

A review of Housing Benefit overpayments 2018/19 to 2021/22

A thematic study – Technical Supplement



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
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About this report

1. This technical supplement has been developed to complement Audit Scotland's main thematic study report, [A review of Housing Benefit overpayments 2018/19 to 2021/22](#). It provides additional detailed operational information and expands on some of the analyses presented in the main report.
2. The purpose of the supplement is to offer a more comprehensive understanding of Housing Benefit operational aspects, thereby supporting the conclusions and recommendations of the main report.
3. This document includes further data, a case study, and in-depth analysis that were beyond the scope of the initial report, ensuring a more robust foundation for decision-making and strategic planning.

Background

Introduction

- 4.** The Housing Benefit (HB) scheme assists individuals in private and council housing with rent payments if they are unemployed, on a low income, or claiming benefits. Administered by local councils on behalf of the Department for Work and Pensions (DWP), the scheme supported over 260,000 households annually in Scotland between 2018/19 and 2021/22. During this period, Scottish councils paid out more than £5.4 billion to support some of the most vulnerable people in our communities.
- 5.** It is essential that councils administer the scheme efficiently, effectively, and accurately to minimise overpayments. When overpayments do occur, councils should utilise all available options to recover the debt. This ensures fairness and equity for all claimants, maximises the use of public funds, and reduces the risk of potential funding loss from DWP.
- 6.** In October 2010, the UK Government announced the introduction of Universal Credit (UC) to replace and simplify the existing welfare benefit system. This new benefit, administered by DWP, combines six means-tested benefits, including HB, into a single monthly payment, streamlining the process for responding to changes in customers' income or personal circumstances.
- 7.** UC was rolled out in 2013 and initially planned for full implementation by 2018. However, significant delays extended the timeline, with DWP now expecting all working-age households claiming HB to have migrated to UC by the end of December 2024.
- 8.** Upon completion of the migration period, DWP will assume responsibility for providing housing costs payments for all working-age HB customers. However, in most cases, responsibility for recovering outstanding HB overpayments at the time of migration will remain with Scottish councils.

The HB scheme

- 9.** The HB scheme is administered by councils on behalf of the DWP. It is complex and requires councils' benefit services to have well-trained officers with a detailed understanding of the rules and regulations to process claims accurately and promptly.

10. To help cover the costs of administering the scheme, DWP provides councils with an administration grant, paid monthly. This grant is intended to fund the processing of claims, maintenance of records, and ensuring compliance with the scheme's regulations. It is primarily calculated based on the size and complexity of each council's caseload.

11. However, it also incorporates DWP's efficiency savings aimed at making best use of resources, enhancing service delivery, and minimising waste. Consequently, because of reduced caseloads and DWP efficiency savings, during the period of this review Scottish councils experienced a 12 per cent reduction in the administration grant from £21 million in 2018/19 to £18.4 million in 2021/22.

12. The primary objective of administering the HB scheme is to pay the right benefit to the right person at the right time, and councils can reclaim 100 per cent of all correct payments made by submitting a subsidy claim to DWP three times per year.

13. Subsidy payments are paid to councils monthly based on an initial estimate, a mid-year estimate, and a final claim which is audited by councils' external auditors and submitted to DWP by 30 November each year.

What is a HB overpayment?

14. A HB overpayment occurs when a person or household is paid more than they are entitled to under the rules and regulations. An overpayment can happen for several reasons, such as:

- **Claimant error:** If a customer's circumstances change (eg, they gain employment, their income increases, they move to a different address, or their household composition changes) and they fail to report these changes promptly to the council, they may continue to receive more HB than they are entitled to based on their true circumstances.
- **Administrative delay:** This type of error occurs when a council has failed to act promptly on known information about a change in circumstances.
- **Local authority error:** Overpayments can also occur due to mistakes made by a council when calculating and paying benefit. These errors might be a result of incorrect data entry, miscalculations, or misinterpretations of eligibility criteria.
- **Fraud:** In some cases, individuals or households may deliberately provide false information, or engage in fraudulent activities, to receive more HB than they are entitled to.

How are overpayments identified?

15. When claiming HB, customers are required to report any changes in their circumstances promptly to the relevant authorities. This ensures they receive the correct amount of benefit and helps avoid potential overpayments.

16. Additionally, councils administering the HB scheme seek to identify fraud and error through proactive measures, such as conducting regular management checks, internal and external audits, data matching, and claim reviews.

Overpayment classification

17. To incentivise councils to process HB claims accurately and promptly, DWP pays different rates of subsidy if an overpayment occurs. These rates range from zero to 100 per cent, depending on the type of overpayment, as detailed below:

- **Claimant error/fraud:** this type of overpayment attracts a subsidy rate of 40 per cent. This means that for every £1 in overpaid benefit the council will receive 40 pence in subsidy from DWP.
- **Local authority error/administrative delay:** this type of overpayment attracts a subsidy rate between zero and 100 per cent, based on the total amount of HB overpayments as a percentage of the total amount of correct HB payments made, as follows:
 - **below 0.48 per cent:** 100 per cent subsidy payable
 - **between 0.48 and 0.54 per cent:** 40 per cent subsidy payable
 - **above 0.54 per cent:** zero subsidy payable.

18. To further incentivise councils, DWP encourages a robust approach to overpayment recovery by allowing councils to retain all income from recovered overpayments, in addition to any subsidy already received. This can help councils generate additional revenue, as detailed in the case study below.

Case study

Example of revenue generation

A customer failed to declare a change in circumstances, resulting in a HB overpayment of £1,000. This overpayment was classified as a claimant error, so the council received £400 (40 per cent) in subsidy from DWP.

However, since the overpayment was fully recovered from the customer, the total amount received was £1,400. This resulted in an additional £400 in revenue for the council, minus any costs incurred in recovering the debt.

Source: Audit Scotland

How are overpayments recovered?

19. When a HB overpayment is identified, the customer is usually required to repay the excess amount received. The specific procedures for recovering overpayments can vary depending on the local policies of the council administering the HB scheme.

