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Department  
for Communities  
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# Decision Making and Financial Accuracy

Annual Report for the period  
1 January to 31 December 2017



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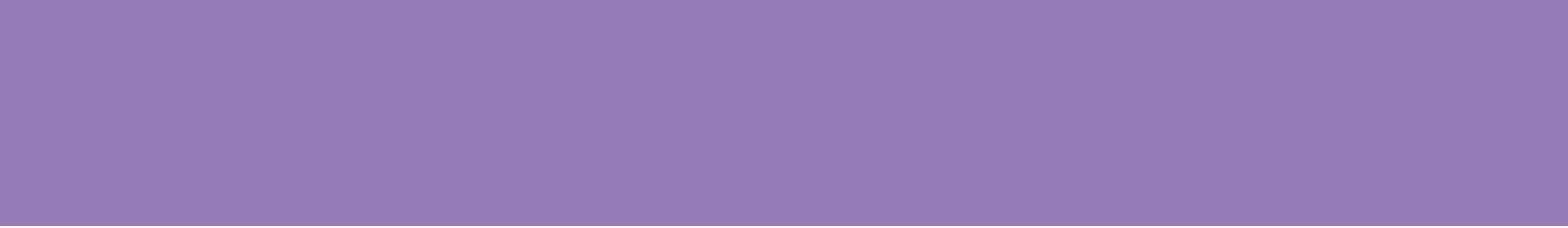
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**Department for Communities**  
Annual Report on Decision Making  
and Financial Accuracy  
1 January to 31 December 2017

*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.*

15 March 2019



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# Foreword by the Standards Committee Chairperson

## Introduction

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 of Work and Inclusion Group. The shift in responsibility in 1998 replicated changes made in 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](#).

In essence, 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 (SAU) of the Department and, on the basis of all of the work completed this year, I am satisfied that the procedures in place are robust and effective. With regard to the standard of decision making, as the report indicates, the performance of decision makers has been fairly satisfactory this year with small percentage variances from the benchmarking.

Some of this will be attributed to reduced sample sizing which has been necessary this year for logistical reasons. The planned sample sizing will increase next year and should correct these variances and to this end I can provide assurance that procedures to secure on-going improvement are in place. I would wish to commend all of the staff who have contributed to this performance.

## The work of the Committee in 2017

As our terms of reference require, we have had four full Committee meetings 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 and the Report of the Welfare Reform Mitigations Working Group. Other matters raised at Committee have, for example, related to appropriate staff recruitment and retention, staff training to give better support to claimants, particularly to claimants where mental health is an issue, the difficulties which may occur with zero hours contracts. The beginning of the roll out of Universal Credit in September 2017 has again highlighted the need for the Committee's consideration of what will be required of us in the discharge of our responsibilities in relation to the sanctions regime which accompanies the implementation of this new legislation.

Throughout 2017, the Committee has had meetings with staff responsible for delivering the Job Seekers Allowance, Employment and Support Allowance, benefits for carers and those with disability and benefits relating to bereavement and retirement. Additionally, we have visited the Lurgan and Andersonstown Jobs and Benefits Offices, the Pension Centre in Derry and met with the staff of the Decision Making Service. We also had a visit in January 2018 with Limavady JBO to review the early implementation of Universal Credit.

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 have also had discussions with the voluntary sector and the Northern Ireland Audit Office and met with the NI Commissioner for Children and Young People.

With regard to the meeting with the voluntary sector, while we were pleased to receive some very positive feedback on the service

provided, some specific issues were raised and the meeting enabled these difficulties to be addressed. With regard to 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 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, 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. As I mentioned earlier some of the sample sizes used in 2017 were significantly reduced

on previous years for logistical reasons. This had previously been agreed with the Department. It should be noted, however, that, the Committee did assure itself that the data presented could be relied upon.

### **The standard of decision making and financial accuracy in 2017**

The table on page 20 of the report details the performance of staff with regard to decision making for the four benefits monitored this year: Employment and Support Allowance, Jobseeker's Allowance, State Pension and State Pension Credit. From this it can be seen that staff exceeded the accuracy benchmarks set for one out of four benefits and were within one or two percentage points in two other benefits. Given the agreed reduction in sample sizes we are confident that this is a satisfactory outcome.

At this point I would like to note that while we are currently monitoring the decision making and financial accuracy of the four benefits identified in the table on page 26 we do anticipate statistical information soon becoming available for Personal Independence Payments. As my predecessor mentioned in the previous report due to the closure of Disability Living Allowance (DLA) to people of working-age, monitoring of this benefit has ceased. We are anticipating that during 2018/2019 comprehensive data will become available to enable reliable statistical analysis to take place on the decision making and financial accuracy of the new benefit. As DLA continues in payment for qualified older claimants and this benefit is still open to children with disability the Committee has continued to engage with DLA and supports staff in maintaining the high standards of decision making achieved over the past number of years. While we are not now formally monitoring DLA I think it appropriate

that we continue in an acknowledgement and support role at this level.

Part 4 of the report deals with financial accuracy. The table on page 26 shows that the Department has been very successful in ensuring that the expenditure on these benefits is correctly disbursed. Of the four benefits monitored in 2017 State Pension and State Pension Credit exceeded the targets set and Employment and Support Allowance and Jobseeker's Allowance missed their targets by 0.4% and 0.3% respectively and were well within their upper confidence levels. This is an excellent result and compares well with last year's performance.

