

WYRE FOREST DISTRICT COUNCIL**CABINET****23RD JUNE 2009****Housing Benefit Overpayment
Debt Position as At 31st March 2009**

OPEN	
COMMUNITY STRATEGY THEME	Internal Organisational theme
CORPORATE PLAN THEME:	
KEY PRIORITY:	Financial and Asset Management
CABINET MEMBER:	Councillor John-Paul Champion
RESPONSIBLE OFFICER:	Director of Resources
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APPENDICES	Housing Benefit Overpayment Debt position as at 31 st March 2009

1. PURPOSE OF REPORT

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 31st March 2009, 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 2009, 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.

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- 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 31st March 2009 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 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.
- 3.9 The types of recovery action being taken on housing benefit overpayments include:-
 - 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.

COMPARISON OF POSITION AT 31ST MARCH 2008

- 4.1 The total housing benefit overpayment debt position of £691.005 at 31st March 2009 has increased from £559,115 at 31st March 2008, an increase of £131,890 or 23.59%.
- 4.2 The increase in debt has to be considered alongside the following:
- The total estimated housing benefit expenditure for 2008/09 is £21.9 million. An increase of 8.96% over that paid in 2007/08.
 - 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 6505 as at 31st March 2009 which has increased from 6,021 at 31st March 2008, an increase of 8.04% in comparison to 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 estimated to be paid out in 2008/09 of £21.9 million (2007/08 of £20.1 million; 2006/07 - £18.7 million). The debt outstanding as at 31st March 2008 of £559,115 represents 2.8% 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 2009 is analysed between debt which is less than 3 months old of £147,628 being 21.36% of total debt and debt which is more than 3 months old of £543,377 being 78.64% of total debt. The equivalent figures as at 31st March 2008 showing a breakdown of total debt were £80,721 14% of total debt and £478,394 86% of total debt respectively.
- 4.5 The debts more than 3 months old at 31st March 2009 of £543,377 – 805 accounts (at 31st March 2008 £478,394 – 683 accounts) are further analysed in the Appendix to indicate the recovery action that is being undertaken. This is an increase of approx 13.58% in the total value of the debts more than 3 months and a 17.86% increase in the number of overpayment debts. These increases have to be considered alongside the factors included within paragraph 4.2.
- 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 20% and as at the 31st March 2009 the level achieved was greater than the target at 31.98%.

- 4.8 In the 2008/09 year the total of write-offs as at 31st March 2009 was £17,617.53 all of the 52 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 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 2008/09 to show that the amount of “surplus” arising from the recovery of Housing Benefit overpayments, arising as explained in paragraph 3.8 is currently being calculated and not available at present. (2007/08 the surplus was £128,550.) 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 2008/09 to show that the amount of “surplus” arising from the recovery of Housing Benefit overpayments, arising as explained in paragraph 3.8 is currently being calculated and not available at present. (2007/08 surplus was £125,550) 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 2009

	£	% of Debts outstanding at 31 st March 2009	No. of Accounts
DEBT OUTSTANDING AT 31st March 2009 Analysed:			
• Being recovered by Debtor Account	449,675		
• Being recovered through on-going benefit	241,330		
TOTAL DEBT OUTSTANDING AT 31ST MARCH 2009	£691,005	100.0	1209
Aged Analysis of debt outstanding at 31st March 2009			
Less than 3 months old i.e. Debts raised in period 1st January to 31 st March 2009 Analysed:			
• Being recovered by Debtor account	71,131		
• Being recovered through on-going Benefit	76,497		
TOTAL debts less than 3 months old	£147,628	21.36	404
More than 3 months old i.e. Debts raised before 1st January 2009 Analysed:			
• Being recovered by Debtor account	378,544		
• Being recovered through on-going benefit	164,832		
TOTAL debts more than 3 months old – see further analysis on next page of Appendix	£543,376	78.64	805

Housing Benefit Overpayment Debt Position as at 31st March 2009
Detailed breakdown of debts more than 3 months old showing recovery position

	£	No. of Accounts	% of Debts outstanding over 3 months old at 31.03.09	% of Debts outstanding over 3 months old at 31.03.08	% 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 2009 more than 3 months old							
Agreements to Pay (including £164,832 as deductions from ongoing benefit payments)	333,227	548	61.33	62.26	60.7	65.4	70.0
With Debt Collection Agency for Action	72,213	65	13.29	14.18	20.9	11.6	10.0
With Legal Services for Action	57,526	322	10.59	11.78	11.1	9.7	2.0
With Benefits Services for Action	80,411	160	14.79	11.78	7.3	13.3	18.0
TOTAL – debts more than three months old i.e. raised before 1st January 2009	£543,377	805	100.0	100.0	100.0	100.0	100.0