
**WRITE OFF OF FORMER TENANT ARREARS AND HOUSING BENEFIT
OVERPAYMENTS**

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

Responsible Director - Cliff Brown, Director of Community Services

Purpose of Report

1. This report gives an update on the current position on former tenant arrears and Housing Benefit Overpayments and seeks approval to write off debts of £69,395 and £82,087 respectively.

Summary

2. Approval is being sought to write off £69,395 of rent arrears from the housing debit including 62 cases of former tenant arrears where arrears exceed £500. As at 26 January, 2007, a total of £70,217 has been received in income from former tenants towards arrears since 1 April 2006. This is from a total of former tenant arrears at 31 March 2006 of £357,029.
3. Approval is also being sought to write off £82,087 of Housing Benefits overpayments in respect of individual cases exceeding £500 in respect of the financial year 2005-06, where it has become apparent that no further steps can be taken to recover the sums due.

Information and Analysis

Proposed Write Offs

4. A summary of former tenant arrears recommended for write off is given in Table 1:-

Table 1: Proposed Arrears to be Written Off

Category	Number of Cases	Amount £
Death	5	4,364
No forwarding Address	40	47,896
Statute Barred ⁽¹⁾	1	831
Miscellaneous	-	-
Cases referred for Debt Recovery action and/or legal action but not financially viable to proceed	16	16,304
Total	62	69,395

⁽¹⁾ Statute barred – Debts outstanding over six years, where it is had not been possible to obtain an acknowledgement to the debt, are statute barred from recovery by sections 5 or 24(1) Limitation Act 1980.

5. Housing and Council Tax benefit is paid to many thousands of claimants and landlords each year through the Housing and Council Tax Benefit Schemes. Whilst every effort is made to minimise overpayments, due to the very nature of the scheme it is accepted that overpayments will occur.
6. Overpayments can be caused by a failure of the claimant or landlord to report a change of circumstance which may affect the level of entitlement to benefit, incorrect information being supplied, errors being made by the local authority or errors made by the Department for Works and Pensions (DWP) and the Inland Revenue. Depending upon how the overpayment occurs will determine whether or not it can be recovered or must be written off as irrecoverable. In respect of recoverable overpayments, these 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. In respect of 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 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 2 below is a schedule of debts recommended for write off:

Table 2 : Proposed Housing Benefit Overpayments to be written off

2005/06		
Category	No	Value £
Appeal	1	1,147
Official Error	33	24,904
Invoice	43	56,036
Total	77	82,087

8. Table 3 provides details of the total amounts written off when compared to the total of benefits paid and overpayments generated.

Table 3: Housing Benefits Paid Compared to 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
28,556,921	1,656,035	133,257	0.47%	8.05%

9. It is Council policy not to re-house any applicant until former tenant arrears or other outstanding debts such as rechargeable repairs have been cleared, unless there are exceptional circumstances. This also applies to Housing Benefit overpayment unless a running recharge is operating successfully.

Financial Implications

10. Financial regulations require authorities to make an annual assessment of the extent to which any money owed to the Council is likely to prove irrecoverable and to make adequate provision in their accounts. The financial implications of writing off the proposed former tenants arrears debt of £69,395 has therefore, already been taken into account in the Housing Revenue Account.
11. In respect of Housing Benefit overpayments, the DWP have recognised that in a system as complex as the Housing Benefits/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, local authorities receive subsidy depending on the type of overpayment. Local authority error overpayments are funded at 100% subsidy providing we remain below the error threshold of 0.48%. For 2005/06 Darlington Borough Council had an error level of 0.30%. All other eligible overpayments due to tenant or landlord error are funded at 40% subsidy most of which are successfully recovered. For 2005/06, 89% of overpayments were classed as other, with only 11% being local authority error. There will be no financial impact on the Council's current revenue budget as provisions have been made in the previous year.

Outcome of Consultation

12. No consultation has taken place.

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 within this report do not represent change to Council policy or the Council's policy framework.

Decision Deadline

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

Recommendation

17. It is recommended that a total amount of £69,395 for former tenant arrears and £82,087 for Housing Benefits overpayments be written off subject to steps for recovery being taken, wherever possible, if and when contact is made.

Reason

18. The reason for the recommendation is that regular arrangements for writing off debts are in accordance with Audit Commission best practice for good financial management.

Cliff Brown
Director of Community Services

Background Papers

No Background papers were used in the preparation of this report.

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