20. Generally, overpayments can be recovered by:

- deductions from ongoing HB if the customer continues to be entitled based on their true circumstances. This is typically the primary and most cost-efficient method of recovery.
- a lump-sum payment if the customer is no longer receiving HB, through an agreed repayment plan, or in some cases, by deducting the overpayment from future HB entitlement.

How is recovery performance reported?

21. A council's benefit service typically reports HB overpayment recovery performance internally against recovery targets at service level, and to senior management and elected members, and externally to DWP through quarterly Housing Benefit Debt Recoveries (HBDR) data returns.

22. Regularly reporting performance against targets ensures that recovery activities are transparent and that the service is accountable to senior management and elected members for its performance. The quarterly HBDR returns provide an additional level of scrutiny, allowing DWP and other agencies to monitor performance and offer support if needed.

Delivering the service

Resources

23. [Exhibit 1](#) details councils that have HB overpayment recovery staff within the benefit service or located in other departments, such as the corporate debt team.

24. It helps identify how councils allocate resources for debt recovery, offering insight into their operational structure. By understanding the placement of recovery staff, comparisons can be made across councils to assess the effectiveness of their recovery processes.

Exhibit 1 Councils with HB overpayment recovery staff within or outwith the benefit service (24 councils)

Council	Within the benefit service				Outwith the benefit service			
	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
Aberdeen City	✓	✓	✓	✓	✗	✗	✗	✗
Aberdeenshire	✓	✓	✓	✓	✗	✗	✗	✗
Angus	✓	✓	✓	✓	✗	✗	✗	✗
Argyll and Bute	✓	✓	✗	✗	✗	✗	✓	✓
City of Edinburgh	✗	✗	✗	✗	✓	✓	✓	✓
Dumfries and Galloway	✓	✓	✓	✓	✗	✗	✗	✗
Dundee City	✗	✗	✗	✗	✓	✓	✓	✓
East Ayrshire	✗	✗	✗	✗	✓	✓	✓	✓
East Dunbartonshire	✗	✗	✗	✗	✓	✓	✓	✓
East Lothian	✓	*	*	*	*	*	*	*

Council	Within the benefit service				Outwith the benefit service			
	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
Falkirk	✓	✓	✓	✓	✗	✗	✗	✗
Fife	✗	✗	✗	✗	✓	✓	✓	✓
Glasgow	✓	✓	✓	✓	✗	✗	✗	✗
Inverclyde	✓	✓	✓	✓	✗	✗	✗	✗
Moray	✗	✗	✗	✗	✓	✓	✓	✓
North Ayrshire	✓	✓	✓	✓	✗	✗	✗	✗
North Lanarkshire	✓	✓	✓	✓	✗	✗	✗	✗
Orkney Islands	✓	✓	✓	✓	✗	✗	✗	✗
Perth and Kinross	✓	✓	✓	✓	✗	✗	✗	✗
Renfrewshire	✓	✓	✓	✓	✗	✗	✗	✗
Scottish Borders	*	*	*	*	*	*	*	*
Shetland Islands	✓	✓	✓	✓	✗	✗	✗	✗
South Ayrshire	✗	✗	✗	✗	✓	✓	✓	✓
South Lanarkshire	✓	✓	✓	✓	✗	✗	✗	✗
West Dunbartonshire	✓	✓	✓	✓	✗	✗	✗	✗
West Lothian	✗	✗	✗	✗	✓	✓	✓	✓
	17/8	16/9	15/10	15/10	8/17	8/17	9/16	9/16

Note: *Data not available.

Source: Scottish councils

Accuracy

25. When assessing the accuracy of HB claims processing, there are two aspects to consider as follows:

- **Financial accuracy:** where the assessment of the claim has resulted in an overpayment or underpayment because of an error. For example, the amount of benefit due is greater or less than the actual amount the customer is entitled to.
- **Non-financial accuracy:** where an assessment has resulted in the correct amount of HB being paid, but the wrong information has been entered into the benefit IT system. For example, the customers National Insurance number has been entered incorrectly.

26. [Exhibit 2](#) details the financial accuracy of claims processing for the 26 councils included in our review, providing a comprehensive comparison of performance. It highlights variations in accuracy levels across councils, which is essential for identifying areas requiring improvement.

Exhibit 2

HB financial accuracy performance 2018/19 to 2021/22 (26 councils)

Council	2018/19	2019/20	2020/21	2021/22	18/19 to 21/22 (Average)
Aberdeen City	95%	97% 	98% 	96% 	96%
Aberdeenshire	91%	95% 	97% 	97% 	95%
Angus	87%	87% 	90% 	86% 	88%
Argyll and Bute	96%	96% 	96% 	100% 	97%
City of Edinburgh	92%	95% 	89% 	78% 	89%
Dumfries and Galloway	98%	98% 	98% 	98% 	98%
Dundee City	96%	97% 	98% 	98% 	97%
East Ayrshire	99%	99% 	100% 	100% 	99%
East Dunbartonshire	98%	98% 	99% 	100% 	99%
East Lothian ¹	96%	95% 	98% 	98% 	97%
Falkirk	*	*	*	*	*
Fife	93%	96% 	98% 	*	*

Council	2018/19	2019/20	2020/21	2021/22	18/19 to 21/22 (Average)
Glasgow	96%	95% 	96% 	96% 	96%
Inverclyde	100%	99% 	98% 	100% 	99%
Moray ¹	98%	98% 	99% 	99% 	99%
North Ayrshire	*	*	*	92%	*
North Lanarkshire	87%	89% 	90% 	88% 	89%
Orkney Islands	*	*	*	*	*
Perth and Kinross	90%	93% 	94% 	95% 	93%
Renfrewshire	91%	91% 	92% 	90% 	91%
Scottish Borders	91%	92% 	81% 	72% 	84%
Shetland Islands	98%	100% 	*	100%	*
South Ayrshire ¹	98%	99% 	100% 	100% 	99%
South Lanarkshire	94%	94% 	93% 	94% 	94%
West Dunbartonshire	94%	98% 	97% 	98% 	97%
West Lothian ¹	97%	96% 	96% 	93% 	96%
Scotland (average)	95%	96% 	95% 	94% 	95%

Notes:

*Data not available.

