



Social Security Scotland  
Tèarainteachd Shòisealta Alba

# Annual Report and Accounts

for the year ended  
31st March 2021

Laid before the Scottish Parliament by the  
Scottish Ministers under Public Finance and  
Accountability (Scotland) Act 2000 s22(5)  
3 November 2021/SG/2021/202

Dignity, fairness, respect.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

# Contents

## Performance Report

Chief Executive's Foreword

Performance Overview

Who we are

Our Executive Team

Our Charter

Our achievements in 2020/21 at a glance

Business continuity approach to COVID-19

Our Corporate Plan 2020 – 2023

Helping to deliver a social security system with dignity, fairness and respect

Supporting people in Scotland to access devolved benefits that they are entitled to

Running our service in a responsible way

## Accountability Report

Director's Report

Governance Statement

Information and Business Continuity

Statement of Accountable Officer's Responsibilities

Staff and Remuneration Report

Parliamentary Accountability

Regularity of Expenditure

## Independent auditor's report to Social Security Scotland, the Auditor General for Scotland and the Scottish Parliament 60

## Financial Statements 64

Statement of Comprehensive Net Expenditure 64

Statement of Financial Position as at 31 March 2021 65

Statement of Cash Flows for the year to 31 March 2021 66

Statement of Changes in Taxpayer's Equity for the year to 31 March 2021 67

Statement of Changes in Taxpayer's Equity for the period to 31 March 2020 67

Notes to the Accounts 68

## Annex A 83

Direction by the Scottish Ministers 83



Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

# Performance Report

## Chief Executive's Foreword

Our Annual Report and Accounts tells the story of our activities from 1 April 2020 to 31 March 2021. It is a story, like many others from the recent past in that much of it is about the impact of the global COVID-19 pandemic. When Scotland went into lockdown in March 2020, in line with Government advice, we sent all our people home and asked them to work from there until further notice. Since then, the vast majority of our staff – including a great many new staff recruited during the year – have not been inside our buildings.

I am proud to say that, despite the challenges COVID-19 presented, we continued to pay out benefits throughout the year. We also introduced three brand new benefits – Job Start Payment, Child Winter Heating Assistance and Scottish Child Payment, all while working remotely.

Our commitment to having a diverse workforce that reflects the clients we are here to serve continues to be one of our top priorities. During the past year, we recruited 400 new colleagues to support our growth and deliver the 'game changing' Scottish Child Payment. Recruitment, learning and development moved online as part of our response to the pandemic.

We didn't do all of this alone of course. We continued to work with our colleagues in the Social Security Directorate to help us adapt our systems and processes and work on the new benefits as they were introduced. Our stakeholders continued to play a crucial role this year, as they do every year, by helping us to introduce our new benefits and to promote the benefits to clients.

I was proud to launch our Corporate Plan for 2020 – 2023 last year. This introduced our new objectives for those three years. Our objectives were created by our staff and stakeholders following a round of consultation sessions. They were also shaped around the commitments in Our Charter, which were developed by those with lived experience of the social security system. So, by delivering on these objectives, we will make sure that everything we do over the next three years has our clients and staff at its heart.

I'm proud of all that we have achieved this year despite the challenges, changes and growth that we continue to go through. As we prepare for the introduction of the disability benefits later this year, I know that we are ready and able to manage the growth and transformation coming our way.



**David Wallace**

Chief Executive and Accountable Officer



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

# Performance Overview

Our performance report, which takes you through to page 33, talks about what we did in the past year in response to COVID-19 and work we delivered in 2020/21 that has contributed to achieving our strategic objectives set out in our Corporate Plan 2020 - 2023.

We have included some insights from our clients, staff and partners. This provides feedback from those who had experience of our services during the reporting year, using their own words. Details of all of the insights and feedback gathered will be included in the Charter Measurement Framework document.

This performance report covers the period from 1 April 2020 to 31 March 2021. During this period we continued to deliver the seven previously launched benefits as well as three new benefits.

On 1 April 2020, full responsibility for all of the benefits devolved to Scotland by the 2016 Scotland Act was transferred from the UK to the Scottish Government. This was a significant event as it means that we are now fully accountable for all spending on devolved benefits, even though much of this is still delivered by the Department for Work and Pensions on our behalf under agency agreements.

Just before the start of the reporting year, in March 2020, all of our staff began to work from home in response to the COVID-19 pandemic and our boards and committees transitioned to operating virtually.

