

Audit and Assurance Committee

Date of Meeting	20 August 2024
Subject	Error Interventions Report – Quarter 1 2024-25
Agenda No.	
Paper No.	
Prepared By	Error Interventions Team, Fraud and Error Resolution
Purpose	Monitor

Background

- 1.1 The attached report details error corrections and analysis undertaken by Social Security Scotland's Fraud and Error Resolution Unit throughout Quarter 1 of the 2024-25 operational year.

Key Points

- 2.1 Key highlights are shared in Part 1 of this report.

Conclusion/ Recommendation

- 3.1 The Committee is asked to review and comment on progress made during Quarter 1 of 2024-25.



Part 1: Error Interventions Performance

Key Highlights

Low Income Benefits

During Quarter 1 a total of [REDACTED] error cases were identified and corrected, a 31.5% increase in the total volume of errors corrected; volume of underpayments decreased by 2.4% while volume of overpayments corrected increased by 51.5 % in comparison with the previous quarter.

[REDACTED TABLE]

- In Quarter 1 2023/24, Best Start Grant Early Years Payment has the highest rate of error [REDACTED] This is due to corrective action to resolve errors associated with a 2021 system release bug which created a number of payment errors in the Best Start Grant Early Years Payment caseload.
- *Official Error (Human)* classification continues to be the largest cause of underpayments. Evidence points to a persistent lack of understanding within Client Services Delivery on how to check that a change being applied to a claim has the anticipated effect on the SPM benefit system. We supported a review of the relevant guidance and our recommendations have been accepted and guidance updated to reflect this. We continue to engage with Client Service Delivery colleagues at Stakeholder Meetings to address this.
- *Client Induced Error* classification continues to be the largest cause of overpayments. Refinement of root cause analysis has allowed us to share more detailed insight with Programme Case Maintenance and Change of Circumstances work streams. We have reviewed client notifications regarding requirement to report a change and will shortly be sharing some recommendations to Continuous Improvement Teams to improve these.

Disability Benefits



During Quarter 1 a total of [REDACTED] cases were corrected. This was a 49% reduction in comparison with the preceeding quarter. However, the value of overpayment corrections completed increased by 14%.

[REDACTED TABLE]

We would request that information offered in this section of the report is viewed in the context of the team having only recently stood up their full services offering – their capabilities and understanding are developing, as is demand and throughput. The quality of the insights we can offer will improve, but we have shared below some early findings.

- **Adult Disability Payment continue to have the highest rate of error in Disability Benefits both in terms of volume and monetary value**, with overpayments of [REDACTED] being identified and corrected.
- **Official Error (Human) classification continues to be the largest cause of underpayments.** These errors are mainly due to evidence either being updated incorrectly or there being a delay in updating. Additionally we may be seeing some evidence of a lack of understanding/compliance with some elements of guidance which we are further analysing in Quarter 2. To address this, we are developing an outcome report outlining findings and recommendations of Quarter 1 sampling work on Manual Payment Referrals, and this will be shared with Client Service Delivery Colleagues. We also continue to share error findings at monthly network meetings with Adult Disability Payment and Child Disability Payment Senior Leaders, and with Quality Support Team colleagues.
- Due to new types of proactive error detection exercises being undertaken in Quarter 1 2024/25, **Official Error was the largest cause of overpayments corrected in Quarter 1 2024-25.** Our analysis of an exercise focussed on instances where clients were in concurrent receipt of Adult Disability Payment and Personal Independence Payment is ongoing, but corrections have now been made and future losses controlled.



The table below details corrected error rates, with the monetary value of corrections expressed as a percentage of benefit expenditure for all benefit types (and rounded to 1 decimal point.)

[REDACTED TABLE]

Part 2: Building Capability and Capacity

We have progressed a number of activities in collaboration with our colleagues from different workstream across the agency, to share understanding of our error risk profile and to contribute to plans to mitigate:

[REDACTED]



Annex A

Detected Error Intervention Performance – Further Detail

Low Income Benefits

In Quarter 1, the outstanding head of work of low-income benefit awaiting correction decreased by 6.5%, due to Individual clearance figures gradually increasing as Interventions Officers become more experienced. We expect to see an increased reduction in the next Quarter due to new performance approach and staff experience increasing.

