

## Audit and Assurance Committee

<b>Date of Meeting</b>	27 February 2024
<b>Subject</b>	Error Interventions Report – Quarter 3 2023-24
<b>Agenda No.</b>	8
<b>Paper No.</b>	26.7b
<b>Prepared By</b>	[REDACTED]
<b>Purpose</b>	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 2 of the 2023-24 operational year.

## Key Points

- 2.1 For Low Income Benefits Client Induced Error is the largest cause of overpayments, while Official Error (Human) is the largest cause of underpayments.
- 2.2 The new Disability Benefits Error Interventions team have completed their consolidation work and started working on live cases. This included some Proactive Error Detection sampling, and reactive correction cases affected by a system issue.
- 2.3 The Monetary Value of Fraud & Error team commenced preparation and initial work on reviewing Best Start Foods cases using lessons learned from Scottish Child Payment pilot.

## Conclusion/ Recommendation

- 3.1 The Committee is asked to review and comment on progress made during Quarter 3 of 2023-24.



## Part 1: Error Interventions Performance

### Key Highlights

#### Low Income Benefits

- Quarter 3 saw an 11% increase in the total volume of errors corrected – volume of underpayments decreased by 2% and volume of overpayments increased by 16% in comparison with the previous quarter.
- Monetary value of underpayments corrected increased by 13% and overpayments corrected increased by 21% from Quarter 2, due in part to clearance of historic cases with higher average payment rates.
- Best Start Foods error corrections continue to represent the highest rate of error expressed as a percentage of benefit expenditure, but Scottish Child Payment corrections are highest by total monetary value. [REDACTED]
- *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 applied to a claim has the anticipated effect on the SPM benefit system.
- *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.

#### Disability Benefits

- Quarter 3 saw the soft launch of our Disability Error Service. We have one team focussed on Adult Disability Payment and another for Child Disability Payment. Both teams commenced some pro-active sampling work in this quarter.
- [REDACTED]



## Low Income Benefits Error Interventions Performance Summary

During Quarter 3 a total of 2,988 error cases were identified and corrected by the Fraud and Error Resolution Unit. All underpayments identified have been paid to clients.

[TABLE REDACTED]

## Disability Error Interventions Performance Summary

During Quarter 3 a total of 162 overpayment cases and 23 underpayment cases were identified and corrected by Fraud and Error Resolution Unit. All underpayments identified have been paid to clients.

[TABLE REDACTED]

The table below details corrected error rates, with the monetary value of corrections expressed as a percentage of benefit expenditure (and rounded to 1 decimal point.) Please note these are indicative only as benefit expenditure values have still to be finalised.

[TABLE REDACTED]

## Part 2: Building Capability and Capacity

### Technology and Systems

During Quarter 3 we continued to test improved functionality to automate the collation of Management Information relating to Error correction activities. Some further refinements are required to meet our requirements and we continue to work with Programme colleagues to achieve these. Full implementation is still planned early in Quarter 4 and the automated management information will be run alongside current manual capture for a period, to allow us to check the integrity of data provided. If this testing is successful, we plan to stop capturing manual data in Quarter 1 of 2024-25.

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## **Disability Benefits Error Response**

A network group has now been established across the operational teams with a role in delivery of Disability Benefits. The purpose of the group is to identify opportunities for improvements and share expertise to support good management of Disability Benefit Payment Correction Cases.

## **Carer Support Payment**

We continue to engage with Programme Colleagues to understand and articulate error risk associated with the new Carer Support Payment, and to try to estimate the additional and currently unfunded resource impact into Error Interventions Teams. Discussions with Insights and Analysis colleagues is continuing.

## **Monetary Value of Fraud and Error**

An exercise commenced in December 2023 to begin measurement of Official Error levels in Best Start Foods. Building on the learning from the pilot exercise for Scottish Child Payment, the sample size has been increased to a total of 1,200 cases to increase confidence in the estimates, and to provide additional insight into error root causes. Each month 200 cases will be sampled starting from December 2023 through to June 2024, with overall estimation results expected in October 2024.



## Annex A

### Detected Error Intervention Performance – Further Detail

#### Low Income Benefits

In Quarter 3 the outstanding head of work of low-income benefit error cases awaiting correction increased by 12%.

As previously reported, this was due to work starting in Client Services Delivery teams to clear a backlog of over 33,000 Payment Correction Cases.

However, this increase in rate of new demand for Error Intervention action is significantly lower than Quarter 2 because of prioritisation of Winter Heating Payment processing. We understand that Client Service Delivery intend to prioritise clearing the backlog of Payment Correction Cases in Quarter 4.