We are still growing and although by the end of the reporting period we were delivering ten benefits, we still have some way to go before we are administering 17 benefits in total and all clients due to be transferred from the Department for Work and Pensions are getting their payments from Social Security Scotland. There are still great challenges ahead but we are confident that we are heading in the right direction. The Client Survey and Charter research findings support this. They show that most client, staff and stakeholder's experience over this reporting period has been positive. This suggests that we are delivering in line with our key commitments, including commitments in Our Charter.

We are encouraged by the positive feedback from our clients, as 92% of those who took part in our Client Survey<sup>1</sup> said that their overall experience of our organisation was either 'very good' or 'good'.

The survey of a sample of our staff for this year's Charter Measurement Framework also shows that our staff feel engaged and 96% of staff who took part said that they had felt that they had 'very good' or 'good' support from their line manager during this last year.

We recognise from all of this feedback that there are areas we still need to improve upon, and we will feed this analysis into the continuous improvement activity we will carry out in the future. This will help us continue to get better at what we do, in line with the commitments in Our Charter and to continue to make Social Security Scotland a great place to work.

<sup>1</sup>Everyone in receipt of a Social Security Scotland benefit (where an application is not required), or a successful decision on a benefit application, from the formation of Social Security Scotland in September 2018 until 31 March 2021 was eligible to take part in the Client Survey. Subsequently, data presented in the Client Survey report could cover experiences at any point in this time period. However, within the Client Survey respondent sample, at least 69% (n=7,322) had received a Social Security Scotland benefit or a successful decision on a benefit application since September 2020, and just 4% said that their most recent application was prior to 2020. It is therefore considered that the findings from the Client Survey act as a good measure of Agency performance from 1 April 2020 to 31 March 2021.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements



## Who we are

We were established in September 2018. We are part of the Scottish Government Director General Communities portfolio.

The [Framework document](#) explains the detailed accountability and governance for our organisation, and the context for our relationship with Scottish Ministers and core Scottish Government Directorates.

We do not make the rules about who can be paid benefits or how much money they should get as these things are decided by our Ministers. We are here to manage the Scottish social security system in line with the principles laid down in the Social Security (Scotland) Act 2018.

## Our Executive Team

<b>David Wallace</b>	Chief Executive
<b>James Wallace</b>	Deputy Director, Finance and Corporate Services
<b>Miriam Craven</b>	Deputy Director, Strategy, Change, Data and Engagement
<b>Janet Richardson</b>	Deputy Director, Client Services Delivery
<b>Andy McClintock</b>	Chief Digital Officer
<b>Professor Paul Knight</b>	Chief Officer, Health and Social Care Operations

## Our Charter

The Social Security (Scotland) Act 2018 principles are reflected in [Our Charter](#), which was created with those with lived experience of the social security system. The purpose of Our Charter is to clearly set out what people should expect from the Scottish social security system. It explains how we uphold the Principles in the Act, making sure that we take a human rights based approach to what we do and how we demonstrate dignity, fairness and respect in all our actions.

## Charter Measurement Framework

The Charter Measurement Framework is used to measure our progress against the Charter commitments. It captures data and research from our clients, staff and stakeholders. It is our key measurement tool and the information gathered is what we use to report on our annual performance. The commitments are set under the same four sections as Our Charter:

- A people's service
- Processes that work
- A learning system
- A better future.

