

**WYRE FOREST DISTRICT COUNCIL**

**CABINET MEETING**  
**24TH NOVEMBER 2005**

**Housing Benefits Overpayments**  
**Debt Position as at 30th September 2005**

<b>OPEN</b>	
<b>COMMUNITY STRATEGY THEME</b>	
<b>CORPORATE THEME:</b>	Improving Corporacy & Performance
<b>KEY PRIORITY:</b>	Financial and Asset Management
<b>STRATEGY:</b>	Write Off of Uncollectable Debts
<b>CABINET MEMBER:</b>	Councillor John-Paul Campion
<b>RESPONSIBLE OFFICER:</b>	Head of Financial Services
<b>CONTACT OFFICER:</b>	Joan Hill Extension No. 2102 <a href="mailto:Joan.hill@wyreforestdc.gov.uk">Joan.hill@wyreforestdc.gov.uk</a>
<b>APPENDIX 1</b>	Housing Benefits Overpayments Debt position as at 30th September 2005

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 30th September 2005, summary attached as an Appendix, together with details of the targets that have been set for recovery.

**2. RECOMMENDATION**

**The Cabinet is asked to DECIDE that:**

- 2.1 **The Housing Benefits overpayment debt level, age of debt and performance against targets, as at the 30<sup>th</sup> September 2005, as detailed in Appendix 1, be noted.**

**3. BACKGROUND**

- 3.1 In relation to Housing Benefits, the Executive on the 8<sup>th</sup> January 2004 agreed the following:
- the Benefits overpayment debt level and age of debt be reported to the Executive on a six monthly basis;
  - the targets set for the recovery of overpayments be noted and be kept under review by the Head of Financial Services; and
  - the targets set for the reduction of inactive debt be kept under review by the Head of Financial Services.

### **3. BACKGROUND** (continued)

- 3.2 The Benefits section actively pursues all overpayments with a request for write-off in accordance with Council procedures as a last resort. It should be noted that records of all outstanding overpayments are retained even when written off, in the event of benefit award or other change of circumstances, which would enable recovery in the future. Therefore by definition a target of zero has been set for the number and amount of benefit overpayment debt on which no recovery action is being taken by the Council.
- 3.3 A breakdown of the recovery action instigated on debts more than three months old at 30th September 2005 is shown in Appendix 1 together with the comparable breakdown as at 31<sup>st</sup> March 2005, 30<sup>th</sup> September 2004 and 31<sup>st</sup> March 2004. Performance against target for 2004/05 and targets for 2005/06 are also included.
- 3.4 A target has been set to forward debts for legal action within 6 weeks of the debt being returned from the Debt Collecting Agency. This target is currently being met. Performance against this target will continue to be monitored and the target reviewed.
- 3.5 The Benefits section has procedures and controls in place to ensure all overpayment debts are recovered on a cost-effective basis.
- 3.6 It should be noted that the legislation requires:
- (a) under Section 6 of the Housing Benefit (General) Regulations that once an invoice for a recoverable housing benefit overpayment debt has been issued no further action can be taken by the Council until at least 28 days has lapsed; and
  - (b) a maximum level is given for the amount that the Council may deduct for the recovery of an overpayment debt from ongoing housing benefit payments.
- 3.7 The benefit overpayment position is continuously changing for example as claimant's circumstances change and should be considered alongside the total housing benefit to be paid out in 2005/06 with a revised estimate of some £16.5 million. The debt outstanding as at 30th September 2005 of £458,999 represents 2.8% of the revised estimate of benefit to be paid in 2005/06.

### **4. KEY ISSUES**

- 4.1 Housing Benefit overpayments arise as a result of information coming to light that claimants have received housing benefit paid by the Council to which they were not entitled for example a change in circumstance of starting work or an increase in wages. The identification of overpayments and to whom recovery may be sought is covered by legislation.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications associated within this report.
- 5.2 The costs of recovery of Housing Benefit overpayment debts are within existing budgets.

- 5.3 The Council currently receives only 40% of Benefits Subsidy on those payments which are identified as housing benefit overpayments. However should the Council recover the full or part of an overpayment then those recovered monies can be retained by the Council.

**6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 It is a statutory requirement that this authority administers Housing and Council Tax Benefits in accordance with legislation and Department of Work and Pensions requirements.

**7. RISK MANAGEMENT**

- 7.1 If action is not taken on a timely basis to recover debts including those arising from housing benefit overpayment the likelihood of full recovery is reduced. Procedures and controls are in place to reduce this risk.

**8. CONCLUSION**

- 8.1 The Housing Benefits overpayment debts are monitored monthly by officers and action is taken to recover monies as speedily and efficiently as possible within the resources available.

**9. CONSULTEES**

- 8.1 None.

**10. BACKGROUND PAPERS**

- 10.1 30<sup>th</sup> June 2005 – Cabinet – Housing Benefits Overpayments policy  
Department of Work & Pensions – Performance Standards

J. Hill/01/11/2005



**Benefit Overpayment Debt Position as at 30<sup>th</sup> September 2005**

	£	% of Debts outstanding at 30 <sup>th</sup> September 2005
<b>DEBT OUTSTANDING AT 30<sup>th</sup> September 2005</b>		
<b>Analysed:</b>		
• Being recovered by Debtor Account	277,262	
• Being recovered through on-going benefit	181,737	
<b>TOTAL DEBT OUTSTANDING AT 30<sup>th</sup> September 2005</b>	458,999	<b>100.0</b>
<b>Analysis of debt outstanding at 30<sup>th</sup> September 2005</b>		
Debts raised in period 1st January to 31 <sup>st</sup> March 2005		
<b>Analysed:</b>		
• Being recovered by Debtor account	34,508	
• Being recovered through on-going Benefit	38,658	
<b>TOTAL – debts raised in last 3 months</b>	73,166	<b>15.94</b>
Accounts raised before 1st January 2005 (i.e. more than three months old)		
<b>Analysed:</b>		
• Debtor account	242,754	
• Recovered through on-going benefit	143,079	
<b>TOTAL – debts raised before 1st January 2005</b>	385,833	<b>84.06</b>

**Benefit Overpayment Debt Position as at 30<sup>th</sup> September 2005**

	£	No. of A/cs.	% of Debts outstanding over 3 months old at 30.09.05	% of Debts outstanding over 3 months old at 31.03.05	% of Debts outstanding over 3 months old at 30.09.04	% of Debts outstanding over 3 months old at 30.03.04	% of Debts outstanding over 3 months old TARGET FOR 2005/06 & 2004/05
<b>Analysis of Debt Outstanding at 30<sup>th</sup> September 2005 more than 3 months old</b>							
Agreements to Pay (including £143,079 from ongoing)	253,061	388	65.6	71.6	61.4	60.1	70.0
With Debt Collection Agency for Action	47,870	69	12.4	14.1	13.3	13.6	10.0
With Legal Services for Action	37,491	31	9.7	5.5	7.3	3.6	2.0
With Benefits Services for Action	47,411	58	12.3	8.8	18.0	22.7	18.0
<b>TOTAL – debts raised before 1<sup>st</sup> July 2005 (i.e. more than three months old)</b>	<b>£385,833</b>	<b>546</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Note** - Within this analysis are cases for example, where claimants are moving onto/off benefit; debt collecting and legal action is being taken and cases being considered for write-off under the Council procedures as a last resort. All debts are actively pursued and recovered by the Benefit section. The figures include amounts arising from fraud investigations and an amount of £61,802 (35 accounts) raised prior to June 2002 on the previous benefits system.