

Fife Council

Housing Benefit Performance Audit



Prepared by Audit Scotland
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Key messages

- 1** Since our previous audit in 2017, the Benefits service has faced significant challenges. These include managing the service during the Covid-19 pandemic (2020/21), which required staff to administer multiple Scottish Government support schemes while rapidly adopting new working practices, including remote and hybrid arrangements; a corporate restructure in 2022/23; and the loss of experienced staff during 2023/24 and 2024/25, at a time when workloads were rapidly increasing.
- 2** The Benefits service is currently operating with five full-time equivalent (FTE) vacancies and cannot fully meet its operational requirements efficiently or effectively at existing staffing levels. Resource pressures and increased workloads have contributed to a growing backlog since July 2024. The council estimates that 45 FTE staff would be required to reduce this to an acceptable level, significantly above the 27 FTE currently in post.
- 3** While Benefits service performance is regularly monitored at operational levels, formal reporting to the People and Communities Scrutiny Committee is limited to the Customer and Online Services Annual Service Review Report. This restricts opportunities for strategic oversight, informed decision-making, and effective challenge.
- 4** The council's focus on improving new claims processing performance, reducing average times from 37 to 26 days, is commendable. However, this has coincided with a significant decline in change events processing, which has increased from an average of nine days to an average of 43 days. This presents a material risk to subsidy accuracy, service standards, and public confidence, and requires urgent strategic intervention.
- 5** Although the Benefits service has maintained relatively strong financial accuracy in claims processing since 2023/24, significantly fewer management checks were carried out during 2024/25 and 2025/26 due to the focus on improving claims processing performance. This also presents a material risk to the accuracy of the caseload and could result in financial penalties if local authority or administrative error rates exceed the Department for Work and Pensions' lower threshold.

- 6 The council actively participates in data matching initiatives led by the Department for Work and Pensions and Audit Scotland, meeting its obligations, and takes a proactive approach to identifying and correcting unreported changes within the housing benefit caseload.
 - 7 The council has consistently ranked in the top quartile for housing benefit overpayment recovery among all 32 Scottish local authorities between 2022/23 and 2024/25. It also successfully met its internal target to recover £1.4 million of housing benefit overpayments in 2024/25, reflecting sustained focus on debt recovery and effective operational delivery in this area.
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Recommendations

1. Business planning and reporting

The council should review staffing levels within the Benefits service to ensure sufficient capacity for efficient and effective service delivery. This may include additional recruitment, securing temporary support, or reallocating internal resources, where appropriate, to address the growing backlog and mitigate operational risk ([paragraph 27](#)).

- The Benefits service is operating with five full-time equivalent (FTE) vacancies, resulting in increased backlogs, reduced levels of accuracy checks, and significantly increased processing times for change events. The service has advised that to meet current workload demands an estimated 45 FTE staff are required, well above the current complement of 27 FTE.

2. Business planning and reporting

The council should ensure that, once sufficient resources are in place to reduce the backlog of work to manageable levels, the Benefits service maintains the ability to secure access to temporary staffing at short notice to respond to future operational pressures as they arise ([paragraph 27](#)).

- Ensuring adequate permanent staffing and access to temporary resources for the Benefits service is important to maintain service continuity, safeguard claims processing performance, and avoid prolonged reliance on short-term solutions.

3. Business planning and reporting

The council should enhance its reporting of key Benefits service indicators by providing updates to the bi-monthly People and Communities Scrutiny Committee. This should include claims processing performance, backlog data, the financial accuracy of claims, local authority and administrative error rates, and total housing benefit debt recovery performance ([paragraph 27](#)).

- The current annual service review report approach does not provide the level of ongoing scrutiny required to ensure that timely corrective action can be taken when performance falls below expectations and limits the committee's ability to monitor progress throughout the year.
- Expanding the reporting of Benefits service indicators to include the financial accuracy of claims, backlog data, the local authority and administrative error rate, and total housing benefit debt recovery performance would strengthen the committee's oversight of operational effectiveness and fiscal responsibility and ensure that

elected Members can better understand how the service is performing against key financial and operational benchmarks.

4. Speed of processing

The council should urgently address the decline in change event processing times by implementing a procedure to identify and prioritise all changes that are likely to result in an overpayment. Delays in processing such changes can lead to avoidable overpayments, which may be classified for subsidy purposes as local authority or administrative error. This could result in financial penalties if error rates exceed the Department for Work and Pensions' lower threshold ([paragraph 42](#)).

- Delays in processing change events can lead to avoidable overpayments classified as local authority / administrative error. If these exceed 0.48 per cent of correct housing benefit payments made, the council risks losing subsidy. Prioritising high-risk changes helps reduce the likelihood of breaching this threshold.