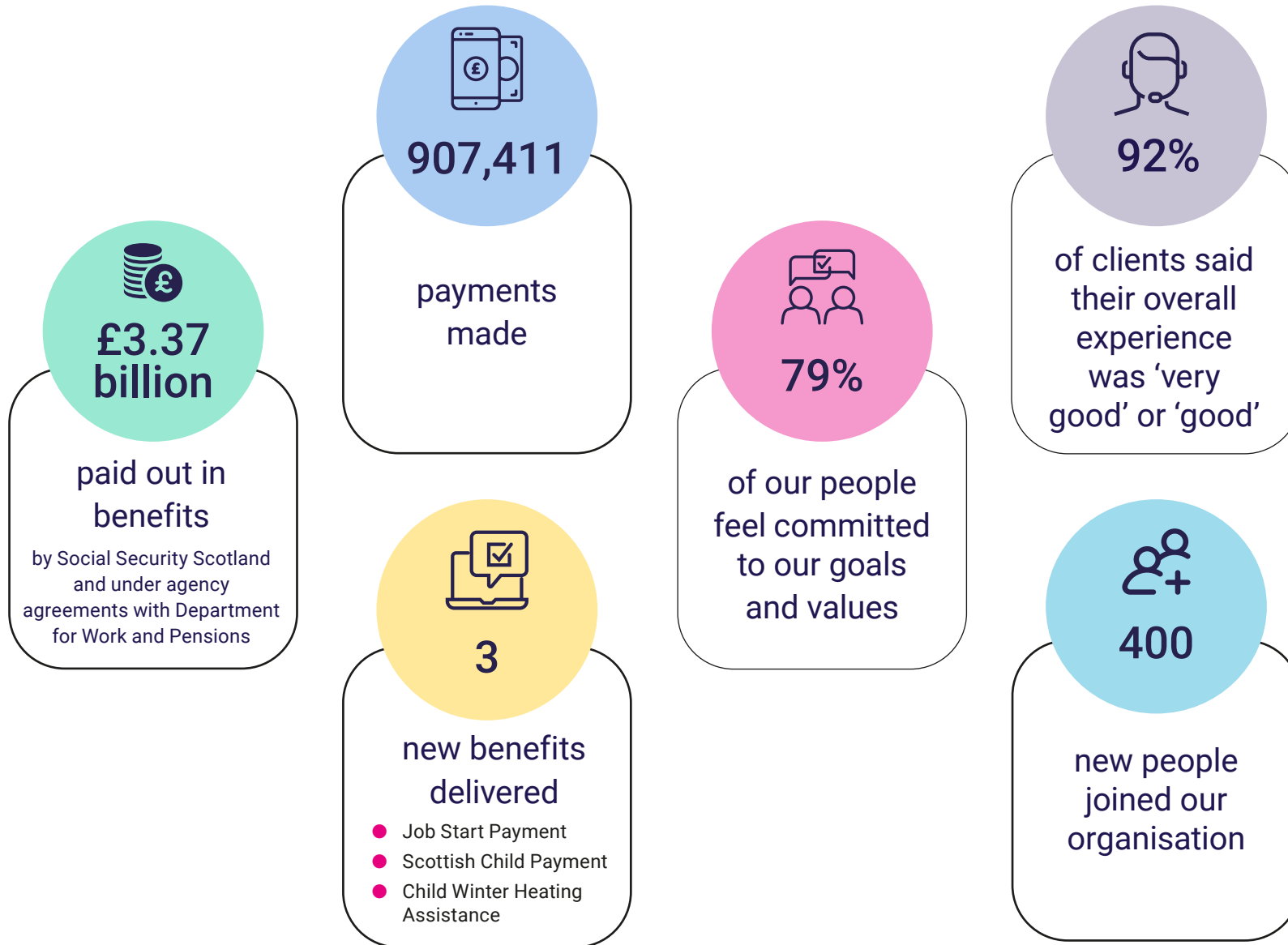
The fourth section of the Charter mainly relates to the Scottish Government's commitments for social security in Scotland rather than those of Social Security Scotland.

Our [Corporate Plan 2020 – 2023](#) objectives are directly linked to Our Charter.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

# Our achievements in 2020/21 at a glance



## Our response to COVID-19

Our main priority throughout the pandemic was to continue to deliver live benefits while preparing for the launch of new benefits.

A significant amount of work was carried out to continue to provide our clients with the service they are entitled to according to Our Charter. As well as maintaining our service, our work was also focussed on looking after the health, wellbeing and safety of our people and preparing our organisation for further growth.

## How we continued to deliver our service to clients

In March 2020, we introduced an interim call back service as our staff were unable to handle inbound calls while working from home. Web chat and document upload facilities were also introduced to make sure that clients had other routes to make contact and to provide the opportunity to send important documentation from home.

In July 2020 we were able to reintroduce an inbound call facility, replacing the interim call back process that had been in place since March. This allowed Client Advisors to help and support clients from their homes.

It was announced in November 2020 that the introduction of some benefits, including Child Disability Payment, would be later than planned due to the pandemic.

The benefits we were delivering, or due to introduce, were altered to take account of COVID-19 impact:

- we quickly and successfully introduced a number of temporary easements to time frames for applying for benefits to ensure clients could still apply despite the challenges they faced due to COVID-19. This required system changes, updates to our guidance, training for staff and communicating the changes to our ways of working using appropriate channels
- we worked with the Scottish Government on re-planning the benefit roll-out timetable in light of COVID-19
- we utilised technology to run our boards and committees virtually, working with our internal and external attendees to ensure smooth transition to operating online.