Low Income Benefit Underpayment Errors

The volume of underpayments corrected decreased by 2.4% in Quarter 1 compared to Quarter 4 for 2023-24, while the value decreased by 9.7%. The reduction is due to the levelling off of reactive referrals to the team now that Client Service Delivery have successfully cleared a historic backlog of Payment Correction Cases. We believe we are now beginning to understand what steady state demand for reactive correction work looks like.

[REDACTED GRAPH]

All referrals to the Error Interventions team are triaged daily, and underpayments are prioritised.

[REDACTED GRAPH]

By referral volume, Scottish Child Payment accounts for 45% of all underpayment corrections made by the Error Interventions Team, a decrease of 21% when compared with Quarter 4 of 2023-24. Correspondingly Best Start Food referral volumes increased by 28% against Quarter 4. There is no clear reason apparent to us for the difference. We will continue to monitor and identify trends.

Analysis of Detected Underpayments – Classifications and Root Cause



Official Error (Human) remains the error classification which generates the greatest number of underpayment errors and is consistent with our findings in Quarter 4 2023-24.

There is no single and obvious reason for this, and activities undertaken by the Error Control Working Group have prioritised mitigation of this type of error. We will continue to discuss and implement improvement activities through forums like the Error Control Working Group.

[REDACTED GRAPH]

The top underpayment root cause remains '*Processing error – evidence updated incorrectly*' [REDACTED]. This is an increase on the preceding quarter. Evidence suggests a lack of understanding of how to confirm that the SPM benefit system calculations are reflecting the expected outcome before changes are applied to an award. Work is currently being undertaken through Error Control Working Group Stakeholders to consider further ways to treat.

Our colleagues in the Quality Support Team are planning to introduce checks on reported changes of circumstances over the next quarter, which may afford additional valuable insight into the difficulties associated with successfully applying a change to an ongoing benefit award.

[REDACTED GRAPH]

Low Income Benefits Overpayment Errors

In Quarter 1, there has been a 53.8% increase in the value and a 51.4% increase in volume of overpayments identified and corrected when compared with the preceding quarter. As noted above we are seeing increased capacity to reduce the head of work. As we have always prioritised underpayment error corrections, this additional capacity will allow us to treat proportionately more overpayment cases.

[REDACTED GRAPH]



Scottish Child Payment overpayment error volumes remained steady at 60% of cases in Quarter 3 with Best Start Food also remaining at 32% of cases over the same period. As there is no legislative basis to recover Best Start Foods overpayments, in Quarter 1 we prioritised referrals for other benefit types which do have potentially recoverable overpayments, to ensure that clients receive prompt notification of liability to repay, and the debt is recognised as quickly as possible for reporting purposes.

[REDACTED GRAPH]

Scottish Child Payment remains the largest contributor by monetary value of overpayments [REDACTED] - accounting for 79% of total value of overpayments corrected. This is comparable to Quarter 4 findings.

Compared to Quarter 4 the value of Best Start Foods overpayments corrected increased [REDACTED]

Analysis of Detected Overpayments – Classifications and Root Cause

Client Induced (Good Faith) remains the top classification for overpayments [REDACTED]

[REDACTED GRAPH]

The volume of Official Error (Human) overpayments has remained at 20% and the value has decreased on Quarter 4 from 24% to 18%. A reduction in the average value when the volume stayed steady would suggest an improving picture in overpayment duration. We will continue to monitor over the next Quarter.

[REDACTED GRAPH]

[REDACTED]



Detected Error Intervention Performance – Further Detail

Disability Benefits

The Disability Error Interventions Service was launched in Quarter 3 of 2023-24. During Quarters 3 and 4 of 2023-24 the team was exclusively undertaking proactive error detection work, including some sampling exercises, to consolidate their learning and build expertise. In Quarter 1 of 2024-25, the team extended their service offering to include reactive work and began to receive error cases from Client Services Delivery, albeit in low volumes.

Disability Benefit Underpayment Errors

The payment errors identified by Disability Interventions in Quarter 1 were found as part of proactive sampling of outstanding Payment Correction Cases and a Manual Payments Sampling exercise to determine the accuracy of calculations.

[REDACTED GRAPH]

Although the value of Child Disability Underpayments is higher than Adult Disability underpayments, the volume is nearly the same indicating the difference in value is due to differing component levels and length of overpayment periods. This will be monitored in future quarters to confirm our understanding.