5. Accuracy

Once the council has reduced the backlog of outstanding work and stabilised claims processing times to levels more in line with national averages, it should recommence its standard management checking processes. This will help ensure continued accuracy, compliance, and quality assurance across the housing benefit caseload ([paragraph 51](#)).

- Management checking is a key control that helps ensure the accuracy and integrity of housing benefit processing. Suspending these checks during periods of operational pressure may be necessary. However, once processing times have stabilised and the backlog is reduced to a manageable level, reinstating them is essential to safeguard subsidy, maintain quality assurance, and support compliance with Department for Work and Pensions expectations.

6. Accuracy

To support the sustainable delivery of management checks, the Benefits service should factor its resource requirements into future workforce and workload planning. This will help ensure that accuracy controls remain embedded within service delivery, even during periods of operational pressure, and reduce the risk of financial penalties linked to subsidy error thresholds ([paragraph 51](#)).

- Embedding management checks into resource planning recognises their role in maintaining caseload integrity and subsidy compliance. Sustained delivery of these checks is essential to mitigate the risk of undetected errors and uphold assurance standards.

Introduction and background

1. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The primary objective of the risk assessment is to evaluate how effectively the Benefits service is fulfilling its duty to achieve continuous improvement in its operations.

2. The assessment considers the effectiveness of the Benefits service's business planning and performance reporting in meeting priorities and delivering outcomes. It was carried out as part of Audit Scotland's Housing Benefit (HB) performance audit programme and does not constitute a full audit of Fife Council's Benefits service.

3. Information for the risk assessment was gathered from the following sources:

- The self-assessment, performance matrix, and supporting documentation provided by the council.
- Department for Work and Pensions (DWP) indicators and other performance measures.
- Scrutiny of internal and external audit reports.
- Discussions with council officers and the appointed external auditor.

4. Since our previous audit in 2017, the Benefits service has undergone several significant changes. The most notable was the impact of the Covid-19 pandemic in 2020/21, which required staff to rapidly adopt new working practices, including remote and hybrid working arrangements. The pandemic also led to a substantial increase in workload, as councils were tasked with administering multiple Scottish Government support schemes.

5. Prior to the pandemic, the council's Benefits and Council Tax Reduction (CTR) service was primarily delivered by multi-skilled revenues assistants. In September 2021, anticipating a reduction in the HB caseload due to the ongoing migration of claims to Universal Credit (UC), administered by the DWP, the council recruited four new revenues assistants dedicated solely to Council Tax Billing.

6. At this time, the council established a dedicated Council Tax billing team as a pilot initiative. The team comprised the four newly recruited revenues assistants, seven existing revenues assistants, two revenues officers, and a lead officer. Remaining Benefits and CTR service staff continued to

focus on processing claims for HB, CTR, Education Maintenance Allowance, and Discretionary Housing Payments.

7. In December 2022, as part of a strategic initiative to balance resources, improve service delivery, and support customers during the cost-of-living crisis, the Customer and Online Services function underwent a service restructure which integrated the Revenues Assessment and Collections team with the Scottish Welfare Fund, creating the Financial Wellbeing and Revenues Team.

8. In anticipation of a declining HB caseload, 2.5 full-time equivalent (FTE) staff were redeployed to other roles within the wider Customer and Online Services function. The Financial Wellbeing and Revenues Team was subsequently restructured into two distinct service areas, Welfare and Benefits, and Revenues, enabling greater focus and specialisation across core functions.

9. Since 2023/24, the council has reported significant changes to the staffing complement of the Welfare and Benefits team due to retirements, internal promotions, long-term sickness absences, and maternity leave.

10. Although vacated posts were eventually filled, the council reported that delays in recruitment, time required to train new staff, and ongoing absences reduced the team's capacity to process new claims and change events. This impacted the overall efficacy of the service and led to a backlog of work accruing from July 2024.

11. In 2024/25, this was further compounded by a combination of factors:

- A significant increase in workload arising from Automated Transfer to Local Authority Systems (ATLAS) and Universal Credit Digital Service (UCDS) data files received from the DWP.
- The internal transfer of an experienced key officer to the Scottish Welfare Fund team.
- An additional 1,000 cases generated through the DWP's Housing Benefit Award Accuracy Initiative (HBAAI).
- The phased extension of free school meals to pupils in primary 5 and 6, and secondary years 1 to 3.

12. Consequently, processing times for new claims and change events increased significantly. This decline in performance resulted in the council being ranked 30th for new claims and 31st for change events processing out of the 32 Scottish local authorities in 2024/25.

13. The following sections of this report provide a detailed examination of the Benefits service, including the council's response and the remedial actions undertaken to address the decline in claims processing performance.

