
**WRITE OFF OF
HOUSING BENEFIT OVERPAYMENTS**

**Responsible Cabinet Member – Councillor Bill Dixon
Neighbourhood Services and Community Protection Portfolio**

Responsible Director – Cliff Brown, Director of Community Services

SUMMARY REPORT

Purpose of the Report

1. This report gives an update on the current position on Housing and Council Tax Benefit overpayments and seeks approval to write off debts of £66,768.

Summary

2. Approval is being sought to write off £66,768 of Housing and Council Tax Benefits overpayments in respect of individual cases exceeding £500, where it has become apparent that no further steps can be taken to recover the sums due.

Recommendation

3. It is recommended that a total amount of £66,768 for Housing and Council Tax Benefit overpayments be written off subject to steps for recovery being taken, wherever possible, if and when contact is made.

Reasons

4. The recommendation is supported as 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.

Val Raper - Extension 2621

S17 Crime and Disorder	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.
Health and Well Being	There are no issues relating to health and well-being which this report needs to address
Sustainability	There are no sustainability issues
Diversity	There are no diversity issues
Wards Affected	Not applicable
Groups Affected	Not applicable
Budget and Policy Framework	The issues contained within this report do not represent change to Council policy or the Council's policy framework.
Key Decision	This is not a key decision
Urgent Decision	For the purpose of the 'Call-in' procedure this does not represent an urgent decision.
One Darlington: Perfectly Placed	The report has no particular implications for the Sustainable Community Strategy.
Efficiency	This is a saving of the officer's time and workload as writing off debts will allow the officer more time to pursue recent (and potentially more recoverable) debts, and is recommended by the DWP good practice guide and external audit. In accordance with DWP guidance effective write off mechanisms also ensure streamlining of processes in terms of financial management and good housekeeping. Sending debts to recovery agents can be costly, therefore the efficient management of debts will ensure that only those with the likelihood of recovery be referred to external agencies.

MAIN REPORT

Information and Analysis

Proposed Write-Offs

5. Table 1 below is a schedule of Housing and Council Tax Benefit recommended for write-off:

Table 1 – Proposed Housing Benefit Overpayments to be written off (individual cases exceeding £500).

2008/09		
Category	No	Value £
Hardship	3	1,822
Official Error	28	37,677
Death	4	6,185
No Forwarding Address	13	11,702
Cases referred for debt recovery action and/or legal action but not financially viable to proceed	10	9,382
Total	58	66,768

6. For information, the debts written-off that were under £500 are as follows; Housing Benefit - 428 debts totalling £42,428; Council Tax Benefit - 116 debts totalling £5,998.
7. Housing and Council Tax benefit is paid to many thousands of claimants and landlords each year through the Housing and Council Tax Benefit Schemes. While every effort is made to minimise overpayments, due to the very nature of the scheme some overpayments will occur.
8. 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 agencies and the Council's bailiffs. Only when all avenues of recovery have been exhausted, will the overpayment be considered for write off.
9. Table 4 provides details of the total amounts of housing benefit written off over £500 when compared to the total of housing benefit paid and overpayments generated, and table 5 shows details of Council Tax benefit written off over £500 when compared to the total of council tax benefit paid and overpayments generated.

Table 4: Housing Benefits Paid Compared to Overpayments

Total Housing Benefit Paid	Total Overpayments created	Total overpayments written off	Write offs as a % of total benefits paid	Write offs as a % of overpayments created
£27,084,941	£774,722	£61,022	0.23%	7.88%

Table 5: Council Tax Benefits Paid compared to Council Tax Benefit Overpaid

Total Council Tax Benefit Paid	Total Overpayments created	Total overpayments written off	Write offs as a % of total benefits paid	Write offs as a % of overpayments created
£7,345,331	£208,395	£5,746	0.08%	2.8%

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. 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% of total expenditure. For 2008/09 Darlington Borough Council had an error level of 0.25%. All other eligible overpayments due to tenant or landlord error are funded at 40% subsidy most of which are successfully recovered. For 2008/09, 91% of overpayments were classed as claimant or landlord error, with only 9% 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

11. No consultation has taken place.