

**WYRE FOREST DISTRICT COUNCIL**

**CABINET MEETING**  
**23<sup>RD</sup> NOVEMBER 2006**

**Housing Benefit Overpayments**  
**Debt Position as at 30th September 2006**

<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>	Debt Management
<b>CABINET MEMBER:</b>	Councillor John-Paul Campion
<b>RESPONSIBLE OFFICER:</b>	Head of Financial Services
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<b>APPENDIX 1</b>	Housing Benefit Overpayments Debt position as at 30 <sup>th</sup> September 2006

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 30<sup>th</sup> September 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:**

- 2.1 **The Housing Benefit overpayment debt level, age of debt and performance against targets, as at the 30th September 2006, as detailed in Appendix 1 to the report, 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.

- 3.2 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 summary of the Housing Benefit Overpayment Debt Position as at 30<sup>th</sup> September 2006 is shown in Appendix 1, together with a breakdown of the recovery action instigated on debts more than three months old at 30<sup>th</sup> September 2006. Performances against targets for 2006/07 are also included.
- 3.4 The Benefits section has procedures and controls in place to ensure all overpayment debts are recovered on a cost-effective basis. The housing benefit overpayment debt position is reviewed monthly by senior officers to ensure appropriate recovery action is being taken.
- 3.5 It should be noted that the legislation requires:
- (a) 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 one month 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.
- 3.6 The benefit overpayment position is continuously changing, for example, as claimant's circumstances change and should be considered alongside the estimated total housing benefit to be paid out in 2006/07 of £18 million (in 2005/06 - £17 million). The debt outstanding as at 30<sup>th</sup> September 2006 of £525,816 represents 2.9% of the amount of the benefit to be paid in 2006/07 (2.8% at 31<sup>st</sup> March 2006).
- 3.7 The Council currently receives 40% of Benefits Subsidy on those payments which are identified as housing benefit overpayments from the Department of Work and Pensions. In addition should the Council recover the full or any part of an overpayment then those recovered monies can be retained by the Council

#### **4. COMPARISON WITH PREVIOUS SIX MONTHS POSITION AT 31<sup>ST</sup> MARCH 2006**

- 4.1 The total housing benefit overpayment debt position of £525,816 at 30<sup>th</sup> September 2006 has increased from £488,129 as at 31<sup>st</sup> March 2006, an increase of £37,687 or 7.7%. Information on how the debts arise is given in Section 5.
- 4.2 The Housing Benefits caseload has increased from 5,583 at 31<sup>st</sup> March 2005 to 5,903 at 30<sup>th</sup> September 2006, an increase of 5.7%. (5820 at 31<sup>st</sup> March 2006). In addition the number of change of circumstances has increased by 6%.
- 4.3 The estimated housing benefit to be paid in 2006/07 is £18 million, which is 5.9% higher than that paid in 2005/06 of £17 million. (2004/05 - £15.4 million)

- 4.4 This report provides an analysis of debts less than and more than 3 months old as experience has shown that more recent debts prove easier to collect than older debts.
- 4.5 The total debt position at 30<sup>th</sup> September 2006 shows £136,342 (375 accounts). 25.93% is classed as less than 3 months old and £389,474 (550 accounts) 74.08% more than 3 months old. These figures compare with 19.85% and 80.15%, respectively, as at 31<sup>st</sup> March 2006.
- 4.6 The debts more than 3 months old at 30<sup>th</sup> September 2006 of £389,474 – 550 accounts (£391,232 – 515 accounts at 31<sup>st</sup> March 2006) are further analysed in the Appendix to indicate the recovery action that is being undertaken.
- 4.7 The recovery action being taken includes:-
- agreements to pay, including deduction from ongoing benefit entitlement
  - debts with debt collection agency to pursue
  - debts with the Council's legal services to action
  - those with the Benefits overpayment recovery team for determination of action
- 4.8 Action taken is determined in accordance with the circumstances of each case.
- 4.9 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.
- 4.10 In the period the Benefits section have implemented the updated Anite Document Image Processing System. The duties of the Benefits control team include the implementation of Software releases, computer system controls as well as overpayments. The target for the level of debt to be with the Benefits section for action is 18% and, as at the 30<sup>th</sup> September 2006, the level achieved was within the target at 15.4%.
- 4.11 In the 2006/07 year to date the total of write-offs is £5,144. This amount includes the item referred to this meeting for approval elsewhere on the Agenda. (2005/06 - £4,264)

