

WYRE FOREST DISTRICT COUNCIL

CABINET
26th JUNE 2008

HOUSING BENEFIT OVERPAYMENT
DEBT POSITION AS AT 31st MARCH 2008

| OPEN | |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| COMMUNITY STRATEGY THEME | Internal Organisational theme |
| CORPORATE PLAN THEME: | Improving Corporacy & Performance |
| KEY PRIORITY: | Financial and Asset Management |
| CABINET MEMBER: | Councillor John Campion |
| RESPONSIBLE OFFICER: | Head of Financial Services |
| CONTACT OFFICER: | Joan Hill, Financial Services Manager Extension No. 2102 Joan.hill@wyreforestdc.gov.uk |
| APPENDICES | Housing Benefit Overpayment Debt position as at 31 st March 2008 |

1. **PURPOSE OF REPORT**

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 31st March 2008, summary attached as an Appendix, together with details of performance against the targets.

2. **RECOMMENDATION**

The Cabinet is asked to DECIDE that:

- 2.1 **The Housing Benefit overpayment debt level, age of debt and performance against targets, as at the 31st March 2008, 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 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.
- 3.5 The Council receives from the Department of Work and Pensions Benefits Subsidy on those payments identified as housing benefit overpayments. The rate of subsidy varies dependent on the classification of the overpayment. In addition should the Council recover the full or any part of an overpayment then those recovered monies are retained by the Council.
- 3.6 The types of recovery action being taken on housing benefit overpayments 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.
- 3.7 The recovery action taken is determined in accordance with the circumstances of each case.
- 3.8 A summary of the Housing Benefit Overpayment Debt Position as at 31st March 2008 is shown in Appendix 1, together with a breakdown of the recovery action and performance against targets.
- 3.9 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.
- 3.10 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.

4. COMPARISON OF POSITION AT 31ST MARCH 2008 WITH THAT AT 31ST MARCH 2007

- 4.1 The total housing benefit overpayment debt position of £559,115 at 31st March 2008 has increased from £546,258 at 31st March 2007, an increase of £12,857 or 2%.
- 4.2 The increase in debt has to be considered alongside the following:
- The total housing benefit paid out in 2007/08 was £20.1 million. An increase of 7.5% 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 was 6,021 at 31st March 2008 which has increased from 5,947 at 31st March 2007, an increase of 1.2%. The caseload was 5,820 at 31st March 2006.
- 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 paid out in 2007/08 of £20.1 million (2006/07 - £18.7 million). The debt outstanding as at 31st March 2008 of £559,115 represents 2.7% of the amount of the benefit paid in 2007/08. The comparative balance at 31st March 2007 represented 2.9% of the amount of benefit paid in 2006/07.
- 4.4 The total debt position at 31st March 2008 is analysed between debt which is less than 3 months old of £80,721 being 14% of total debt and debt which is more than 3 months old of £478,394 being 86% of total debt. The figures as at 31st March 2007 showing a breakdown of total debt 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 31st March 2008 of £478,394 – 683 accounts (at 31st March 2007 £435,238 – 594 accounts) are further analysed in the Appendix to indicate the recovery action that is being undertaken. This is an increase of just under 10% in the total value of the debts more than 3 months and just under a 15% increase in the number of overpayment debts. These increases have to be considered alongside the factors included within paragraph 4.2. The average level of individual debts greater than 3 months old has decreased by 4.4%.
- 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 31st March 2008 the level achieved was within the target at 11.7%.
- 4.8 In the 2007/8 year the total of write-offs was £38,400. Of these £28,106 (5 debts) were written off with Cabinet approval and £10,294 (24 debts) were written off under delegated powers by the Head of Financial Services in accordance with Financial Regulation 9.7. Write-offs are only prepared 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.

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 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 2007/8 shows that the amount of “surplus” arising from the recovery of Housing Benefit overpayments, arising as explained in paragraph 3.8 is £128,550 (2006/7 - £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 benefits subsidy on those payments which are identified as housing benefit overpayments. The rate of subsidy varies dependent on the classification of the overpayment. 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 The out-turn for 2007/8 shows that the amount of “surplus” arising from the recovery of Housing Benefit overpayments, arising as explained in paragraph 3.8 is £128,550 (2006/7 -£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 31st March 2008

| | £ | % of Debts outstanding at 31 st March 2008 | No. of Accounts |
|-----------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------|-----------------|
| DEBT OUTSTANDING AT 31ST MARCH 2008 | | | |
| Analysed: | | | |
| • Being recovered by Debtor Account | 371,106 | | |
| • Being recovered through on-going benefit | 188,009 | | |
| TOTAL DEBT OUTSTANDING AT 31ST MARCH 2008 | £559,115 | 100.0 | 999 |
| | | | |
| Aged Analysis of debt outstanding at 31st March 2008 | | | |
| Less than 3 months old i.e. Debts raised in period 1st January to 31 st March 2008 | | | |
| Analysed: | | | |
| • Being recovered by Debtor account | 43,921 | | |
| • Being recovered through on-going Benefit | 36,800 | | |
| TOTAL debts less than 3 months old | £80,721 | 14.4 | 316 |
| More than 3 months old i.e. Debts raised before 1st January 2008 | | | |
| Analysed: | | | |
| • Being recovered by Debtor account | 327,185 | | |
| • Being recovered through on-going benefit | 151,209 | | |
| TOTAL debts more than 3 months old – see further analysis on next page of Appendix | £478,394 | 85.6 | 683 |

**Housing Benefit Overpayment Debt Position as at 31st March 2008
Detailed breakdown of debts more than 3 months old showing recovery position**

| | £ | No. of Accounts | % of Debts outstanding over 3 months old at 31.03.08 | % 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 31.03.06 | TARGET FOR 2008/09 % of Debts outstanding over 3 months old |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------|
| Analysis of Debt Outstanding at 31st March 2008 more than 3 months old | | | | | | | |
| Agreements to Pay (including £151,209 as deductions from ongoing benefit payments) | 297,862 | 462 | 62.3 | 61.2 | 60.7 | 65.4 | 70.0 |
| With Debt Collection Agency for Action | 67,823 | 104 | 14.2 | 16.4 | 20.9 | 11.6 | 10.0 |
| With Legal Services for Action | 56,354 | 32 | 11.8 | 8.1 | 11.1 | 9.7 | 2.0 |
| With Benefits Services for Action | 56,355 | 85 | 11.7 | 14.3 | 7.3 | 13.3 | 18.0 |
| TOTAL – debts more than three months old i.e. raised before 1st January 2008 | £478,394 | 683 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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