## Coronavirus (Scotland) Act 2020

In April 2020, emergency legislation was introduced to give some flexibility during the period of COVID-19 disruption. During the period the Act was in force (April 2020–September 2021), clients were able to advise of any disruption caused due to COVID-19 as the reason for a late application or late request for an appeal or redetermination. We were then able to make allowances and considerations using the powers within the 2020 Act. We also extended our timescales for re-determinations where an appeal was received after the deadline for submission had passed, with the right to appeal through First Tier Tribunal still being respected. The Coronavirus Act helped extend timescales for 38 people or 1.7% of the overall re-determinations received between April 2020 and the end of March 2021.

## Looking after our people while they worked from home

To help and support our people as they continued to work from home, we delivered sessions, giving information and guidance to support our colleagues through these new ways of working.

Guidance and a building induction developed in line with our COVID-19 risk assessment was delivered to a small number of people returning to our buildings.

## Internal Audit liaison, support and advice

Internal Audit carried out 17 Internal reviews, including a review of our actions to support a small number of people returning to our buildings.

The Scottish Government Internal Audit Directorate provided a range of advice services over the year. Some of this was focused on areas where new processes were developed, but also they were able to share wider learning from across Scottish Government on dealing with the impacts of COVID-19. From September 2020, we identified a need to bring a small number of new employees into buildings for consolidation training and to support the delivery of Scottish Child Payment. We shared risk assessments, employee guidance, and signage plans for review and advice. Over a four week period, prior to re-entering our buildings, we worked collaboratively on recommendations and got assurance that our plans supported staff to work safely. This has given us the foundation and learning points for further return to buildings as restrictions ease.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

# Keeping our staff informed through COVID-19

We increased communication delivery and frequently updated information and guidance as the pandemic and our response to it developed.

This included:

- 10 all colleague calls (7 with our Executive Team and 3 with Social Security Directorate colleagues and our Cabinet Secretary) with an average of more than 1,000 colleagues joining each call
- Our Executive Team answered over 100 questions as part of the rolling COVID-19 question and answer available on our intranet.

A manager's brief giving updates to keep teams updated was initially issued daily, then, as the situation stabilised, gradually reduced in frequency to once a week. Each manager's brief was issued to over 200 leaders.

