
**HOUSING BENEFIT OVERPAYMENTS STRATEGY AND POLICY
AND PROPOSED WRITE-OFF OF IRRECOVERABLE OVERPAYMENTS**

**Responsible Cabinet Member(s) - Councillor Bill Dixon,
Community and Public Protection Portfolio**

Responsible Director(s) - Cliff Brown, Director of Community Services

Purpose of Report

1. To seek approval from Cabinet for the Housing Benefit Overpayment Strategy and Policy and for the write off of Housing Benefit overpayments in respect of individual cases greater than £500 that are considered to be irrecoverable.

Summary

2. Approval is being sought to write off a total of £123,033 of Housing Benefits overpayments in respect of individual cases exceeding £500 for 3 financial years as follows:-
 - (a) £26,418 for 2002/03
 - (b) £45,353 for 2003/04
 - (c) £51,262 for 2004/05
3. As a result of recovery work to date, it has become apparent that no further steps can be taken to recover the sums due. A full schedule of the sums involved is shown later in this report.

Information and Analysis

Background

4. Housing and Council Tax Benefit is paid to many thousands of claimants and landlords each year through the Housing and Council Tax Benefit Schemes. Overpayments arise for a number of reasons:-
 - (a) failure of either the claimant or landlord to report a change of circumstance which may affect the level of entitlement to benefit;
 - (b) incorrect information being supplied;
 - (c) errors by the Council or Department for Works and Pensions and the Inland Revenue.
5. The nature of the overpayment will determine whether or not it can be recovered or must be written off as irrecoverable.

6. Recoverable overpayments, may be recovered by raising an invoice, deduction from ongoing benefit entitlement, recovery from the landlord's scheduled payment or by deduction from certain social security benefits payable to the claimant in certain circumstances. For invoiced debts, during the course of recovery procedures, it may be found that an individual cannot be located, has been made bankrupt, or an appeal has been successful. Where appropriate, the Benefits Section will make every attempt to trace individuals by enquires through other departments of the Council and if necessary via a tracing agency and the Council's bailiffs. Only when all avenues of recovery have been exhausted, will the overpayment be considered for write off.
7. Table 1 provides details of the debts recommended for write off:

Table 1: Debts Recommended for Write Off

2002/2003		
Category	No	Value
Appeal ⁽¹⁾	3	3,038.04
Official Error	21	22,149.72
Unable to Locate	1	1,230
2003/2004		
Category	No	Value
Appeal	2	1,454.38
Official Error	29	31,374.46
Unable to Locate	10	12,524.83
2004/2005		
Category	No	Value
Appeal	5	6,043.91
Official Error	25	24,815.62
Unable to Locate	19	20,402.84

- ⁽¹⁾ Appeal against decision to recover the overpayment, for example on grounds of financial hardship.

8. In addition to the proposals in table 1, Cabinet should also be aware that in accordance with financial procedural rule 9(f), the amounts of £18,676.30 for 2002/2003, £30,235.04 for 2003/04 and £36,919.90 for 2004/05 in respect of individual sums under £500 have also been authorised for write off under delegated powers, following all practical recovery steps being taken.

9. For comparative purposes, Table 2 shows the total amounts written off, compared to the total of benefits paid and overpayments generated, for each of the three years.

Table 2: 2002/03 to 2004/05 – Write Offs as % of Total Benefits and Overpayments

	Total Benefit Paid	Total Overpayments created	Total overpayments written off	Write offs as a % of total benefits paid	Write offs as a % of overpayments created
	£	£	£		
2002/2003	26,916,810	1,355,348	45,094	0.17%	3.33%
2003/2004	26,413,617	1,675,978	75,589	0.29%	4.51%
2004/2005	27,799,666	1,572,142	88,182	0.32%	5.61%

Policy and Strategy

10. In order to ensure a consistent and transparent approach is taken when dealing with benefit overpayments, the Benefits Section has produced an Overpayments Strategy and Policy (**Appendices 1 and 2**). These documents have been produced in line with national best practice and the requirements of the Department for Works and Pensions (DWP) and the Benefit Fraud Inspectorates Performance Standards which form part of the Comprehensive Performance Assessment (CPA). They detail the Council's commitment to provide an efficient and effective Benefits Service and detail the methodology adopted by the Council in administering the recovery of overpayments. They are designed to be made widely available to both staff and clients.

Financial Implications

11. The DWP have recognised that in a system as complex as the Housing Benefit/Council Tax Benefit schemes, errors will occur. From 2004/05 the DWP introduced incentives for local authorities to minimise the number of these errors. As a result therefore, local authorities receive subsidy for improving the performance in reducing the number and amount of official errors. There are various thresholds that determine the level of subsidy local authorities receive. For 2004/05, the write-off equates to 0.32% which is below the lower threshold of 0.48%. The Council will therefore receive 100% subsidy on the debts written off. The write offs for the previous two years are 0.27% for 2003/04 and 0.17% for 2002/03. There will be no financial impact on the current revenue budget as financial provisions have already been made in previous years.

Outcome of Consultation

12. No consultation has taken place on these items as a decision is made by Members.

Legal Implications

13. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

14. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

15. The issues contained in this report are required to be considered by Council.

Decision Deadline

16. For the purpose of the 'call in' procedure this does not represent an urgent matter.

Recommendations

17. It is recommended that:
- (a) invoices over £500 in value, in the sum of £123,033 be written off, subject to further action if and when further contacts are made;
 - (b) it be recommended to Council that the Housing Benefit Overpayment Policy and Strategy be approved.

Reasons

18. The recommendations are supported by the following reasons:-
- (a) to enable the Council's accounts to be maintained in accordance with financial procedural rules;
 - (b) to enhance the Council's overpayment process.

**Cliff Brown,
Director of Community Services**

Background Papers

- (i) National Best Practice and Requirements of the DWP and the Benefit Fraud Inspectorates Performance Standards which form part of the Comprehensive Performance Assessment (CPA).
- (ii) DWP HB/CTB Performance Standards 2005/06
- (iii) Benefit Fraud Inspectorate CPA reports 2005
- (iv) DWP HB/CTB Overpayments Guide
- (v) DWP Corporate Debt Standards

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