

REVENUE AND BENEFITS – HOUSING BENEFIT OVERPAYMENT RECOVERY REVIEW

1 SUMMARY

- 1.1 Members to consider officers findings, analysis and recommendations following the external consultant's recommendations endorsed by Members at a meeting of the former Policy & Finance Committee in November 2005.

2 INTRODUCTION

- 2.1 As part of a complete Enforcement Services review carried out in October 2005 by an independent external consultant 2 of the 11 recommendations were specific to the recovery of housing benefit (HB) overpayments. These were:-
- Collection of Housing Benefit Overpayments to be monitored for future review;
 - Recruitment of an additional member of staff on HB overpayments and other income to be considered, or inclusion in external bailiff services specification.
- 2.2 Members should be aware that part of our poor overpayment collection rate is due to our success in finding fraud. Over 57 fraud sanctions were raised last year causing £86,000 in HB overpayments. The fraudulent overpayments are normally high in value but the fraudsters who have to pay this back are normally on low income or go back onto benefit meaning there is a maximum collection rate of £11.60 allowed per week from their ongoing benefit entitlement. This in turn means that it may take several years to collect this type of overpayment back.

3 FINDINGS

- 3.1 Officers have now carried out an extensive analysis of Rochford's outstanding debt over the last five months to identify areas that maybe improved by changing working patterns or applying additional resource to improve our overall collection rate.
- 3.2 As at the start of the new financial year there were 327 outstanding debts totalling £259,333. Of these, 129 cases are still in receipt of benefit and are therefore being collected through ongoing benefit deductions.
- 3.3 Of the remaining 198 cases, 69 have payment arrangements, 5 are due to be written off and 30 are without recovery action as they are less than one month old. Regulations require us to give one month for an appeal before we can attempt to recover HB overpayments.

- 3.4 This means that 94 cases do not have an arrangement, which equates to £62,764. This amount as a percentage figure is approximately 24% of our overall outstanding debt.
- 3.5 To summarise these figures into collection rate terms, we collected 32% of the overall debt last year, 40% is being collected through some method of payment arrangement, with the remaining amount that we are still seeking to trace.

4 PERFORMANCE IMPROVEMENTS

- 4.1 Two potential ways of improving performance have been identified. Firstly, Rochford's current write off policy states that all cases should be recovered unless all methods of recovery have been exhausted or unless a debt is more than 6 years old and no recovery arrangement is in place. The 6 year limit is a statutory one.
- 4.2 Although officers endorse this policy and chase all debts with all the recovery tools available, some debtors go to ground and we cannot trace them but we do not write those debts off for 6 years. To improve our collection rate it is proposed that, if a debtor cannot be traced for 2 years after the debt has been raised, then that debt be written off. However, if that debtor's address does become available before the 6 year cut off date then that debt can be re-issued to them. The Revenues & Benefits Manager has contacted all neighbouring Essex districts and a majority of these councils write off this type of outstanding debt after one year giving them a distinct advantage on their collection rate. Currently 9 cases would be written off with a value of £3,787.56, if a two year write off was agreed.
- 4.3 Secondly, it is proposed that the new contractor that is currently being appointed to provide bailiff services take on all cases after all attempts to collect the debt have been exhausted. The three bailiffs we are currently interviewing have all carried out debt recovery work on behalf of other Councils with some success. Standard practice for this work is to charge on a commission only basis as a percentage of the debt, so no revenue budget is required.

5 RECOMMENDATION

- 5.1 It is proposed that the committee **RESOLVES**
- (1) That debts that are more than two years old that cannot be traced be written off, provided that, if the debtor's address becomes available with the 6 year statutory limit, the debt will be raised again.
 - (2) That the appointed bailiff be authorised to seek recovery of debts where the Council has exhausted other methods, such work to be on a commission only basis.

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Background Papers:-

None

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