1. Accuracy checks carried out pre-payment.

Source: Scottish councils

Methods of recovery

27. When a HB overpayment occurs, councils should use all available options to recover the debt. Proper management of the recovery process is essential for maintaining the integrity of the benefit system, and to:

- **Ensure compliance:** Demonstrating that overpayments will be pursued through all available means can deter potential fraud and encourage customers to report changes in circumstances promptly.

- **Promote fairness and equality:** Consistent application of recovery options ensures that councils treat customers equitably, promoting fairness in the benefit system.
- **Maximise income collection:** Utilising available recovery methods increases the likelihood of recovering the full overpayment, ensuring that public funds are effectively recovered.
- **Promote financial management:** Effective recovery helps improve the overall financial health of the council and can provide an additional revenue stream allowing for better budgeting and resource allocation.
- **Protect public funds:** Councils have a duty to protect public funds and reduce the financial burden on taxpayers.

28. There are many options available to councils which can be utilised depending on the customer's circumstances and the potential for recovery. Only as a last resort should a council consider writing off a HB overpayment. Recovery options include:

- **Blameless tenant:** When HB is paid direct to a landlord, councils can recover the debt from ongoing HB payments made in respect of the landlord's other tenants.
- **Direct Earnings Attachment (DEA):** Permits the deduction of a specified amount from a customer's salary without requiring a court order.
- **DWP's Payment Deduction Programme:** Enables councils to recover HB overpayments directly from a customer's ongoing DWP benefits, ensuring a more efficient recovery process while minimising financial hardship for the customer by adjusting deductions based on their ability to pay.
- **External debt recovery agent:** Usually engaged to recover difficult HB debts when all other recovery options have been exhausted.
- **Recovery from a council in another area:** Enables a council to recover a HB overpayment through ongoing deductions from a customer's HB entitlement in another council area.
- **Offsetting underlying entitlement:** Allows the council to recover an HB overpayment from any entitlement the customer has after a reassessment of their claim based on their true circumstances.
- **Recovery from ongoing deductions:** If a customer continues to receive HB based on their updated circumstances, the overpayment can be recovered through standard deductions from ongoing benefit or adjusted based on the customer's circumstances. This amount can be higher for fraud overpayments.

- **Rent account credit:** If a customer is a council tenant and has a credit balance on their rent account, this credit can be used to reduce or fully offset the HB overpayment.
- **Using arrears of HB:** Any new entitlement to HB can be applied to offset a previous outstanding HB overpayment.

29. Exhibit 3 shows the number of recovery methods used by councils from the nine available options we have used in our review for recovering HB overpayments. Councils marked with a ¹ do not have council housing stock, restricting their use of recovery methods to a maximum of eight.

Exhibit 3 Number of recovery methods used by council (26 councils)

Council	2018/19	2019/20	2020/21	2021/22
Aberdeen City	6	7	7	7
Aberdeenshire	9	9	9	9
Angus	9	9	9	9
Argyll and Bute ¹	6	6	6	6
City of Edinburgh	8	8	8	8
Dumfries and Galloway ¹	5	7	7	7
Dundee City	9	9	9	9
East Ayrshire	6	6	6	6
East Dunbartonshire	7	7	8	8
East Lothian	6	6	6	6
Falkirk	8	8	8	8
Fife	7	7	8	8
Glasgow City ¹	6	6	5	5
Inverclyde ¹	7	7	7	7
Moray	6	6	6	5
North Ayrshire	6	6	7	6
North Lanarkshire	7	6	6	6

Council	2018/19	2019/20	2020/21	2021/22
Orkney Islands	5	5	5	5
Perth and Kinross	8	8	8	8
Renfrewshire	6	7	7	7
Scottish Borders ¹	5	6	6	6
Shetland Islands	4	4	4	4
South Ayrshire	6	6	6	6
South Lanarkshire	7	7	7	7
West Dunbartonshire	5	6	8	8
West Lothian	7	7	7	7

Note 1. Councils with no housing stock.

Source: Scottish councils

Housing Benefit Debt Service

30. Launched in April 2018, the Housing Benefit Debt Service (HBDS) is a DWP initiative designed to assist councils in recovering overpaid HB by providing real-time accurate information about debtors' employment and income details.

31. This free service offers councils an electronic facility to upload up to 1,200 dormant HB overpayments per month to DWP. These are then matched against DWP and HMRC systems, streamlining the debt recovery process, helping to safeguard public funds, and providing councils with an additional option for recovering HB overpayments.

32. When a customer's information is matched, DWP provides councils with updated address, employment, or pension details. This helps councils in their efforts to re-engage with customers and potentially resume recovery action.

33. Although a no cost service, eight of the 26 councils (31 per cent) reported that they did not use it during the four-year period of our review. Among the 18 councils (69 per cent) that did utilise the service, insufficient record-keeping led to incomplete data, preventing a detailed analysis of the outcomes.

34. For example, in 2018/19, 11 councils (42 per cent) referred 8,409 dormant HB debts to the DWP for matching. Of these 11 councils:

- Only four (36 per cent) could provide exact information on the amount of debt referred (City of Edinburgh, Dumfries and Galloway, Falkirk, and North Lanarkshire).
- Only six (55 per cent) could provide exact information on the types of matches returned (Angus, City of Edinburgh, Dumfries and Galloway, Falkirk, Inverclyde, and South Lanarkshire).
- Only three (27 per cent) could provide exact information on the amount of debt recovered from the matches received (City of Edinburgh, Falkirk, and Inverclyde).

35. We asked councils that did not fully utilise the service to provide their reasons. [Exhibit 4](#) details comments from the eight councils that responded.

