

## Project Initiation Stage

<b>Project/Item Title</b>	Housing Benefit Debt Recovery and Welfare Assistance		<b>Version</b>	
<b>Corporate Head</b>	Linda Norman	<b>Service Area</b>	Housing Benefits	
<b>Service Committee to Approve Budget</b>	Corporate Management Committee			
<b>Anticipated Cost of Proposal (Capital)</b>		<b>Anticipated Cost Proposal (Revenue)</b>	£50,000	

## To be completed for Projects only

<b>Type of Project</b>	Staffing Growth	<b>Project Duration</b>	12 months	
<b>Proposed Project Start Date</b>	01/03/24	<b>Proposed Project End Date</b>	01/04/25	

## Business Case Context

## Background

Describe the purpose of the Business Case, what benefits are expected to be delivered or what problem will be solved (What is wrong with the status quo? What are the drivers for change?). Is the scheme a result of legal/statutory requirements or a stakeholder consultation?

Housing Benefit overpayments (HBO) are often created when there is a change in the customers circumstances that is reported late. Some overpayments are caused by deliberate fraud or wilful neglect in reporting changes that would have led to a lower entitlement, others are caused by the way changes are notified and effective dates of changes incurred. In September 2022, following the Financial Services staffing review, HBO was transferred back to the Benefits team without any additional resources. The amount transferred was approximately £1.3m. This has now reduced to approximately £1.07m over the past year with some of the historic debt being written off as uncollectable. However there are still over 700 cases going back many years, with several small balance arrangements that will never clear the debt and are well below the minimum attachment levels set by the DWP. The DWP undertook a review of the Council's HBO and debt recovery processes in February 2023. The recovery rate for HBO debt was established at 21.8%. They also calculated that those arrangements on £5/£10 a month would take 32 years to clear whilst deductions from those in receipt of ongoing benefit or earnings would be paid on average within 12 months. The Council currently receive 60% of the overpayment in subsidy from the DWP. If we collect anything over 40% of the value of any overpayment, this is considered as additional income, so on the value of £1.07m, the Council will have already received £642k, so any income collected above 428k will be additional monies for the Council. A collection rate of 21.8% means that the Council is losing much needed revenue but currently there are not the resources to effectively target this debt. In the last four years the Council has collected less than we have raised, so each year the debt has been growing. Now as Universal Credit reduces the Housing Benefit caseload and we have taken the recovery back into the Benefit Team we are reaching a tipping point where the value of new debt will be less than the value of debt recovered and with the cost of living crisis and various government grants to deliver the team are unable to dedicate a resource to this area of work. This proposal is to employ an additional member of staff on a fixed initial 12 month contract at Sc 10 (£38 276) to undertake a data cleansing exercise of the data and proactively recover approximately £45k per month. This would bring in around £540k in a 12 month period. This role would be expected to include other corporate debts when engaging with the customer and make use of the Financial Inclusion software that is subject to a separate business case and growth bid to ensure these debts that are unrecoverable are effectively written off, those that can pay are proactively targeted with attachment to earnings or benefits and those that are struggling to pay are supported ensuring they apply for all relevant benefits and other support available and individual payment plans agreed. By employing a corporate resource who can look at Council debts as whole, work collaboratively with colleagues using local intelligence for individuals and ensuring all available benefits, discretionary payments and budgeting have been explored to maximise the disposable income of the debtor.

balance arrangement of £

## Strategic Links - relate this Business Case to RBC Corporate Strategies and Corporate Values

<b>Corporate Strategies</b>	<b>Describe how this Business Case meets / contributes to the Corporate Business Plan through each of the Corporate Strategies.</b> - Delete those not applicable
<b>Climate Change Strategy</b> <i>Reducing Carbon emissions from the Council's operations and the wider Runnymede community.</i>	By working with individuals and prioritising debts can support residents out of the cycle of debt, reducing the need to send recovery notices by post and arranging payment plans via Direct Debit which is a more efficient and greener payment option
<b>Organisational Development Strategy</b> <i>Enable Officers and Members to perform their duties to the best of their ability and make Runnymede Borough Council the employer of choice for local people.</i>	Officers will be able to work collaboratively across all areas of non-payment ensuring that payments are allocated fairly and objectively with a transparent process, with clear policies and procedures to ensure income is maximised and where customers are not dealing with different areas of the Council
<b>Economic Development Strategy</b> <i>Ensuring that the Borough continues to be a leading economy in Surrey and the wider sub-region.</i>	
<b>Empowering the Community Strategy</b> <i>Evidence Based Decision Making, Listening to residents, Enabling Communities to help themselves and to take control of services or plans for their areas, Working effectively with partner organisations, Dealing with inequalities.</i>	By working with vulnerable customers, ensuring they get access to all the financial support they are entitled to will enable them to take control of their circumstances and worked towards a more sustainable financial future.
<b>Health and Wellbeing Strategy</b> <i>Support the delivery of a range of services and functions to improve outcomes for residents and their quality of life.</i>	By working with residents in managing their finances in a more inclusive way will help break the cycle of debt and enable more positive outcomes for families struggling with the cost of living crisis. Having payment arrangements that go on beyond the statute of limitations is unreasonable and may have a detrimental effect on people's health and well being.
<b>Corporate Values</b>	<b>Describe where this Business Case fits in our Corporate Values - Delete those not applicable</b>
<b>People-focused</b> – we will put people at the heart of what we do and they will be able to deal with us easily.	By having a specialist resource will enable those customers to contact a single point in the Council and receive compassionate professional advice to ensure that the Council's income is protected whilst ensuring payment plans are affordable and realistic.
<b>Passionate</b> – we will empower our staff to be passionate about all we do.	
<b>Performance driven</b> – we will strive for excellence in all we do.	Clear targets will be set as the Council can no longer afford to lose income through inefficient processes and poor payment arrangements. Collection rates will be set at 50% to ensure the Council maximises this area of revenue
<b>Innovative</b> – we will aim to creatively improve our services and be open to new ways of providing services.	By using third party software to research a customers propensity to pay will ensure customers are treated as individuals where their own circumstances will be taken into account when reviewing their liability.
<b>Promoting equality and diversity</b> – we believe in	By taking an individual approach to debt recovery will ensure individual needs are taken into account rather than

fairness as well as maintaining a diverse workforce so we can draw upon a wide range of views and experiences to meet the changing needs of our communities.

automatic processes where letters and court action are taken in bulk without consideration of individual circumstances

**Delivering excellent value for money** – we will strive to be as efficient and effective as possible.

The Council need to increase the collection rates from 21.8% to at least 40% to ensure value for money

**Collaborative** – we will work together and with others to deliver positive outcomes for our communities.

Whilst this post will predominantly work on the 700 cases within Housing Benefits, the postholder will work collaboratively across the organisation to ensure any other debts are dealt with at the same time to avoid duplication

**Transparent** – we will be open and honest to all about what we do.

**List your Business Case Objectives, ensuring they are Specific, Measurable, Achievable, Realistic and Timely**

Advertise for post Nov 23/ Dec 23. Employ individual from Jan 24. Undertake software training and data cleanse from Jan 24 to Mar 24 using third party software. Prepare unrecoverable and statute barred debts by June 24. Review existing processes and set up monthly corporate debt meetings. Develop comms strategy and reach out to third part charities and partners to advise about change in approach. Implement new approach from July 24 and monitor collection rates. Collection rate target set at 50% (535k) by 1 April 2024

**List the Constraints or Parameters in which this Business Case will operate**

Technology solution needs to be procured and ensure that it is able to analysis data from various backoffice systems the Council holds to capture the relevant data in a compliant way ensuring GDPR is not compromised.

**List the Outcomes and Benefits (including efficiency gains) you expect the scheme to achieve**

By having an dedicated resource to review HBO debt management will increase collection rates and ensure old historic debt that is unrecoverable is written off. In addition, this role will be working more collaboratively across the Council, income should increase in other areas, administration decrease as vulnerable customers start to break the cycle of debt improving quality of life for the resident and their families

