

# *Benefits Team*

## **Administration and Recovery of Overpayments Policy**



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High Peak Borough Council

[www.highpeak.gov.uk](http://www.highpeak.gov.uk)

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## 1. Overview

- 1 We are required by the Regulations to calculate and recover any payment, made by way of benefit entitlement, to which there is subsequently no entitlement.
2. We have prepared this document to define the policy, strategy and performance targets for the administration of overpayments by High Peak Borough Council.
3. Our policy is intended to be used in conjunction with the operational procedures and guidance maintained by the Benefit Service and we have drafted it to take into account all current prevailing legislation, corporate policy and best practice.
4. The overall aims of the Policy are to:

**Prevent and minimise the number and value of overpayments via effective administration and publicising the duty of any persons claiming or receiving HB/CTB to report relevant change of circumstances;**

**Prevent the occurrence of overpayments through timely administrative procedures and fulfilment of the Verification Framework and associated verification visits;**

**Minimise the occurrence of Local Authority error overpayments through effective administration, documented procedures, quality control and staff training;**

**Maximise the recovery of overpaid benefit through effective and documented recovery procedures and the use of all recovery methods available to the Council;**

**Maximise subsidy income through the accurate classification of overpayments;**

**Ensure that any anti-poverty guidance is considered and addressed by recovering each overpayment based on the claimant's circumstances;**

**Monitor the effectiveness of the administration of overpayments through effective monitoring and reporting of overpaid benefit against set targets.**

6. The Benefit Service Operational Plan sets out the timescales for achievement of the targets detailed in this Policy.

7. The following sections of this document detail the specific policy and performance targets relating to the individual elements of the administrative process.

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## 2. Calculation and Classification

1. Our aim is to ensure that Overpayments are dealt with accurately and effectively. We will ensure that they are also calculated in a timely manner as we recognise that the early and accurate issue of notifications has a direct effect on the recovery level of overpaid benefit and the amount of subsidy claimed.

2. The Council will seek to:

**Prevent the continuance of an overpayment and minimise Local Authority error by ensuring that changes of circumstance are identified and the ongoing payment of HB/CTB ceased or reduced within on average 7 calendar days of receipt of the relevant correspondence;**

**Process the calculation of the overpayment within on average 7 calendar days of receipt of the correspondence;**

**Ensure that the appropriate subsidy classification is allocated to each overpayment and that sufficient management checks are carried out to maximise accuracy;**

**Ensure that uncashed or unissued Rent Allowance cheques are stopped 3 months after issue date to reduce the overall overpayment;**

**Seek to reduce the total overpayment through publicising and applying of the underlying entitlement provision;**

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## 3. Notification

1. We will ensure that we follow the Regulations explicitly as regards the notification of an overpayment to the appropriate person, particularly as the process can be contested as an appeal or may form the basis of a complaint.

2. The Council will:

**Ensure that all notifications are compliant with HB regulation 77(1), CTB regulation 67, Schedule 6 of the Housing Benefit (General) Regulations 1987, Schedule 6 of the Council Tax Benefit (General) Regulations 1992 and any subsequent amendment to the regulations;**

**Ensure that notifications are issued to all persons affected within 2 days of the calculation of the overpayment;**

**Issue notifications in conjunction with any revised notice of Council Tax liability or invoice within the specified timescales;**

**Maintain copies of all notifications;**

**Carry out visits to vulnerable persons, where requested or considered appropriate, in order to explain the notification and proposed recovery action.**

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## 4. Recovery

1. We recognise that the effective recovery of overpaid benefit is essential to minimise the outstanding value and number of overpayments at any point in time and especially recognise that our performance will be measured by the Housing Benefit and Recovery (HBRF) scan submitted to DWP

2. It is therefore essential that we have in place robust mechanisms for the management and recovery of debt to the Council.