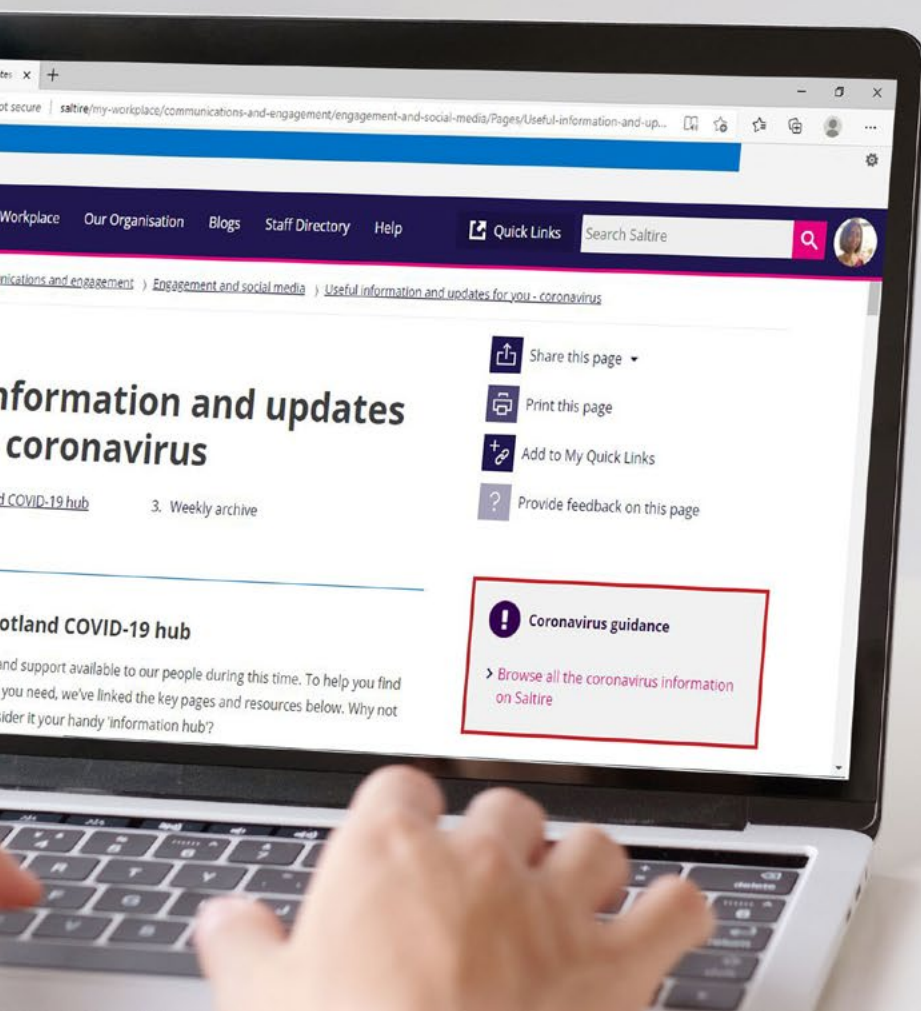




## Business continuity approach to COVID-19

There were a number of activities carried out to support business continuity:

- creation of a COVID-19 pandemic contingency framework, including pandemic checklists to support business areas in identifying key considerations for preparedness, response and recovery from COVID-19
- input into recovery planning with the introduction of scenario planning and key considerations for each scenario. This including set up of activity trackers for all areas to populate with their actions/decisions being taken in relation to response
- impact assessments conducted with all business areas to identify minimum colleague requirements and prioritised activities
- a business continuity commission for Scottish Government on our readiness for managing business continuity events in collaboration with the Social Security Directorate
- shared best practice with Scottish Government Business Continuity Forum on COVID-19 recovery planning
- extensive lessons learned exercise conducted
- development and implementation of the interim incident response arrangements, checklists and templates to support the return of staff to buildings.



## Our Corporate Plan 2020 – 2023

In December 2020, we published our [Corporate Plan 2020 – 2023](#), which sets out our objectives for that period. It was published later than we had planned, due to the impact of the pandemic, but it applied to this reporting year.

The Corporate Plan 2020 to 2023 sets out key themes of what we need to do in that period and the objectives that will enable us to deliver upon these themes. Pages 13 through to page 34 tell you about what we delivered between 1 April 2020 to 31 March 2021 under these themes to meet our objectives.

Themes	Helping to deliver a social security system with dignity, fairness and respect	Supporting people in Scotland to access devolved benefits that they are entitled to	Running our service in a responsible way
Objectives	<p>Reflect the diversity of Scotland</p> <p>Train our staff to make sure they have the knowledge, confidence and understanding they need to do their jobs</p> <p>Create a culture where we take responsibility and treat others with kindness</p> <p>Gather feedback on what people think of our service so we can make it better</p>	<p>Promote our benefits in a range of ways to make sure people know what is available and how to apply</p> <p>Provide a range of ways for people to access our service - including face-to-face in communities</p> <p>Build relationships with others to help more people access our service</p> <p>Provide people with a range of ways to communicate with us</p>	<p>Make every penny count</p> <p>Gain people's trust by being open and honest</p> <p>Meet our legal obligations and protect our people and information</p> <p>Reduce the effect our work has on the environment</p>
Charter Commitments	<p><b>A people's service</b> – We are here to help you get everything you're entitled to</p> <p><b>A learning system</b> – We will encourage feedback and empower people to deliver the best service possible</p>	<p><b>A people's service</b> – We are here to help you get everything you're entitled to</p> <p><b>Processes that work</b> – We will design services with the people who use them</p>	<p><b>A better future</b> – We will invest in the people of Scotland - making a positive difference to all our lives</p>

Contents

Chief Executive's Foreword

Performance Report

Accountability Report

Auditor's Report

Financial Statements



A photograph of a woman with dark hair and bangs, wearing a dark shirt, sitting on the ground in a forest. She is holding an open book and looking down at it. Two young children, a girl with blonde hair and a boy with dark hair, are sitting next to her, also looking at the book. They are all wearing blue clothing. The background is a lush green forest with sunlight filtering through the trees. A large green leaf is in the foreground on the left.

Helping to  
deliver a social  
security system  
with dignity,  
fairness and  
respect.

## Engagement with Trade Unions

We have built strong relationships with the Council of Scottish Government Unions. We recognise and value the relationship with the Council of Scottish Government Unions and are committed to continuing to develop this.

Meetings have taken place virtually on a quarterly basis. Trade Unions were also welcomed as members of our COVID-19 recovery group. We have worked closely to ensure that the impact of homeworking on the wellbeing of our colleagues has been carefully considered and support has been put in place. The health and safety of the small number of colleagues who have continued to work from our offices has also been a key priority.

