



## Audit and Assurance Committee

<b>Date of Meeting</b>	14 November 2023
<b>Subject</b>	Debt Management and Payment Resolution Report: Quarter 2 - 2023-24
<b>Agenda No.</b>	4
<b>Prepared By</b>	[REDACTED]
<b>Purpose</b>	Monitor

## Background

- 1.1 The attached report details Debt Management and Payment Resolution activities undertaken by Social Security Scotland's Fraud and Error Resolution Unit throughout Quarter 2 of the 2023-24 operational year.

## Key Points

- 2.1 The team experienced significant resourcing pressures during this period, with headcount at just 55% of target, driven by both attrition and budget pressures. Performance has been impacted as a result and a head of work has accumulated.
- 2.2 Despite this, the team has processed an increased number and value of inbound payments received (volume up by 56%, value up by 76%). The volume of payment arrangements successfully negotiated with clients also increased by 70%.

## Conclusion/ Recommendation

- 3.1 The Committee is asked to review and comment on progress made during Quarter 2.



## Part 1: Recovery, Recharge and Payment Resolution Performance

### Key Highlights

- Attrition in the Recovery and Recharge team has continued, with more colleagues securing promotion in Quarter 2. The team worked to 55% of headcount target, which had an impact on performance. Careful prioritisation of work was undertaken as a result, and a head of work accumulated.
- Overpayment referrals processed in Quarter 2 of 2023-24 **reduced by 46% in volume to 744; and decreased in value by 34% to £249,150** in comparison to figures from Quarter 1.
- Recoverable overpayment referrals processed accounted for **509 cases at a value of £183,775 which is 68% of volume and 74% value of total referrals.** This represents a decrease of 25% both by volume and value in comparison with Quarter 1.
- Referral volumes for potential recharge of Funeral Support Payment **decreased by 58%**, this is a further decrease on referral numbers from those seen during Quarter 1 which was partially attributed to a change in process to consider Estate value during application processing, resulting in a reduction of awards.
- **Inbound payment receipts for a total sum of £109,359 were received** by the team in Quarter 2. Of this, £58,598 was recovered for benefit overpayments (which is almost equal to amounts recovered for the entire 2022-23 reporting period) and £50,761 for recharge from estates.
- **Best Start Foods overpayments account for 54% of processed referrals by volume received in Quarter 2, and 16% of total value (£48,362).** These



amounts had to be written off due to the policy instruction/lack of a legislative basis for recovery.

- **Payment exception rate was 0.22% of all payments made** (where manual intervention or bulk batch payment was required to process a successful payment).

## Performance Summary

As mentioned above, during Quarter 2 the Recoveries Team experienced resource related challenges which impacted on performance. A high attrition rate, due to staff progression, plus the ongoing impact of enhanced recruitment controls has led to the team operating at 55% of headcount during this quarter. Performance is being further impacted by a lack of experience within the team with less than 50% of remaining staff having been in post for one year or more. We expect reduced performance to continue into Quarters 3 and 4, while we onboard, train and consolidate the learning of new colleagues due to start with us shortly.

Resources have been prioritised to ensure sufficient focus on managing inbound telephony (which facilitates receipt of payments and allows clients to report a change in their circumstances affecting repayment arrangements); work to negotiate new payment arrangements; and management and monitoring of existing payment plans.

Subsequently, there has been a reduction in activity to process new overpayment referrals; work to attempt to engage unresponsive clients; and to undertake write-off activity. This is demonstrated in the performance values in the Debt Balance Summary Table on page 5.

Client Services Delivery are undertaking work to resolve a backlog of Payment Correction Cases which they expected will last until Summer 2024. This will lead to higher than normal volumes of overpayment referrals. As a result, and given



resourcing pressures previously mentioned, we anticipate that the head of work will continue to rise for at least the rest of the financial year.