### **Supplementary issues**

Part 5 of the report provides information on the standard of decision making for overpayments and appeals. Decision making for overpayments has slipped slightly in relation to the 2016 figure, although it is noted on page 30 that, 'SAU only measure and report on overpayments and appeals for legacy benefits ... and with the cessation of some of these benefits over this period there has been an associated reduction in the numbers of these cases monitored.'

It should also be noted, from the financial accuracy standard, that errors in overpayments decisions do less damage than might be expected. The standard of decision making for appeal submissions, also on page 30, is a very satisfactory 99% and Appendix 3 indicates that staff are hitting and, indeed, often exceeding, the targets set for clearance times across the service which is to be commended.

Further information provided in Part 6 of the Report details the estimated monetary value of error and is a healthy corrective to much of the discussion which surrounds social



security. The Report indicates that around £5.24 billion was paid out in benefits in 2017 (£3.48 billion of which is incorporated in the four monitored benefits). The data is derived from the numbers of cases handled by staff throughout 2017 including 540,000 new claims and 746,000 changes of circumstances.


Within this, the loss to the public purse as a result of overpayments is just under £17.6 million and this represents 0.5% of total expenditure. Moreover, the loss to the public purse via overpayments is significantly offset by underpayments which total £11.6 million.

## Conclusion

I am pleased to be able to present a good assessment of the standard of decision making achieved this year caveated as before with the information that the statistical analysis has been done on a significantly reduced sample size for this year. I would, however wish to raise some issues for consideration by the Department and Committee. It has not gone without note that there has been increased pressure on staff and in some cases difficulties in the recruitment of appropriate staff. 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. I am concerned that as PIP embeds and the roll out of UC continues into 2018 and 2019 further pressures will be placed on the service. To avoid a decline in decision making, and, reduce strain and anxiety amongst staff, continued new thought will need to be given to the timetabling and resourcing of change.

Finally, in this, my first year as Chair of the Standards Committee for Northern Ireland, 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 SAU who have provided secretarial and administrative support to the Committee. In particular I would like to thank Ursula O'Hare and Kevin Higgins for sharing their experience as Independent members of the Committee with me. This has proved invaluable in assisting my settling into the role.



**Marie Cavanagh**  
Chairperson of the Standards Committee

## Introduction by the Deputy Secretary, Work and Inclusion Group

I am pleased to introduce the Department for Communities (formerly the Social Security Agency's) 19th Annual Report on Decision Making and Financial Accuracy prepared for the Joint Standards Committee (the Standards Committee). This is my first report as Deputy Secretary.

This report focuses on two main areas; the level of Decision Making Accuracy in social security benefits and the level of Financial Accuracy. The purpose is to establish if the decisions to award claims to benefit are correct and also to provide 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.

Financial accuracy results have remained high during 2017 with all of the 4 main benefits meeting their financial accuracy target either fully, or within their upper confidence level.

State Pension and State Pension Credit actually exceeded their targets with Employment and Support Allowance and Jobseeker's Allowance meeting within upper confidence levels. It is gratifying to note the Chairperson's favourable comments that expenditure on the 4 major benefits has been correctly disbursed and that the result was excellent. I also note that for decision making 1 of the 4 benefits measured exceeded the benchmark target.

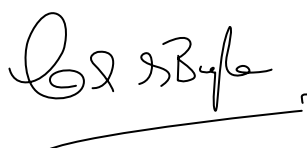
The Department for Communities has a wide remit under its vision of 'empowering people,

families and communities'. What we do across this Department affects the lives of every person in Northern Ireland. So what we do in designing and delivering public services really matters and is important to so many people on so many levels.

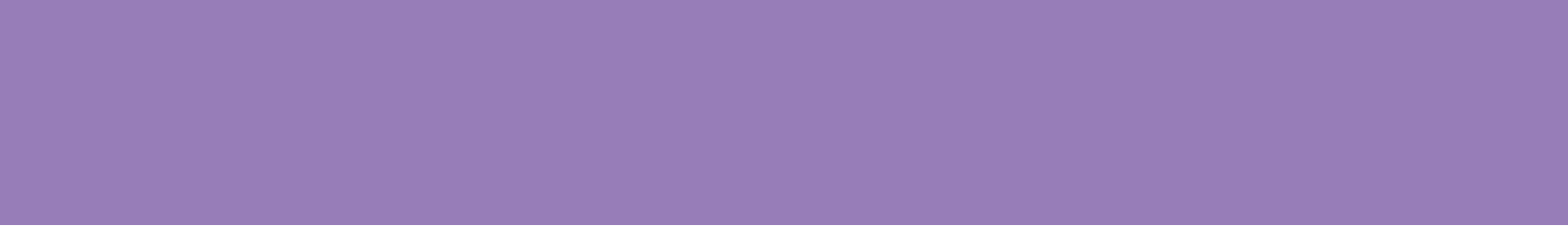
I would like to thank staff for their continued dedication and hard work throughout the 2017 year. The sustained excellent results outlined in this report clearly demonstrate that Departmental staff have retained their focus and commitment to deliver a first class customer service. They have also proven to be resilient and capable particularly during a period of wide ranging change within the benefit system.

I would like to pass on my sincere appreciation and thanks to Marie Cavanagh, Kevin Higgins and Ursula O'Hare on the Joint Standards Committee. The important role of the Committee in providing independent scrutiny and assurance to me on the standards of decision making and financial accuracy and making recommendations for improvement, where necessary, is highly valued by myself and the senior management team of the Department.

Finally, I would also take the opportunity to thank staff involved in the preparation of this report.



**Colum Boyle**  
Deputy Secretary





Part 1

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# Background

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The Deputy Secretary of Work and Inclusion Group, within the Department for Communities (DfC) is responsible for categorising and reporting on decision making standards. They also report on the financial accuracy of payments for Employment and Support Allowance, Jobseeker’s Allowance, State Pension and State Pension Credit. The standard of financial accuracy for these benefits along with Attendance Allowance, Bereavement Benefit, Carer’s Allowance, Disability Living Allowance, Incapacity Benefit, Income Support, Industrial Injuries Disablement Benefit, 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:**

<b>Marie Cavanagh</b>	Independent Chairperson
<b>Kevin Higgins</b>	Independent Member
<b>Ursula O’Hare</b>	Independent Member
<b>John McKervill</b>	Director of Pensions, Disability, Fraud & Error Reduction, Department for Communities
<b>Conrad McConnell</b>	Assistant Director of Benefit Security, Department for Communities
<b>Eileen Donnelly</b>	Performance and Planning, Child Maintenance, Department for Communities
<b>Lacey Walker</b>	Head of Audit, Department for Communities

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

Part 2

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# Measurement and Sampling Methodology

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The DfC Annual Report on Decision Making and Financial Accuracy for the period 1 January to 31 December 2017 (the Report) summarises the categorising results for standards of decision making and financial accuracy for social security benefits in 2017.

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.

Until 31 December 2014 a reduced sample of cases that had a decision made less than a year before the selected week were checked for decision making but from 1 January 2015 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.

### 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. Until 31 March 2002 the decision making and official error standards were checked in different ways but with effect from May 2002 the checks were brought into line with each other and a decision making error will only be reported if a payment error also exists. The errors which would have previously been reported as full decision making errors are noted as Additional Errors and shown in [Appendix 2](#) to the Report. 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 Analytical 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.

### Clearance Times

**Appendix 3** sets out the standard in achieving clearance time benchmarks across the social security benefits.

### Legislation Extract

**Appendix 4** sets out an extract from The Employment and Support Allowance Regulations (Northern Ireland) 2008 (Legislation governing “persons from abroad” for the purposes of Employment and Support Allowance) to illustrate the complexity of the law.

### 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 2017, 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.

For example, in Jobseeker’s Allowance, the total benefit population was sub-divided by benefit processing centre. The benefit population within each benefit processing centre was further sub-divided by client group. A sample of cases was then selected randomly from each client group. Cases for each benefit were randomly selected on a monthly basis.

### **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

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# Results – Decision Making

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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 5 to the Report with comparison to last year's result.

**Appendix 6** 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
<b>Employment and Support Allowance</b>	140	9	6%	94%	95%	-1%
<b>Jobseeker's Allowance</b>	440	10	2%	98%	95%	3%
<b>State Pension</b>	22	3	14%	86%	97%	-11%
<b>State Pension Credit</b>	199	13	7%	93%	95%	-2%

\* From 2017 SAU ceased the decision making check on Income Support.

The results from the table above show that:

- one of the 4 decision making benchmarks has been achieved, with it exceeding its benchmark.

### Additional Errors

**Appendix 2** details the impact on the overall decision making standard if additional errors were included for all benefits. The additional errors are extremely important for the purposes of correct decision making and are given the same profile as full decision making errors for the purposes of continuous improvement.

### Decision Making Performance

This part of the Report details the standard of decision making for Employment and Support Allowance, Jobseeker's Allowance, State Pension and State Pension Credit.

## Employment and Support Allowance Decision Making

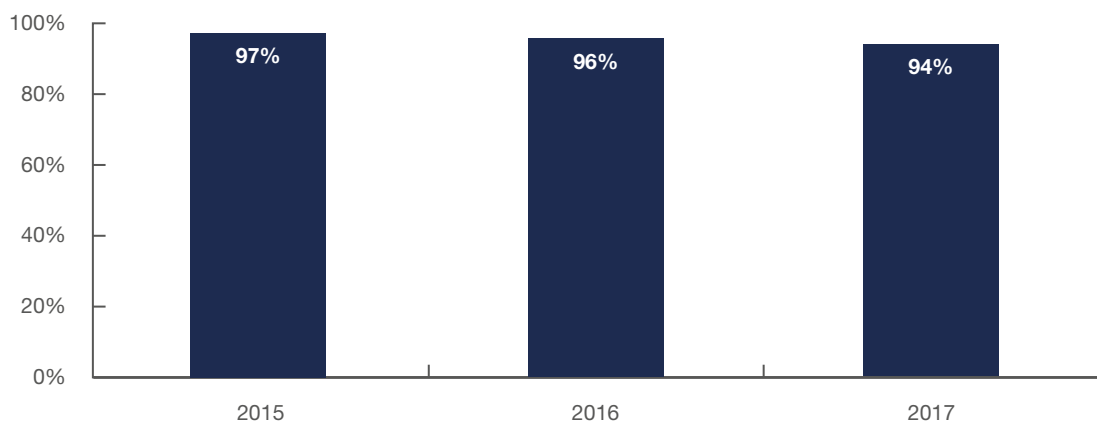
To establish the standard of decision making, 140 cases were examined of which 131 cases (94%) were correct. The decision making

standard was one percentage point below 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	15	0	0%	100%	
Revisions	10	0	0%	100%	
Supersessions	115	9	8%	92%	
<b>Overall Performance</b>	<b>140</b>	<b>9</b>	<b>6%</b>	<b>94%</b>	<b>+/- 3.9%</b>

