Audit and Assurance Committee	
Date of Meeting	14 November 2023
Subject	Error Interventions Report – Quarter 2 2023-24
Agenda No.	4
Prepared By	[REDACTED]
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 2 of the 2023-24 operational year. (The report covers errors which have come to our attention only.)

Key Points

2.1 The monetary value of overpayments corrected increased by [REDACTED] and underpayments corrected decreased by [REDACTED] this quarter.

2.2 Client Induced Error is the largest cause of overpayments, while Official Error (Human) is the largest cause of underpayments.

2.3 The new Disability Benefits Error Interventions team have completed training and have started consolidation on live cases.

2.4 The pilot exercise to produce an estimate of the monetary value of official error present within the Scottish Child Payment caseload was successfully completed. Further detail is provided in Annex B.

Conclusion/ Recommendation

3.1 The Committee is asked to review and comment on progress made during Quarter 2 of 2023-24.

Part 1: Error Interventions Performance

Key Highlights

- Quarter 2 saw a [REDACTED] in the volumes of errors corrected - underpayments [REDACTED] and overpayments [REDACTED] in comparison with the previous quarter.
- Monetary value of underpayments corrected [REDACTED] and overpayments corrected [REDACTED]. This was anticipated due in part to increased rates of benefit awards.
- Best Start Foods continues to have highest rate of error expressed as a percentage of benefit expenditure, but Scottish Child Payment is highest by total monetary value.
- Official Error (Human) classification was the largest cause of underpayments. [REDACTED]
- Client Induced Error classification continues to be the largest cause of overpayments. Refinement of root cause analysis will allow us to share more detailed data with Case Maintenance and Change of Circumstances Work Streams.

Error Interventions Performance Summary

During Quarter 2 a total of [REDACTED] error cases were identified and corrected by the 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 2 we tested Debt Management System functionality to automate the collation of Management Information relating to Error correction activities. Initial testing has been positive with some adjustments required to fully automate the process and work underway with Programme colleagues to implement required system improvements. Full implementation is planned by Quarter 4, and will be run alongside current manual capture for a period, to allow us to check the integrity of data provided by the Debt Management System. If this testing is successful, we plan to stop capturing manual data in Quarter 1 of 2024-25.

Disability Benefits Error Response

A network group has been established across the organisation and continues to meet regularly to identify opportunities for improvements and share expertise to support good management of Disability Benefit Payment Correction Cases.

Design development work is largely completed for the Disability Error Intervention Service, and we are now progressing well with training and consolidation of our new colleagues.

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.

Annex A

Detected Error Intervention Performance – Further Detail

In Quarter 2 the head of work of low income benefit error cases awaiting correction [REDACTED].

This is due to work starting in Client Services Delivery teams [REDACTED]

It is expected that the increase in reactive referrals will continue into summer of next year as Client Services Delivery [REDACTED]. The Interventions team are reviewing processes to identify any opportunities for efficiencies to support increased clearance velocity.

New colleagues joining the team means we expect to be able to increase error correction throughput in Quarter 3.

Underpayment Errors

The volume of underpayments corrected [REDACTED] in Quarter 2 compared to Quarter 1 for 2023-24, while the value [REDACTED]. There is no obvious underlying [REDACTED] other than reflecting the previous focus on clearing underpayment Payment Correction Cases in previous quarters by both Client Service Delivery and the Error Interventions team. All referrals to the Error Interventions team are triaged daily, and underpayments are prioritised.

[GRAPH REDACTED]

By referral volume, Scottish Child Payment accounts for [REDACTED] of all underpayment corrections made by the Error Interventions Team which holds consistent with Quarter 1 results. Similarly, Best Start Food referral volumes have remained stable over the last 3 quarters at around [REDACTED].

[GRAPH REDACTED]

Analysis of Detected Underpayments – Classifications and Root Cause

[GRAPH REDACTED]

Official Error (Human) remains the error classification which generates the greatest number of underpayment errors and [REDACTED] on last quarter. There is no single and obvious reason for this decrease, but activities undertaken by the Error Control Working Group have prioritised mitigation of this type of error and so these efforts may be producing early indications of improvement. We will continue to monitor this in Quarter 3.

[GRAPH REDACTED]

The top underpayment root cause remains ‘*Processing error – evidence updated incorrectly*’ with [REDACTED] Work is currently being undertaken through Error Control Working Group Stakeholders to consider further ways to treat.

Overpayment Errors

In Quarter 2, there has been [REDACTED]. The increase can be attributed to the increasing experience within the Interventions Teams and streamlined approval processes as well as [REDACTED].

[GRAPH REDACTED]

Scottish Child Payment overpayment error volumes [REDACTED]. Best Start Foods [REDACTED] over the same period.