## **Inbound Payments**

**During Quarter 2, 1,161 inbound payments with a value of £58,598 were receipted against benefit overpayment debts. On recharge from estates a total sum of £50,761 was successfully recharged – giving a total sum of £109,359 from 1,303 inbound payments reconciled and receipted by the team.**

We successfully engaged 243 clients, who subsequently agreed repayment plans in Quarter 2 (48% by volume of all recoverable overpayment referrals processed).

Work is still ongoing by the Error and Debt Service Design Team in Programme in collaboration with agency colleagues to complete the redetermination process for enforced deductions from ongoing awards. However, the recoveries team has commenced offering voluntary deduction from ongoing benefit awards as a method of payment. So far 21 clients have opted to repay via this method.

[REDACTED TABLE]

[REDACTED TABLE]

[REDACTED TABLE]

## **Outbound Payment Error Resolution**

**A total of 1,464,193 payments were issued by Social Security Scotland in Quarter 2. Payment Resolution processed 2,079 individual payment exceptions, giving an exception rate of 0.16% by volume, a rate which has held steady with Quarter 1.**



In addition, bulk payment uploads in Quarter 2 for Best Start Foods (888 clients) and Scottish Child Payment (271 clients) were completed, resulting in a total payment exception rate of 0.22% in Quarter 2.

## **Part 2: Building Capability and Capacity**

### **Technology and Systems**

Work is ongoing in the development of system generated management information reports from the both the Debt Management System and the SPM Benefit system to automate detail for detailed breakdowns of write off, recoveries and debt stock profile. Testing of initial reports has led to the need for some bug fixes but it is anticipated that Quarter 3 should see additional detail available to report.

Additional technology functionality within the SPM benefit system which is expected to deliver a positive impact on debt processing (such as mandatory classification of Payment Correction Cases, Automatic Closure of written off Payment Correction Cases and the Automated Bank Reconciliation) are all on track to be delivered with the November 2023 and Spring 2024 releases.

### **Recruitment and Training**

In addition to the recruitment activity, significant progress has been made in addressing gaps in formal guidance for Recoveries Officers. We continue to work with Content practitioners to refine and publish the guidance on the Internal Knowledge Management site.

Further gains have been made with development of a formal learning routeway for Recoveries Officers by Learning and Leadership colleagues, which will considerably enhance our new recruit offering. Work to consider the training needs of Recoveries Team Managers is also planned for Quarters 3 and 4.



## Annex A

### Recovery and Recharge Performance – Additional Detail

#### Inbound Overpayment Referrals

During Quarter 2 of 2023-24, referrals processed had a total value of £249,150. Of this sum, 73% of the total was recoverable, while 15% was written off due to being caused by Official Error. Administrative delay associated with processing a report of a routine change in circumstances also generated overpayments valuing £14,880 (6%) which were also written off.

[REDACTED TABLE]

The volume of overpayments written off due to being low value (below our small overpayment threshold of £65) has decreased, with only 1% of overpayment referrals written off for this reason (in comparison to 2% the previous year). We believe this is due in part to the increase in value of Scottish Child Payment weekly rates.

[REDACTED TABLE]

The majority of overpayments referred (55%) were recoverable, with the next largest category of overpayments being write off due to Official Error. Overpayments in this category accounted for 19% of total referrals processed by the team.

#### Outbound Payment Resolution

Manual payments where payments cannot be issued through the system due to case faults or user error and are referred to Payment Resolution for team to resolve.

[REDACTED GRAPH]



In Quarter 2, the vast majority of manual payments were due to system (188) and procedural errors. Scottish Child Payment errors on incorrect Payment Correction Cases generate most errors overall.

[REDACTED]

A key issue experienced this quarter was a system issue arising from a release in Quarter 3 2022/23, where automated system processing failed to identify clients eligible for auto-award of Best Start Foods, leading to a requirement to issue a bulk payment to 888 clients.

There has also been an increase in total volume of payments for Adult Disability Payments due to system functionality [REDACTED]