3. The Council will seek to maximise the recovery of debt by:

**Documenting, maintaining and making the procedures used for recovery action available to all relevant persons;**

**Ensuring that overpayments are recovered from the appropriate person, depending on the nature and reason for the overpayment;**

**Utilising all recovery methods at the Council's disposal to maximise recovery;**

**Recovering from ongoing entitlement to benefit wherever possible;**

**Utilising Rent Account credits to offset overpayments of Rent Rebate in all appropriate circumstances;**

**Recovering overpayments of Council Tax Benefit by debit to the Council Tax account;**

**Issuing invoices one calendar month after the calculation of the overpayment having regard for the appeal rights;**

**Agreeing payment arrangements that will recover the overpayment within an acceptable period or default to maximum allowed by Regulation;**

**Periodically review instalment arrangements for any change in the debtor's circumstances;**

**Maintaining records of debts where no recovery action is currently possible for future recovery;**

**When determining the person from whom recovery should be sought, the Council will give relevant consideration to;**

**The person to whom payment was made;**

**The reason for the overpayment occurring;**

**Any information relating to the fact that an overpayment was occurring that was available to any person affected**

**From whom recovery may be sought;**

**The extent of fraudulent activity, if any;**

4. When determining the maximum amount that shall be deducted from ongoing entitlement, we will work to the principle that the amount shall be determined by the amounts specified by the Regulations, taking account of details on a financial statement , where appropriate.

## **4.2 Development**

1. The Recovery Team will annually prepare a plan that reviews performance and, sets targets and objectives to ensure incremental improvement in overpayment recovery, including the use of debt collection and tracing arrangements

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## 5. Write-Offs

1. We recognise that in certain circumstances it may not be practical or appropriate to recover an overpayment. Consequently in those cases consideration will be given to the write-off of the debt.

2. The circumstances in which this consideration will be applied are as follows:

**Where the overpayment was caused as a result of Local Authority Error and where the claimant or the person receiving the payment could not reasonably have been expected to know that the overpayment was occurring;**

**Where the recovery of the overpayment will cause undue hardship;**

**Where the recovery process has been exhausted and there are no realistic prospects for recovery.**

3. In considering a debt for write-off the following conditions will apply:

**Each case will be considered on its merits;**

**Each request will be supported by relevant documentation;**

**Each case will receive authorisation from the appropriate authorised officer and/or Members in accordance with Standing Orders;**

**Appropriate records of all authorised write-offs will be maintained and reviewed periodically against live caseload;**

**The relevant operational procedure and guidance will be followed in all cases.**

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## 6.1 Reporting and Monitoring

1. We consider that the monitoring of overpayments is essential to maintaining a secure and effective Benefit Service.
2. The council recognises that the financial implications of maintaining inadequate resources for administering and recovering overpaid HB/CTB will be directly reflected in the amount of income accruing to the Council.

**The Council will seek to maximise accuracy and highlight any financial implications by the effective reporting and monitoring of:**

**The value, number and type of overpayments not currently in recovery;**

**The value, number and type of Local Authority overpayments;**

**The value, reason, classification and duration of overpayments;**

**The amount of debt in recovery / out of recovery;**

**Payment arrangements and the periodic review against change of circumstances that may allow for an increase in the arrangement to be negotiated;**

**The length and age of debt;**

**Identify trends in the occurrence of overpayments.**

## 6.2. Reporting

1. The Head of Service will provide information to Members relating to the value, number, and age of debt and recovery performance at agreed intervals.

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## 7.1 Anti-Poverty Policy

1. We will follow our corporate anti-poverty guidelines when making a decision to recover an overpayment to avoid causing undue hardship to the debtor.

2. The Service will ensure that:

**Each case is dealt with on its own merit when determining recovery action;**

**A recovery rate is set with due reference to the debtor's circumstances;**

**A decision to recover, or the rate of recovery, will be reviewed should the debtor's circumstances change;**

**A decision to recover, or the rate of recovery, will be independently reviewed on request, supported by relevant evidence, following submission by the debtor;**

Debts will be considered for write-off where it is considered appropriate, taking into account all the debtor's circumstances.

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