues regarding recoveries, payments, balances, etc. in accordance with the Service Level Agreement, queries can be raised using the telephone number below:

Telephone 0800 916 0647

Please see the Service Level Agreement between DWP Debt Management and LAs for more information.

Changes to banking details or local office codes must be notified as soon as possible to ensure the accuracy of payment schedules. LAs should notify any changes using the email address below:

Email: [DEBT.ACCOUNTINGANDFINANCE@DWP.GSI.GOV.UK](mailto:DEBT.ACCOUNTINGANDFINANCE@DWP.GSI.GOV.UK)

### **Local Authority Support Team (LAST)**

34. The LAST team will follow existing Incident Management Processes to deal with technical or Data Hub connectivity issues, non-receipt of files or problems with uploading or downloading files to and from the Data Hub.

Email: [LA-SST.HDD@dwp.gsi.gov.uk](mailto:LA-SST.HDD@dwp.gsi.gov.uk)

Telephone: 01253 689422

## **Funding**

35. We are in discussion with relevant departments regarding the funding to support this change. Once we have more information this will be shared with all LAs.

## Annex 1

### **Non-Universal Credit benefits**

Income Support (IS)  
Attendance Allowance (AA)  
Jobseeker's Allowance (JSA)  
Employment & Support Allowance (ESA)  
Disability Living Allowance (DLA)  
Incapacity Benefit (IB)  
Industrial Death Benefit (IDB)  
Carers Allowance (CA)  
Maternity Allowance (MA)  
Retirement Pension (RP)  
Severe Disablement Allowance (SDA)  
Pension Credit (PC)  
Bereavement Benefits (BB)  
Bereavement Allowances (BA)  
Personal Independence Payment (PIP)

Annex 2

Universal Credit claimant enquiries signposting

Debt Contact Responsibility Matrix

Organisation	Explanation/ Dispute/Appeal	How much do I owe?	What are deductions for?	How much will be deducted?	Affordability	Wants to make a payment
Local authorities	✓	<p style="text-align: center;">✓</p> <p>When the LA responds to the claimant they must make it clear that they can only provide information on their own debts, in addition to this there may be payments in transit from DM which could potentially affect the outstanding balance they provide. If the claimant wishes to know the most current</p>	<p>“If money is being deducted from your Universal Credit you will be able to get further information of what the deduction is for from the Universal Credit award notification you receive each month.”</p>	<p>“The law limits how much money can be deducted from your benefit to recover an overpayment. This is to ensure the recovery process does not cause you significant hardship. The actual amount deducted will be shown on your award notification once your Universal Credit payment has been calculated.”</p>	<p>LA or Universal Credit agents would give out DM’s contact number: <b>0345 850 0293</b> and explain that the matter will be dealt with by them.</p>	<p>If a claimant wishes to make a payment the LA agent would give out DM’s contact number: <b>0345 850 0293</b></p> <p>In exceptional cases should an LA accept a payment and it is likely to clear the debt in full, then they should contact DM to obtain the most up to date debt balance, to avoid potential over recovery and the subsequent DM action having to the</p>

		balance then the LA could refer the claimant to <b>DM on 0345 850 0293</b>				refund the claimant. DM's contact number: <b>0345 850 0293</b>
DWP Debt Management	Refer the claimant to the LA	<p style="text-align: center;">✓</p> <p>To note when DM answer questions regarding an outstanding debt balance they must ensure that they clearly explain to the claimant that this information only covers debts which have been referred to DWP and there could potentially be additional debts held by LAs which have not been referred.</p>	<p>"If money is being deducted from your Universal Credit you will be able to get further information of what the deduction is for from the Universal Credit award notification you receive each month."</p>	<p>"The law limits how much money can be deducted from your benefit to recover an overpayment. This is to ensure the recovery process does not cause you significant hardship. The actual amount deducted will be shown on your award notification once your Universal Credit payment has been calculated."</p>	✓	✓

<p>DWP Live Service</p>	<p>Refer the claimant to the LA</p>	<p>If a claimant wishes to check his outstanding debt balance the Universal Credit agent would give out DM's contact number: <b>0345 850 0293</b></p>	<p style="text-align: center;">✓</p>	<p>“The law limits how much money can be deducted from your benefit to recover an overpayment. This is to ensure the recovery process does not cause you significant hardship. The actual amount deducted will be shown on your award notification once your Universal Credit payment has been calculated.”</p>	<p>LA or Universal Credit agents would give out DM's contact number: <b>0345 850 0293</b> and explain that the matter will be dealt with by them.</p>	<p>If a claimant wishes to make a payment the Universal Credit agent would give out DM's contact number: <b>0345 850 0293</b></p>
<p>DWP Full Service</p>	<p>Refer the claimant to the LA</p>	<p>If a claimant wishes to check his outstanding debt balance the Universal Credit agent would give out DM's contact number: <b>0345 850 0293</b></p>	<p style="text-align: center;">✓</p>	<p>“The law limits how much money can be deducted from your benefit to recover an overpayment. This is to ensure the recovery process does not cause you significant hardship. The actual amount deducted will be shown on your award</p>	<p>LA or Universal Credit agents would give out DM's contact number: <b>0345 850 0293</b> and explain that the matter will be dealt with by them.</p>	<p>If a claimant wishes to make a payment the Universal Credit agent would give out DM's contact number: <b>0345 850 0293</b></p>

				notification once your Universal Credit payment has been calculated.”		
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