[REDACTED GRAPH]

Analysis of Detected Underpayments – Classifications and Root Cause

Official Error (Human) is the largest root cause of underpayments by value for the Disability benefits.

[REDACTED GRAPH]

The causes for Official Error (Human) were varied, and no discernible trend can yet be identified. As the service develops, we will continue to review the Root Cause definitions as new categories specific only to Disability Benefits begin to emerge.

[REDACTED GRAPH]

[REDACTED]

Disability Benefit Overpayment Errors

In Quarter 1, the majority of overpayment errors identified were due to two exercises. The first was an exercise to correct instances where Adult Disability Payment and Personal Independence Payment was in payment to the same client at the same time, while the second was a sampling exercise of all Adult Disability Payment Manual Payments requests received from January to March 2024.

[REDACTED GRAPH]

The difference in volume and value of overpayments identified by the Child Disability and Adult Disability teams reflects the impact of the two Adult Disability Payment exercises outlined above.

[REDACTED GRAPH]

Analysis of Detected Overpayments – Classifications and Root Cause

Official Error in Quarter 1 [REDACTED] were mostly a result of the Adult Disability Payment/PIP exercise where both benefits were in payment at the same time due to an interface failure not recognising a DWP interest for the client when the Adult Disability Payment award was put into payment. PIP has been stopped in all affected cases, and the fault has been rectified. Liability to repay overpayments was placed in all but 20 cases. This exercise also highlighted some opportunities to identify and support clients identified as vulnerable who have been overpaid. Additionally, the interface issues that caused these errors are currently being investigated further in relation to Cross Border application design. We have shared details of case scenarios that we identified whilst reviewing affected cases with the Product Owner, to allow additional controls to be considered. Of the remaining cases, no discernible trend was observed.

[REDACTED GRAPH]

[REDACTED GRAPH]

Processing Error – No Check for Previous Payment” in Quarter 1 [REDACTED]. This root cause was the largest in both volume and value in the quarter. Again this was due in large part to the Adult Disability Payment/PIP error exercise where both benefits were in payment at the same time. Although this same root cause was the second largest cause of overpayments in Quarter 4 last year, the value was 62% lower [REDACTED]. This highlights the variation in value-add between different types of pro-active error detection exercises.

Proactive Sampling – Manual Payments

The Payment Resolution Team raised some concerns over the error rate of cases being sent to them to issue a manual payment. The Disability Interventions team undertook a proactive sampling exercise [REDACTED].

A full report, including potential risks is currently being drafted and findings will be shared with Error Control Working Group for further collaboration and mitigation action.

Payment Error Resolution – Further Detail

Returned payments are payments which have been issued by Social Security Scotland but have failed to reach the intended bank account. In Quarter 1 of 2024-2025 there were 1,964,532 payments issued, with 1,005 returned payments, giving an overall return exception rate of 0.05%, similar to Quarter 1 in 2023-24. A majority of returns were in relation to payments of Adult Disability Payment (686 payments or 68.8% of returns) with main causes of returns being failure to notify changes to bank details and account closures due to death of client.

[REDACTED GRAPH]

OFFICIAL SENSITIVE



During this reporting Quarter a total of 373 manual payments were issued by the Payment Resolution team. 251 (68%) of this were for Adult Disability Payment mainly due to a known issue which prevents backdating of cases beyond 13 months which will be resolved in Autumn system release. Requests due to incorrect calculation of payment correction cases also resulted in requests. The overall manual payment exception rate was 0.02% in Quarter 1 2024-24, this is a slight reduction in comparison to Quarter 1 for 2023-2024's rate of 0.03%.

[REDACTED GRAPH]

[REDACTED TABLE]

[REDACTED GRAPH]

Payment recalls are completed by the Payment Resolution Team to prevent erroneous payments being issued but are only possible during specific timeframes. In quarter 1 there were 97 successfully completed payment recalls with an associated value of errors prevented of £97,768, this equates to 0.01% of all payments issued by volume. The majority of recall requests were for Child Disability Payment (24.7%) and Adult Disability Payment (44.3%). The overall exception rate for recalls is 0.01%, this is reflective of rates in the last reporting year.

[REDACTED GRAPH]