As there is no legislative basis to recover Best Start Foods overpayments, priority has been given to potentially recoverable overpayments to ensure that clients receive prompt notification of liability decision and impact on Social Security Scotland Debt balances is known.

[GRAPH REDACTED]

Scottish Child Payment remains the largest contributor of overpayments [REDACTED] of total value of overpayments. Compared to Quarter 1 the value of Best Start Foods overpayment corrected [REDACTED].

Analysis of Detected Overpayments – Classifications and Root Cause

[GRAPH REDACTED]

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

The value and volume of Official Error (Human) overpayments remained consistent with Quarter 1 findings – and we had expected to see these reducing in comparison with Quarter 1, given the special exercise which was undertaken to correct errors identified by our sampling exercise of Straight Through Processing cases. Further work is required to understand the sustained level of cases attributed to this classification.

The *Policy Implementation* category introduced in Quarter 3 2022-23 remains the third most common reason by monetary value, but is second by volume as with Quarter 1 findings. The most common reason for using this category remains '*Best Start Foods netting not applied (Mother/ Child)'*.

[GRAPH REDACTED]

Undeclared loss of qualifying benefit is highest by volume and value (as was also the case for Quarter 1), while *undeclared change in residency* is now third by volume. Improvements to guidance on processing residency cases have been made, likely attributing to the reduction in the number of cases. *Evidence updated incorrectly* is now second highest by volume and value and work continues with the Error Control Working Group to support Client Advisors with applying evidence changes to applications.

Annex B

Estimating the Monetary Value of Official Error

Scottish Child Payment

A significant step forward was made this year in the development of our capability to produce estimates of fraud and error in our benefits caseloads. In July 2023 we undertook a pilot exercise to test our methodology and process to create estimates of monetary value of official error. Scottish Child Payment was selected as the benefit to be examined for the pilot. The difference between this estimate and the data on official error in our regular error reports, is that this work produces a full estimate of both detected and undetected official error in our case load. Our regular reporting on official error covers detected official error only.

Some further detail now follows on the approach, our findings, and next steps to make further progress towards production of official statistics on the monetary value of fraud and error.

High Level Pilot Approach

A pilot exercise took place in July 2023 to review a random sample of 400 Scottish Child Payment award cases, drawn over three months (March, April, May 2023), to examine whether official error was present during a specific target week which had been pre-selected.

Some cases which were selected were found to be unsuitable for the exercise – examples of reasons a case would not be suitable would be if it was currently subject to an ongoing fraud or error intervention, or if the award was not actually in payment during target week. Unsuitable cases were replaced to ensure the target sample of 400 was examined.

For this first exercise, each case was reviewed twice (by two different people), given that approach was new and to provide maximum assurance on the accuracy of findings. The number of errors found were then used to estimate the level of official error within the Scottish Child Payment caseload.

Findings

Official Error overpayments were found in an estimated 0.8% of the Scottish Child Payment caseload (our error frequency rate). There were around £1,120,000 of incorrect overpayments made in March – May 2023, which is 1.1% of the total expenditure for these three months (our error loss rate).

Official Error underpayments were found in an estimated 0.2% of the Scottish Child Payment caseload. There were around £140,000 of incorrect underpayments made in March – May 2023, which is 0.1% of the total expenditure for these three months.

As we move beyond this first pilot exercise, we will work towards production of annual estimates of monetary value.

A number of other payment errors were identified which did not affect the target week. In addition, procedural errors were identified, where we could not confidently say that a payment error had occurred, but evidence of non-compliance with standard processes was seen. Findings were shared with Client Services Delivery Quality Assurance colleagues. In every instance where a payment error was identified, these were all corrected and appropriate resolution action taken.

Given the small size of the sample – and the corresponding small number of errors identified – it was not possible to identify any clear error trends from this exercise. In future, when sample sizes are increased our analysis of error root causes will offer further valuable insight into the error risk profile of the benefit being examined.

Next Steps

Our Analysis and Insights colleagues will publish their findings in a research paper, inviting feedback from the statistician community on the methodology and approach. This in turn may offer valuable insight into opportunities for improvement. Publication is aligned with the 2022-23 Annual Report and Accounts.

Plans to undertake the next official error estimation exercise are underway, with data having been requested to support examination of [REDACTED]. It is hoped this will be available in December or January of this winter. New fieldwork colleagues are going through training and consolidation now.

Lessons learned from the summer project are being used to refine our approach for the next exercise, which will examine a much larger number of cases (potentially in the region of 1,200). This will increase confidence in the estimates produced and should allow analysis of error root cause trends.

Colleagues in Policy and Legal teams continue to work to deliver the legislative change required to allow estimation of client induced error and potential fraud to commence.