Exhibit 4

Comments from councils not fully utilising DWPs' HBDS (8 councils)

Council	Comments
East Ayrshire	Ongoing staffing issues and other duties have been a factor in not fully utilising HBDS for recovery of HB overpayments.
Glasgow City	A pilot exercise was carried out which found that it was more productive and efficient for the council's debt management partners to undertake this role due to the resource required.
Moray	Limited resources within the taxation team meant that the council has been unable to understand the functionality of HBDS. This is being addressed in 2024/25.
North Lanarkshire	The council was unable to make full use of the HBDS during the pandemic due to staff being seconded to administer the Scottish Government's self-isolation support grants.
Orkney Islands	As a small council, during the pandemic, work had to be prioritised and additional work such as the HBDS was not possible. The council is in the process of reviewing existing overpayments, ensuring that repayments and recovery from DWP benefits are in place.
Renfrewshire	As a result of the pandemic, no submissions were made to the HBDS for a three-month period in 2020. In addition, due to the council having limited resources dedicated to HB overpayment recovery, and the service having to cope with long-term absences, submissions ceased in 2021.
Shetland Islands	The council is a small authority with very low numbers and amounts of HB overpayments.

South Ayrshire

The council has not been able to fully utilise HBDS due to conflicting demands within the revenue team.

Source: Scottish councils

Monitoring and performance reporting

36. [Exhibit 5](#) outlines whether councils have established HB overpayment recovery targets and, if so, whether performance against these targets is reported to elected members.

Exhibit 5

Overpayment recovery targets and performance reporting (26 councils)

Council	2018/19 Target/Reported	2019/20 Target/Reported	2020/21 Target/Reported	2021/22 Target/Reported
Aberdeen City	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Aberdeenshire	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Angus	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
Argyll and Bute	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
City of Edinburgh	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
Dumfries and Galloway	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Dundee City	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
East Ayrshire	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
East Dunbartonshire	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
East Lothian	✓ / ✓	✓ / ✓	✓ / ✓	✓ / ✓
Falkirk	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Fife	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
Glasgow City	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗

Council	2018/19 Target/Reported	2019/20 Target/Reported	2020/21 Target/Reported	2021/22 Target/Reported
Inverclyde	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
Moray	✓ / ✓	✓ / ✓	✓ / ✓	✓ / ✓
North Ayrshire	✓ / ✓	✓ / ✓	✓ / ✓	✓ / ✓
North Lanarkshire	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Orkney Islands	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Perth and Kinross	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Renfrewshire	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Scottish Borders	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
Shetland Islands	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗
South Ayrshire	✓ / ✓	✓ / ✓	✓ / ✓	✓ / ✓
South Lanarkshire	✓ / ✗	✓ / ✗	✓ / ✗	✓ / ✗
West Dunbartonshire	✓ / ✓	✓ / ✓	✓ / ✓	✓ / ✓
West Lothian	✗ / ✗	✗ / ✗	✗ / ✗	✗ / ✗

Source: Scottish councils

Local authority error and administrative delay overpayments

37. [Exhibit 6 \(page 18\)](#) details the percentage of HB overpayments attributed to local authority errors and administrative delays, expressed as a percentage of the total amount of correct payments made.

38. Councils with local authority error and administrative delay overpayments that reach or exceed 0.48 per cent (lower threshold) of the total amount of correct payments made risk losing between 60 per cent

and 100 per cent of their subsidy payment from DWP for those claims. It is therefore crucial that councils remain below the lower threshold.

Exhibit 6

Percentage of local authority administration error and administrative delay overpayments (26 councils)

Council	2018/19	2019/20	2020/21	2021/22
Aberdeen City	0.20%	0.20%	0.17%	0.16%
Aberdeenshire	0.34%	0.23%	0.27%	0.29%
Angus	0.18%	0.16%	0.05%	0.25%
Argyll and Bute	0.10%	0.04%	0.07%	0.09%
City of Edinburgh	0.29%	0.21%	0.25%	0.33%
Dumfries and Galloway	0.13%	0.18%	0.11%	0.19%
Dundee City	0.05%	0.04%	0.06%	0.12%
East Ayrshire	0.07%	0.09%	0.03%	0.03%
East Dunbartonshire	0.12%	0.13%	0.11%	0.64%
East Lothian	0.43%	0.43%	0.42%	0.62%
Falkirk	0.21%	0.15%	0.15%	0.19%
Fife	0.13%	0.12%	0.12%	0.33%
Glasgow City	0.27%	0.33%	0.42%	0.23%
Inverclyde	0.00%	0.00%	0.00%	0.15%
Moray	0.11%	0.09%	0.05%	0.06%
North Ayrshire	0.12%	0.14%	0.20%	0.23%
North Lanarkshire	0.20%	0.13%	0.08%	0.12%
Orkney Islands	0.27%	0.10%	0.15%	0.38%
Perth and Kinross	0.26%	0.25%	0.12%	0.20%
Renfrewshire	0.18%	0.32%	0.16%	0.32%
Scottish Borders	0.09%	0.03%	0.05%	0.11%

Council	2018/19	2019/20	2020/21	2021/22
Shetland Islands	0.13%	0.07% 	0.13% 	0.02% 
South Ayrshire	0.11%	0.08% 	0.04% 	0.07% 
South Lanarkshire	0.31%	0.20% 	0.15% 	0.21% 
West Dunbartonshire	0.28%	0.24% 	0.21% 	0.30% 
West Lothian	0.11%	0.16% 	0.10% 	0.15% 

Source: DWP

Overpayment recovery performance (councils)

39. [Exhibit 7](#) shows the total amount of HB overpayments outstanding each year from 2018/19 to 2021/22, and the percentage change in that amount over the four-year period of our review.