**Appraisal of Business Options (must include evaluation of a 'do nothing' option)**

**Option 1 (preferred option):**

**Description**  
*To employ a dedicated resource to target uncollected HBO debt will ensure the Council can increase its income in this area. Any monies recovered above 40% is additional and can be used to protect other service areas. Currently there is £1.07m owed to the Council much of which is now statute barred from recovery and others have long term arrangements that will ensure the customer is never free of this debt. Once the data cleanse has been conducted, teh resource can then work with other colleagues to ensure all debt owed to the Council is known and a tailored recovery plan can be developed where the Council are aware of the csutomers circumstances and propensity to pay. A dedicated resource can build up a trusting relationship and vist teh debtor in their home where they are comfortable and able to discuss the volume of debt owed and be supported in applying for any additional entitlement to ensure customers are able to maximise their disposable income to meet their financial commitments. By using software system, the Council is able to make a more informed decison about how to recover monies owed. For those who are unable to pay, the Council can work with these families and other partners to look at solutions for reducing the liability and ensure they have applied for any additional financial or other support they could be entitled to which in turn could increase the amount of dispoable income available. For those that can pay, the Council will be able to target collection in an effective manner to protect the Council's income. Currently service areas are working independantly chasing smaller and smaller disposable incomes and not looking at the implications across the Council on whether non payment in other areas will result in more costly recovery.*  
*Option 2 - to do nothing - The Housing Benefit team can continue to try to reduce new overpayment debt by improving processes including issuing recovery noticesd in a more timely manner and offering Direct Debits to new overpayments to try to maintain the level of debt that is currently due but will not be able to review the 700+ cases within a reasonable time period nor improve on the 21.8% collection rate currently being achieved. In addition, no collaborative working will be undertaken so ophther service areas may be dealing with the same person on multiple occassions*

**Benefits (comparison to other options considered)**

*Consider any tangible benefits of the Preferred Option, consider benefits such as income generation, savings, great efficiency, compliance with legislation / industry standards – soft benefits, reputation, residents' satisfaction, perception of Council*

**Advantages to Service Area (preferred option)**

A dedicated resource to review 700+ cases and deal with customers on an individual and case by case basis. Increased collection rates on HBO debt and long term arrangements reviewed to ensure they are in force for a mutually acceptable time period. Write offs for unrecoverable debt will be more efficient and will not create an over inflated picture of debt within HBO

**Disadvantages to Service Area (preferred option)**

This resource will be expected to work with other areas of the organisation prior to engaging with the customer and as such, may not be able to deal with total case load within 12 month period

**Costs to Organisation (preferred option)**

This is a revenue growth of approx £50k for the year which is currently not budgeted for

**Benefits to Organisation (preferred option)**

The staff cost maybe offset by the additional income collected by a dedicated post. There may be a potential reduction in recovery notices corporately and residents are able to manage their finances more efficiently leading to a better quality of life.

**Environmental Sustainability Benefits (direct and indirect benefits to support Climate Change Strategy)**

*Outline any direct and indirect benefits of the Preferred Option that aims to minimise negative and promote positive environmental impacts and/or reduce carbon emissions, where possible*

**Direct Environmental Sustainability Benefits (preferred option)**

Potential to reduce issuing of of recovery notices through better engagement and payment plans via online and Direct Debit channels

**Indirect Environmental Sustainability Benefits (preferred option)**

Reduced journeys for customers to the Council offices as staff will visit in homes and assist with applications for benefits and able to verify original documents at that time

**Negative Environmental Impacts**

**Resource Requirements**

**Staffing Appraisal (preferred option):**

Outline the expected staffing / resourcing requirements for the preferred option in the table below, think about resources required in your team and others. This should include job titles, number of hours worked and salary.

Existing Staffing	New RBC Staff Requested	New External Staff Requested
DS to implement software modules and integration with back office systems and external credit agencies. Staff from finance, revenues, parking, housing, community services require training and creation of corporate debt staff group	1 new FTE Sc 10 to target HBO debt and provide welfare support to vulnerable residents	

Add any costs into the financial appraisal table.

**FINANCIAL APPRAISAL**

**Finance Appraisal (preferred option) - To be completed with the Finance Department:**

Describe the financial and resource implications of this option. See Financial Appraisal below to capture numbers.

How will it be financed? Is a Supplementary Revenue Estimate required? Can it be resourced via a Virement (including areas other than your own)?

Is there other funding available? Has funding been agreed? Demonstrate how the council can receive a return on investment, whether cashable, cost avoidance or quantifying tangible benefits –

**Seek advice from your accountant. Business cases will not be considered by the Chief Executive unless a full financial appraisal has been agreed by the Accountancy Team.**

<b>Explain how the cost estimate has been drawn up e.g. based on the costs of a similar project/item; based on quotes from suppliers etc:</b>	The Sc 10 is based on the grade the current Homes 4 Ukraine team are on as they are undertaking similar work and support for the Ukrainian refugees.
<b>Please explain how you have considered the VAT implications of the project/item:</b>	
<b>If this project involves building or refurbishment work within corporate assets has the project/work been consulted on and agreed by the Corporate Head of Strategic Land and Property Assets? Please give details.</b>	

**CAPITAL COSTS**

Capital Expenditure (specify codes required)	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)	Year 6 (£)
<b>Total Capital Expenditure</b>	-	-	-	-	-	-

Capital Income (specify codes required)	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)	Year 6 (£)
<b>Total Capital Income</b>	-	-	-	-	-	-

<b>Net Capital Outlay</b>	-	-	-	-	-	-
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<b>Estimated Useful Life of the Asset:</b> Where the expected lives of each significant component of the asset are different (i.e. buying a house with a flat roof) you must estimate both the useful live and cost of replacing each component part. Please only include components greater than £20,000 in cost or more than 20% of the total value of the asset.	<b>Estimated Value (£)</b>	<b>Estimated Life (yrs)</b>
<b>Overall asset</b>	<b>(basis of estimation)</b>	
<b>Component 1 (specify):</b>		
<b>Component 2 (specify):</b>		
<b>Component 3 (specify):</b>		

**REVENUE COSTS**

Revenue Expenditure (specify codes required)	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)	Year 6 (£)
Staff costs Sc 10 @ 1.285%	50 000					90

**Less:** Savings to existing budget (Please specify)

**Total Revenue Expenditure**

- - - - -

**Revenue Income** (specify codes required)

Year 1 (€) Year 2 (€) Year 3 (€) Year 4 (€) Year 5 (€) Year 6 (€)

Increase in collection rates

450,000 - - - - -

**Total Revenue Income**

450,000 - - - - -

**Net change to revenue budgets**

450,000 0 0 0 0 0

**Business Case / Risks**

Outline the risks (Managerial, Financial, Operational etc.) to RBC if delivering the preferred option. A risk summary only is required here.

Risk Description	Mitigation / Help needed
Salary may not attract suitable calibre of candidate	Advertise in JobsGoPublic, Indeed, Reed. Ensure advert and job description is clear, promoting benefits of role both from an employee and resident perspective. Grade is set at a more senior level to reflect complexity and individual responsibility to attract the right candidate
Anticipated collection target may be too high and not realise income	Once data cleanse completed and unrecoverable amounts written off, recalibrate collection target based on 50% income required and monitor monthly
Existing staff across different service areas may not have capacity to deal with cases in a more intensive and personal way	Introduce monthly corporate case management reviews which may be a more effective use of other service staffs time. Case conferences will share local intelligence together with objective credit reports will ensure resources are targeted effectively with uncollectable debt written off
Pilot may be successful but no further funding for future years	Close monthly monitoring of collection rates will soon establish whether the project is a success and an extension can be considered in the following

**Impact**

Consider the impact of the Business Case on the Organisation / Environment / Technology / Commercialisation / Cultural / HR

**Option 3 (rejected option)**

**Description**

What else have you considered and rejected? Why were they rejected? The DWP has reviewed the Council's approach and level of HBO debt and have made several recommendations. Whilst some business process improvements have already been implemented such as offering DD and reducing the number of days between recovery notices, the volume of debt inherited cannot be effectively tackled within the current staffing of the HB team. The potential loss of income to the Council with a collection rate of 21.8% is not sustainable and the amount of debt is over-stated with historic and unrecoverable debts sitting on the books gives an inflated picture of the position. Staff are already stretched with increase caseloads and the fourth round of the Household Support Fund to administer. Do nothing will mean that some vulnerable people will never be free of this debt with unrealistic and lengthy arrangements that are never reviewed and much needed income due to the Council will not be collected in a timely manner.

**Advantages to Service Area (rejected option)**

**Disadvantages to Service Area (rejected option)**

The true picture of HBO debt will not be known as the team do not have the resources to manually go through a review of all cases

**Costs to Organisation (rejected option)**

**Benefits to Organisation (rejected option)**

Potential reduction in additional income as collection rates are below the break even level of 40% for subsidy purposes

**Authorisation**

Linda Norman

Approved by Corporate Head of Finance Date

Approved by Corporate Leadership Team Date Priority Score

Corporate Leadership Team Feedback

Taken to Corporate Property & Acquisitions Member Working Group / Services and Digital Transformation Working Party (Where applicable) Date

Committee Report to be presented to:

Date