#### Low Income Benefit Underpayment Errors

The volume of underpayments corrected decreased by 2% in Quarter 3 compared to Quarter 2 for 2023-24, while the value increased by 13%. The increase in average value can in part be attributed to the increased rate of Scottish Child Payment. All referrals to the Error Interventions team are triaged daily, and underpayments are prioritised.

[GRAPH REDACTED]

By referral volume, Scottish Child Payment accounts for 69% of all underpayment corrections made by the Error Interventions Team, an increase of 19% on Quarter 2. Correspondingly Best Start Food referral volumes reduced by around 20% on Quarter 2. No obvious cause for this variation has yet been identified, Quarter 4 figures will provide additional insight.

[GRAPH REDACTED]



## Analysis of Detected Underpayments – Classifications and Root Cause

Official Error (Human) remains the error classification which generates the greatest number of underpayment errors and has increased by 15% on last quarter.

[GRAPH REDACTED]

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

[GRAPH REDACTED]

The top underpayment root cause remains [REDACTED] Work is currently being undertaken through Error Control Working Group Stakeholders to consider further ways to treat.

## Low Income Benefits Overpayment Errors

In Quarter 3, there has been a 21% increase in the value and 16% increase in volume of overpayments identified and corrected when compared with Quarter 2.

The increase can be attributed to the increasing experience (and associated productivity) within the Interventions Teams. Work to refine our approval processes is also increasing throughput.

[GRAPH REDACTED]

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.

[REDACTED]

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[GRAPH REDACTED]

[REDACTED]

## Analysis of Detected Overpayments – Classifications and Root Cause

[GRAPH REDACTED]

[REDACTED]

The value and volume of Official Error (Human) overpayments have increased by 12% and 11% in comparison to Quarter 2 findings. This rise may be due to clearance of the backlog within client services delivery. However, further work is required to confirm whether the clearance of historic cases have contributed to increases for this classification.

The *Policy Implementation* category introduced in Quarter 3 2022-23 remains the third most common reason by monetary value and is third by volume compared to second by volume for Quarter 3. [REDACTED]

[GRAPH REDACTED]

[REDACTED]

## Detected Error Intervention Performance – Further Detail

### Disability Benefits

The Disability Error Interventions Service was launched in Quarter 3 following staff training undertaken in Quarter 2. The team carried out proactive error detection sampling work in Quarter 3 to test their new processes and ensure robust consolidation of their learning. Consideration of commencement of reactive correction activity will be explored in Quarter 4.

## Disability Benefit Underpayment Errors



The payment errors identified by Disability Interventions in Quarter 3 were found as part of proactive sampling of outstanding Payment Correction Cases.

[GRAPH REDACTED]

Although the value of Adult Disability Underpayments is slightly higher than Child Disability underpayments, the volume is nearly the same indicating the difference in value is due to differing component levels rather than an error trend. This will be monitored in future quarters to confirm.

[GRAPH REDACTED]

The Disability Interventions team have led the establishment of a cross-operational group, the Disability Payment Correction Network, which has driven improvements to guidance and supported the development of e-learning. We expect that the volume of outstanding Payment Correction Cases will increase as a result of corresponding increase in Claim Review activities required in both disability benefit caseloads. The work of the Network is therefore a good investment in increasing confidence and compliance with Payment Correction Processing requirements.

### **Analysis of Detected Underpayments – Classifications and Root Cause**

*Change of Circumstances* is the largest root cause of underpayments by value for the Disability benefits. Although the sample is small, this result reflects DWP's experience of underpayment error for the Disability benefits they administer.

[GRAPH REDACTED]

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.

## **Disability Benefit Overpayment Errors**





In Quarter 3, the majority of overpayment errors identified were two Adult Disability Payment system faults which required corrective work by the Error Interventions team. This work represented in 88% by monetary value and volume of overpayments corrected in Quarter 3. The other overpayments identified were through proactive sampling of outstanding Payment Correction cases and sampling of cleared cases.

[GRAPH REDACTED]

The difference in volume and value of overpayments identified by the Child Disability and Adult Disability teams reflects the impact of the two system faults on Error.

[GRAPH REDACTED]

Fraud and Error Resolution Unit worked closely with Chief Digital Office (CDO) to identify all cases impacted and ensure system fixes prevent future occurrences. The corrective activity related to these system faults has carried forward into Quarter 4.

### **Analysis of Detected Overpayments – Classifications and Root Cause**

[REDACTED] The fault has been resolved and recovery of overpayments are being sought. Of the remaining cases, no discernible trend was observed.

[GRAPH REDACTED]

### **Proactive Sampling – Identity and Verification**

[REDACTED]