Exhibit 7

Total amount of HB overpayments outstanding 2018/19 to 2021/22 (32 councils)

Council	2018/19	2019/20	2020/21	2021/22	2018/19 to 21/22
Aberdeen City	£8,501,000	£8,619,000 ↑	£8,312,000 ↓	£7,551,000 ↓	-11% ↓
Aberdeenshire	£4,535,000	£4,809,000 ↑	£4,969,000 ↑	£4,798,000 ↓	6% ↑
Angus	£1,163,000	£1,159,000 ↓	£1,181,000 ↑	£1,268,000 ↑	9% ↑
Argyll and Bute	£1,090,000	£1,128,000 ↑	£1,108,000 ↓	£821,000 ↓	-25% ↓
City of Edinburgh	£25,635,000	£26,116,000 ↑	£27,801,000 ↑	£28,101,000 ↑	10% ↑
Clackmannanshire	£2,262,000	£2,416,000 ↑	£2,460,000 ↑	£2,261,000 ↓	0% ↔
Dumfries and Galloway	£1,981,000	£2,043,000 ↑	£1,938,000 ↓	£1,380,000 ↓	-30% ↓
Dundee City	£5,422,000	£5,207,000 ↓	£4,864,000 ↓	£4,228,000 ↓	-22% ↓
East Ayrshire	£3,674,000	£3,457,000 ↓	£3,122,000 ↓	£2,774,000 ↓	-24% ↓
East Dunbartonshire	£2,253,000	£1,991,000 ↓	£1,928,000 ↓	£1,861,000 ↓	-17% ↓
East Lothian	£3,025,000	£2,931,000 ↓	£1,911,000 ↓	£1,912,000 ↑	-37% ↓
East Renfrewshire	£1,537,000	£1,479,000 ↓	£1,398,000 ↓	£879,000 ↓	-43% ↓
Falkirk	£4,155,000	£3,491,000 ↓	£2,809,000 ↓	£2,153,000 ↓	-44% ↓
Fife	£8,582,000	£7,829,000 ↓	£6,841,000 ↓	£4,814,000 ↓	-48% ↓

Council	2018/19	2019/20	2020/21	2021/22	2018/19 to 21/22
Glasgow	£21,824,000	£21,928,000 ↑	£22,523,000 ↑	£23,379,000 ↑	7% ↑
Highland	£3,673,000	£3,605,000 ↓	£3,301,000 ↓	£2,071,000 ↓	-44% ↓
Inverclyde	£1,396,000	£1,246,000 ↓	£1,137,000 ↓	£1,052,000 ↓	-25% ↓
Midlothian	£3,328,000	£3,420,000 ↑	£3,404,000 ↓	£3,396,000 ↓	2% ↑
Moray	£924,000	£970,000 ↑	£979,000 ↑	£989,000 ↑	7% ↑
Na h-Eileanan Siar	£374,000	£408,000 ↑	£423,000 ↑	£367,000 ↓	-2% ↓
North Ayrshire	£3,745,000	£3,713,000 ↓	£3,579,000 ↓	£3,573,000 ↓	-5% ↓
North Lanarkshire	£8,197,000	£7,962,000 ↓	£7,755,000 ↓	£6,343,000 ↓	-23% ↓
Orkney Islands	£89,000	£75,000 ↓	£109,000 ↑	£194,000 ↑	118% ↑
Perth and Kinross	£2,290,000	£2,293,000 ↑	£2,054,000 ↓	£1,827,000 ↓	-20% ↓
Renfrewshire	£7,378,000	£7,541,000 ↑	£7,525,000 ↓	£7,122,000 ↓	-3% ↓
Scottish Borders	£2,448,000	£2,353,000 ↓	£2,245,000 ↓	£1,874,000 ↓	-19% ↓
Shetland Islands	£209,000	£229,000 ↑	£195,000 ↓	£171,000 ↓	-18% ↓
South Ayrshire	£4,217,000	£4,144,000 ↓	£3,733,000 ↓	£2,672,000 ↓	-30% ↓
South Lanarkshire	£5,745,000	£5,580,000 ↓	£5,075,000 ↓	£3,751,000 ↓	-35% ↓
Stirling	£932,000	£866,000 ↓	£795,000 ↓	£622,000 ↓	-33% ↓
West Dunbartonshire	£7,128,000	£7,772,000 ↑	£8,486,000 ↑	£9,337,000 ↑	31% ↑
West Lothian	£5,357,000	£4,672,000 ↓	£3,888,000 ↓	£3,175,000 ↓	-41% ↓
Scotland	£153,000,000	£151,000,000 ↓	£148,000,000 ↓	£137,000,000 ↓	-10% ↓

Source: DWP

Total amount of overpayments identified

40. [Exhibit 8](#) shows the total amount of overpayments identified by Scottish councils for the period 2018/19 to 2021/22.

Exhibit 8

Total amount of HB overpayments identified from 2018/19 to 2021/22 (32 councils)

Council	2018/19	2019/20	2020/21	2021/22
Aberdeen City	£2,255,000	£1,570,000	£839,000	£964,000
Aberdeenshire	£1,537,000	£1,262,000	£778,000	£695,000
Angus	£507,000	£465,000	£323,000	£304,000
Argyll and Bute	£411,000	£257,000	£153,000	£160,000
City of Edinburgh	£6,539,000	£6,860,000	£3,961,000	£4,499,000
Clackmannanshire	£342,000	£273,000	£180,000	£46,000
Dumfries and Galloway	£1,045,000	£709,000	£456,000	£474,000
Dundee City	£1,384,000	£930,000	£551,000	£585,000
East Ayrshire	£1,271,000	£733,000	£234,000	£313,000
East Dunbartonshire	£440,000	£385,000	£311,000	£359,000
East Lothian	£525,000	£259,000	£204,000	£444,000
East Renfrewshire	£307,000	£228,000	£110,000	£314,000
Falkirk	£1,140,000	£599,000	£352,000	£414,000
Fife	£1,167,000	£731,000	£409,000	£670,000
Glasgow	£7,753,000	£7,260,000	£5,195,000	£4,687,000
Highland	£661,000	£577,000	£316,000	£467,000
Inverclyde	£404,000	£303,000	£283,000	£269,000
Midlothian	£1,019,000	£657,000	£465,000	£524,000
Moray	£322,000	£280,000	£111,000	£224,000
Na h-Eileanan Siar	£246,000	£156,000	£75,000	£101,000
North Ayrshire	£1,145,000	£1,003,000	£620,000	£758,000