Business planning and reporting

The Benefits service has experienced a sustained and significant increase in its backlog of outstanding work since July 2024, driven by workload levels consistently exceeding available resources. The council should urgently address this by prioritising the allocation of additional staffing to stabilise service delivery and reduce the backlog

Benefits service performance is subject to regular monitoring at operational levels. However, formal reporting to the People and Communities Scrutiny Committee is limited to the Customer and Online Services Annual Service Review Report, reducing opportunities for consistent strategic oversight and effective challenge

14. An effective business plan enables the council to clearly define the aims and objectives of each service. It should include key deliverables against which performance is measured, monitored, and reported.

15. The Welfare and Benefits team plays a central role within Customer and Online Services, part of the Communities Directorate. It delivers integrated support across the council, including housing benefit (HB) administration and income management.

16. The Customer and Online Services Performance Reporting 2025/26 document outlines the key priorities for the service. For the Benefits service the key priorities are to:

- recruit three full-time equivalent staff for a fixed term of 12 months
- prioritise the processing of new claims
- initiate a project to enhance automation of Automated Transfers to Local Authority Systems (ATLAS) and Universal Credit Data Share (UCDS) data files
- replace the current Benefit IT system
- conduct an audit of the Department for Work and Pensions' Memorandum of Understanding.

17. While there is no detailed service plan setting out the strategic aims and objectives of the Benefits service, the Benefits Team Plan 2025/26 outlines operational targets to process new claims within an average of 30 days and change events within an average of eight days.

18. To provide assurance that the service is operating efficiently and effectively, monthly performance is reported to Benefits Lead Officers, Revenues Managers, and the Head of Customer and Online Services. These reports include performance against key indicators such as:

- the number of new claims and change events processed
- the average processing time for new claims and change events
- the financial accuracy of claims processing
- the total amount of HB overpayments raised and recovered.

19. Customer and Online Services provide an Annual Service Review Report to elected Members of the People and Communities Scrutiny Committee. The report outlines how the service has performed over the year in relation to its stated priorities and operational challenges.

20. The report is comprehensive and, in relation to Benefits service performance, includes data on the average time taken to process new claims and change events, benchmarked against internal annual targets. Historical performance is also presented to illustrate the direction of travel and support informed scrutiny.

21. While Benefits service performance is routinely reported at operational level and annually to elected Members, there remains scope to strengthen reporting in key areas. These include the financial accuracy of claims, backlog volumes, local authority and administrative error rates, and total HB overpayment recovery performance.

22. In relation to HB overpayment recovery, reporting could be enhanced by setting clear targets for total debt recovery and monitoring performance against these targets. This should include local reporting and national benchmarking using published DWP data.

23. Regular reporting against defined recovery targets will ensure elected Members are fully informed and able to exercise effective oversight, particularly during the ongoing cost-of-living crisis, when the accuracy of claims and the timely, robust recovery of overpayments are essential to maintaining public confidence and financial integrity.

24. Although Benefits service performance is reported regularly to staff and senior management, and annually to the People and Communities Scrutiny Committee, a significant backlog of work has accrued since July 2024. This has been attributed to resource levels remaining below

operational requirements, limiting the service's capacity to manage the workload effectively.

25. The council advised that the backlog of outstanding correspondence was 12,765 in October 2024 and had increased to 49,200 by October 2025, representing an increase of approximately 285 per cent.

26. Despite the service's best efforts to date, as detailed in Delivering Outcomes ([paragraph 35](#)), the backlog increased by seven per cent in the two months between 1 July and 26 August 2025. During the same period, the oldest outstanding item progressed by only 34 days, from 6 March 2024 to 9 April 2024, meaning that some work had been outstanding for approximately 16 months.

27. To provide context, if no further correspondence was received and the council maintained its best observed processing rate of 1,600 items per week using existing resources, it would take approximately eight months to clear the backlog.

Recommendation 1

The council should review staffing levels within the Benefits service to ensure sufficient capacity for efficient and effective service delivery. This may include additional recruitment, securing temporary support, or reallocating internal resources, where appropriate, to address the growing backlog and mitigate operational risk.

Recommendation 2

The council should ensure that, once sufficient resources are in place to reduce the backlog of work to manageable levels, the Benefits service maintains the ability to secure access to temporary staffing at short notice to respond to future operational pressures as they arise.

Recommendation 3

The council should consider enhancing its reporting of key Benefits service indicators by providing updates to the bi-monthly People and Communities Scrutiny Committee. This should include claims processing performance, backlog data, the financial accuracy of claims, local authority and administrative error rates, and total housing benefit debt recovery performance.

Delivering outcomes

New claims processing performance has improved, but there remains significant scope to strengthen the council's performance in processing change events

28. Customers typically claim housing benefit (HB) during periods of financial uncertainty. It is therefore essential that the service is supported by well-trained staff capable of making informed decisions on complex claims and ensuring prompt payment.

29. As outlined under [Introduction and background](#), the council has faced several significant challenges since our previous performance audit. These include managing the impact of the Covid-19 pandemic in 2020/21 and, more recently, the restructure of Customer and Online Services in December 2022.

30. As part of this restructure, the council advised that 2.4 full-time equivalent (FTE) benefits processing staff were reallocated to the wider service in anticipation of a reduction in the HB caseload because of the ongoing migration of HB claims to Universal Credit (UC).

31. In late 2023/24 and into 2024/25, the Benefits service experienced further staffing pressures following the retirement of three experienced officers. Although these posts were subsequently backfilled, delays in recruitment and training processes led to reduced operational capacity.

32. Despite these pressures, and an 18 per cent increase in the number of new claims processed in 2023/24, as detailed in [Exhibit 1](#), it is creditable that the council maintained strong claims processing performance, averaging 18 days for new claims and four days for change events as detailed in [Exhibit 3](#).

Exhibit 1**Number of new claims and change events processed**

	2021/22	2022/23	2023/24	2024/25
New claims	2,293	2,293	2,704	2,407
Change events	36,053	33,332	33,389	32,428
Total	38,346	35,625	36,093	34,835

Source: DWP

33. However, in 2024/25, the impact of staff losses was compounded by a substantial increase in Automated Transfer to Local Authority Systems (ATLAS) and Universal Credit Data Share (UCDS) data files received from the Department for Work and Pensions (DWP). This resulted in a 21 per cent increase in the overall workload for the Benefits service, as detailed in [Exhibit 2](#) below.

Exhibit 2**Workload comparison between 2023/24 and 2024/25 (number of processes)**

	2023/24	2024/25	Percentage change
UCDS	71,239	92,905	+30%
ATLAS	39,336	51,930	+32%
HB Stops	1,745	4,111	+136%
Education Benefits	6,181	6,894	+11%
HB Award Accuracy Initiative	1,534	1,578	+3%
Verify Earnings and Pensions	1,606	1,810	+13%
Education Maintenance Allowance	1,242	1,198	-4%
Civica / CAB	35,082	32,273	-8%
Total	157,972	191,349	+21%

Source: Fife Council

34. The council advised that the increased workload contributed to a significant decline in claims processing performance in 2024/25, as detailed in [Exhibit 3](#). The council further advised that managing this volume effectively at the time would have required an additional six FTE staff.

Exhibit 3
Speed of processing performance (average number of days)

	2022/23	2023/24	2024/25	2025/26 (at 31 Aug)
New claims	19 days	18 days	37 days	26 days
Change events	3 days	4 days	9 days	43 days

Source: DWP and Fife Council

35. In response to the decline in claims processing performance during 2024/25, the council implemented a range of positive measures throughout 2025/26 aimed at stabilising the service, increasing operational capacity, and mitigating the risk of further decline. These included:

- **utilising overtime** to increase processing capacity
- **prioritising new claims** to ensure timely support for new applicants
- **engaging with the DWP** to explore options for reducing the volume of ATLAS and UCDS data files
- **reviewing internal systems** to identify opportunities for increased automation
- **expanding digital access channels**, including the launch of a new Benefits online platform in September 2025, to reduce reliance on telephone contact and improve the customer experience
- **utilising funding** from its participation in the DWP’s Housing Benefit Award Accuracy Initiative (HBAAI) to recruit three temporary FTE revenues assistants in August 2025, for a period of 12 months.

36. These measures have led to a significant improvement in new claims processing times, reducing from an average of 37 days in 2024/25 to 26 days as at 31 August 2025. However, the prioritisation of new claims has adversely affected the processing of change events, with average times increasing from nine days to 43 days over the same period.

37. This level of performance is unsustainable and presents a financial risk to the council. Delays in processing notified change events, where attributable to the council, result in overpayments classified as local authority (LA) or administrative (admin) error for subsidy purposes. Councils that exceed the Department for Work and Pensions' lower threshold of 0.48 per cent of correct HB payments made risk subsidy loss.

38. As at 30 September 2025, the council's LA / admin error rate stood at 0.36 per cent, placing it close to the point at which subsidy loss may be incurred if further overpayments of this type occur.

39. To assess the council's progress in reducing the backlog that had accumulated since July 2024, we requested workload data for the period 1 July to 26 August 2025. This data, which is routinely monitored and reported at lead officer meetings, was used to evaluate the effectiveness of the measures implemented during 2025/26.

40. [Exhibit 4](#) details the requested information.

Exhibit 4

Outstanding workload

Date	Total work outstanding	Percentage Change	Oldest date
01 Jul 2025	45,837		06 Mar 2025
07 Jul 2025	46,261	+0.1%	18 Mar 2025
15 Jul 2025	49,351	+6.7%	21 Mar 2025
22 Jul 2025	47,715	-3.3%	23 Mar 2025
29 Jul 2025	48,269	+1.2%	24 Mar 2025
14 Aug 2025	48,765	+1.0%	02 Apr 2025
18 Aug 2025	50,058	+2.7%	03 Apr 2025
26 Aug 2025	49,034	-2.0%	09 Apr 2025

Source: Fife Council

41. Despite the additional measures taken to address the decline in claims processing performance, some of which remain ongoing and will require time to become fully embedded, and the improvement in new claims processing performance, the Benefits service is still not operating

efficiently or effectively. This reflects a service that is overwhelmed and under-resourced. Evidence of this includes:

- a 377 per cent increase in the time taken to process change events
- a 285 per cent increase in the backlog of work between October 2024 and October 2025 ([paragraph 25](#))
- the oldest date of work outstanding rising from 111 days on 1 July to 139 days on 26 August 2025.

42. The council told us that it has been extremely difficult to manage the significant increase in notifications arising from DWP ATLAS and UCDS systems, coupled with fluctuating resource levels and the addition of new work arising from:

- an additional 1,000 cases generated through the DWP's Housing Benefit Award Accuracy Initiative (HBAAI)
- the phased extension of free school meals to pupils in primary 5 and 6, and secondary years 1 to 3
- an additional 860 cases arising from National Fraud Initiative (NFI) requiring investigation
- a security audit of the Department for Work and Pensions (DWP) Memorandum of Understanding (MoU) which checks that any organisation accessing DWP data meets strict security, compliance, and data management standards
- a requirement from external audit to complete 160 claim rechecks by September 2025 as part of the council's subsidy audit.

Recommendation 4

The council should urgently address the decline in change events processing times by implementing a procedure to identify and prioritise all changes that are likely to result in an overpayment. Delays in processing such changes can lead to avoidable overpayments, which may be classified for subsidy purposes as local authority or administrative error. This could result in financial penalties if error rates exceed the Department for Work and Pensions' lower threshold.

While the council maintains a strong approach to accuracy checking, resource pressures have limited the volume of checks carried out in 2024/25 and 2025/26

43. The accurate and secure administration of housing benefit (HB) should be a key priority for every council. To support this, a robust quality assurance framework should:

- reduce the potential for fraud and error entering the benefit system
- minimise the risk of HB overpayments and the associated cost of debt recovery
- provide an audit trail to ensure identified errors are corrected
- generate insights into financial and non-financial errors, enabling targeted training and risk-based checking
- support reporting of accuracy performance to senior management and elected Members.

44. The council recognises that accurate claims processing is critical to the effective delivery of HB. Timely and correct payments help tenants meet rent obligations and maintain secure tenancies. Conversely, assessment errors can undermine financial stability, threaten tenancy sustainment, and reduce council revenue, particularly where avoidable overpayments result in subsidy loss from the Department for Work and Pensions (DWP).

45. The HB and CTRS Checking Manual 2025 provides a comprehensive framework for conducting and recording management checks. It outlines procedures for monitoring assessment accuracy and sets out how performance outcomes are reported to assessment staff to support continuous improvement.

46. The council advised that all work completed by new assessment staff is subject to 100 per cent checking by experienced officers. This level of scrutiny is gradually reduced as individual accuracy improves, supporting both quality assurance and staff development.

47. Officers conduct quarterly management checks, with support and training available to assessment assistants. Joint meetings are held each quarter to provide feedback on overall performance and discuss common errors as part of a best practice approach. When new work is introduced, the team collaborates with the systems team and software supplier to test new scripts, ensuring outputs and calculations meet expected standards.

48. Error feedback is reviewed at weekly lead officer meetings to identify learning opportunities and inform process improvements. Significant errors are escalated to the leadership team for oversight, and the Benefits service works closely with welfare assistants to ensure accurate handling of complex cases.

49. The council advised that no checks were carried out in 2022/23, as detailed in [Exhibit 5](#), due to the additional workload generated by the free school meals programme and other responsibilities, such as low-income grant assessments. These demands significantly impacted the officer group responsible for delivering the management checking process.

Exhibit 5
Housing Benefit Financial Accuracy

Year	Percentage achieved
2022/23	No checks carried out
2023/24	95%
2024/25	94%
2025/26 (at 31 May)	100%

Source: Fife Council

50. Although the council has maintained relatively good performance in the financial accuracy of claims, this has been based on a significantly reduced number of checks, largely due to increased workloads and limited resources.

51. The council advised that no accuracy checks were carried out in quarters two and three of 2024/25, due to the prioritisation of efforts to improve new claims processing times. However, checks were completed in quarter one and again in quarter four to help identify any errors arising during the intervening period. Given the ongoing work to reduce the backlog to a more manageable level, the council further advised that this pattern of management checking activity is likely to continue into 2025/26 and beyond, if required.

Recommendation 5

Once the council has reduced the backlog of outstanding work and stabilised claims processing times to levels more in line with national averages, it should recommence its standard management checking processes. This will help ensure continued accuracy, compliance, and quality assurance across the housing benefit caseload.

Recommendation 6

To support the sustainable delivery of management checks, the Benefits service should factor its resource requirements into future workforce and workload planning. This will help ensure that accuracy controls remain embedded within service delivery, even during periods of operational pressure, and reduce the risk of financial penalties linked to subsidy error thresholds.

The council is a key participant in Department for Work and Pensions and Audit Scotland's data matching initiatives and is proactive in identifying and correcting unreported change events

52. To minimise error in the caseload, councils must encourage customers to report change events promptly and maintain a robust intervention programme to identify unreported changes and take appropriate corrective action.

53. To support this, Benefits service notification letters remind customers of their responsibility to report any change event. The council website also advises customers of this requirement and provides an online facility for reporting changes.

54. In addition, the council actively participates in the Department for Work and Pensions (DWP) Housing Benefit Matching Service, Audit Scotland's National Fraud Initiative, and the DWP's Verify Earnings and Pensions (VEP) service. In May 2022, the council also signed up to the DWP's Housing Benefit Award Accuracy Initiative (HBAAI). These activities are designed to help councils identify unreported change events and maintain caseload accuracy.

55. The council recognises the importance of these initiatives and has adopted a robust approach to completing its required workload. This is illustrated in [Exhibit 6](#), which sets out the council's participation in the DWP's HBAAI.

Exhibit 6 Housing Benefit Award Accuracy Initiative

Year	Number received	Number completed	Percentage completed
2023/24	1,540	1,532	99%
2024/25	1,578	1,578	100%
2025/26 (at 31 Aug)	2,710	610	23%

Source: Fife Council

56. The council advised that it is on target to meet the required number of HBAAI case reviews in 2025/26. However, the increase of 1,132 reviews, a 72 per cent rise compared to 2024/25, is likely to limit further improvements in claims processing performance due to ongoing resource pressures.

57. This places the council in a challenging position, as completion of these case reviews is linked to DWP funding. In 2025/26, this funding has been used to recruit three FTE temporary staff, providing the service with additional processing capacity.

The council has demonstrated strong performance in the recovery of housing benefit overpayments, consistently ranking in the top quartile of all 32 Scottish councils between 2022/23 and 2024/25

58. To protect public funds, councils should maintain robust internal controls and take proactive measures to minimise housing benefit (HB) overpayments. This includes ensuring initial assessments are accurate, processing notified changes in customer circumstances timeously, and making best use of data-matching tools such as the Department for Work and Pensions' (DWP) Housing Benefit Matching Service and Audit Scotland's National Fraud Initiative.

59. Where overpayments do occur, councils should ensure they are correctly classified, distinguishing between claimant error, local authority (LA) / administrative (admin) error, and fraud, and that appropriate recovery action is taken in line with DWP guidance and local recovery policies.

60. Recovery efforts should be proportionate, fair, and consistently applied. They should be supported by clear audit trails and robust performance monitoring to ensure transparency and drive continuous improvement.

61. Responsibility for recovering HB overpayments not recovered through ongoing entitlement deductions sits with the Revenues Team, which forms part of the Financial Wellbeing and Revenues function within Customer and Online Services.

62. The team comprises 3.6 FTE revenues assistants, supervised by a revenues officer and revenues lead officer. These officers oversee both HB overpayment recovery and the Sundry Debt Team. Although based within Revenues, three team members have substantial experience in HB administration and work closely with the Benefits service.

63. The Integrated Income Collection and Debt Recovery Policy outlines the overarching principles governing income collection and debt management across all council services. It also sets out the council's commitment to supporting customers who require money advice or income maximisation, ensuring that recovery processes are fair, consistent, and sensitive to individual circumstances.

64. The policy further emphasises that effective debt management is integral to delivering the council's strategic objectives. It is underpinned by a structured framework that promotes a consistent, fair, and empathetic

approach to debt collection, while safeguarding the council's ability to maximise income recovery and maintain financial sustainability.

65. Operationally, the council's Putting Customers First – Overpayments Manual provides a comprehensive procedural guide for HB overpayments. It outlines the definition and causes of overpayments, available recovery options, and the process for managing write-offs, including the hierarchy of approval required for write-off decisions.

66. An overpayment desk aid is also available to support staff in accurately identifying and categorising overpayments. It details the various types of overpayments that may occur, provides the correct classification codes for each, and includes examples to illustrate scenarios where an overpayment may fall under more than one category.

67. To minimise benefit overpayments, the Benefits service aims to prioritise change events that could lead to an overpayment, uses benefit IT system reports to predict changes, and reminds customers to report any changes via benefit documentation and the council's website.

68. In addition, the service checks outputs from the DWP's Automated Transfer to Local Authority Systems, Universal Credit Data Share and Verify Earning and Pensions systems and prioritises claims where an overpayment could arise.

69. This proactive approach has helped reduce the number of LA / admin error overpayments arising from processing delays. This is particularly important, as councils risk subsidy loss where the LA / admin error rate exceeds 0.48 per cent of all correct HB payments made.

70. [Exhibit 7](#) sets out the council's performance against the DWP's threshold from 2022/23 to 30 September 2025.

Exhibit 7

Local authority / administration error overpayment rate

Year	Overpayment rate
2022/23	0.22%
2023/24	0.26%
2024/25	0.17%
2025/26 (at 30 September)	0.36%

Source: Fife Council

71. Since 2022/23, the council has consistently maintained error rates well below the subsidy penalty threshold. However, as at 30 September 2025, the reported error rate of 0.36 per cent represents a notable increase compared to previous years and is approaching the critical lower threshold of 0.48 per cent, beyond which financial penalties may apply through reduced subsidy from DWP.

72. The council advised that prioritising improvements to new claims processing times has led to the significant increase in the time taken to process change events, rising from an average of nine days to an average of 43 days as at 31 August 2025. Where delays result in overpayments attributable to the council, these are generally classified as LA / admin error, with potential subsidy implications.

73. Although the council prioritises certain known change events, such as HB Stop notifications from the DWP, the volume of incoming work has led to a substantial backlog of outstanding mail, increasing from 12,765 in October 2024 to 49,200 in October 2025 (an increase of 285 per cent). This backlog is likely to contain a significant number of LA / admin error overpayments, increasing the risk that the council may breach the threshold at which subsidy loss is incurred.

74. Where a customer has an overpayment and remains in receipt of benefit, the debt is recovered from ongoing entitlement at a prescribed rate, unless the customer notifies the council of financial hardship. In such cases, a means test is carried out, and a reduced recovery rate is agreed with the customer, where appropriate.

75. If a customer is no longer receiving HB, the council makes use of all available recovery options, including:

- Issuing an invoice for repayment.
- Using the DWPs' Payment Deduction Programme to automate recovery from DWP benefits.
- Recovering the debt from the customer's employer via a Direct Earnings Attachment.
- Recovering from a third-party landlord, where appropriate.
- Engaging Sheriff's Officers for debt that is difficult to recover.

76. [Exhibit 8](#) details the council's HB overpayment recovery performance.

Exhibit 8

HB overpayments and recovery performance

	2022/23	2023/24	2024/25	2025/26 (at 31 May)
Total value of HB overpayments carried forward	£4,879,821	£4,416,130	£3,923,113	£3,436,937
Total value of overpayments identified in-year	£953,121	£1,154,835	£936,324	£255,816
Total value of HB debt	£5,832,942	£5,570,965	£4,859,437	£3,692,753
Total value of all HB debt recovered (in-year)	Not Available	Not Available	Not Available	Not Available
Total value of all HB debt recovered	£1,416,812	£1,663,247	£1,422,500	£280,082
Total value of HB debt written off	£115,274	£118,677	£156,077	£16,672
Total value of HB debt outstanding	£4,416,130	£3,907,718	£3,436,937	£3,412,671
Percentage of total HB debt recovered	24%	30%	29%	8%

Source: Fife Council

77. The council has consistently delivered strong performance in recovering HB overpayments, ranking 4th out of 32 Scottish councils in both 2022/23 and 2023/24. In 2024/25, this improved further, with the council achieving 2nd place, demonstrating sustained effectiveness and a well-managed recovery process.

78. In addition to its positive national ranking, the council met its internal target to recover £1.4 million in HB debt during 2024/25. While this reflects effective recovery activity, it sits alongside ongoing challenges in processing change events, which continue to affect overall service performance and may contribute to increased overpayment levels.

Appendix

2025/26 recommendations

Issue / Risk	Recommendation	Agreed management action / timing / responsibility
<p>1. Business planning and reporting</p> <p>The Benefits service is operating with five full-time equivalent (FTE) vacancies, resulting in increased backlogs, reduced levels of accuracy checks, and significantly increased processing times for change events. The service has advised that to meet current workload demands an estimated 45 FTE staff are required, well above the current complement of 27 FTE.</p>	<p>The council should review staffing levels within the Benefits service to ensure sufficient capacity for efficient and effective service delivery. This may include additional recruitment, securing temporary support, or reallocating internal resources, where appropriate, to address the growing backlog and mitigate operational risk.</p> <p>Paragraph 27</p>	<ul style="list-style-type: none"> • Conduct staffing review; recruit permanent staff; secure temporary staff; explore internal resource reallocation. • Staffing review currently underway. Recruitment exercise launched, new permanent and temporary staff in place by February 2026. • Revenues Manager and Benefits Lead Officers.
<p>2. Business planning and reporting</p> <p>Ensuring adequate permanent staffing and access to temporary resources for the Benefits service is important to maintain service continuity, safeguard claims processing performance, and avoid prolonged reliance on short-term solutions.</p>	<p>The council should ensure that, once sufficient resources are in place to reduce the backlog of work to manageable levels, the Benefits service maintains the ability to secure access to temporary staffing at short notice to respond to future operational pressures as they arise.</p> <p>Paragraph 27</p>	<ul style="list-style-type: none"> • Establish framework agreements with agencies; develop contingency plan for rapid deployment. • Scottish Welfare Fund contact already in place with the council's systems supplier that can be utilised for outsourcing. • Usage dependant on budget confirmation for 2026/27 from cost-of-living group. • Decisions will be made in February 2026 once the recruitment exercise has been completed. • Benefits Service Manager and Procurement Team.

