



Department
for Work &
Pensions

Pursuing Housing Benefit overpayment recovery effectively

Good practice guide

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Contents

Introduction..... 3

High level requirements..... 3

Managing HB debt..... 4

Effective debt recovery 5

Writing off debt 6

Annex A: What does a good HB recovery team look like? 7

Annex B: A quick summary on the powers to recover HB debt through a DEA without County Court action..... 8

Annex C: An effective HB overpayment recovery timeline 9

Pursuing Housing Benefit overpayment recovery effectively

Introduction

1. This paper includes good practice on managing Housing Benefit (HB) debt. The document covers:
 - high level requirements
 - managing HB debt
 - writing off
 - Annex A: What does a good HB recovery team look like?
 - Annex B: A quick summary on the powers to recover HB debt through a Direct Earnings Attachment (DEA) without County Court action
 - Annex C: An effective HB overpayment recovery timeline.
2. This short paper is not designed to replace the [HB Overpayments Guide](#) to which local authorities (LAs) should still refer. The following information has been developed over time and builds on previous good practice that the Department for Work and Pensions (DWP) has published in partnership with LAs. The contents should be used by LAs to ensure that they are doing all they can to maximise recovery options and make maximum use of networks and intelligence to support the recovery process.
3. Debt recovery should at all times be proportionate and always take account of the debtors personal circumstances. While this paper lays out a set timeline for debt recovery, LAs should always treat each case individually and ensure they adhere to related council policies, e.g. anti-poverty strategies, supporting vulnerable customers, expected behaviours of 3rd party debt collection agents etc. LAs should always consider any informal reasonable offer for repayment before taking any formal action.

High level requirements

4. LAs should have procedures in place to prevent overpayments occurring, but when they do occur there should be clear overpayments policies and procedures, readily available to all relevant employees, that will allow them to:
 - identify overpayments promptly
 - stop the overpayment continuing
 - calculate the overpayment correctly, considering underlying entitlement

- correctly classify overpayments and decide whether they are recoverable, and if so, from whom and whether to recover
 - notify customers and other affected persons quickly
 - pursue recovery by the most speedy, cost effective and efficient methods available in line with legislation, having regard to policy issues such as the wider consequences of recovery action
 - ensure that there is effective financial control during the entire process.
5. Firm and fair action taken by the LA in administering overpayments will have the effect of encouraging customers or their representatives to give correct and timely information regarding their claim and deter benefit fraud.

Managing HB debt

Process and Procedures

6. LAs should:
- ensure documented Member endorsed overpayments policies and procedures are used and adhered to by the relevant employees to ensure that overpayments are brought to account, are under appropriate financial control, and there is an audit trail for all decisions on recoverability, classification, recovery and write-off
 - publicise its policy to pursue the recovery of all overpayments that are recoverable
 - review its strategy, policies and procedures for continued relevance
 - confirm who actually misrepresented or failed to disclose information which caused the overpayment, so that the correct debtor can be pursued
 - ensure its processes are efficient and as tight as they can be from the issue of the notification and invoice through to the first re-payment
 - ensure the final overpaid amount, taking into account any underlying entitlement to benefit and unpaid or returned cheques is calculated, on average, within a period of 14 days following the date that the LA receives sufficient information about the change
 - provide a leaflet to customers, with their invoice, explaining what an overpayment of HB is, how they can appeal, what to do if they have any difficulty repaying the debt and what will happen if they refuse to repay it
 - allow a calendar month before imposing a sanction such as reducing HB payments or sending a case to a debt collection agency. However, an invoice or reminder should still be sent within that calendar month
 - review the LA recovery team structure to ensure it is as effective as it can be and that HB debt recovery has the relevant profile.

Monitoring debt

7. An LA should:
- ensure it has a full understanding of its total debt, including debt that may be on any legacy systems

- set targets for the recovery of new and old debt and monitor performance against those targets
- produce regular reports for management on:
 - types of debts raised
 - numbers of debts raised
 - value of LA error overpayments
 - total value of overpayments
 - reason for overpayments
 - classification
- provide annual or more frequent reports to Members on the
 - level of debt
 - age of debt
 - percentage of debt recovered (both in year and as a percentage of total debt outstanding).

