

WYRE FOREST DISTRICT COUNCIL**CABINET**
15th JUNE 2010**Housing Benefit Overpayment
Debt Position as at 31st March 2010**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN AIM:	A Well-Run and Responsive Council
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	Director of Resources
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APPENDICES:	Appendix 1 - Housing Benefit Overpayment Debt Position as at 31 st March 2010

1. PURPOSE OF REPORT

- 1.1 To inform members of the Housing Benefit Overpayment debt position as at 31st March 2010, 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 2010 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.

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- 3.4 A summary of the Housing Benefit Overpayment Debt Position as at 31st March 2010 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.

4. COMPARISON OF POSITION AT 31ST MARCH 2009

- 4.1 The total housing benefit overpayment debt position of £759,585 at 31st March 2010 has increased from £691,005 at 31st March 2009, an increase of £68,580 or 9.925%.
- 4.2 The increase in debt has to be considered alongside the following:
- The total housing benefit expenditure for 2009/10 is £27.4 million. An increase of 25.4% over that paid in 2008/09.
 - The total housing benefit expenditure for 2008/09 is £21.9 million. An increase of 8.96% over that paid in 2007/08.

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- 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 7191 as at 31st March 2010 which has increased from 6,505 at 31st March 2009, an increase of 10.55% in comparison to 6021 at 31st March 2008, an increase of 8.05%. The caseload was 5947 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 2009/10 of £27.4 million (2008/09 of £21.9 million; 2007/08 of £20.1 million; 2006/07 - £18.7 million). The debt outstanding as at 31st March 2010 of £759,585 represents 2.772% of the amount of the benefit paid in 2009/10. The comparative balance at 31st March 2009 represented 3.16% of the amount of benefit paid in 2008/09.
- 4.4 The total debt position at 31st March 2010 is analysed between debt which is less than 3 months old of £154,196 being 20.30% of total debt and debt which is more than 3 months old of £605,389 being 79.70% of total debt. The equivalent figures as at 31st March 2009 showing a breakdown of total debt were £147,628,721 21.36% of total debt and £543,376 being 78.64% of total debt respectively.
- 4.5 The debts more than 3 months old at 31st March of £605,389 – 947 accounts (at 31st March 2009 £543,337 – 805 accounts) are further analysed in the Appendix to indicate the recovery action that is being undertaken. This is an increase of approx 11.42% in the total value of the debts more than 3 months and a 17.65% 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 was 32% for 2009/10 and as at the 31st March 2010 the level achieved is 58.56% (target for 2008/09 was 20% and 31.98% was achieved). The Benefits Section has therefore achieved 83% above the target for 2009/10.
- 4.8 In the 2009/10 year the total of write-offs as at 31st March 2010 was £ 54,431.20 (93 debts) £21,354.46 (83 debts) were written off under delegated powers by the Directorate of Resources in accordance with Financial Regulation 9.7, the remaining £33,076.74 (10 debts) were written off by Cabinet. 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 2009/10 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. (2008/09 the surplus was £140,930.) 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 2009/10 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 is unavailable at present, (2008/09 surplus was £140,930) 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. EQUALITY IMPACT ASSESSMENT

- 9.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

10. CONCLUSION

- 10.1 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.

11. CONSULTEES

- 11.1 None.

12. BACKGROUND PAPERS

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

Housing Benefit Overpayment Debt Position as at 31st March 2010

	£	% of Debts outstanding at 31 st March 2009	No. of Accounts
DEBT OUTSTANDING AT 31st March 2010 Analysed:			
• Being recovered by Debtor Account	422,706		
• Being recovered through on-going benefit	336,880		
TOTAL DEBT OUTSTANDING AT 31ST MARCH 2010	£759,585	100.0	1486
Aged Analysis of debt outstanding at 31st March 2010			
Less than 3 months old i.e. Debts raised in period 1st January to 31 st March 2010 Analysed:			
• Being recovered by Debtor account	63,177		
• Being recovered through on-going Benefit	91,019		
TOTAL debts less than 3 months old	£154,196	20.30	539
More than 3 months old i.e. Debts raised before 1st January 2010 Analysed:			
• Being recovered by Debtor account	359,529		
• Being recovered through on-going benefit	245,861		
TOTAL debts more than 3 months old – see further analysis on next page of Appendix	£605,389	79.70	947

Housing Benefit Overpayment Debt Position as at 31st March 2010
Detailed breakdown of debts more than 3 months old showing recovery position

	£	No. of Accounts	% of Debts outstanding over 3 months old at 31.03.10	% 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	TARGET FOR 2009/10 % of Debts outstanding over 3 months old
Analysis of Debt Outstanding at 31st March 2010 more than 3 months old							
Agreements to Pay (including £245,860.58 as deductions from ongoing benefit payments)	452,694	745	74.77	61.33	62.26	60.7	70.0
With Debt Collection Agency for Action	23,823	41	3.94	13.29	14.18	20.9	10.0
With Legal Services for Action	52,068	14	8.60	10.59	11.78	11.1	2.0
With Benefits Services for Action	76,804	147	12.69	14.79	11.78	7.3	18.0
TOTAL – debts more than three months old i.e. raised before 1st January 2010	£605,389	947	100.0	100.0	100.0	100.0	100.0