

Audit and Assurance Committee

Date of Meeting	14 May 2024
Subject	Annual Report – Counter Fraud: 2024-25
Agenda No.	
Paper No.	
Prepared By	Fraud and Error Resolution Unit
Purpose	Monitor

Background

- 1.1 The attached report details counter fraud activities undertaken by Social Security Scotland during 2024-25.

Key Points

- 2.1 Key highlights are summarised in part 1 of this report, with further detail provided in the Annex.

Conclusions/Recommendations

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

Part 1: Counter Fraud Performance

Key highlights for the Committee are shown below, with further detail provided within Annex A.

- The replacement Fraud Case Management system **(redacted)** was deployed during Quarter 3 improving efficiency, workflows and data standards.
- The first iteration of the **(redacted)** went live for operational use during Quarter 2 of 2024-25 (with a further iteration released in Quarter 4). This technology supports the use of data analysis to identify fraud and error indicators within our benefit data. Initial testing and pilot exercises have secured some early successes although further development is planned in order to realise the full anticipated benefits.
- **(redacted)** items of fraud intelligence were received, an increase of **(redacted)** on 2023-24, these were all assessed and researched and referred to the appropriate department. This was anticipated due to the increase in benefit caseloads and we believe this pattern will continue in 2025-26.
- In view of limited increases in staffing due to financial constraints we continue to prioritise our case management on the basis of risk and value. This reflects the position that we will not be able to respond to every item of relevant incoming intelligence we receive and now need to focus on prioritisation of high value activity, considering practical elements such as team capacity and geography when deciding what to take forward.
- **(redacted)** intelligence packages were tasked by intelligence over this period. This was a reduction of **(redacted)** in comparison with the previous year, and reflects adjustments made to our development process, with increased focus on high-value Adult Disability Payment allegations, which take more time to develop and investigate.
- During the year **(redacted)** investigations concluded with a change to benefit award being applied, **(redacted)** of which we suspect were fraud. Total historic overpayments were identified of **(redacted)** with associated estimated future loss of **(redacted)** prevented as a result of our interventions. **(redacted)** cases were concluded where award was not impacted, and there were **(redacted)** cases ongoing as of 31 March 2025.
- Decisions made following a fraud investigation were subject to challenge through redetermination and appeal for the first time this year. A total of **(redacted)** redetermination requests were received, of which **(redacted)** were upheld, and **(redacted)** are still awaited. Appeals were requested for **(redacted)** case with the outcome awaited. This has allowed us to build good collaborative relationships and refine ways of working with colleagues in Client Experience.
- The Investigatory Powers Commissioner's Office conducted an inspection of our use of investigatory powers. The subsequent report made no recommendations but did provide positive feedback with some observations for consideration which were subsequently adopted in full.

Further Development of Capability and Capacity

Technology and Systems

During 2024-25 we installed and commenced use of **(redacted)**, the replacement Fraud intelligence and investigations Case Management System, despite delays and initial bedding in issues the system and developed processes have improved efficiency and governance of Counter Fraud operations.

Our ability to analyse data in support of Fraud & Error identification has progressed with the implementation of the **(redacted)**. Collaborative work between FERU, Programme and CDO has resulted in the development of formatted data which is being used by the newly established Proactive Intelligence team to develop processes and reports to identify fraud and error within the benefits system. The initial first and second release of **(redacted)** has provided opportunities particularly in the error space to identify error and error trends.

Collaborative work is ongoing to identify technical requirements for a technology solution to support the Monetary Value of Fraud & Error team – which is likely also to be used by our Error Interventions function given the similarities in operational activity.

(redacted)

Recruitment and Training

Similar to previous year our recruitment has been limited because of wider Scottish Government financial pressures. Despite this some teams (Monetary Value of Fraud & Error Fieldwork Team and our Intelligence Management Team) have successfully recruited colleagues to respond to demand.

Members of the Monetary Value of Fraud & Error team have undertaken bespoke training in relation to Scottish Child Payment and Adult Disability Payment.

Staff across the branch have undertaken a variety of professional development activities including Accredited Counter Fraud Specialist training, surveillance training, and Accredited Risk Management Training.

(redacted)