## Resourcing – Reflecting the diversity of Scotland

We have been working hard to adapt our approach to recruitment while working remotely, to continue to develop a workforce that is reflective of Scottish society. Since our last report, we have increased the representation of ethnic minority groups and people who identify as Lesbian, Gay, Bisexual and Other. However, we recognise that we need to do more to ensure we represent the diversity of Scotland. To help achieve our ambition, we have:

- recruited over 400 permanent staff to maintain our service throughout the pandemic and to deliver new benefits, including Scottish Child Payment
- engaged with a variety of stakeholders and partners to better understand the barriers people experience when applying for Civil Service posts and taking part in virtual recruitment. Through this, we have identified steps that can be put in place to breakdown or minimise these barriers and make Civil Service jobs more accessible

- delivered workshops virtually to stakeholders, to explain our application and interview process and what information we are looking for, allowing them to better support their clients in completing applications for our jobs
- moved our candidate workshops where we explain our application and interview process online. We also recorded videos to explain the application process so that candidates can watch at a time which suits them
- reviewed the wording and content of our job adverts to make them more inclusive and engaging
- advertised jobs across online job boards, social media and newspapers to ensure they reach as wide a group of potential candidates as possible
- engaged with equal opportunity programmes including; Fair Start Scotland, and Care Leaver Internship Scheme to offer paid work placements
- created a new team to focus on ensuring that our new staff experience a positive introduction to Social Security Scotland that enables them to quickly display our values and the principles of Our Charter

More information on the diversity of our staff is included in the [Staff and Remuneration Report](#).

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



## Learning and Development

### **Train our staff to make sure they have the knowledge, confidence and understanding they need to do their jobs**

A significant focus has been the training for new people joining the organisation. We have:

- developed approaches that have allowed remote delivery of learning, using digital media and self-directed learning techniques
- provided a range of learning products to support the successful launch of Scottish Child Payment
- continued to deliver learning including Corporate Induction and Charter sessions
- involved stakeholders to provide specialist input and give learners access to their experience and expertise
- engaged with stakeholders as part of the delivery of learning to support the introduction of new benefits.

## Intelligent Kindness training

### **Create a culture where we take responsibility and treat others with kindness**

This is about making sure that we think about how our actions may impact on others or how it may make them feel whether that's our colleagues, clients or stakeholders. Its origins are in the healthcare arena and are especially relevant to those colleagues who have direct interactions with our clients.

We ran 40 sessions on Intelligent Kindness attended by around 1,000 colleagues, exploring the concept and what it means for us. The sessions were supported by Health and Social Care Alliance Scotland.

Feedback from colleagues was incredibly positive and we feel it has been a very practical way of helping to bring our values of dignity, fairness and respect to life.


Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Complaints, compliments and suggestions

We welcome and encourage feedback from everyone who engages with us and record this as information in relation to complaints and suggestions.

### Feedback by financial year

	Year	Number received
<b>Complaints</b> 	2018/19	75
	2019/20	185
	2020/21	230
<b>Compliments</b> 	2018/19	60
	2019/20	75
	2020/21	55
<b>Suggestions</b> 	2018/19	5
	2019/20	55
	2020/21	15

### Complaints

A stage one complaint is the first stage in the complaints process where we have 5 days in which resolve the issue to the client's satisfaction. If the client remains unhappy this may progress to stage two, where a full investigation is carried out and we have 20 working days to provide a formal response. There can be occasions when a complaint is lodged at stage two immediately if the issue is serious, complex or risks reputational damage.

The proportion of complaints reaching stage 2 increased in 2020-21 (18%) compared to 2019-20 (13%). This may relate to increased processing times for complaints during this period, relating to the impact of COVID-19 or the increase in the number of our clients due to the launch of new benefits.







**230 Stage One complaints**

**40 Stage Two complaints**

[Contents](#)
[Chief Executive's Foreword](#)
[Performance Report](#)
[Accountability Report](#)
[Auditor's Report](#)
[Financial Statements](#)

## Complaints by outcome 2020-21

	Year	No. received
 Upheld	2018/19	40
	2019/20	160
	2020/21	180
 Partially upheld	2018/19	5
	2019/20	15
	2020/21	35
 Not upheld	2018/19	45
	2019/20	30
	2020/21	40
 Withdrawn	2018/19	0
	2019/20	10
	2020/21	5

During this reporting period, the majority of the complaints we received were during the early stages of a benefit launch. These related to delays in processing applications due to the organisation managing larger numbers of applications at the start or conflicting information being provided on expected timescales.