Effective debt recovery

Good practice includes:

- setting out a recovery plan for each case prior to taking any action, as there is little point in pursuing a debt:
 - if there is no prospect of recovering it
 - by a recovery method that will not succeed
- ensuring that administration processes fully support the effective recovery of any subsequent overpayment by:
 - capturing telephone numbers (land and mobile) and email addresses so that contact can be made with debtors by phoning, text messaging and email, as required, throughout the recovery process. Many LAs find text messaging and emails far more effective than contact through phoning, as debtors find this less intrusive and can respond at a convenient time to them
 - ensuring that an income and expenditure form is completed if a debtor claims hardship, and that a set procedure exists for reducing repayment amounts once this form has been submitted
 - making sensible use of the new DEA powers (without the need for County Court action) intelligently (see Annex B), and so that DEA can be used in appropriate circumstances:
 - make use of employer details gathered as part of the Real Time Information project
 - use of social media sites to obtain employer information
 - the income and expenditure form captures the employer details
 - benefit processors capture full details of employer when a claimant declares work
 - staff use 'employer' tracing technology where the employer is unknown
 - ensuring that maximum rates of deductions are in place for both on-going recovery and instalments, reviewing existing recovery rates regularly (re-issuing income and expenditure forms to debtors that

- have previously agreed reduced repayments to ensure that the recovery rate remains appropriate)
- ensuring that processes are in place to identify any breakdown in instalment repayments immediately
- ensuring that where the debt is sufficiently large, County Court procedures are used (but only if you have a realistic prospect of recovery)
- keeping in view the largest debts (depending on the size of the LA) to ensure all appropriate action is taken
- putting in place a collection and monitoring policy and systems to monitor the recovery of Administrative Penalties
- using debt collection services intelligently, creating competition where possible by using more than one agent
- use of social media sites to provide an indication as to a debtors potential means of repayment/life style
- using credit reference agency information to support the recovery process
- agreeing with other LAs to recover overpayments from customers who move away from the area and vice versa
- ensuring that debt recovery teams work closely with fraud investigation teams (and the Single Fraud Investigation Service if appropriate). Any recovery of a fraudulent overpayment should appear seamless to a debtor and should appear to them to be a natural progression of the fraud investigation (arrange to speak with the debtor as part of the fraud sanction process in order to commence recovery at the earliest opportunity)
- networking with other LAs to learn lessons and share good practice
- setting up a benchmarking overpayment recovery liaison group with other authorities
- using national [HB Recoveries and Fraud data](#) that is published to support benchmarking, both local and national.

Writing off debt

Good practice includes:

- writing off debt where there is little prospect of the debt being repaid
- ensuring debt is only written-off, by an authorised officer, in accordance with the LAs corporate or benefit service's write-off policies after all avenues of recovery that the LA considers appropriate have been considered
- ensuring that the LAs bad debt provision is large enough to cover written off HB overpayments
- notating system/system flagging of outstanding overpayments when benefit is no longer in payment, in the event of future benefit award, or other change of circumstances, to enable recovery in the future
- regularly reviewing debt that has been written off in order to consider recommencing recovery action (particularly larger debts).

Annex A: What does a good HB recovery team look like?

Recovery teams can vary both in structure and size but it is essential that all recovery officers:

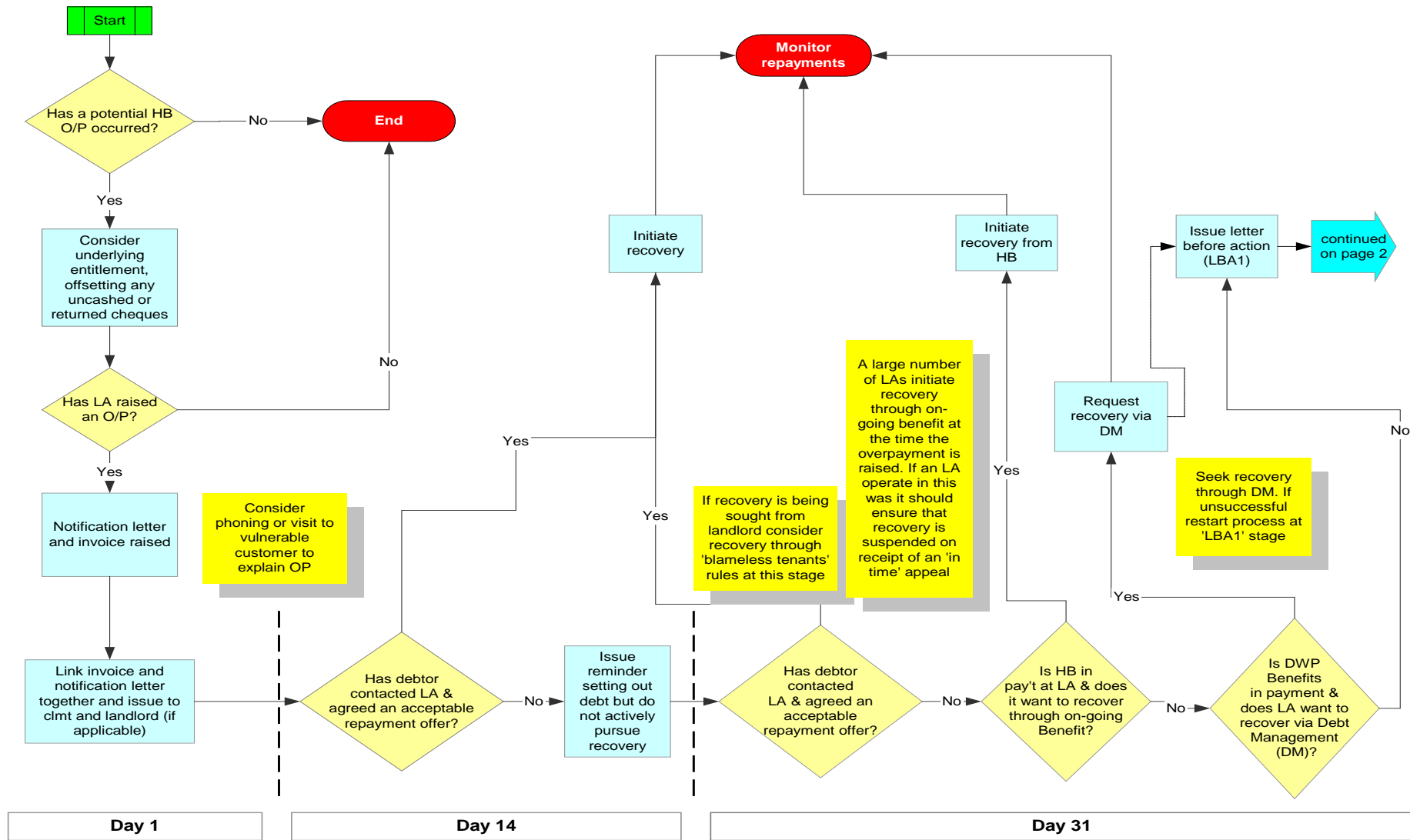
- are well trained and motivated in recovery work, with sound knowledge, wider awareness of debt issues and empathy for its debtors
- have good negotiation and organisational skills, and use their initiative and take ownership of the recovery process
- are encouraged to be innovative, looking for a better, leaner, more efficient way of working
- have clear procedures and targets
- are effective both within team and across team working; and explore innovative information sharing (within existing data sharing rules)
- are part of a network with other organisations, able to build and maintain strong working relationships with all relevant stakeholders
- make good use of current availability to 'enabling' technology
- keep up to date with legislation and use exiting powers to their advantage wherever possible
- use adequate software that is fit for purpose
- make full use of multiple payment options.

Annex B: A quick summary on the powers to recover HB debt through a DEA without County Court action

1. The Welfare Reform Act 2012 supported by the Social Security (Overpayments and Recovery) Regulations 2013 introduced DEAs from April 2013. A DEA allows for recovery of overpaid HB directly from a debtor's earnings without having to apply via the court system.
2. DWP can provide, on request, a package of draft letter templates that can be used by LAs, subject to amending them for their own purposes and making it clear that payment is to be made to the LA and not to DWP. Send requests for the pack and any other policy queries to: HBANDCTB.OVERPAYMENTS@DWP.GSI.GOV.UK. The pack contains useful draft letters to use in the recovery process.
3. It is good practice to send an initial "Letter Before Action" (LBA) to the debtor prior to any action being taken to initiate a DEA. This gives the debtor the opportunity to make payment arrangements outside of a DEA before the DEA is started. However, when accepting a recovery rate from a debtor the LA should have reference to the amount they could recover through a DEA and take this into account in its decision making process.
4. A DEA cannot be requested against a partner's earnings, this is in contrast to the recovery of HB from a partner's benefit in certain circumstances.
5. You can use a DEA in preference to recovery from benefit if the debtor is in receipt of another benefit but not in receipt of HB. However, the policy intent of DEAs is that they are only used if the debtor fails to engage with the LA and make a reasonable repayment offer or defaults on an agreed arrangement.
6. The LA will need to consider setting a minimum limit on the size of debt to be recovered through a DEA.

Annex C: An effective HB overpayment recovery timeline

Annex C: An effective HB overpayment recovery timeline (Page 1)



Annex C: An effective HB overpayment recovery timeline (Page 2)