Council	2018/19	2019/20	2020/21	2021/22
North Lanarkshire	£2,682,000	£1,500,000	£978,000	£905,000
Orkney Islands	£97,000	£78,000	£30,000	£56,000
Perth and Kinross	£893,000	£594,000	£317,000	£323,000
Renfrewshire	£1,603,000	£1,431,000	£1,094,000	£735,000
Scottish Borders	£704,000	£606,000	£269,000	£330,000
Shetland Islands	£90,000	£83,000	£33,000	£72,000
South Ayrshire	£1,161,000	£630,000	£392,000	£363,000
South Lanarkshire	£1,697,000	£1,089,000	£614,000	£648,000
Stirling	£237,000	£180,000	£99,000	£119,000
West Dunbartonshire	£1,782,000	£1,953,000	£1,248,000	£1,161,000
West Lothian	£1,050,000	£911,000	£611,000	£662,000

Source: DWP

Total amount of overpayments written off

41. The total amount of overpayments written off might suggest that a council has inadequate processes and procedures for recovering HB debt, especially if the percentage of debt written off compared to the total amount of outstanding debt is significantly higher than that of councils with similar debt levels.

42. [Exhibit 9](#) shows the total amount of HB debts written off as a percentage of the total amount of all outstanding debt.

Exhibit 9

Percentage of HB overpayments written off from 2018/19 to 2021/22 (32 councils)

Council	2018/19	2019/20	2020/21	2021/22
Aberdeen City	3.7%	3.6% 	2.4% 	1.9% 
Aberdeenshire	1.7%	1.8% 	1.3% 	2.2% 
Angus	5.1%	6.1% 	3.2% 	3.7% 
Argyll and Bute	0.3%	0.3% 	0.2% 	0.0% 

Council	2018/19	2019/20	2020/21	2021/22
City of Edinburgh	2.5%	1.4% 	1.1% 	1.5% 
Clackmannanshire	*	2.5%	*	0.2%
Dumfries and Galloway	4.4%	5.1% 	5.2% 	9.4% 
Dundee City	5.6%	4.6% 	3.0% 	3.4% 
East Ayrshire	1.7%	1.1% 	0.5% 	1.0% 
East Dunbartonshire	5.8%	4.2% 	0.8% 	3.5% 
East Lothian	7.1%	21.1% 	2.6% 	3.8% 
East Renfrewshire	5.5%	5.9% 	*	18.2%
Falkirk	10.7%	11.9% 	14.6% 	17.6% 
Fife	3.5%	3.7% 	2.1% 	3.6% 
Glasgow	2.9%	3.2% 	4.3% 	2.6% 
Highland	6.3%	18.2% 	34.2% 	6.2% 
Inverclyde	3.8%	3.4% 	1.1% 	0.2% 
Midlothian	2.0%	1.9% 	1.5% 	1.2% 
Moray	3.6%	1.4% 	0.9% 	2.2% 
Na h-Eileanan Siar	4.6%	2.5% 	4.9% 	1.9% 
North Ayrshire	2.5%	3.2% 	0.9% 	0.0% 
North Lanarkshire	12.3%	5.2% 	5.8% 	2.7% 
Orkney Islands	2.3%	5.4% 	1.7% 	0.5% 
Perth and Kinross	4.2%	5.3% 	1.8% 	3.4% 
Renfrewshire	2.0%	5.0% 	2.2% 	2.2% 
Scottish Borders	2.1%	2.0% 	4.1% 	0.8% 
Shetland Islands	0.0%	0.0% 	13.6% 	1.1% 
South Ayrshire	0.3%	1.7% 	0.4% 	1.8% 
South Lanarkshire	5.7%	5.9% 	4.5% 	11.9% 
Stirling	5.5%	5.1% 	3.5% 	8.4% 

Council	2018/19	2019/20	2020/21	2021/22
West Dunbartonshire	0.1%	0.7% 	0.3% 	0.4% 
West Lothian	8.1%	6.8% 	5.4% 	7.9% 
Scottish average	4.1%	4.7% 	4.3% 	3.9% 

Note * Data not available.

Source: DWP

Total amount of overpayments recovered

43. To provide context to Scottish councils' recovery performance, [Exhibit 10](#) ranks each council from 1 (best performer) to 32 (worst performer) for each year of our review period.

Exhibit 10

Scottish councils' HB overpayment recovery performance – Ranking by year (32 councils)

Council	2018/19	2019/20	2020/21	2021/22
Aberdeen City	24	23 	17 	26 
Aberdeenshire	20	24 	25 	21 
Angus	4	9 	9 	27 
Argyll and Bute	17	18 	14 	7 
City of Edinburgh	26	26 	26 	30 
Clackmannanshire	29	32 	28 	32 
Dumfries and Galloway	2	3 	2 	1 
Dundee City	19	20 	18 	18 
East Ayrshire	21	14 	15 	22 
East Dunbartonshire	27	25 	19 	19 
East Lothian	32	29 	29 	24 
East Renfrewshire	28	27 	32 	8 
Falkirk	25	21 	20 	16 

