

WYRE FOREST DISTRICT COUNCIL

CABINET
29TH JUNE 2006

HOUSING BENEFITS OVERPAYMENTS
DEBT POSITION AS AT 31ST MARCH 2006

OPEN	
COMMUNITY STRATEGY THEME	
CORPORATE THEME:	Improving Corporacy & Performance
KEY PRIORITY:	Financial and Asset Management
STRATEGY:	Write Off of Uncollectable Debts
CABINET MEMBER:	Councillor John-Paul Campion
RESPONSIBLE OFFICER:	Head of Financial Services
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APPENDIX 1	Housing Benefits Overpayments Debt position as at 31 st March 2006

1. PURPOSE OF REPORT

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 31st March 2006, 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 31st March 2006, be noted.**

3. BACKGROUND

- 3.1 In relation to Housing Benefits, the Executive on the 8th 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.

- 3.2 The Benefits section actively pursues all overpayments with a request for write-off in accordance with Council procedures as a last resort. Records of all benefit overpayments are retained even when written off, to enable recovery in the future should there be a subsequent benefit award or other change of circumstances. A target of zero has therefore been set for the number and amount of benefit overpayment debt on which the Council is taking no recovery action.
- 3.3 A breakdown of the recovery action instigated on debts more than three months old at 31st March 2006 is shown in Appendix 1 together with the comparable breakdown as at 30th September 2005, 31st March 2005 and 31st March 2004. Performance against target for 2005/06 and targets for 2006/07 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 paid out in 2005/06 of some £17.3 million. The debt outstanding as at 31st March 2006 of £488,129 represents 2.8% of the amount of benefit paid in 2005/06 (unchanged at 2.8% at 30th September 2005).

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 30th June 2005 – Cabinet – Housing Benefits Overpayments policy
Department of Work & Pensions – Performance Standards

Benefit Overpayment Debt Position as at 31st March 2006

	£	% of Debts outstanding at 31st March 2006
DEBT OUTSTANDING AT 31st March 2006		
Analysed:		
• Being recovered by Debtor Account	295,572	
• Being recovered through on-going benefit	192,557	
TOTAL DEBT OUTSTANDING AT 31st March 2006	488,129	100.00
Analysis of debt outstanding at 31st March 2006		
Debts raised in period 1st January to 31 st March 2006		
Analysed:		
• Being recovered by Debtor account	31,040	
• Being recovered through on-going Benefit	65,857	
TOTAL – debts raised (under 3 months)	96,897	19.85
Accounts raised before 1st January 2006 (i.e. more than three months old)		
Analysed:		
• Debtor account	264,532	
• Recovered through on-going benefit	126,699	
TOTAL – debts raised before 1st January 2006	391,232	80.15

Benefit Overpayment Debt Position as at 31st March 2006

	£	No. of A/cs.	% of Debts outstanding over 3 months old at 31.03.06	% 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 30.03.04	TARGET FOR 2006/07 & 2005/06 % of Debts outstanding over 3 months old
Analysis of Debt Outstanding at 31st March 2006 more than 3 months old							
Agreements to Pay (including £126,699 from ongoing)	255,640	362	65.4	65.6	71.6	60.1	70.0
With Debt Collection Agency for Action	45,474	37	11.6	12.4	14.1	13.6	10.0
With Legal Services for Action	38,018	33	9.7	9.7	5.5	3.6	2.0
With Benefits Services for Action	52,099	83	13.3	12.3	8.8	22.7	18.0
TOTAL – debts raised before 1st January 2006 (i.e. more than three months old)	£391,232	515	100.0	100.0	100.0	100.0	100.0

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 £60,262 (34 accounts) raised prior to June 2002 on the previous debtors system.