

REPORT TO: FINANCE COMMITTEE – 8 MARCH 2004
REPORT ON: RECOVERY OF HOUSING BENEFIT OVERPAYMENTS
REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)
REPORT NO 244-2004

1 PURPOSE OF REPORT

The purpose of this report is to consider the Council's policy in respect of the recovery of Housing Benefit Overpayments.

2 RECOMMENDATIONS

The Committee are asked to approve the proposals set out in Paragraphs 6.6 and 6.7 of this report.

3 FINANCIAL IMPLICATIONS

The financial implications of amending the level of deductions for Housing Benefit overpayments are that the amount owed in Housing Benefit overpayments by individuals will be repaid in a shorter period of time than currently.

4 LOCAL AGENDA IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

6.1 The payment of Housing Benefit can be made to clients, based on erroneous information, and when the error is discovered, then the Revenues Division will calculate the level of Housing Benefit overpayment.

6.2 The Revenues Division has a responsibility to recover any Housing Benefit that has been overpaid to individuals and landlords.

6.3 It is possible to recover Housing Benefit overpayments by making deductions from Housing Benefit or certain state benefits such as Income Support. At present this method of recovery is being used by the Council's Revenue Division using the present levels of deduction:-

- Income Support (IS) or Job Seekers Allowance (JSA) - £ 2.70 per week
- Non IS or JSA - £ 5.00 per week
- Fraud Cases - £10.80 per week

It is estimated that approximately 33% of Housing Benefits overpayment debts are being collected by deduction from benefit.

6.4 Members will recall that in the Benefit Fraud Inspectorate (BFI) report that was issued on 6 February 2004, the City Council were criticised for not applying the maximum levels of deductions for the recovery of Housing Benefit overpayments. The maximum levels of deduction recommended by the BFI are as follows:-

- IS or JSA - £ 8.10 per week
- Non IS or JSA - £ 8.10 per week
- Fraud Case - £10.80 per week

6.5 The BFI report also commented that there was not a consistent application of the deduction levels being used by the Revenues Division staff, and this was causing inefficiencies to be introduced into the benefit system.

6.6 The Revenues Division staff have reviewed the present level of deductions and are of the opinion that the following changes should be implemented from 1 April 2004.

- (a) IS or JSA Increase from £2.70 to £2.75 per week and increase by 5p from 1 April each year.
- (b) Non IS or JSA Increase from £5.00 to £7.10 per week from 1 April 2004.
- (c) Fraud Cases Continue at £10.80 per week.

If the above changes are approved by the Committee, then the Revenues Division will issue letters to all clients affected, advising them of the change and offering assistance through Welfare Rights.

It should be noted that for Non IS or JSA cases, the officers are proposing a slightly lower level of deduction at £7.10, than the maximum of £8.10, and this is due to the higher level of deprivation existing in Dundee.

6.7 The Housing Benefit regulations allow that if a Debtor moves outwith the Council area where they have incurred the Housing Benefit overpayment, then that Council may ask the relevant local authority to recover the Housing Benefit overpayment via deductions from the ongoing benefit. The officers are proposing that the City Council implement this policy and therefore recover Housing Benefits overpayments from people who are still on benefit but have moved outwith Dundee. Further a reciprocal arrangement would operate within Housing Benefits overpayers who have moved into Dundee.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE) 01 MARCH 2004