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

### ESA Standard of Decision Making



The 2 areas of error were findings of fact 6 errors (67%) and evidence 3 errors (33%).

The main type of error within both areas related to income taken into account incorrectly (2 errors each).

### Jobseeker's Allowance Decision Making

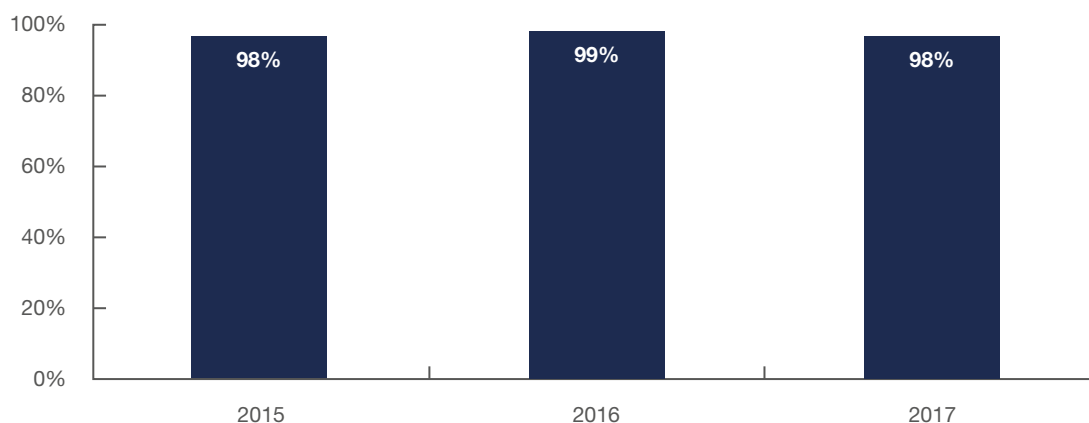
To establish the standard of decision making, 440 cases were examined of which 430 cases (98%) were correct. The decision making

standard was 3 percentage points above the benchmark of 95%. The table below shows the breakdown of performance under each type of decision checked.

JSA Type of Decision	Total Cases Checked	Number of Cases Incorrect	Error Rate	Percentage of Decisions Correct	Confidence Interval
Claims	354	2	1%	99%	
Revisions	8	1	12%	88%	
Supersessions	78	7	9%	91%	
<b>Overall Performance</b>	<b>440</b>	<b>10</b>	<b>2%</b>	<b>98%</b>	<b>+/- 1.3%</b>

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

### JSA Standard of Decision Making



The main area of error was evidence 6 errors (60%). The main type of error within evidence related to others (4 errors) and concerned sanction, wages, waiting days & partner (one comment each).

### State Pension Decision Making

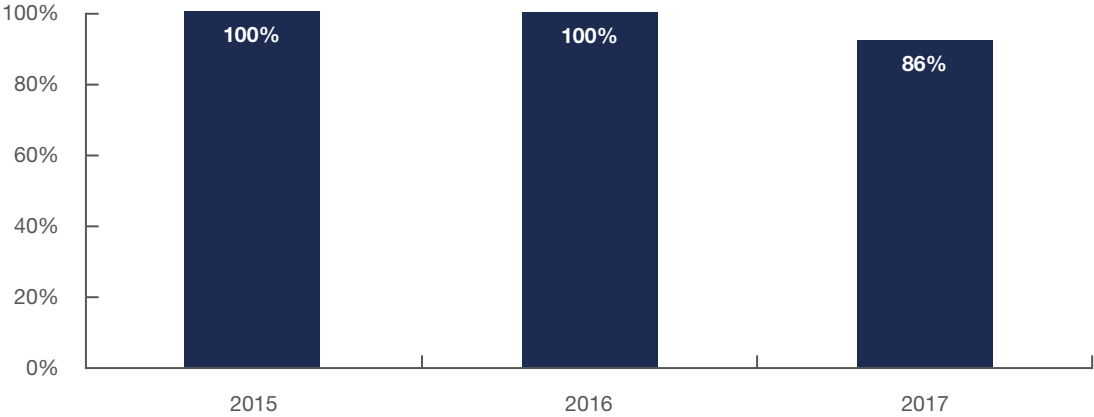
To establish the standard of decision making, 22 cases were examined of which 19 cases (86%) were correct. The decision making

standard was 11 percentage points below the benchmark of 97%. 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	15	2	13%	87%	
Revisions	6	1	17%	83%	
Supersessions	1	0	0%	100%	
<b>Overall Performance</b>	<b>22</b>	<b>3</b>	<b>14%</b>	<b>86%</b>	<b>+/- 14.5%</b>

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

### SP Standard of Decision Making



The 3 areas of error were evidence, determination of questions and interpretation and application of the law one error each (33% each). All 3 errors related to incorrect award / rate of benefit.

### State Pension Credit Decision Making

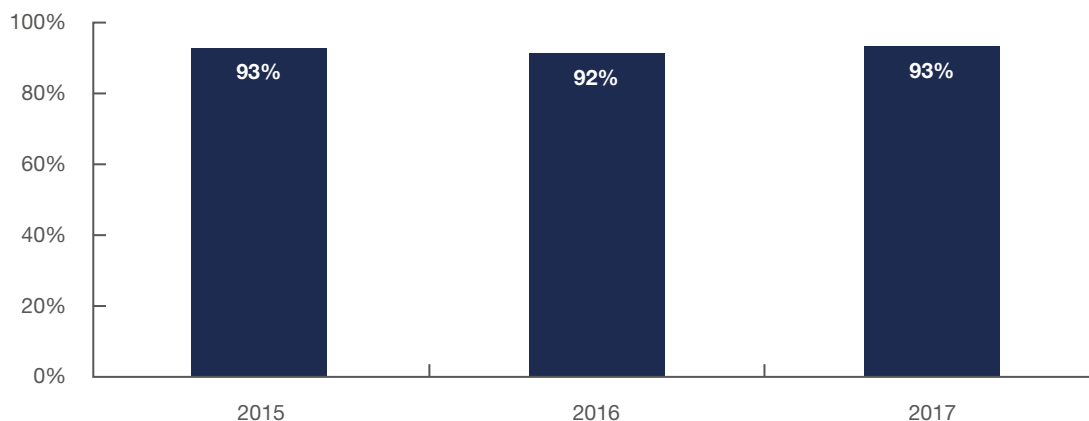
To establish the standard of decision making, 199 cases were examined of which 186 cases (93%) were correct. The decision

making standard was 2 percentage points below 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	99	7	7%	93%	
Revisions	11	0	0%	100%	
Supersessions	89	6	7%	93%	
<b>Overall Performance</b>	<b>199</b>	<b>13</b>	<b>7%</b>	<b>93%</b>	<b>+/- 3.4%</b>

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

### SPC Standard of Decision Making



The 2 main areas of error were findings of fact 7 errors (54%) and evidence 5 errors (38%). The types of error within findings of fact related to capital incorrect (3 errors), income taken into account incorrectly

(2 errors) and mortgage / housing costs incorrect (2 errors). The main types of error within evidence related to capital incorrect and income taken into account incorrectly (2 errors each).



Part 4

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# Results – Financial Accuracy

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Financial Accuracy is the estimate of the percentage of the benefit paid correctly. From April 2003 a financial accuracy target (the targets for 2017 are shown in brackets) was introduced for Jobseeker’s Allowance (99%). From April 2004 financial accuracy for State Pension (99%) and State Pension Credit (98%) was introduced and from April 2010 financial

accuracy for Employment and Support Allowance (98%) was also introduced. The table below shows the 2017 end of year performance against target for all the benefits and also a comparison with the 2016 end of year results. **Appendix 7** details the estimated levels of financial error (Monetary Value of Error) for each of the 4 benefits.

*Benefit	2017 Target	2017 Financial Accuracy Result	2016 Financial Accuracy Result
Employment and Support Allowance	98%	97.6%	97.7%
Jobseeker’s Allowance	99%	98.7%	99.6%
State Pension	99%	99.9%	99.8%
State Pension Credit	98%	98.2%	97.8%

\*From 2017 SAU ceased the financial accuracy check on Income Support & Social Fund

The results from the table above show that

- Of the 4 benefits SP and SPC exceeded their targets
- ESA with a result of 97.6% met its target of 98% within the upper confidence level of 98.4%
- JSA with a result of 98.7% met its target of 99% within the upper confidence level of 99.6%.

### Analysis of the data used to calculate Financial Accuracy for 2017

The table below shows the number of cases used to calculate the 2017 Financial Accuracy results.

*Benefit	January–December 2017	
	Total Cases Checked	Total Cases in Error
Employment and Support Allowance	781	60
Jobseeker's Allowance	648	15
State Pension	418	38
State Pension Credit	546	52

\*From 2017 SAU ceased the financial accuracy check on Income Support & Social Fund



Part 5

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# Results – Overpayments and Appeals

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## Overpayment Decisions

A total of 153 cases were examined and 26 errors were raised resulting in an overall standard of 83%. The main area of error was findings of fact which accounted for 18 errors (69%). The types of error within findings of fact related to the amount of the recoverable overpayment being incorrect (16 errors) and decision to recover being incorrect (2 errors).

In 2015 a new financial accuracy methodology was developed to put into context the financial consequences of decision making errors in relation to overpayment categorising. Both the Decision Making and Financial Accuracy standards are shown in the table below.

Year	* Total Cases Checked	Number of Errors	Decision Making Standard	Financial Accuracy Standard
2017	153	26	83%	94%
2016	369	51	86%	96%
2015	384	83	78%	92%

\*Overpayments are made up of ESA, JSA, SP & SPC cases

## Appeal Submissions

A total of 98 cases were examined and one error was raised resulting in an overall

standard of 99%. The error related to failure to include all evidence relating to the decision under appeal.

Year	* Total Cases Checked	Number of Errors	Error Rate	Decision Making Standard
2017	98	1	1%	99%
2016	150	7	5%	95%
2015	215	6	3%	97%

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

**N.B** SAU only measure and report on overpayments and appeals for the legacy benefits and with the cessation of some of

these benefits over this period there has been an associated reduction in the numbers of these cases monitored.

Part 6

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

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The Departmental Benefit and Information Security Board steers the Department's strategic approach to reducing error in the social security benefit system. This Board, on which a number of senior Departmental officials sit, helps ensure a collaborative approach in securing high accuracy levels across the benefit system.

**The Department's official error strategy** is based around four key principles:

- **Prevention** – prevent new error entering the system
- **Detection** – target and identify error that has already entered the system
- **Correction** – correct all error detected
- **Learning** – educate and learn from error detected to reduce the likelihood of recurrence

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 2017 around £5.24bn was paid out in benefits. Across all benefits, staff handled 540,000 new claims as well as taking action on some 746,000 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.

### **Standards Assurance Unit**

However, prevention on its own is not enough. To maintain accuracy we need to detect and

correct error that is already in the system. The Department's Standards Assurance Unit undertakes random sample monitoring of live benefit cases and produces detailed information about the estimated level of error and error trends. Standards Assurance Unit data is analysed by Analytical Services Unit (ASU) statisticians and this information is used, by Benefit Security Division and business managers, as well as the independent Joint Standards Committee, to direct a broad range of prevention and detection activities.

The Department works very closely with ASU, not only in developing risk models, but also specific scans targeting known areas of weakness, for example Severe Disability Premium cases for State Pension Credit.

### **Official Error**

The latest overall figures across all social security benefits administered by the Department show an overall reduction in losses through official error overpayments – down from 0.8% of benefit expenditure in 2003–04 to 0.39% in 2017. The Department remains committed to doing all it can to reduce staff error and has a wide range of control mechanisms built into its system of benefit administration to ensure high levels of financial accuracy. These include extensive training and consolidation of training as well as a programme of regular checks and controls to prevent potential incorrectness and measure and report on the Department's performance within this area.

### **Error Reduction Division Activity**

During 2017–18 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 2017–18, error reduction activity carried out by benefit areas amounted to 49,069 checks or case reviews, which led to the adjustment of benefit in 5,757 cases, with a total monetary value of £15.9 million and a VFM ratio of 8.0:1. This total included almost £6 million of adjustments to payments where customers were entitled to additional benefits.



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# Glossary and Appendices

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## **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.

## **Clearance Times**

The Average Actual Clearance Time measures how quickly we process claims to the main benefits. It measures the average number of working days we take to process claims to benefit. The purpose of this target is to make sure that our customers' new claims to benefit are processed in a reasonable length of time.

The end of year level of performance against target is calculated by dividing the total cumulative number of days taken to process all claims by the total number of new claims actually processed.

## **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, Fraud and Error Reduction 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**

- ESA Employment and Support Allowance
- JSA Jobseeker’s Allowance
- SP State Pension
- SPC State Pension Credit

## Key to Appendices

- Appendix 1** Terms of reference for the Standards Committee
- Appendix 2** Decision making additional errors
- Appendix 3** Clearance times performance at 31 March 2018
- Appendix 4** Extract from The Employment and Support Allowance Regulations (Northern Ireland) 2008 (Legislation governing “persons from abroad” for the purposes of Employment and Support Allowance)
- Appendix 5** Decision making standards versus benchmarks: 2016 and 2017
- Appendix 6** Types of decision making errors
- Appendix 7** Estimated monetary value of error information for Employment and Support Allowance, Jobseeker’s Allowance, State Pension and State Pension 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 Work and Inclusion Group that effective decision making monitoring procedures are in place
- to confirm legislation is properly applied
- to monitor and report performance against quality targets
- identify common trends relating to the quality of decision making in Work and Inclusion Group and to highlight those areas where improvement is needed
- make specific recommendations on any area considered appropriate
- provide assurance to the Deputy Secretary of Work and Inclusion Group that mechanisms are in place to feedback monitoring results to the Department to enable continuous improvement
- report to the Deputy Secretary of Work and Inclusion Group on the operation of

the decision-making process and where necessary to make recommendations for changes. The Deputy Secretary of Work and Inclusion Group should be free to meet the Chairperson informally and discuss issues that may arise during the year

- provide the Deputy Secretary of Work and Inclusion Group with an annual assurance in the form of reports on the quality of decision making in Work and Inclusion Group and such other reports as the Deputy Secretary of Work and Inclusion Group or the Standards Committee consider appropriate
- 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 monitoring programmes and minutes will be taken and agreed by Committee members.

**3** An agenda will be prepared in advance of each meeting and circulated to Committee members for consideration.

## Appendix 2

# 2017 Decision making additional errors

Benefit	Total Cases Checked	No of Cases Incorrect	No of Additional Decision Making Errors	Total no of Errors	DM Benchmark	DM Standard % Achieved	DM Standard % Achieved if Additional errors were included
Employment and Support Allowance	140	9	9	18	95%	94%	87%
Jobseeker's Allowance	440	10	5	15	95%	98%	97%
State Pension	22	3	0	3	97%	86%	86%
State Pension Credit	199	13	6	19	95%	93%	90%



## Appendix 3

# Clearance times

Benefit	Target 2017/2018	Year to date performance at March 2018	Variance against target March 2018
AA (Claims)	23 days (PM)	21.1 days	+1.9 days
AA (Special Rules)	4 days (PM)	1.9 days	+2.1 days
AA (Appeals)	25 days (PM)	22.8 days	+2.2 days
<b>DLA (Claims)</b>	<b>20 days (BS)</b>	<b>22.4 days</b>	<b>-2.4 days</b>
DLA (Special Rules)	4 days (PM)	4.1 days	-0.1 days
DLA (Appeals)	25 days (PM)	20.9 days	+4.1 days
<b>ESA (Claims)</b>	<b>14 days (BS)</b>	<b>15.1 days</b>	<b>-1.1 days</b>
ESA (Changes)	4 days (PM)	3.4 days	+0.6 days
ESA (Appeals)	45 days (PM)	37.9 days	+7.1 days
IIB (Claims)	55 days (PM)	45.6 days	+9.4 days
IIB (Appeals)	90% in 90 days	98.2%	+8.2 %
CA (Claims)	20 days (PM)	19.5 days	+0.5 days
<b>IS (Claims)</b>	<b>8 days (BS)</b>	<b>10.9 days</b>	<b>-2.9 days</b>
IS (Changes)	4 days (PM)	2.9 days	+1.1 days
IS/JSA/SF (Appeals)	40 days (PM)	10.5 days	+29.5 days
<b>JSA (Claims)</b>	<b>11 days (BS)</b>	<b>10.3 days</b>	<b>+0.7 days</b>
JSA (Changes)	4 days (PM)	2.7 days	+1.3 days
<b>State Pension (Claims)</b>	<b>95% on or before due date</b>	<b>98.03%</b>	<b>+3.03 %</b>
<b>State Pension Credit (Claims)</b>	<b>9 days (BS)</b>	<b>4.7 days</b>	<b>+4.3 days</b>
State Pension Credit (Changes)	5 days (PM)	4.0 days	+1.0 day
IS/JSA Overpayment Processing	15 days (PM)	13.1 days	+1.9 days
Budgeting Loans	4 days (PM)	3.9 days	+0.1 days
Community Care Grants (no longer reported)	12 days (PM)		
Crisis Loans (no longer reported)	2 days (PM)		
Funeral Payments	11 days (PM)	13.5 days	-2.5 days
Sure Start Maternity Grants	5 days (PM)	5.1 days	-0.1 days
Social Fund Reviews	10 days (PM)	0.8 days	+9.2 days

Clearance times are reported in Actual Average Clearance Times for 2017/2018.

### Key To Targets

PM=Performance Measures

**BS=Balanced Scorecard Targets**

## Appendix 4

# Extract from ‘The Employment and Support Allowance Regulations (Northern Ireland) 2008’ (Legislation governing “persons from abroad” for the purposes of Employment and Support Allowance)

### Special cases: supplemental – persons from abroad

**70.** - (1) “Person from abroad” means, subject to the following provisions of this regulation, a claimant who is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.

(2) A claimant must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the claimant has a right to reside in (as the case may be) the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland other than a right to reside which falls within paragraph (3).

(3) A right to reside falls within this paragraph if it is one which exists by virtue of, or in accordance with, one or more of the following -

- (a) regulation 13 of the Immigration (European Economic Area) Regulations 2006(e);
- (b) regulation 14 of those Regulations, but only in a case where the right exists under that regulation because the claimant is -
  - (i) a jobseeker for the purpose of the definition of “qualified person” in regulation 6(1) of those Regulations, or

- (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;

- (c) Article 6 of Council Directive No. 2004/38/EC(a); or

- (d) Article 39 of the Treaty establishing the European Community (in a case where the claimant is a person seeking work in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland).

(4) A claimant is not a person from abroad if the claimant is -

- (a) a worker for the purposes of Council Directive No. 2004/38/EC;
- (b) a self-employed person for the purposes of that Directive;
- (c) a person who retains a status referred to in sub-paragraph (a) or (b) pursuant to Article 7 (3) of that Directive;
- (d) a person who is a family member of a person referred to in sub-paragraph (a), (b) or (c) within the meaning of Article 2(2) of that Directive;
- (e) a person who has a right to reside permanently in the United Kingdom by virtue of Article 17 of that Directive;

(f) a person who is treated as a worker for the purpose of the definition of “qualified person” in regulation 6(1) of the Immigration (European Economic Area) Regulations 2006 pursuant to -

(i) regulation 5 of the Accession (Immigration and Worker Registration) Regulations 2004(b) (application of the 2006 Regulations in relation to a national of the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia or the Slovak Republic who is an “accession State worker requiring registration”), or

(ii) regulation 6 of the Accession (Immigration and Worker Authorisation) Regulations 2006(c) (right of residence of a Bulgarian or Romanian who is an “accession State national subject to worker authorisation”);

(g) a refugee within the definition in Article 1 of the Convention relating to the Status of

Refugees done at Geneva on 28th July 1951(d), as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967(e);

(h) a person who has exceptional leave to enter or remain in the United Kingdom granted outside the rules made under section 3(2) of the Immigration Act 1971(f);

