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Council Tax and Housing Benefit Overpayments

Vale of Glamorgan Council

Good arrangements helped the Vale of Glamorgan Council overpay less benefit and recover a far larger share of the overpayment debt.

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Summary

1. In 2008, the Department for Work and Pensions (DWP) reported significant improvements in the general standard of administration of benefit payments but noted that overpayment of benefit had increased, particularly arising from customer errors.
2. Incorrect benefit payments generally happen when either the council has paid too much benefit or the claimant has not claimed appropriately and usually results in an 'overpayment debt' being created. There is little discretion not to collect overpayment debt within current guidelines and, perversely, the recovery of overpayment debt provides an additional source of income for many councils.
3. It is essential for councils to establish administration arrangements and processes that keep overpayments to a minimum whilst also promoting robust but sensitive recovery of the debt.
4. Exhibit 1 shows the amount of benefit that is incorrectly overpaid to recipients, both as a total for Wales and for the Vale of Glamorgan Council (the Council).

Exhibit 1: Amount of overpayments of benefit identified in the last two years in Wales

	2007-08			2008-09		
	Value of Housing Benefit overpaid	Value of Council Tax Benefit overpaid	Housing Benefit and Council Tax Benefit – overpaid benefit total as a percentage of total benefit paid	Value of Housing Benefit overpaid	Value of Council Tax Benefit overpaid	Housing Benefit and Council Tax Benefit – overpaid benefit total as a percentage of total benefit paid
	£ million	£ million		£ million	£ million	
Wales total	15.191	30.697	5.4%	15.567	28.356	4.9%
the Council	0.749	1.234	6.14%	0.624	1.056	4.8%

Source: Statistics published by the Department for Work and Pensions

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5. Exhibit 2 shows the percentage of in-year debt and accumulated historic debt recovered both in Wales and in this Council.

Exhibit 2: Percentage of overpayment debt recovered in the last two years in Wales

	2007-08		2008-09	
	Percentage of in-year debt recovered	Percentage of accumulated debt recovered	Percentage of in-year debt recovered	Percentage of accumulated debt recovered
Wales total	75%	26%	65%	22%
The Council	68%	34%	83%	37%

Source: Statistics published by the Department for Work and Pensions

6. The systems to prevent and recover overpayments were assessed as part of the 2008 Wales Audit Office Joint Risk Assessment (JRA) process. Following this we agreed to investigate the arrangements and processes in more detail and to answer the following question:
- Does the Council have adequate arrangements to prevent and recover overpayments from housing and council tax benefit?
7. We have concluded that:
Good arrangements helped the Council overpay less benefit and recover a far larger share of the overpayment debt
8. We came to this conclusions because:
- in 2008-09, good arrangements helped the Council overpay £303,000 less benefit than in the previous year, with the proportion of overpayment falling from 6.14 per cent to 4.8 per cent of benefit spent; and
 - in 2008-09 the Council recovered a significantly higher proportion of 'in-year' debt than in the previous year.

Recommendations

9. We have made no recommendations in response to our investigations of the prevention and recovery of overpaid benefit.

In 2008-09, good arrangements helped the Council overpay £303,000 less benefit than in the previous year, with the proportion of overpayment falling from 6.14 per cent to 4.8 per cent of benefit spent

The Council has good arrangements to prevent benefit being overpaid

10. The Council and the housing and council tax benefit service have put in place a number of good arrangements that provide the infrastructure for preventing overpayments. These include a customer focus, a robust claim verification process, accuracy checks, priority given to processing changes in circumstances and identification of overpayments through targeted random checking.
11. The Service overpayment policy include details of methods to be used to prevent prevention of overpayments and includes:
 - using the verification framework;
 - efficiently managing the workload;
 - taking action promptly to deal with changes in circumstances;
 - making regular casework checks; and
 - making good use of publicity material to advise claimants and landlords and agents to provide timely and accurate information, and to tell the Council about changes in circumstances promptly.

