

**AGENDA ITEM: 5**

Page nos. 6 - 9

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<b>Meeting</b>	<b>Cabinet Resources</b>
<b>Date</b>	21 July 2005
<b>Subject</b>	Write-offs of Housing Benefit and Council Tax Benefit Overpayments
<b>Report of Summary</b>	<b>Cabinet Member for Resources</b> The report proposes to write-off amounts of housing and council tax benefit overpayments totalling £148,304.04.

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Officer Contributors	Nigel Hamilton (Head of Housing) Lyn Sutherland (Benefits Manager)
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Lyn Sutherland on 0208359 2318

## 1. RECOMMENDATIONS

1.1 That the amount of £148,304.04 as detailed below be written off.

## 2. RELEVANT PREVIOUS DECISIONS

2.1 It is good accounting practice to write off old or otherwise unrecoverable debts; these are usually reported to Cabinet Resources annually, the last time on 22.4.04.

## 3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The write off of these overpayments is in line with good accounting practice, which requires that debit balances accurately reflect realisable income and that recovery proceedings need to be taken against unaffected debt.

## 4. RISK MANAGEMENT ISSUES

4.1 The recommendation to write off these debts will not have any effect on the subsidy paid or payable and recognises that there is no longer a realistic possibility of their economic recovery. All appropriate avenues have been exhausted in trying to recover these sums.

## 5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 Budgetary provision has been made for non-collection of these debts.

5.2 The breakdown of the debts is as follows:

<u>AMOUNT</u>	<u>NUMBER</u>	<u>VALUE</u>
£0.00 TO £100.00	107	4321.10
£100.01 TO £250.00	58	9645.84
£250.01 TO £500.00	53	19151.19
£501.00 TO £1000.00	40	28342.30
£1001.00 TO £4999.99	44	86843.61
<b>Total</b>	<b>302</b>	<b>£148,304.04</b>

### YEAR

Year debt raised      Number of cases

2004 -2005	25
2003/2004	50
2002-2003	53
2001-2002	36
2000-2001	103
1999-2000	13
1998-1999	7
1997-1998	5
1996-1997	2
1995-1996	0

<b>1994-1995</b>	1
<b>1993-1994</b>	2
<b>1992-1993</b>	2
<b>1991-1992</b>	2
<b>1990-1991</b>	0
<b>1989-1990</b>	1
	302

## **6. LEGAL ISSUES**

6.1 None.

## **7. CONSTITUTIONAL POWERS**

7.1 Constitution, Part 3 - Responsibility for Functions, Section 3 - Powers of the Executive, paragraph 3.6 - terms of reference of the Cabinet Resources Committee.

## **8. BACKGROUND INFORMATION**

8.1 London Borough of Barnet is responsible for the administration of Housing and Council Tax Benefits and last year paid in excess of £142m in benefits.

8.2 Overpaid benefit occurs either as a consequence of official error by the Benefits Agency /Local Authority or by claimant error. Almost all overpayments occur because of claimant error, either because the claimant failed to notify a change in circumstances that affects the amount of entitlement or because there is a fraud. In 2004/05 overpayments totalled just 2.1% of expenditure, with Barnet official errors being just 0.2%.

8.3 The appropriate rate of subsidy has been claimed from Central Government in each of the years in which the overpayments were raised. Overpayments that arose from claimant error attracted a subsidy rate of 25% or 40% and those arising from fraud 95%, 80% or 40% depending on the year that the fraud was identified. In each case the subsidy is payable whether or not the overpayment is actually recovered. The Authority is entitled to retain all recovered overpayments without having to net off any subsidy paid. The subsidy rates are therefore seen by Central Government as an incentive for Local Authorities to pursue the recovery of overpaid benefit.

8.4 Overpayments of benefit are recoverable accordance with Regulation 99 of the Housing Benefit (General) Regulations 1987, except where there is official error and the claimant could not reasonably be expected to know they were being overpaid.

8.5 Housing Benefit overpayments are normally recovered from ongoing entitlement to benefit by small weekly instalments. Where there is no ongoing entitlement a bill will be issued. If it is paid to directly landlord he or she may be billed. Following the bill a reminder will be sent. If there is not response to the reminder the next step can be a Notice Before Proceedings, an application to the DWP for attachment of any state benefits or the debt will be

registered at court. Further action will be taken depending on the circumstances.

- 8.6 Claimants can appeal against decisions on overpaid Housing and Council Tax Benefit and if requested, an independent tribunal may consider the case.
- 8.7 The write off of unrecoverable benefit overpayments was a matter examined by the BFI during their inspection. The BFI recommended that the process of dealing with all old unrecoverable debt and writing it off where appropriate should continue.

## **9 LIST OF BACKGROUND PAPERS**

- 9.1 Housing Benefit (General) Regulations 1987.
- 9.2 Any person wishing to inspect the background papers listed above should telephone Lyn Sutherland on 0208359 2318.

BS:  
BT: