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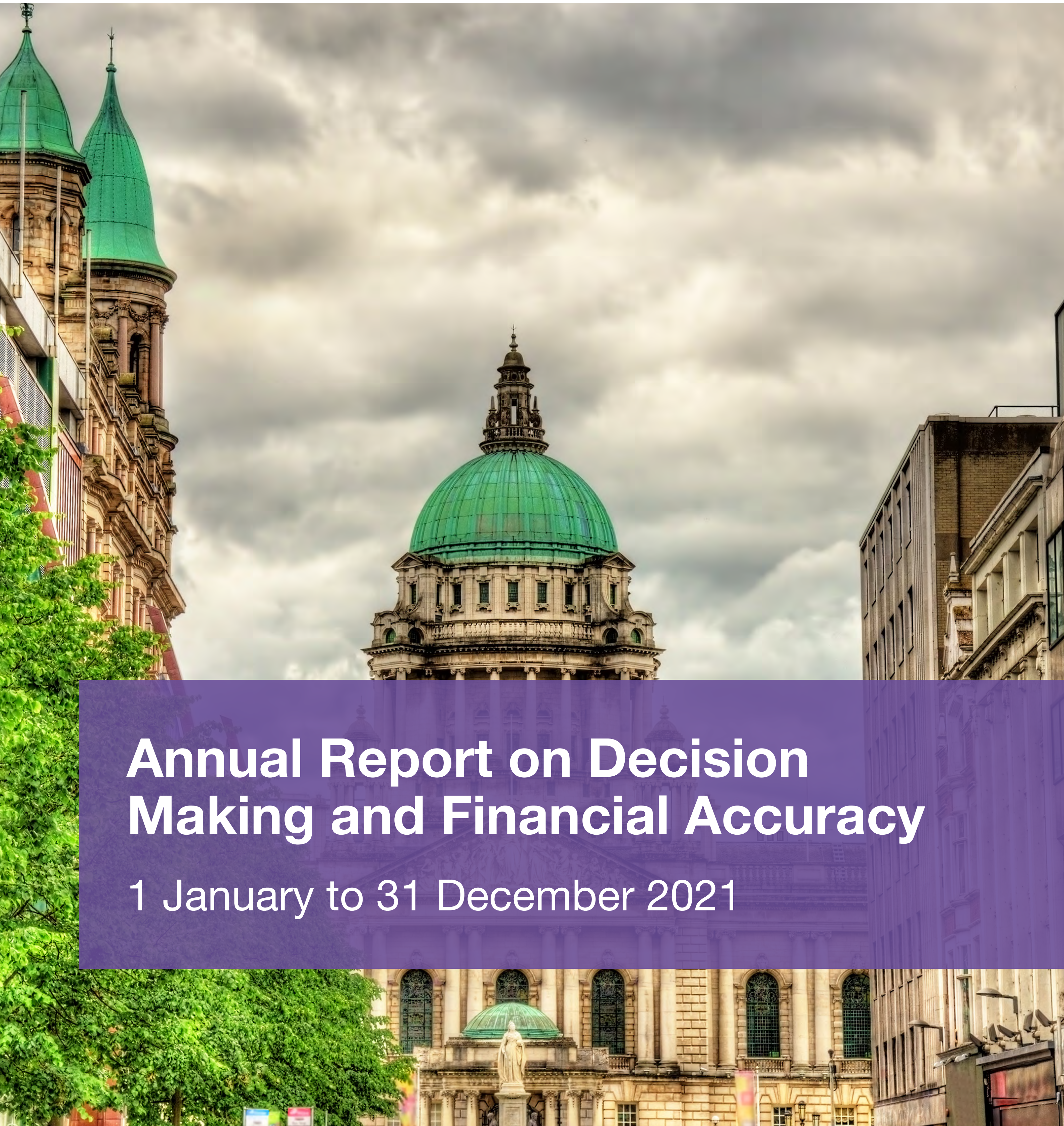

# Annual Report on Decision Making and Financial Accuracy

1 January to 31 December 2021

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**Annual Report on Decision Making and Financial Accuracy**

For the year ended 31 December 2021

The Report is laid before the Northern Ireland Assembly under Article 76 of the Social Security (Northern Ireland) Order 1998 by the Department for Communities.

26 October 2022

# Contents

# Foreword by the Standards Committee Chairperson

The Northern Ireland Joint Standards Committee was established in 1999 on foot of the Social Security (Northern Ireland) Order of 1998. The Order transferred responsibility for monitoring and reporting on the standard of decision making, where there is a right of appeal, from the Chief Adjudication Officer to, in effect, the Chief Executives of the Social Security Agency and the Child Support Agency, which subsequently became the Child Maintenance Service.

In May 2016 the work of both bodies was incorporated into the new Department for Communities and responsibility for monitoring the standards of decision making now rests with the Deputy Secretary, Supporting People Group. The shift in responsibility in 1998 replicated changes made in Great Britain (GB) in the 1998 Social Security Act. During the debates on this legislation concerns were expressed with regard to the credibility and appropriateness of the new arrangements.

To allay these, the Westminster government provided assurances that provision would be made to inject an independent element into the scrutiny of the quality of decision making with regard to social security and child support. In Northern Ireland the response to these concerns was the creation of the Joint Standards Committee with an independent chair and two other independent members.

The full membership of the Committee is set out in Part 1 of the Report and our terms of reference can be found in Appendix 1.
The Committee has three main tasks. Our core responsibility is to provide assurance that robust procedures are in place to monitor the quality of decision making with regard to specified benefits and child support. Secondly, we are charged with reporting on the standard of decision making, identifying any weaknesses and making recommendations to secure improvement. Thirdly, we are required to provide assurance that the results of monitoring are fed back to decision makers to promote continuous improvement.

With regard to benefits, the day to day work of checking the quality of decisions is undertaken by the Standards Assurance Unit of the Department.

Following the disruption caused by the Pandemic in 2020 to the measurement programme we were able to return to some degree of normality for the 2021 measurement programme. All six benefits reported on were checked for decision making accuracy and financial accuracy. Two of the benefits did not have benchmarks set for 2021. Carer's Allowance benchmarking lapsed during the pandemic and will be re-established in 2022. It should be noted that monitoring of Universal Credit was only implemented during 2019 and targets for benchmarking purposes have been established for 2022.

On the basis of all of the work completed this year, I am satisfied that the procedures in place are robust and effective. I can provide assurance that procedures to secure ongoing improvement of the service are in place and I would like to commend all the staff who contributed to this performance in what has been a very trying year.

## The work of the Committee in 2021

In line with our terms of reference we returned to having four full Committee meetings in 2021, this had been disrupted in 2020 as a result of the COVID-19 pandemic. Throughout 2021 we continued with the new remote and home working arrangements. I want to commend staff and my fellow committee members on their continued adaptability and resilience throughout this year. As well as reviewing the statistical material presented by the Standard Assurance Unit, the Committee has considered a wide range of issues which are relevant to effective service delivery. There has been continued discussion of the substantial programme of work required to implement the Welfare Reform (Northern Ireland) Order 2015, the continuing implications of the Welfare Reform Mitigation measures and the departmental response to the 2nd Independent Review of Personal Independence Payment which was carried out with the Report and Recommendations being presented to the Department and Assembly in December 2020.

The Committee continues to be aware of the potential long-term impact of the COVID-19 pandemic on the demand on services moving through 2021 and into 2022. The implications for sufferers of long COVID continue to have a likely impact on Personal Independence Payment and while the withdrawal of the UK Furlough Scheme does not seem to have impacted significantly on Universal Credit, we are now facing into a severe 'cost of living crisis' which will undoubtedly impact on Universal Credit. The impact of BREXIT and the EU Settlement Scheme continue to be topics of discussion at our meetings.

Other matters raised at Committee have, for example, related to staff recruitment and retention, staff training and the implications for staff given the continuing COVID-19 situation and the development of hybrid working conditions.  We are aware that the Department for Communities started to monitor Universal Credit in 2019 and the decision making and financial accuracy results can be found on pages 14 and 20 of this report. As previously mentioned, since the benefit is still at an early stage of implementation, targets have not yet been established for benchmarking purposes but these are in place for 2022.

During 2021 and with continuing restrictions due to COVID-19 pandemic we had to rely on technology and the continued co-operation of the various staff teams to enable meetings to take place. Thankfully, the Committee were able to re-establish meetings with staff responsible for delivering the Jobseeker's Allowance, Employment and Support Allowance and Personal Independence Payment and to meet with Lurgan, Coleraine, Andersonstown and Ballymena Jobs and Benefits Offices and review the implementation process for Universal Credit, albeit that all meetings have been taking place virtually.

We were also able to meet virtually with the Pension Centre in Derry and with the staff of the Decision Making Service. As usual, we have been impressed with the commitment and expertise of all of those who provide such important support to the people of Northern Ireland. We were also able to meet virtually with the voluntary sector and the Northern Ireland Audit Office.

The Committee's meeting with the voluntary sector provided the opportunity to review the work of the Independent Standards Committee with representatives from the sector. The exchange of information also proved positive enabling specific issues to be raised and fed into the system to be addressed. With regard to meeting the Northern Ireland Audit Office, I would like to say that it provides a useful opportunity to address issues that arise throughout the year and it can be once again noted that the work they undertake is supportive of the departmental assurances I have given above.

**Monitoring performance**

As Part 2 of the report indicates, following the amendments made in 2020 as a result of the COVID-19 pandemic, the Department has returned to a regular measurement programme albeit that two of the benefits monitored are without benchmarks. As I indicated previously these benchmarks will be reinstated and implemented in 2022. The standard of decision making is assessed using samples of cases drawn from across the live load.

These cases are checked for financial accuracy: the correctness of the payments being made. Within this process, all cases where a decision has been made in the preceding 12 months are identified and checked for decision making accuracy using four criteria:

- sufficiency of evidence,
- determination of questions,
- findings of fact and
- correct application of legislation.

Two observations can be made on this methodology. First, in line with procedures in GB, an error is recorded for decision making only where there is a financial consequence. It was agreed some time ago that, for the sake of completeness, the Annual Report for Northern Ireland should include data on all errors and this is provided in Appendix 2. Secondly, the methodology used can result in very small numbers of cases being checked for decision making as has occurred again this year in the case of the State Pension.

**The standard of decision making and financial accuracy in 2021**

In Part 3 of the report decision making accuracy is dealt with. The table on page 14 of the report details the performance of staff with regard to decision making for the six benefits monitored this year. As I previously stated two of the benefits, Carers Allowance and Universal Credit, did not have benchmarking targets set for 2021 but achieved 100% and 97% decision making accuracy respectively. Three of the remaining four benefits achieved or exceeded their benchmark. State Pension came in below its benchmark but this is attributed to the small sample sizing where even a small number of errors can create a noticeable variance.

In Part 4 of the report financial accuracy is dealt with. The table on page 20 shows that the Department has been successful in ensuring that the expenditure on these benefits is correctly disbursed. Of the six benefits monitored in 2021, again two did not have benchmarks established. The remaining four benefits all exceeded their benchmarks. As I indicated, previous benchmarking for Carers Allowance and Universal Credit will be implemented in 2022 and the Committee is keen to see how performance progresses when this happens.

**Supplementary issues**

Part 5 of the report provides information on the standard of decision making for overpayments and appeals. The table on page 22 indicates that there was no monitoring for overpayments or appeals in 2020, although this was reinstated in 2021. The table indicates that there has been an improvement in the decision making and financial accuracy for overpayments between 2019 and 2021 and appeal submissions for 2021 achieved a 100% standard of accuracy.

Further information provided in Part 6 of the Report details the estimated monetary value of error and is indicative of the level of activity undertaken by the Department. It is also a healthy corrective to much of the discussion which surrounds social security. The Report indicates that around £6.6billion was paid out in benefits in 2021 (£5.7billion of which is incorporated in the six benefits which fall within the monitoring programme). The data is derived from the numbers of cases handled by staff throughout 2021 including 166,390 new claims and 715,828* changes of circumstances notified by customers (*this figure does not include Universal Credit change of circumstances as there is no single measure to count change of circumstances transactions).

Within this, as is evidenced in Appendix 4, the loss to the public purse as a result of overpayments in the six monitored benefits is just under £34million and this represents 0.59% of total expenditure. Moreover, the loss to the public via underpayments has gone down somewhat this year but is still almost £24.5million representing 0.43% of total expenditure.

**Conclusion**

This has been another difficult year given the outworking of the COVID-19 pandemic and the issues that the Department continue to face in light of this. In spite of this I am pleased to be able to present a good assessment of the standard of decision making achieved. I would, however, continue to raise some issues for consideration by the Department and Committee. There continues to be increased pressure on staff and in some cases difficulties in the recruitment of appropriate staff and where staff are recruited the time taken for training. The Department continues to deliver existing benefits, manage cuts to these, manage the transitions to new benefits and implement the measures to alleviate the hardship caused by all of this. While the roll out of Universal Credit has been managed to date the Standards Committee is aware that the implementation of migration, when it takes place, will place further pressures on the service. To avoid a decline in decision making standards and reduce strain and anxiety amongst staff, continued new thought will need to be given to the timetabling and resourcing of change.

Finally, I would like to express my particular thanks for the support provided to me by the rest of the members of the Standards Committee, the officials who have attended the meetings and visits arranged throughout the year and the staff of Benefit Security Business Support who have provided secretarial and administrative support to the Committee.

Once again, I would like to thank Ursula O'Hare and Kevin Higgins for sharing their experience as Independent members of the Committee with me. Their breadth of knowledge and experience of social security legislation and policy continues to be an invaluable asset to me and the Standards Committee generally. Mickey Kelly retired in early 2022 and I want to acknowledge the sterling contribution he made to the Committee throughout his years of involvement. He will be greatly missed.

Marie

**Marie Cavanagh Chairperson of the Standards Committee**

# Introduction by the Director of Pensions, Disability, Benefit Security and Debt

I am pleased to introduce the Department for Communities Annual Report on Decision Making and Financial Accuracy for 2021.

This report focuses on two main areas which are the level of decision-making accuracy in social security benefits and the level of financial accuracy. The purpose of the report is to provide an assurance on the accuracy of decisions to award claims to benefit and to give robust estimates of the percentage of benefit expenditure which is paid correctly. Accuracy underpins the Department's commitment to ensure that customers are receiving the right benefit at the right time.

Of the six benefits assessed for decision-making accuracy, three of the four benchmarks set have been achieved, with two exceeding the benchmark. It is pleasing to note that despite not yet having an internal benchmark in place for decision making accuracy, Universal Credit achieved a 97% accuracy standard. This is very encouraging for a relatively new and complex benefit. As the caseload for Universal Credit has already significantly increased during the pandemic and is likely to continue to increase as customers move to Universal Credit a target has now been introduced for the 2022/2023 year.

Financial accuracy performance has continued to remain high during 2021 for all benefits monitored. The financial accuracy benchmarks have been achieved with those set for Personal Independence Payment, State Pension and State Pension Credit exceeding the target set. Again, no target was set for Carer's Allowance and Universal Credit but I am pleased to note the financial accuracy result for both was 99.8% and 98.0%, respectively. Financial accuracy in 2021 was 99.1%, up from 99.0% in 2020 and over the longer term represents a return to the 2018 position ending a dip which coincided with the introduction of Universal Credit.
I would personally like to record my thanks to the staff for their resilience, dedication and hard work throughout another challenging year. The sustained excellent results outlined in this report clearly demonstrate that staff remain focused on delivering first-rate customer service. As there is always more to do and in line with our commitments to be a learning and customer focused organisation we will seek opportunities to make further improvements in decision making and financial accuracy.

Finally, my thanks to Marie and the Committee for playing a very important role in providing independent scrutiny and oversight to the Department on the standards of decision making and financial accuracy. This feedback is highly valued as we continue to make every effort to deliver an excellent standard of service to all.

Leonora McLaughlin

**Leonora McLaughlin**
**Director of Pensions, Disability, Benefit Security and Debt**

# Part 1 Background

This 2021 Annual Report on Decision Making and Financial Accuracy sets out the categorising and reporting on decision making standards within the Department for Communities (DfC). It also reports on the financial accuracy of payments for Carer's Allowance, Employment and Support Allowance, Personal Independence Payment, State Pension, State Pension Credit and Universal Credit. The standard of Financial Accuracy for these benefits, along with Attendance Allowance, Bereavement Benefit, Disability Living Allowance, Incapacity Benefit, Income Support, Industrial Injuries Disablement Benefit, Jobseeker's Allowance, Maternity Allowance, Social Fund, and Widows Benefit, is also shown in the DfC Annual Report and Accounts.

Following the introduction of the Social Security (Northern Ireland) Order 1998 the requirement for the Chief Adjudication Officer to report on standards of adjudication was removed. To help ensure transparency, it was decided to have independent oversight, and in 1999, a Northern Ireland Joint Standards Committee (the Standards Committee) for both the Social Security Agency (SSA) and Child Support Agency (later renamed Child Maintenance Service (CMS)) was set up to oversee monitoring arrangements and report on performance. Following the change in Government structures in May 2016, both the SSA and CMS were dissolved, and their services were incorporated within the DfC. The Standards Committee includes an independent chairperson, together with two other independent members, and has terms of reference agreed by the DfC.

The Standards Committee members are:

**Marie Cavanagh**
Independent Chairperson

**Kevin Higgins**
Independent Member

**Ursula O'Hare**
Independent Member

**Mickey Kelly** *
Director of Pensions, Disability, Benefit Security and Debt, DfC

**Julie Nelson**
Deputy Director of Benefit Security and Debt, DfC

**Jonathan Furphy** **
Deputy Director, Child Maintenance Service, DfC

**Lacey Walker** ***
Head of Audit, DfC

Appendix 1 sets out the terms of reference for the Standards Committee.

* Mickey Kelly retired in February 2022 and was replaced by Leonora McLaughlin

** Jonathan Furphy moved to DVA in January 2022 and was replaced by Ros Agnew

*** Lacey Walker transferred to the Department for Infrastructure Audit team on 10 November 2021 and was replaced by Gary Curran.

# Part 2 Measurement and Sampling Methodology

The DfC Annual Report on Decision Making and Financial Accuracy for the period 1 January to 31 December 2021 (the Report) summarises the categorising results for standards of decision making and financial accuracy for social security benefits in 2021. Measurement of decision making and financial accuracy for social security benefits is carried out by Standards Assurance Unit. Decision making and financial accuracy checks are carried out using the one common random sample of cases for each benefit.

All cases from the official error sample that have had a decision made within the 12 months prior to the date the payment for the selected period was issued are checked and recorded to measure the standard of decision making. This methodology can result in very small numbers of cases being checked for decision making as has occurred this year with State Pension.

## Categorising

Standards Assurance Unit completes the following checks on a case in the common sample:

- **Decision Making** - the categoriser checks if a decision has been made on the case within the last 12 months prior to the date the payment for the selected period was issued and if so, the case is used to measure the standard of decision making. The purpose of this check is to establish if the actual decision awarding a new claim to benefit or changing the rate of benefit in payment is correct. A decision making error is only recorded where the incorrect decision also results in the payment being incorrect. The standard of decision making is expressed as a percentage. It is important to note that when Standards Assurance Unit reports on the standard of decision making it is only on decisions made by offices within the last 12 months so that the quality of current decision making can be assessed. It does not cover the full live load. For revision and supersession decisions, the check is based on the last business event.

  The decision making check continues to examine the 4 main areas as follows:

  - evidence - is there enough evidence on which to base a decision?
  - determination of questions - have all relevant questions been decided?
  - findings of fact - have the correct facts been found from the evidence available at the time of the decision?
  - interpretation and application of the law - has statute law and case law (previous commissioner/court decisions) been correctly interpreted and applied?

- **Financial Accuracy** - the financial accuracy standard represents the estimate of the percentage of the benefit expenditure that is paid correctly. Financial accuracy is measured by considering the monetary value of each error, either overpayment or underpayment, identified during the official error check. The monetary value of each error identified is passed to Professional Services Unit who extrapolate the figures to estimate the likely level of financial error in the live load for the benefit concerned.

All errors identified in the decision making and financial accuracy checks, including errors which do not cause a payment error, are reported back to operational managers and staff for the purpose of continuous improvement and to enable them to take corrective action. A further analysis of the financial accuracy results can be found in Part 4 of this report.

## Sample Size and Selection

### Random Sample, Confidence Level and Confidence Intervals

On a monthly basis, statisticians provide Standards Assurance Unit with a random sample of cases from across each benefit live load. This means that the sample can contain a range of cases from the oldest in the live run to the most recent. This is necessary to meet Northern Ireland Audit Office requirements to reflect the full live load. The samples provided for each benefit aim to ensure that the results of the financial accuracy exercise are to a confidence interval of no more than +/- 1% for all benefits and the results of the decision making exercise expected to achieve a confidence interval of no more than +/- 5% for all benefits.

The financial accuracy (percentage of annual benefit expenditure paid correctly) of a social security benefit is estimated from random samples selected throughout the year. The overall sample size required to measure financial accuracy is based on a confidence level, a confidence interval, and an estimate of the financial accuracy in the benefit population. Using the weekly monetary amounts paid in error, benefit expenditure and the appropriate statistical formula, the sample size required to measure financial accuracy in 2021, at the 95% confidence level, was calculated for each benefit.

### Stratification

The financial accuracy of each social security benefit was estimated from stratified random samples of benefit cases selected throughout the year. Stratification serves to ensure that the sample is distributed over the sample in the same way as the overall benefit population. The sample therefore better reflects the population than it would have been likely to if it were selected entirely at random. For this reason, stratification acts to increase the precision of the estimates.

### Variability and Sample Size

The variability in the attribute being measured within the population is an important factor in determining the sample size required. The more variability in the population, the larger the sample size required to achieve a given confidence interval.

For example, the sample size needed to measure financial accuracy to a given confidence interval would depend on the proportion of cases paid correctly. If over 90% of cases were paid correctly, this indicates that the variability in the population is low i.e., a large majority of cases are paid correctly. However, if 50% of cases were paid incorrectly, this indicates a high level of variability in the population. This greater level of variability means that a larger sample size would be needed to achieve a given confidence interval.

# Part 3 Results - Decision Making

The table below sets out the standard achieved against the decision making benchmarks for social security benefits. These results are also shown in the graph in Appendix 2 to the Report with comparison to last year's result.

Appendix 3 to the Report details the type of decision making errors made under the 4 main headings.

| Benefit | Total Cases Checked | Number of Incorrect Cases | Error Rate | Decision Making Standard | Decision Making Benchmark | Variance |
|---|---|---|---|---|---|---|
| Carer's Allowance | 48 | 0 | 0% | 100% | N/A | N/A |
| Employment and Support Allowance | 103 | 1 | 1% | 99% | 95% | 4% |
| Personal Independence Payment | 143 | 1 | 1% | 99% | 95% | 4% |
| State Pension # | 36 | 5 | 14% | 86% | 97% | -11% |
| State Pension Credit | 146 | 8 | 5% | 95% | 95% | 0% |
| Universal Credit | 548 | 14 | 3% | 97% | N/A | NA |

# Some of the percentage variances from the benchmarking will be attributed to small sample sizing as evidenced in the number of State Pension cases checked where even a very small number of errors can create a noticeable variance.

The results from the table above show that 3 of the 4 decision making benchmarks have been achieved, with 2 exceeding their benchmark. Benchmarks have not been set for Carer's Allowance, as the measurement only recommenced in 2021, and Universal Credit as it's relatively a new benefit.

## Decision Making Performance

This part of the Report details the standard of decision making for Carer's Allowance, Employment and Support Allowance, Personal Independence Payment, State Pension, State Pension Credit and Universal Credit.

## Carer's Allowance Decision Making

To find out the standard of decision making, 48 cases were examined, and all cases (100%) were correct. There is no benchmark in place as Carer's Allowance decision making measurement only recommenced in 2021. A benchmark will be considered for the 2022 year. The table below shows the breakdown of performance under each type of decision checked.

| CA Type of Decision | Total Cases Checked | Number of Cases Incorrect | Error Rate | Percentage of Decisions Correct | Confidence Interval |
|---|---|---|---|---|---|
| Claims | 42 | 0 | 0% | 100% | |
| Revisions | 2 | 0 | 0% | 100% | |
| Supersessions | 4 | 0 | 0% | 100% | |
| **Overall Performance** | **48** | **0** | **0%** | **100%** | **+/- 3.9%** |

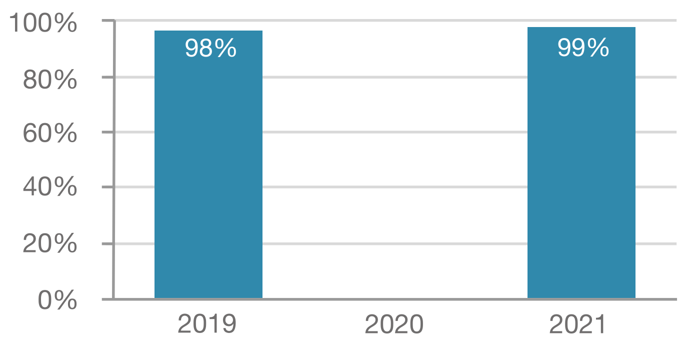
## Employment and Support Allowance Decision Making

To find out the standard of decision making, 103 cases were examined, and 102 cases (99%) were correct. The decision making standard was 4 percentage points above the benchmark of 95%. The table below shows the breakdown of performance under each type of decision checked.

| ESA Type of Decision | Total Cases Checked | Number of Cases Incorrect | Error Rate | Percentage of Decisions Correct | Confidence Interval |
|---|---|---|---|---|---|
| Claims | 8 | 0 | 0% | 100% | |
| Revisions | 2 | 0 | 0% | 100% | |
| Supersessions | 91 | 1 | 1% | 99% | |
| Uprating | 2 | 0 | 0% | 100% | |
| **Overall Performance** | **103** | **1** | **1%** | **99%** | **+/- 1.9%** |

The chart below compares decision making standard over the last 3 years (no 2020 result due to the coronavirus pandemic disruption).

### ESA Standard of Decision Making




The area of error was findings of fact and related to income taken into account incorrectly.

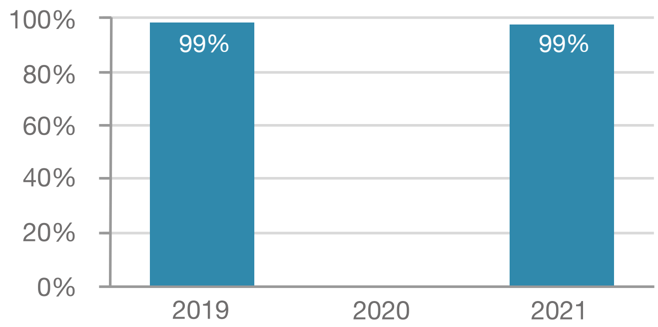
## Personal Independence Payment Decision Making

To find out the standard of decision making, 143 cases were examined, and 142 cases (99%) were correct. The decision making standard was 4 percentage points above the benchmark of 95%. The table below shows the breakdown of performance under each type of decision checked.

| PIP Type of Decision | Total Cases Checked | Number of Cases Incorrect | Error Rate | Percentage of Decisions Correct | Confidence Interval |
|---|---|---|---|---|---|
| Claims | 135 | 1 | 1% | 99% | |
| Revisions | 1 | 0 | 0% | 100% | |
| Supersessions | 7 | 0 | 0% | 100% | |
| Overall Performance | 143 | 1 | 1% | 99% | +/- 1.6% |

The chart below compares decision making standard over the last 3 years (no 2020 result due to the coronavirus pandemic disruption).

### PIP Standard of Decision Making




The area of error was evidence and related to disability/mobility being treated incorrectly.

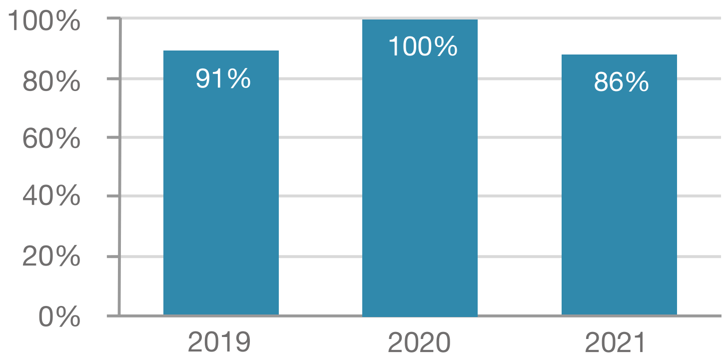
## State Pension Decision Making

36 cases were examined to determine the standard of State Pension decision making in 2021. Although only a relatively small number of errors were identified (5), this equates to a decision making accuracy result of 86% due to the sample size. The table below shows the breakdown of performance under each type of decision checked.

| SP Type of Decision | Total Cases Checked | Number of Cases Incorrect | Error Rate | Percentage of Decisions Correct | Confidence Interval |
|---|---|---|---|---|---|
| Claims | 26 | 1 | 4% | 96% | |
| Revisions | 5 | 3 | 60% | 40% | |
| Supersessions | 5 | 1 | 20% | 80% | |
| Overall Performance | 36 | 5 | 14% | 86% | +/- 11.3% |

The chart below compares decision making standard over the last 3 years.

### SP Standard of Decision Making




The main area of error was findings of fact with 3 errors (60%). The main type of error within findings of fact related to incorrect awards / rate of benefit (2 errors).

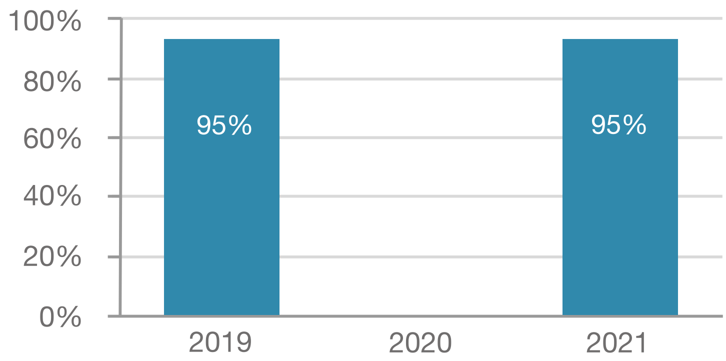
## State Pension Credit Decision Making

To find out the standard of decision making, 146 cases were examined, and 138 cases (95%) were correct. The decision making standard was the same as the benchmark of 95%. The table below shows the breakdown of performance under each type of decision checked.

| SPC Type of Decision | Total Cases Checked | Number of Cases Incorrect | Error Rate | Percentage of Decisions Correct | Confidence Interval |
|---|---|---|---|---|---|
| Claims | 47 | 1 | 2% | 98% | |
| Revisions | 39 | 2 | 5% | 95% | |
| Supersessions | 60 | 5 | 8% | 92% | |
| Overall Performance | 146 | 8 | 5% | 95% | +/- 3.4% |

The chart below compares decision making standard over the last 3 years (no 2020 result due to the coronavirus pandemic disruption).

### SPC Standard of Decision Making



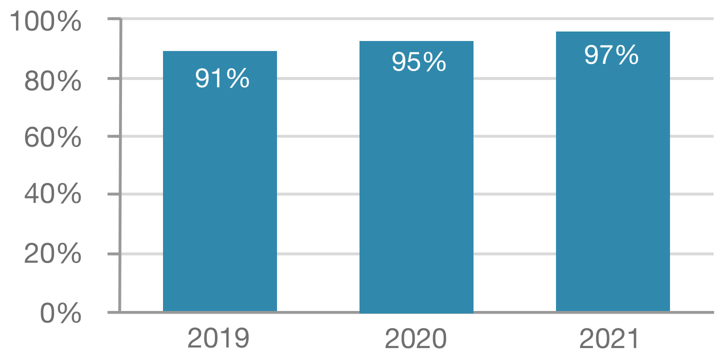

The main area of error was evidence with 7 errors (88%). The main type of error within evidence related to income taken into account incorrectly (4 errors).

## Universal Credit Decision Making

To find out the standard of decision making, 548 cases were examined, and 534 cases (97%) were correct. A benchmark has not yet been set as Universal Credit is a relatively new benefit. A benchmark will be introduced in the 2022 year. The table below shows the breakdown of performance under each type of decision checked.

| UC Type of Decision | Total Cases Checked | Number of Cases Incorrect | Error Rate | Percentage of Decisions Correct | Confidence Interval |
|---|---|---|---|---|---|
| Claims | 113 | 0 | 0% | 100% | |
| Revisions | 38 | 1 | 3% | 97% | |
| Supersessions | 397 | 13 | 3% | 97% | |
| Overall Performance | 548 | 14 | 3% | 97% | +/- 1.4% |

The chart below compares decision making standard over the last 3 years.




The 2 main areas of error were findings of fact with 7 errors (50%) and evidence with 5 errors (36%). The main type of error within findings of fact related to incorrect carer element (3 errors). The main type of error within evidence related to earnings treated incorrectly (3 errors).

# Part 4 Results - Financial Accuracy

Financial Accuracy is the estimate of the percentage of the benefit paid correctly from an official error perspective. Financial accuracy targets for 2021 are shown in brackets. From April 2004 financial accuracy for State Pension (99%) and State Pension Credit (98%) was introduced. From April 2010 financial accuracy for Employment and Support Allowance (98%) was introduced and from January 2018 financial accuracy for Personal Independence Payment (95%) was also introduced. From January 2019 Universal Credit was introduced (target not set as relatively new benefit) and from January 2021 Carer's Allowance was introduced (last measured in 2014 / target not set). Targets for Carers Allowance and Universal Credit will be introduced in the 2022 year. The table below shows the 2021 end of year performance against these targets and a comparison with the 2020 end of year results (only State Pension and Universal Credit measured in 2020 due to the coronavirus pandemic disruption). Appendix 5 details the estimated levels of financial error (Monetary Value of Error).

| Benefit | 2021 Target | 2021 Financial Accuracy Result | 2020 Financial Accuracy Result |
|---|---|---|---|
| Carer's Allowance | N/A | 99.8% | N/A |
| Employment and Support Allowance | 98% | 98.0% | N/A |
| Personal Independence Payment | 95% | 99.0% | N/A |
| State Pension | 99% | 99.6% | 99.5% |
| State Pension Credit | 98% | 98.3% | N/A |
| Universal Credit | N/A | 98.0% | 97.9% |

The results from the table above show that all of the 4 benefits monitored met or exceeded their target set. As Carer's Allowance and Universal Credit are relatively new benefits targets were not set.

## Analysis of the data used to calculate Financial Accuracy for 2021

The table below shows the number of cases used to calculate the 2021 Financial Accuracy results.

| | January – December 2021 | |
|---|---|---|
| **Benefit** | **Total Cases Checked** | **Total Cases in Error** |
| Carer's Allowance | 564 | 1 |
| Employment and Support Allowance | 924 | 43 |
| Personal Independence Payment | 732 | 17 |
| State Pension | 683 | 71 |
| State Pension Credit | 833 | 39 |
| Universal Credit | 647 | 49 |

# Part 5 Overpayments and Appeals

## Overpayment Decisions

A total of 139 cases were examined and 24 errors were raised resulting in an overall standard of 83%. The 2 main areas of error were findings of fact which accounted for 12 errors (50%) and evidence which accounted for 9 errors (38%). The 2 main types of error within findings of fact related to the period (5 errors) and amount (4 errors) of the recoverable overpayment being incorrect. The 2 main types of error within evidence also related to the period (4 errors) and amount (4 errors) of the recoverable overpayment being incorrect.

Overpayment decisions were not monitored in 2020 as the measurement programme was suspended for a period of time due to the coronavirus pandemic and subsequently focused on the areas of highest risk and highest spend i.e. Universal Credit and State Pension.

Both the Decision Making and Financial Accuracy standards for the past 3 years are shown in the table below.

| Year | *Total Cases Checked | Number of Errors | Decision Making Standard | Financial Accuracy Standard |
|---|---|---|---|---|
| 2021 | 139 | 24 | 83% | 97% |
| 2020 | N/A | N/A | N/A | N/A |
| 2019 | 199 | 38 | 81% | 92% |

*Overpayments are made up of ESA, PIP, SP & SPC cases.

## Appeal Submissions

A total of 75 cases were examined and no errors were raised resulting in an overall standard of 100%. As with Overpayment decisions, Appeals Submissions were not monitored in 2020.

| Year | *Total Cases Checked | Number of Errors | Error Rate | Decision Making Standard |
|---|---|---|---|---|
| 2021 | 75 | 0 | 0% | 100% |
| 2020 | N/A | N/A | N/A | N/A |
| 2019 | 114 | 1 | 1% | 99% |

*Appeals are made up of ESA, PIP, SP & SPC cases

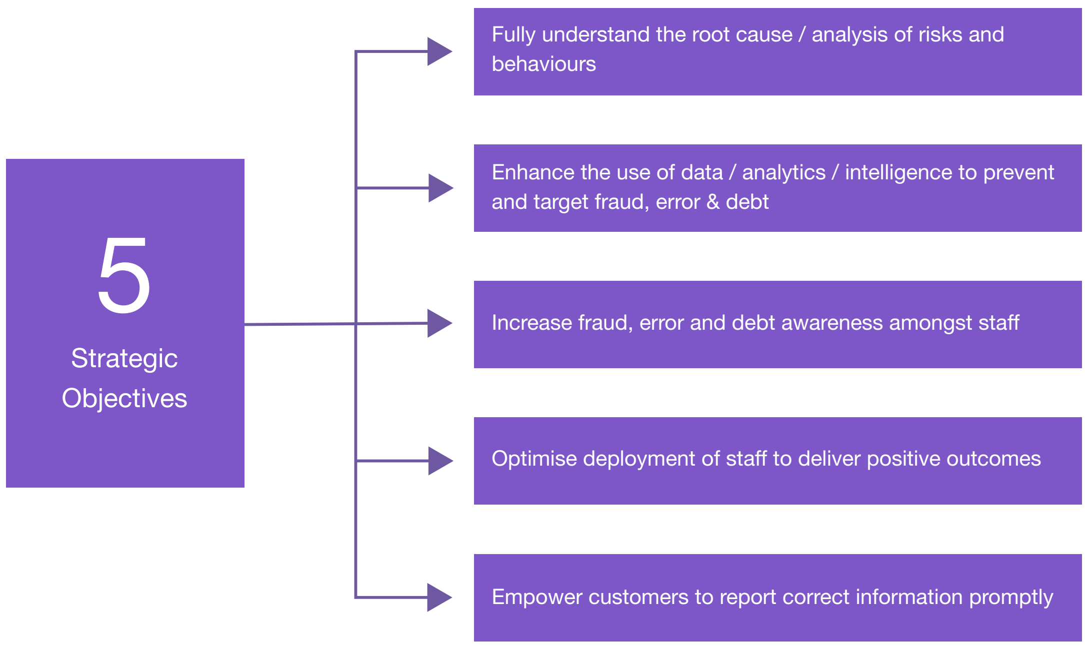
# Part 6 Department's Strategy to Reduce Error in Decision Making and Financial Accuracy

The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error. Its activities are overseen by a Benefit Security Board, whose membership comprises of a wide selection of internal stakeholders.

In November 2021, the Department published a Benefit Fraud, Error and Debt Strategy. This Strategy outlines the work to minimise fraud and error across the next three years to ensure operational activities remain fit for purpose in the face of a rapidly changing environment.

The Strategy recognises previous successes and identifies what we currently do well whilst remaining aware of areas in which we can do better and those where we must adapt to changing conditions.

The Strategy sets out five objectives designed to minimise over and under payments within the benefit system. Our aim is to prevent error from occurring where we can and, if we are unable to, detect it early and take corrective action. Throughout the lifespan of this Strategy, we will achieve this aim through the delivery of five strategic objectives.



Prevention of error is fundamental to the success of the strategy. Preventing error entering the benefit system impacts on the amount of money lost through overpayment of benefit and minimises the risk of underpayment of benefit to customers.

The need for a strategic approach is emphasised by the scale of transactions handled by the Department. In 2021 almost £6.6billion was paid out in benefits. Across all benefits, staff handled 166,390 new claims as well as taking action on some 715,828 * changes of circumstances notified by customers. This large volume of activity has the potential to allow a significant amount of error into the benefit system.

* This figure does not include Universal Credit change of circumstances as there is no single measure to count change of circumstances transactions

## Official Error

The latest financial accuracy figures show an improvement which at 99.1%, up from 99.0% in 2020 and over the longer term represents a return to the 2018 position ending a dip that coincided with the introduction of Universal Credit. The Department remains committed to continuous improvement and has a wide range of control measures in place to ensure high levels of financial accuracy. This includes extensive training and consolidation complemented by a programme of regular checks and controls to prevent potential incorrectness.

## Error Reduction Division Activity

During 2021-22 the Department's Error Reduction Division continued to direct dedicated resources within benefit offices to identify and correct error. This resourcing funds specialist teams across the Department to perform checks on cases which, through statistical analysis, are deemed to be at greatest risk of error. It also funds activity to remove anomalies identified by matching data from various information systems. Resources are allocated to each benefit based on the level of risk, and within each benefit all cases are targeted further using risk based selection models. This approach ensures maximum impact from targeted error reduction activity. During the period 24,268 checks or case reviews were actioned, which led to the adjustment of benefit in 4,072 cases, with a total monetary value of almost £17.7 million.

# Glossary

| | |
|---|---|
| **Attribute** | An attribute is a characteristic of the case being examined. The characteristic may refer to the category a case belongs to or a numerical measure. For decision making the attribute is whether the case is correct or incorrect. For financial accuracy the attribute is the amount of money paid in error. |
| **Benchmarks** | Benchmarks are standards set by senior management against which performance can be measured. |
| **Confidence Intervals** | The confidence interval gives an indication of the degree of uncertainty surrounding the estimate obtained from the sample, by giving a range that the true value is likely to be within. The quoted confidence intervals are based on a 95% confidence level, which means that we are 95% confident that the true value will lie within the specified range. |
| **Decision Making** | Decision making is carried out on behalf of the Department by decision makers. The decision maker must make a decision by considering all the evidence, establishing the facts and applying the law, including any relevant case law, in each case. Where legislation specifies or implies discretion, the decision maker's judgement must be reasonable and made on balance of probabilities with unbiased discretion. The decision making standard represents the percentage of cases in the sample found to be correct when checked by Standards Assurance Unit. |
| **Financial Accuracy** | The financial accuracy standard represents the estimate of the percentage of the benefit expenditure which is paid correctly. |
| **Standards Assurance Unit** | Standards Assurance Unit is part of the Pensions, Disability, Benefit Security and Debt Directorate within the Department for Communities. Standards Assurance Unit provides a reliable and independent measure of decision making, financial accuracy and customer fraud and customer error against benchmarks and targets and assists operational staff in the drive to improve accuracy in benefit administration. |
| **Targets** | Targets are attainable goals set by senior management for staff to achieve within an agreed timetable or to a set standard. |

| | |
|---|---|
| **Variability** | The variability within a population refers to the percentage of the population with/without the attribute or the range of values in the attribute being measured. The more varied the population the larger the sample size required to achieve a given confidence interval. |

## Social Security Benefits

| | |
|---|---|
| **CA** | Carer's Allowance |
| **ESA** | Employment and Support Allowance |
| **PIP** | Personal Independence Payment |
| **SP** | State Pension |
| **SPC** | State Pension Credit |
| **UC** | Universal Credit |

# Key to Appendices

| | |
|---|---|
| **Appendix 1** | Terms of reference for the Standards Committee |
| **Appendix 2** | Decision making standards versus benchmarks: 2020 and 2021 |
| **Appendix 3** | Types of decision making errors |
| **Appendix 4** | Estimated monetary value of error information for Carer's Allowance, Employment and Support Allowance, Personal Independence Payment, State Pension, State Pension Credit & Universal Credit. |

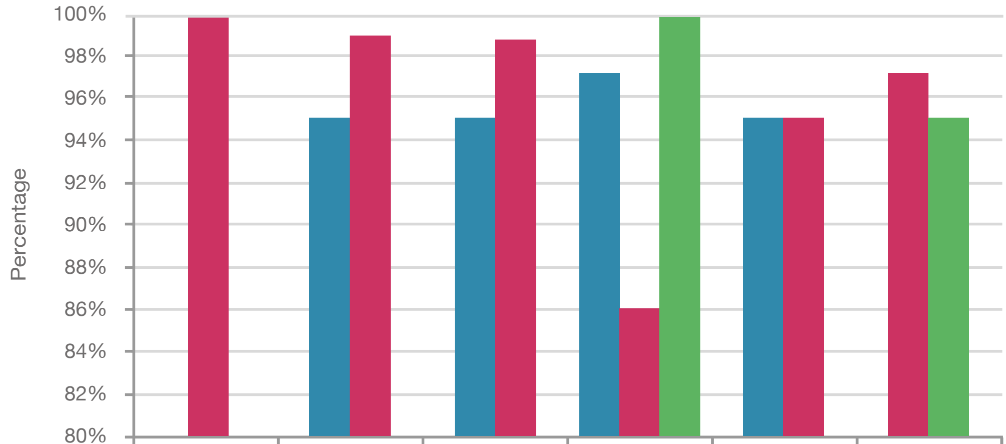
Appendix 1

# Terms of Reference for the Standards Committee

1. The Standards Committee will have an advisory rather than executive role. Its objectives will be to:
   - provide assurance to the Deputy Secretary of Supporting People Group that effective decision making checking procedures are in place;
   - confirm legislation is properly applied;
   - monitor and report performance against quality targets;
   - identify common trends relating to the quality of decision making in the Department and to highlight those areas where improvement is needed;
   - make specific recommendations on any area considered appropriate;
   - provide assurance to the Deputy Secretary of Supporting People Group that mechanisms are in place to feed back results to the Department to enable continuous improvement;
   - report to the Deputy Secretary of Supporting People Group on the operation of the decision-making process and where necessary to make recommendations for changes. The Deputy Secretary of Supporting People Group should be free to meet the Chairperson informally and discuss issues that may arise during the year;
   - provide the Deputy Secretary of Supporting People Group with an annual assurance in the form of reports on the quality of decision making in the Department and such other reports as the Deputy Secretary of Supporting People Group or the Standards Committee consider appropriate; and
   - provide assurance on the quality of decision making with the results of financial accuracy.
2. Standards Committee meetings will be held 4 times yearly to coincide with the reporting programmes and minutes will be taken and agreed by the Committee members.
3. An agenda will be prepared in advance of each meeting and circulated to the Committee members for consideration.

**Appendix 2**

# Decision making standards versus benchmarks: 2020 and 2021




| | CA | ESA | PIP | SP | SPC | UC |
|---|---|---|---|---|---|---|
| Decision making benchmark | | 95% | 95% | 97% | 95% | |
| Decision making Standard 2021 | 100% | 99% | 99% | 86% | 95% | 97% |
| Decision making Standard 2020 | | | | 100% | | 95% |

## Appendix 3

# 2021 Types of decision making errors

| Benefit | Decision making Comment Rate % | Evidence: Number of Errors | Evidence: Percentage of Overall Errors | Determination of Questions: Number of Errors | Determination of Questions: Percentage of Overall Errors | Findings of Fact: Number of Errors | Findings of Fact: Percentage of Overall Errors | Interpretation and Application of the Law: Number of Errors | Interpretation and Application of the Law: Percentage of Overall Errors | Total Number of Errors |
|---|---|---|---|---|---|---|---|---|---|---|
| Employment and Support Allowance | 1% | | | | | 1 | 100% | | | 1 |
| Personal Independence Payment | 1% | 1 | 100% | | | | | | | 1 |
| State Pension | 14% | 2 | 40% | | | 3 | 60% | | | 5 |
| State Pension Credit | 5% | 7 | 87.5% | | | 1 | 12.5% | | | 8 |
| Universal Credit | 3% | 5 | 36% | 1 | 7% | 7 | 50% | 1 | 7% | 14 |

Appendix 4

# Estimated Monetary Value of Error Information 2021 for Carer's Allowance, Employment and Support Allowance, Personal Independence Payment, State Pension, State Pension Credit & Universal Credit

| Benefit | Estimated Annual Monetary Value of Error | Overpayments | Underpayments | Total Expenditure | Estimated Financial Error Rate |
|---|---|---|---|---|---|
| Carer's Allowance | £317,280 | £317,280 | £0 | £178,409,143 | 0.2% |
| Employment and Support Allowance | £16,106,505 | £10,323,314 | £5,783,191 | £825,038,813 | 2.0% |
| Personal Independence Payment | £9,644,346 | £4,058,298 | £5,586,048 | £998,508,182 | 1.0% |
| State Pension | £9,626,760 | £2,469,188 | £7,157,572 | £2,568,614,436 | 0.4% |
| State Pension Credit | £3,996,797 | £1,613,898 | £2,382,899 | £230,338,893 | 1.7% |
| Universal Credit | £18,641,019 | £15,121,946 | £3,519,073 | £912,382,814 | 2.0% |

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