The Council provides citizen-friendly access to the Service

12. The Service is designed in a citizen-friendly way that reflects targeted and actual caseload. Policies and procedures are in place to ensure that all customers can access the Service in an equal and unbiased manner taking into consideration local needs.
13. The Service's customer service policy aims to provide a customer-focused service that supports the needs of the Service users. The standards included within the policy for the different aspects of access to the Service are very detailed and explain what a claimant can expect from any member of staff. The policy aims to:
 - maximise take-up of the housing and council tax benefit scheme;
 - provide support to those customers that are vulnerable and/or require assistance in making a claim;
 - ensure that personal information held by the Council is communicated to those parties with appropriate authorisation; and
 - ensure that the Council's equal opportunities policy is adhered to.
14. Access to the Service is available through a variety of channels including on line and face to face at offices throughout the county. Visiting officers are available for those who cannot access one of the Council's offices.

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15. The Service has produced its own leaflets related to benefits and overpayments. The overpayment leaflet and the website pages reflect the contents of the vision statement and overpayment policy and are clear and informative. The benefits calculator is available on the website for use by members of the public and staff to provide a quick diagnosis on eligibility and entitlement.
 16. Access to the Service for people with disabilities or special needs is enabled by a variety of methods. These include disabled access and facilities, Mincom access and hearing loops, a large print version of the application form, and a Welsh-speaking member of staff is available. Assistance to complete the application form is available.
 17. The Service aims to provide a customer-focused service and sets out to provide prompt notification of benefits decisions, suspend recovery when a claimant appeals against an overpayment, and resolve queries at first point of contact.
 18. Operationally, the Service has developed a variety of ways to ensure that the Service treats customers fairly by trying to prevent overpayments and recovering them sensitively. But it has not undertaken a formal customer survey and has no information about the effect of these actions.
 19. The Service uses the Council's corporate complaints procedure and access to this is widely available as a leaflet and on the Council's website. Customer complaints, reconsiderations and appeals are reviewed and the analysis of the reasons for the complaint are fed into service improvement.
 20. Evidence suggests that there is a general level of satisfaction with the benefits service. The Service holds regular forum meetings (three times a year) with landlords and housing associations and no concerns have been raised.

The Service uses a robust verification process for verifying claimants' evidence

21. An essential element of processing an application involves verification of the information in the application, which may lead to the payment of benefit. In this Service, the verification framework is used for the processing of all benefit claims. There is an on line comprehensive procedure manual and all employees responsible for receiving and verifying documents are trained on the latest evidence requirements and how to apply these in order to comply with the relevant legislation.

The Service checks the accuracy of benefit calculations daily and prior to paying benefit

22. To ensure that processing is correct and to minimise overpayments, the Service conducts accuracy checking every day to detect error, prior to making payments. The checking programme covers all claim types but new claims are given the highest priority and will be checked before other claims. The Service aims to make a 10 per cent random check of processed claims and checks all claims processed by new members of staff. More checking is undertaken if a specific error type is identified and the control officer will ensure that those claims receive

a thorough review of all elements of the claim. Compliance with the verification framework is part of the claims checking procedure.

23. The accuracy process is communicated to all staff and the results of the daily checks are fed back to staff and inform training plans. However, there is no information available about individual and team accuracy rates.

Priority is given to gathering changes in circumstance information and processing it

24. Processing of changes in circumstance information reduced from 7.22 days in March 2006 to 5.88 days in November 2009 a reduction of 1.34 days. The benefit service is proactive in encouraging customers to report changes that may lead to an overpayment and is taking proactive intervention work. All benefit notification letters provide details of the customer's responsibilities to report any relevant change in circumstances.
25. To respond promptly to changes in circumstance information, staff identify correspondence that may contain relevant information at the scanning and indexing stage. Trained indexers scan through incoming documents to identify what type of document has been received and to prioritise them. Documents such as cancellation of income support benefit will be given a high priority as there is potential for an overpayment. Work is prioritised in order to meet the next payment run to ensure that wherever possible overpayments are minimised.