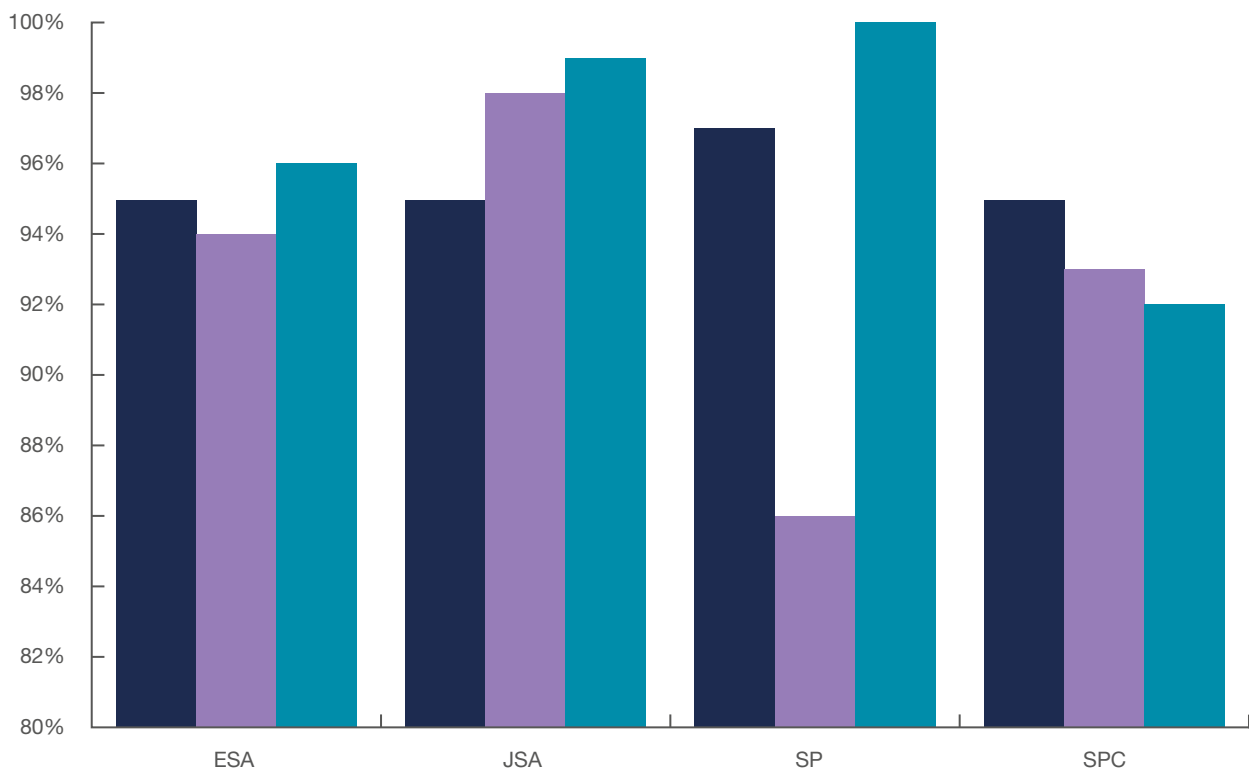
(i) a person who has humanitarian protection granted under those rules;

(j) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act and who is in the United Kingdom as a result of deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom; or

(k) a person in Northern Ireland who left the territory of Montserrat after 1st November 1995 because of the effect on that territory of a volcanic eruption.

## Appendix 5

# Decision making standards versus benchmarks: 2016 and 2017



	ESA	JSA	SP	SPC
Decision making Benchmark	95%	95%	97%	95%
Decision making Standard 2017	94%	98%	86%	93%
Decision making Standard 2016	96%	99%	100%	92%

## Appendix 6

# 2017 Type of decision making errors

Benefit	Decision making Comment Rate %	Evidence			Determination of Questions			Findings of Fact			Interpretation and Application of the Law			Total Number of Errors
		Number of Errors	Percentage of Overall Errors	Number of Errors	Percentage of Overall Errors	Number of Errors	Percentage of Overall Errors	Number of Errors	Percentage of Overall Errors	Number of Errors	Percentage of Overall Errors			
Employment and Support Allowance	6%	3	33%	-	-	6	67%	-	-	-	-	9		
Jobseeker's Allowance	2%	6	60%	-	-	2	20%	2	20%	2	20%	10		
State Pension	14%	1	33%	1	33%	-	-	1	33%	1	33%	3		
State Pension Credit	7%	5	38%	1	8%	7	54%	-	-	-	-	13		

## Appendix 7

# Estimated Monetary Value of Error Information 2017 for Employment and Support Allowance, Jobseeker's Allowance, State Pension and State Pension Credit

Benefit	Estimated Annual Monetary Value of Error	Overpayments	Underpayments	Total Expenditure	Estimated Financial Error Rate
Employment and Support Allowance	£21,170,195	£13,446,945	£7,723,250	£865,088,479	2.4%
Jobseeker's Allowance*	£1,339,950	£609,380	£730,570	£106,128,881	1.3%
State Pension	£2,176,716	£246,653	£1,930,063	£2,255,765,851	0.1%
State Pension Credit	£4,521,237	£3,256,524	£1,264,713	£253,289,069	1.8%

\*includes training monies



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