As a result of the complaints that have been upheld we have made a number of improvements including updating guidance for staff, enhancing our website content, reviewing the communications we issue to our clients and strengthening our Learning and Development activity for staff.

## Compliments – why people said thank you

	55 compliments were received in 2020-2021
	30 people said we were helpful
	15 people said we got it right
	5 people said we were prompt

## Suggestions

Across all benefits, we received a total of 15 suggestions, mostly on 'improving information available'. These are some examples of ways in which we have specifically responded to feedback during the reporting period:

Client raised concern about the automated message which says that data will be shared with other Government bodies and credit reference agencies. Suggested the message be that we use credit reference agencies only to verify the correct bank account for payment.

We adopted this suggestion and made the reference to credit reference agencies much clearer.

Client commented website was misleading about the effect of funeral plans on entitlement to Funeral Support Payment.

We changed the wording on our website to strengthen the information and make the example used much clearer.

Client asked that we say when there are delays in handling applications or problems with telephony. If she had known of the problem she would not have called.

Recorded messages now placed on telephony lines during periods of disruption. Delays caused by large volumes of applications also advertised on social media to alert clients.

A Welfare Rights Officer raised a suggestion around the way we communicate in Funeral Support Payment cases with clients as a phone call was made to a client despite them being hearing impaired.

We improved the guidance for Funeral Support Payment cases and increased capacity on our system to allow notes to be included to highlight specific communication needs for clients.

Contents

Chief Executive's Foreword

Performance Report

Accountability Report

Auditor's Report

Financial Statements



## How did we do in relation to helping to deliver a social security system with dignity, fairness and respect

Overall Experience	<p>Of all Client Survey respondents:</p> <ul style="list-style-type: none"> <li>92% rated their experience with Social Security Scotland overall as 'good' or 'very good'</li> </ul>
Contact with staff	<p>Of Client Survey respondents who had been in contact with Social Security Scotland staff:</p> <ul style="list-style-type: none"> <li>93% rated their experience with Social Security Scotland's staff as 'Good' or 'very good'</li> <li>94% 'agreed' or 'strongly agreed' that they were treated with kindness (measure one of Charter Measurement Framework)</li> <li>88 % 'agreed' or 'strongly agreed' that they felt trusted by staff (measure two)</li> <li>92% 'agreed' or 'strongly agreed' that staff listened to them (measure three)</li> <li>91% 'agreed' or 'strongly agreed' that staff made them feel comfortable (measure four)</li> </ul>
Your application decision	<ul style="list-style-type: none"> <li>95% of Client Survey respondents who had applied for a benefit said they agreed with the decision made on their application(s) (measure six)</li> </ul>
Discrimination	<ul style="list-style-type: none"> <li>95% of Client Survey respondents said they did not feel discriminated against at any point throughout their experience with Social Security Scotland (measure six)</li> </ul>

"I have to admit I went on that phone [call] a wreck but when I came off the call I felt a lot better. The call was simple. It was not in any way threatening, it did not make me feel distressed. [The advisor] would stop me at any time to make sure that I was all right. The call took half an hour but I would say only 10 minutes was about the thing I phoned for itself. The rest was them chatting to me, taking me through things, being empathetic. It was good, quite lovely."

**Client interviewee**

**(A People's Service – Charter Measurement Framework 2020-21)**

Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## Inclusive Communications

### Provide people with a range of ways to communicate with us and meet their needs

We have taken the following actions to deliver on the commitment in Our Charter to adapt processes and ways of communicating as much as we reasonably can to meet client needs and preferences:

- our Inclusive Communication External Stakeholder Reference Group have provided advice and expert comment on a number of areas including our:
  - telephony journey for clients
  - use of visual imagery in Adult Disability Payment application form
  - approach to consultations and decision making
  - physical buildings
  - redesign of the Social Security Scotland corporate website.
- developed an e-learning module on inclusive communication
- establish inclusive communication champions to help embed inclusive communication principles
- created a set of Easy Read translation standards following User Research to provide a consistent standard.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



Supporting people in Scotland  
to access devolved benefits  
that they are entitled to.



## Promote our benefits in a range of ways to make sure people know what is available and how to apply

We make sure that communication material is available in places we know our target audience are already accessing. For example, leaflets covering the Five Family Payments were included in the Scottish Government's 'Baby Box' and health visitor packs to ensure new families are aware of the range of support on offer from pregnancy until their child starts school.

