

WYRE FOREST DISTRICT COUNCIL

CABINET
22ND NOVEMBER 2007

Housing Benefit Overpayment
Debt Position as at 30th September 2007

OPEN	
COMMUNITY STRATEGY THEME	Internal Organisational theme
CORPORATE PLAN THEME:	Improving Corporacy & Performance
KEY PRIORITY:	Financial and Asset Management
CABINET MEMBER:	Councillor John-Paul Campion
RESPONSIBLE OFFICER:	Keith Bannister, Head of Financial Services
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APPENDICES	Housing Benefit Overpayment Debt position as at 30 th September 2007

1. PURPOSE OF REPORT

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 30th September 2007, summary attached as an Appendix, together with details of performance against the targets.

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 2007, be noted.**

3. BACKGROUND

- 3.1 Housing Benefit overpayments arise as a result of information coming to light that claimants or landlords have received housing benefit paid by the Council to which claimants were not entitled for example as a result of a change in circumstance of starting work/ an increase in wages or for landlords for example as a result of a

change in tenant. This information can be from the claimants, landlords or arising from referrals to the Benefits Fraud team.

- 3.2 The identification of overpayments and from whom recovery may be sought is covered by legislation.
- 3.3 Reports are presented to members for information purposes in accordance with good practice as recommended by the Department of Work and Pensions.
- 3.4 A summary of the Housing Benefit Overpayment Debt Position as at 30th September 2007 is shown in Appendix 1, together with a breakdown of the recovery action and performance against targets.
- 3.5 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 on a day-to-day basis by the section. In addition a monthly review by senior officers is undertaken to ensure appropriate recovery action is being taken.
- 3.6 The Benefits section actively pursues all overpayments with any request for write-off being prepared 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.
- 3.7 The legislation governing the administration of benefits is prescriptive in the actions that the Council has to follow to recover monies together maximum levels that the Council may deduct from ongoing housing benefit payments for the recovery of an overpayment debt.
- 3.8 The Council receives from the Department of Work and Pensions 40% of Benefits Subsidy on those payments identified as housing benefit overpayments. However should the Council recover the full or any part of an overpayment then those recovered monies are retained by the Council.
- 3.9 The recovery action being taken includes:-
 - agreements to pay by the debtor. This category includes arrangements to make deductions from ongoing benefit entitlement;
 - debts with debt collection agency to pursue;
 - debts with the Council's legal services to action; and
 - debts with the Benefits overpayment recovery team for determination.
- 3.10 The recovery action taken is determined in accordance with the circumstances of each case.

4. COMPARISON WITH POSITION AT 31ST MARCH 2007

- 4.1 The total housing benefit overpayment debt position of £589,954 at 30th September 2007 has increased from £546,258 at 31st March 2007, an increase of £43,696 or 8%.
- 4.2 The increase in debt has to be considered with the following:
- The estimated total of housing benefit to be paid out in 2007/08 is £20.2 million. An increase of 8% over that paid out in 2006/07.
 - The total of housing benefit paid out in 2006/07 was £18.7 million, which is 10% higher than that paid in 2005/06 of £17 million; and
 - The housing benefits caseload is 5,936 which has increased from 5,820 at 31st March 2006 and rose to 5,947 at 31st March 2007.
- 4.3 The benefit overpayment position is continuously changing for example as claimant's circumstances change and should be considered alongside the total housing benefit estimated to be paid out in 2007/08 of £20.2 million (2006/07 - £18.7 million). The debt outstanding as at 30th September 2007 of £589,954 represents 2.9% of the amount of the benefit estimated to be paid in 2007/08 (2.9% of the amount of benefit paid in 2006/07).
- 4.4 The total debt position at 30th September 2007 is analysed between debt which is less than 3 months old of £123,868 being 21% of total debt and debt which is more than 3 months old of £465,586 being 79% of total debt. These figures are comparable with those as at 31st March 2007 which were £111,020 20.3% of total debt and £435,238 79.7% of total debt respectively.
- 4.5 The debts more than 3 months old at 30th September 2007 of £465,586 – 585 accounts (£435,238 – 594 accounts at 31st March 2007) are further analysed in the Appendix to indicate the recovery action that is being undertaken.
- 4.6 A target has been set to forward debts for legal action within 6 weeks of the debt being returned from the Debt Collection Agency. This target is currently being met. Performance against this target will continue to be monitored and the target reviewed.
- 4.7 The target for the level of debt to be with the Benefits section for action is 18% and as at the 30th September 2007 the level achieved was within the target at 14.3%.
- 4.8 In the current year the total of write-offs to date is £1,957 under delegated powers to the Head of Financial Services, given in Financial Regulation 9.7. In the year 2006/07 the total of write offs was £7,000 being 0.04% of Housing benefit paid in the financial year.

5. KEY ISSUES

- 5.1 Housing Benefit overpayments arise as a result of information coming to light that claimants or landlords have received housing benefit paid by the Council to which claimants were not entitled for example as a result of a change in circumstance of starting work/ an increase in wages or for landlords for example as a result of a

change in tenant. This information can be from the claimants, landlords 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. The recovery action taken is determined in accordance with the circumstances of each case.

5.3 Procedures are in place to closely monitor overpayments and write offs are only considered as a last resort.

5.4 The out-turn for 2006/7 shows that the amount of "surplus" arising from the recovery of Housing Benefit overpayments, arising as explained in paragraph 3.8 is £120,342. This surplus contributes to the cost of administering the Benefits service.

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 provided for within approved budgets.

6.3 The Council receives from the Department of Work and Pensions 40% of Benefits Subsidy on those payments which are identified as housing benefit overpayments. However should the Council recover the full or any part of an overpayment then those recovered monies can be retained by the Council.

6.4 The out-turn for 2006/7 shows that the amount of "surplus" arising from the recovery of Housing Benefit overpayments, arising as explained in paragraph 3.8 is £120,342. This surplus contributes to the cost of administering the Benefits service.

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 housing benefit overpayment debts 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 subject to detailed scrutiny and monitoring. Action is taken to recover monies as speedily and efficiently as possible.

10. CONSULTEES

10.1 None.

11. BACKGROUND PAPERS

- 11.1 Council – Housing Benefits Overpayments policy – 19th September 2007
Department of Work & Pensions – Performance Standards

Housing Benefit Overpayment Debt Position as at 30th September 2007

	£	% of Debts outstanding at 30 th September 2007	No. of Accounts
DEBT OUTSTANDING AT 30th September 2007 Analysed:			
• Being recovered by Debtor Account	399,249		
• Being recovered through on-going benefit	190,705		
TOTAL DEBT OUTSTANDING AT 30th September 2007	£589,954	100.0	1,136
Aged Analysis of debt outstanding at 30th September 2007			
Less than 3 months old i.e. Debts raised in period 1st July to 30 th September 2007 Analysed:			
• Being recovered by Debtor account	60,142		
• Being recovered through on-going Benefit	63,726		
TOTAL debts less than 3 months old	£123,868	21.0	551
More than 3 months old i.e. Debts raised before 1st July 2007 Analysed:			
• Being recovered by Debtor account	338,607		
• Being recovered through on-going benefit	126,978		
TOTAL debts more than 3 months old – see further analysis on next page of Appendix	£465,586	79.0	585

Housing Benefit Overpayment Debt Position as at 30th September 2007
Detailed breakdown of debts more than 3 months old showing recovery position

	£	No. of Accounts	% of Debts outstanding over 3 months old at 30.09.07	% of Debts outstanding over 3 months old at 31.03.07	% of Debts outstanding over 3 months old at 30.09.06	% of Debts outstanding over 3 months old at 31.03.06	TARGET FOR 2007/08 % of Debts outstanding over 3 months old
Analysis of Debt Outstanding at 30th September 2007 more than 3 months old							
Agreements to Pay (including £133,709 as deductions from ongoing benefit payments)	284,952	391	61.2	60.7	60.5	65.4	70.0
With Debt Collection Agency for Action	76,252	70	16.4	20.9	11.6	11.6	10.0
With Legal Services for Action	37,719	23	8.1	11.1	12.5	9.7	2.0
With Benefits Services for Action	66,662	101	14.3	7.3	15.4	13.3	18.0
TOTAL – debts more than three months old i.e. raised before 1st July 2007	£465,586	585	100.0	100.0	100.0	100.0	100.0