## **5. KEY ISSUES**

- 5.1 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. This information can be from the claimants, or arising from referrals to the Benefits Fraud team.
- 5.2 The identification of overpayments and to whom recovery may be sought is covered by legislation.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications associated within this report.
- 6.2 The costs of recovery of Housing Benefit overpayment debts are within existing budgets.
- 6.3 The Council currently receives 40% of Benefits Subsidy on those payments which are identified as housing benefit overpayments from the Department of Work and Pensions. In addition, should the Council recover the full or any part of an overpayment, then those recovered monies can be retained by the Council.
- 6.4 In order to “break even” on payments made, a level of 60% recovery is required, with any amount in excess of this contributing to the Council’s costs of administration of benefit.

## **7. LEGAL AND POLICY IMPLICATIONS**

- 7.1 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.

## **8. RISK MANAGEMENT**

- 8.1 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.

## **9. CONCLUSION**

- 9.1 The Housing Benefit overpayment debt position is monitored and action is taken to recover monies as speedily and efficiently as possible within the resources available in accordance with legislation.

## **10. CONSULTEES**

- 10.1 None.

## **11. BACKGROUND PAPERS**

- 11.1 30<sup>th</sup> June 2005 – Cabinet – Housing Benefits Overpayments policy  
Department of Work & Pensions – Performance Standards  
Department of Work & Pensions – Housing Benefit and Council Tax Benefit Circular  
HB/CTB A13/2006 1<sup>st</sup> August 2006

Housing Benefit Overpayment Debt Position as at 30th September 2006

	£	% of Debts outstanding at 30 <sup>th</sup> September 2006
<b>DEBT OUTSTANDING AT 30<sup>th</sup> September 2006</b>		
<b>Analysed:</b>		
• Being recovered by Debtor Account	349,966	
• Being recovered through on-going benefit	175,850	
<b>TOTAL DEBT OUTSTANDING AT 30th September 2006</b>	<b>525,816</b>	<b>100.00</b>
<b>Analysis of debt outstanding at 30th September 2006</b>		
Less than 3 months old i.e. Debts raised in period 1st July to 30 <sup>th</sup> September 2006		
<b>Analysed:</b>		
• Being recovered by Debtor account	64,428	
• Being recovered through on-going Benefit	71,914	
<b>TOTAL debts less than 3 months old</b>	<b>136,342</b>	<b>25.93</b>
More than 3 months old i.e. Debts raised before 1st July 2006		
<b>Analysed:</b>		
• Being recovered by Debtor account	285,538	
• Being recovered through on-going benefit	103,936	
<b>TOTAL debts more than 3 months old – see further analysis on next page of Appendix</b>	<b>389,474</b>	<b>74.07</b>

**Housing Benefit Overpayment Debt Position as at 30th September 2006**  
**Detailed breakdown of debts more than 3 months old showing recovery position**

	£	No. of A/cs.	% of Debts outstanding over 3 months old at 30.09.06	% 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	TARGET FOR 2006/07 & 2005/06 % of Debts outstanding over 3 months old
<b>Analysis of Debt Outstanding at 30<sup>th</sup> September 2006 more than 3 months old</b>							
Agreements to Pay (including £103,936 as deductions from ongoing benefit payments)	235,841	359	60.5	65.4	65.6	71.6	70.0
With Debt Collection Agency for Action	45,276	63	11.6	11.6	12.4	14.1	10.0
With Legal Services for Action	48,588	55	12.5	9.7	9.7	5.5	2.0
With Benefits Services for Action	59,769	73	15.4	13.3	12.3	8.8	18.0
<b>TOTAL – debts more than three months old i.e. raised before 1<sup>st</sup> July 2006</b>	<b>£389,474</b>	550	100.0	100.0	100.0	100.0	100.0