The Service is developing new methods to detect claimants who may not provide accurate information and to prevent overpayment of benefit

26. The Service is developing its intervention methods to identify claims where the information given or the change of circumstances may result in overpayments of benefit. An intervention procedures document has been distributed to all benefit staff explaining the reasons for interventions and the processes involved. It includes an intervention checklist to support staff in ensuring that details of income and capital are captured from the intervention process.
27. The Service targets interventions relating to income increases including increases to earned income, private pension, state benefits, tax credits at periods when changes may occur such as increase in earnings in April and October. The Service also targets the self employed who may not declare all earned income. In addition the Service uses HBMS data matches, matches from the national fraud initiative, the police and trading standards. The Service has found HBMS matches to be of high quality and that they result in detection of overpayments.
28. The Service is piloting the DWP Voice-Risk Analysis project for new claims, to help identify potential overpayments and prevent them occurring. Voice-Risk Analysis identifies from the voice of people telephoning the office if the claim is genuine or if any of the information being given is likely to be untrue. Using the technology, claims are categorised as high, medium, or low risk. A daily report is provided to the Benefits manager and visiting officers follow up these claims to verify the claim and the evidence. Visiting officers will also visit any

claimants where intervention work suggests there are changes in circumstance that may affect the claim and result in a potential overpayment. Interventions may also be conducted by post.

The Council is good at identifying overpaid benefit

29. In 2008-09, the Service identified overpayments of £1.68 million. This was 4.8 per cent of the total benefit payment. This was £303,000 (1.34 per cent) less than in the previous year. The audit of the Housing Benefit grant claim provides assurance that the Service is accurately calculating benefit payments and keeping overpayments created by local authority error to a minimum.
30. In order to check the accuracy of classification of overpayments (which is important as it influences the amount of subsidy claimed from the DWP) weekly subsidy monitoring reports are produced from the IT system. Subsidy can be lost if the local authority error classification is not monitored against the threshold set by the DWP for the Council. During 2008-09, this Benefit service created overpayments within the tolerances and no subsidy was lost. The overpayments classified as local authority error were £66,571: £93,437 less than the DWP lower threshold of £160,008.
31. Within the Benefits team, there are clear responsibilities for recording and classifying overpayments. The final subsidy claim for Housing Benefit and Council Tax Benefit for 2008-09 did not identify any issues relating to the recording or classification of overpaid benefit that resulted in the subsidy being reclaimed by the DWP or the claim being qualified due to inaccurate payment.

In 2008-09 the Council recovered a significantly higher proportion of 'in-year' debt than in the previous year

32. Over the last two years, the percentage of debt identified and recovered in the same year has increased from 68 per cent in 2007-08 to 83 per cent in 2008-09 and as a consequence a larger percentage of total debt: 37 per cent compared to 34 per cent.
33. The Service has set out clear and comprehensive standards to recover overpayment debt fairly and efficiently. The priority of the Service is to ensure that staff maximise overpayment recovery without causing undue hardship.
34. The vision statement for the Service states that it should:
 - consider individual cases on their merits without causing undue hardship;
 - use the most cost-effective and appropriate means to recover overpayments;
 - recover from the most appropriate source, tenant or landlord;
 - take a rigorous approach to both the prevention and detection of fraud;
 - ensure that all recovery procedures are lawful and transparent; and
 - have a clear write-off procedure for debts that cannot be recovered.

Recovery of debt is administered very well and the amount recovered has increased significantly

The Service uses a full range of options for payment and collection of overpayment debt

- 35.** The Service has good guidance on debt recovery that includes a variety of options for recovering debt. Overpayments can be collected from ongoing benefit payments but people are able to pay their overpayment debt to the Council using a variety of methods that include cash offices in Barry, Cowbridge, Penarth and Llantwit Major, telephone payment using a 24-hour automated payment facility and by using the on line payment facility.
- 36.** Although the overpayment policy requires updating to reflect changes to legislation and guidance and working practices, its purpose to prevent, minimise and manage overpayment recovery remains constant. It is a procedural guide for staff in determining when an overpayment can be recovered and from whom recovery can be sought. In terms of recovery, the policy provides a procedure for the:

 - use of underlying entitlement before calculating overpayments; and
 - the arrangements for writing off debt.
- 37.** The processing staff are responsible for agreeing payment for those claimants who have an ongoing claim. The overpayment staff are responsible for setting up agreements for repayment with past claimants, and recommending the writing off of non-recoverable debts. Both groups of staff are responsible for initiating fraud investigations.
- 38.** Once an overpayment is identified, the Service does not calculate the precise amount of the overpayment until the information to calculate underlying entitlement is available. Claims are suspended and the customer is invited to submit details of income and capital prior to making a decision regarding the overpayment.
- 39.** Staff monitor and review agreements and non-compliance results in further action being taken. To ensure integrity between the various IT systems, a review of all agreements, relating to ongoing deductions, is made on a twice yearly basis between the Academy benefits and overpayments IT systems, and the Paris cash receipting system is balanced daily. Every two weeks, arrears reports are reviewed and agreement instalment letters issued where appropriate. The recovery of an overpayment debt is suspended if the claimant appeals.
- 40.** Staff use the policies and procedures in place for recording overpayments to ensure that overpayments are brought to account and are under appropriate financial control. There is an audit trail for all decisions on the calculation, recoverability and classification.

The Service is improving its performance and has met its targets

41. The Service has a good performance management system to facilitate management of the Service and individual performance although there are no individual targets. The Academy IT system provides a suite of reports available to help manage the Service. For example, the Service runs reports of local authority error overpayments. The benefit assessors check these to ensure benefit overpayments are classified correctly but the reports can also be used to manage the work of the benefit assessors. The Service manager regularly runs the DWP subsidy claim to compare the local authority error overpayment against the local authority's total expenditure to give a statement of whether the local authority will gain or lose subsidy.
42. Members have online access to all performance indicators used by the Council services including those relating to the Benefit Service. The Service performance information is reported to senior managers and councillors and is used to monitor performance and to check on trends. Monthly recovery indicators are reported to the housing benefit manager and senior officers. These include:
 - overpayments recovered during the period as a percentage of total benefit overpayments identified;
 - total overpayment recovered during the period as a percentage of total overpayment debt at start of period plus identified during the period; and
 - the amount of overpayment written off as a percentage of total overpayment debt at start of period plus identified during the period.
43. The Service compares its performance and resources dedicated to overpayments against others through the CIPFA benchmarking club and by using informal performance information from Welsh councils.

The Service considers hardship when recovering debt but has still managed to collect a greater share of the overpayment debt

44. The Service has a policy that allows financial hardship to be considered when agreements are made for recovery of overpayment debt. This policy on discretion is not advertised, although past and present claimants are given the opportunity to complete an income and expenditure form so that an assessment can be made whether to reduce the rate of recovery because of potential financial hardship.
45. Processing staff make this decision for those with ongoing entitlement of benefits and the overpayment staff can calculate a decrease in instalments for those customers who no longer have entitlement to benefit. Authorised managers and team leaders can, because of severe financial hardship, health and age, decide not to collect the overpayments, to reduce the amount of debt or reduce the rate of recovery from ongoing entitlement. Any reduced agreements are reviewed to reassess a customer's circumstances.
46. Impartial advice and debt advice for claimants are available from the Council's welfare rights team, Citizens Advice Bureau (CAB), Age Concern and the Pension service. As part of a take-up campaign, CAB and Age Concern are carrying out income checks in surgeries throughout the Vale of Glamorgan. Benefit surgeries

are held in the Penarth Cash Office on a regular basis. The website provides links to a variety of advice and information but there is no easy access to general advice on welfare benefits and debt advice.

47. The write-off policy is included in the overpayment policy. All write-offs are authorised on an individual basis by the authorised offices listed in the officer designations memorandum. Staff note details of write-offs that are due to the inability to recover and, although written off, regularly review this debt to establish whether circumstances have changed to allow recovery action to occur.



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