Council	2018/19	2019/20	2020/21	2021/22
Fife	9	7 ↓	5 ↓	2 ↓
Glasgow	8	15 ↑	21 ↑	25 ↑
Highland	22	22 ↔	23 ↑	9 ↓
Inverclyde	13	10 ↓	3 ↓	6 ↑
Midlothian	10	19 ↑	24 ↑	20 ↓
Moray	18	11 ↓	22 ↑	23 ↑
Na h-Eileanan Siar	5	5 ↔	4 ↓	4 ↔
North Ayrshire	14	16 ↑	16 ↔	17 ↑
North Lanarkshire	11	6 ↓	12 ↑	10 ↓
Orkney Islands	1	1 ↔	6 ↑	5 ↓
Perth and Kinross	6	4 ↓	10 ↑	11 ↑
Renfrewshire	30	30 ↔	30 ↔	28 ↓
Scottish Borders	7	8 ↑	8 ↔	14 ↑
Shetland Islands	3	2 ↓	1 ↓	3 ↑
South Ayrshire	23	28 ↑	27 ↓	29 ↑
South Lanarkshire	15	17 ↑	13 ↓	12 ↓
Stirling	12	12 ↔	7 ↓	15 ↑
West Dunbartonshire	31	31 ↔	31 ↔	31 ↔
West Lothian	16	13 ↓	11 ↓	13 ↑

Source: DWP

Expenditure

44. [Exhibit 11](#) provides detailed information on the annual HB payments made by Scottish councils. It shows the total payments during the four-year period of our review, reflecting the level of financial support provided by councils. This overview aids in assessing the overall expenditure on HB by Scottish councils.

Exhibit 11

Annual HB expenditure (32 councils)

Council	2018/19	2019/20	2020/21	2021/22
Aberdeen City	£55,553,845	£48,347,998	£45,394,565	£39,841,977
Aberdeenshire	£39,321,139	£34,549,224	£31,139,982	£28,244,379
Angus	£23,504,198	£20,921,183	£19,709,209	£18,088,041
Argyll and Bute	£22,337,408	£19,507,157	£18,376,178	£17,059,557
City of Edinburgh	£176,978,025	£164,570,421	£160,708,737	£147,798,825
Clackmannanshire	£14,461,681	£14,016,904	£13,157,880	£12,379,407
Dumfries and Galloway	£40,422,204	£36,559,442	£33,944,853	£31,777,072
Dundee City	£58,213,129	£52,724,164	£52,075,091	£49,057,852
East Ayrshire	£34,024,454	£29,726,013	£27,726,844	£25,560,675
East Dunbartonshire	£15,218,907	£14,488,653	£14,197,952	£12,906,121
East Lothian	£17,500,293	£17,248,106	£17,149,823	£16,043,390
East Renfrewshire	£14,789,159	£13,302,537	£12,933,213	£12,380,045
Falkirk	£35,042,577	£30,026,714	£30,034,653	£27,517,259
Fife	£97,412,442	£89,587,597	£85,505,108	£80,568,702
Glasgow City	£321,617,649	£290,551,444	£273,631,758	£254,072,702

Council	2018/19	2019/20	2020/21	2021/22
Highland	£38,344,379	£36,476,598	£36,171,782	£33,842,915
Inverclyde	£25,879,968	£24,439,076	£23,659,755	£22,636,544
Midlothian	£21,556,659	£20,930,701	£20,218,887	£18,656,858
Moray	£17,004,071	£14,102,223	£13,503,424	£12,456,032
Na h-Eileanan Siar	£4,955,323	£4,544,368	£4,264,778	£3,986,590
North Ayrshire	£46,499,131	£41,983,223	£40,394,722	£36,362,173
North Lanarkshire	£97,533,479	£88,259,419	£86,844,672	£80,410,997
Orkney Islands	£3,613,016	£3,280,686	£3,193,392	£2,952,748
Perth and Kinross	£25,900,749	£22,409,160	£21,209,051	£19,528,896
Renfrewshire	£58,950,455	£51,023,360	£48,181,123	£43,325,048
Scottish Borders	£26,891,077	£23,463,907	£22,091,999	£20,998,359
Shetland Islands	£3,130,399	£2,808,627	£2,653,216	£2,370,483
South Ayrshire	£30,552,217	£27,253,249	£25,824,994	£24,408,480
South Lanarkshire	£73,175,280	£67,022,009	£64,375,358	£60,380,981
Stirling	£14,584,800	£14,027,400	Data not available	£14,151,994
West Dunbartonshire	£43,186,926	£40,033,639	£34,266,216	£34,112,167
West Lothian	£49,504,752	£44,232,957	£42,367,181	£39,917,610
Scotland	£1,547,659,791	£1,402,418,159	£1,324,906,396	£1,243,794,879

Source: DWP and Scottish councils

Good practice

45. [Exhibit 12](#) summarises effective practices reported by councils for improving the delivery of the benefit service and enhancing the customer experience in the recovery of HB overpayments.

46. It highlights strategies and approaches that have proven successful in optimising service delivery. These practices offer valuable information for other councils seeking to improve their own recovery processes.

Exhibit 12

Examples of effective practices to improve the delivery of the benefit service when recovering HB overpayments

Council	Good practice
Aberdeenshire	The council has a holistic approach to debt collection which works well for the council as a whole and enables debtors to enter more sustainable payment arrangements.
Angus	Resources have been prioritised to HB overpayment recovery over the last 12-18 months utilising DWP's Payment Deduction Programme (PDP) as a method of recovery which has significantly increased the amount of debt recovered.
Argyll and Bute	<p>There has been a lot of overpayment activity that has helped to increase the amount of overpayments recovered. This has included:</p> <ul style="list-style-type: none"> • running monthly reports to identify claims with a DWP interest to enable the council to utilise DWP's PDP as a method of recovery which has significantly increased revenue • checking DEA cases monthly to ensure the arrangement remains in place at the correct level of recovery • cold calling customers to engage and gain trust • working closer with registered social landlords to increase blameless tenant recovery levels (from 2023) • creating a reporting suite to track and trace all payment arrangements (checking suspense accounts for missing payments).
Dumfries and Galloway	Using data matching of HB overpayments with customer data to determine the best course of recovery action.