Issue / Risk	Recommendation	Agreed management action / timing / responsibility
<p>3. Business planning and reporting</p> <p>The current annual service review report approach does not provide the level of ongoing scrutiny required to ensure that timely corrective action can be taken when performance falls below expectations and limits the committee's ability to monitor progress throughout the year. Expanding the reporting of Benefits service indicators to include the financial accuracy of claims, backlog data, the local authority and administrative error rate, and total housing benefit debt recovery performance would strengthen the committee's oversight of operational effectiveness and fiscal responsibility and ensure that elected Members can better understand how the service is performing against key financial and operational benchmarks.</p>	<p>The council should enhance its reporting of key Benefits service indicators by providing updates to the bi-monthly People and Communities Scrutiny Committee. This should include claims processing performance, backlog data, the financial accuracy of claims, local authority and administrative error rates, and total housing benefit debt recovery performance.</p> <p>Paragraph 27</p>	<ul style="list-style-type: none"> Expand KPI reporting (backlog, accuracy, error rates, debt recovery); implement bi-monthly reporting to Scrutiny Committee. Once confirmed if enhanced reporting is part of the committee's remit, the management of reporting timescales to be reviewed at the Directorate management team (DMT) and Customer and Online Services monthly meetings. <p>January 2026</p> <ul style="list-style-type: none"> Head of Service and Revenues Manager

Issue / Risk	Recommendation	Agreed management action / timing / responsibility
<p>4. Speed of processing</p> <p>Delays in processing change events can lead to avoidable overpayments classified as local authority / administrative error. If these exceed 0.48 per cent of correct housing benefit payments made, the council risks losing subsidy. Prioritising high-risk changes helps reduce the likelihood of breaching this threshold.</p>	<p>The council should urgently address the decline in change event processing times by implementing a procedure to identify and prioritise all changes that are likely to result in an overpayment. Delays in processing such changes can lead to avoidable overpayments, which may be classified for subsidy purposes as local authority or administrative error. This could result in financial penalties if error rates exceed the Department for Work and Pensions' lower threshold.</p> <p>Paragraph 42</p>	<ul style="list-style-type: none"> • Implement triage system for high-risk changes; train staff on prioritisation • Ongoing due to system restrictions, already prioritise deceased, HB stops, end of entitlements, and ATLAS terminations. • Additional options to be explored by April 2026 • Benefits Lead Officers
<p>5. Accuracy</p> <p>Management checking is a key control that helps ensure the accuracy and integrity of housing benefit processing. Suspending these checks during periods of operational pressure may be necessary. However, once processing times have stabilised and the backlog is reduced to a manageable level, reinstating them is essential to safeguard subsidy, maintain quality assurance, and support compliance with Department for Work and Pensions expectations.</p>	<p>Once the council has reduced the backlog of outstanding work and stabilised claims processing times to levels more in line with national averages, it should recommence its standard management checking processes. This will help ensure continued accuracy, compliance, and quality assurance across the housing benefit caseload.</p> <p>Paragraph 51</p>	<ul style="list-style-type: none"> • Resume management checks once backlog has been stabilised; monitor compliance. <p>Q4 2025/26</p> <ul style="list-style-type: none"> • Quality Assurance Officer and Benefits Lead Officers.

Issue / Risk	Recommendation	Agreed management action / timing / responsibility
<p>6. Accuracy</p> <p>Embedding management checks into resource planning recognises their role in maintaining caseload integrity and subsidy compliance. Sustained delivery of these checks is essential to mitigate the risk of undetected errors and uphold assurance standards.</p>	<p>To support the sustainable delivery of management checks, the Benefits service should factor its resource requirements into future workforce and workload planning. This will help ensure that accuracy controls remain embedded within service delivery, even during periods of operational pressure, and reduce the risk of financial penalties linked to subsidy error thresholds.</p> <p>Paragraph 51</p>	<ul style="list-style-type: none"> • Include management check resource requirements in workforce planning; review annually. • Incorporated into workforce plan for 2026/27. • Benefits Lead Officers and Revenues Manager.

Fife Council

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