Council	Good practice
East Dunbartonshire	Where a customer has provided the council with a phone number, if required, after two weeks, the council follows up HB recovery letters with a phone call.
Fife	The recovery process has been improved by building in checks with DWPs HBDS allowing the council to apply for a DEA earlier in the recovery process.
Glasgow City	The council makes good use of its debt recovery partners who have the tools and resources to assist with overpayment recovery to provide better outcomes.
Inverclyde	<p>The introduction of GOV.UK Notify (a service which allows public sector service teams to send emails, text messages and letters) has provided a streamlined and efficient way for the council to communicate with individuals about their unpaid debts, allowing for quicker resolution and easier tracking of communications.</p> <p>Using this service, we can easily send reminders, updates, and payment notifications to customers with outstanding debts, helping the council keep customers informed about their debts, making it easier for them to act and make payments in a timely manner.</p> <p>In addition, we regularly review existing recovery rates to ensure that the maximum rate of deduction is in place for ongoing HB recovery and customers paying by instalments. If the council has agreed a reduced rate of recovery for a customer, income/expenditure forms are reissued to ensure that the recovery rate remains appropriate.</p>
North Ayrshire	The council uses text messaging to send reminders to prompt customers to respond after each invoice is issued.

Council	Good practice
Perth and Kinross	<p>The council regularly reviews its recovery processes and examines the effectiveness of each method. As part of these reviews, the timetable for recovery was updated to diarise further action 14 - 21 days after a final notice has been issued. At this stage, the council considers the most effective and reasonable method for further action, taking account of the customer's circumstances, and the age and amount of the debt.</p> <p>If possible, the council seeks to discuss HB overpayments with customers by telephone to ensure that the debt is fully understood, but also to facilitate a discussion on an affordable and realistic repayment plan, which is more robust and more likely to be maintained, in consideration with other priority debts.</p> <p>The council has also revised working practices to take a new debt caseload management approach where officers are allocated cases at the final notice stage, providing the customer with a single point of contact for the customer and ensuring continuity in the process.</p> <p>Although we consider our changes have improved our recovery practices, the impact on collection is difficult to gauge due to other factors, for example, UC migration and the current cost of living crisis which has meant collection levels are lower than previous years.</p>
Renfrewshire	<p>The council is in the process of relaunching its HB overpayment recovery activity following a period of reduced focus that has existed since 2020. This will include utilising all available recovery options and adopting proven good practice used by other councils.</p>
Scottish Borders	<p>When an overpayment has been created, this is followed up with a letter to the customer which sets out all recovery options available to the council (eg DEA, DWP's PDP).</p>
Shetland Islands	<p>The council utilises email, telephone, and letter to engage with customers when seeking to recover HB overpayments.</p>
South Lanarkshire	<p>The council is creating a HB overpayment debt check referral process for when a new successful HB award is made. This allows HB recovery officers to set up ongoing deductions promptly when the customer has an outstanding HB debt. This ensures that HB recovery via ongoing deductions is fully maximised throughout the period of migration to UC.</p> <p>In addition, the council makes good use of DWP's PDP which has been successful in helping to increase the amount of HB debt recovered. However, this could be improved if DWP referred the debt back to the council following a period of unsuccessful recovery where DWP have been unable to take a deduction.</p>

Council	Good practice
West Lothian	<p>The council is looking at how to assist the most vulnerable in society to ensure that customers can afford to pay all debts owed to the council, including HB overpayments. This is being done in partnership with the council's corporate debt and advice shop teams within the Anti-Poverty service by regularly looking at identifying customers that would benefit from advice, assistance, and income maximisation.</p> <p>HB debt is just another debt that people have difficulty paying, particularly in the current climate. DWP has a strong commitment to ensuring the best possible journey for customers and this should be extended to the council's customers and therefore our assistance does not end once a benefit has stopped, and an overpayment recovery letter has been issued.</p>

Source: Scottish councils

Glossary

47. This glossary provides detailed explanations and context for the specialist terms and language used throughout the report. It aims to clarify the terminology to ensure a clear understanding of the content. By defining key terms, the glossary helps readers interpret the report accurately and is essential for comprehending complex or technical aspects of the report.

Glossary of terms

Term	Meaning
Administrative (admin) delay	An administrative delay overpayment occurs when Housing Benefit (HB) is paid after a customer has reported a change in circumstances that reduces or ends their entitlement, but the change has not yet been processed by the council. These overpayments arise due to delays in administration and are generally considered non-fault overpayments.
Blameless tenant	A person who resides in a property where HB overpayments have been made, but who is not responsible for the overpayment. In HB overpayment recovery terms, the tenant is not held liable for the debt, and recovery actions are directed towards the person responsible for the overpayment, typically the landlord.
DWP	Department for Work and Pensions
DWP Payment Deduction Programme (PDP)	The Payment Deduction Programme is a DWP system utilised by councils to recover overpaid HB directly from ongoing DWP benefits, ensuring that debts are managed efficiently and effectively.
Housing Benefit Debt Recoveries (HDBR)	HBDR is a DWP data collection of Scottish councils Housing Benefit overpayments data. It is provided by councils to DWP quarterly and is published by DWP twice a year, six months in arrears.
Housing Benefit Debt Service (HBDS)	HBDS is a DWP initiative designed to assist councils in recovering overpaid HB by providing real-time accurate information about debtors' employment and income details.
Local authority (LA) error	A local authority error refers to mistakes made by the local council when processing Housing Benefit claims. These errors can lead to incorrect decisions, such as overpayments or underpayments of benefits. Common examples of local authority errors include: <ul style="list-style-type: none"> • Incorrectly calculating benefit amounts • Misinterpreting eligibility criteria

Term	Meaning
	<ul style="list-style-type: none">• Failing to update records with accurate information• Delays in processing claims or payments.
Rent rebate	A rent rebate is a form of Housing Benefit (HB) provided to tenants of council-owned properties, reducing the amount of rent they need to pay. This benefit is applied directly to the rent account, lowering the tenant's rental liability
Rent allowance	A rent allowance is a form of Housing Benefit provided to tenants renting from private landlords or housing associations. This benefit helps cover the cost of rent by providing financial assistance directly to the tenant or the landlord.

A review of Housing Benefit overpayments 2018/19 to 2021/22

A thematic study – Technical Supplement



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