### Achievement by social media platform:



**Facebook** 16,345,395 impressions  
162,483 clicks



**Instagram** 1,862,683 impressions  
42,529 clicks



**Twitter** 2,029,210 impressions  
12,818 clicks



**Snapchat** 5,513,784 impressions  
43,279 swipes



**TikTok** 1,299,099 impressions  
11,200 clicks



**Spotify** 126,699 impressions  
310 clicks



**Display** 4,324,943 impressions  
12,859 clicks

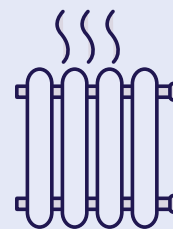
## Provide a range of ways for people to access our service – including face-to-face in communities across Scotland

3

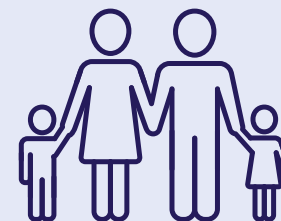
new benefits introduced



Job Start Payment



Child Winter Heating Assistance



Scottish Child Payment



21 separate marketing pushes throughout the year to promote our benefits



Contents

Chief Executive's Foreword

Performance Report

Accountability Report

Auditor's Report

Financial Statements



## Child Winter Heating Assistance

Child Winter Heating Assistance is an automatic payment of £200 for children and young people under 18 who get the highest rate of the care component of Disability Living Allowance for children. Child Winter Heating Assistance was introduced in November 2020.

To be eligible, children and young people must be in receipt of the highest rate of the care component of Disability Living Allowance for at least one day in the qualifying week, which in 2020 was the week beginning Monday 21 September.



14,015  
children



£2.8 million  
paid



5% of payments  
were for more  
than one child

### Number of payments by sex of child



30% female  
(4,190)



68% male  
(9,495)



2% unknown



0 to 7  
29% (4040)



8 to 15  
67% (9335)



16 or 17  
4% (630)\*

\*These are young people that have stayed on Disability Living Allowance after 16 rather than apply for Personal Independence Payment as a result of Scottish Government policy.

Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## Job Start Payment

Job Start Payment is a payment to help young people in Scotland with the costs associated with the transition into employment, after a period of time out of paid work.

The payment is a one-off cash sum of either £252.50 for those who do not have responsibility for a child or a higher amount of £404 for those who do. The upper age is extended to 25 if the young person is a care leaver.

Applications have been taken since 17 August 2020.



3,190  
applications



2,965  
processed



£277,450  
paid



1020 (34%)  
authorised



\*1890 (64%)  
denied



50 (2%)  
withdrawn



238 payments made to a young  
person responsible for a child

Sources: 1. Scottish Government Job Start Payment: high level statistics to 31 March 2021.

\* Number of cases denied were due to a high volume of applications where the job offer was prior to launch date. There was also numerous cases of clients not providing evidence of their job offer within set timeframes.

## Scottish Child Payment

Scottish Child Payment is a weekly payment of £10 that people can get for every child they look after under 6 years of age.

It is intended to provide regular, additional financial support for families already in receipt of qualifying benefits to assist with the costs of caring for a child.

Scottish Child Payment started on 15 February 2021, allowing us to do final eligibility checks and start issuing decisions. We accepted applications in advance from 9 November 2020.



104,345  
applications



81,730  
processed



£3,549,590  
\*paid to  
60,920



75,445 (92%)  
authorised



4655 (6%)  
denied



1630 (2%)  
withdrawn

\* Within our statistical reporting, key dates are used to assign applications received, applications processed and payments issued to time periods. This is a different methodology to that used in financial reporting and as a result there may be differences in the values reported for a given time period.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## Benefit expenditure 2020/21 for benefits delivered by Social Security Scotland

### Benefit Year to 31 March 2021

(£m)

Best Start Grant - Early Learning Payment	5.6
Best Start Grant - Pregnancy and Baby Payment	6.4
Best Start Grant - School Age Payment	5.8
Carer's Allowance Supplement	58.6
Child Winter Heating Assistance	2.8
Funeral Support Payment	11
Job Start Payment	0.3
Scottish Child Payment	6.1
Young Carer Grant	0.7

Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## Re-determinations received and outcomes

Applicants can ask us to look again at what they have decided if their application is denied, or if they think the amount they are going to be paid is wrong. This is known as a re-determination. A request for a re-determination should be made within 31 calendar days of being notified of the determination. This can be extended to up to 1 year if there is a good reason. We then have 16 working days to make the new determination.

Job Start Payment and Best Start Foods do not have a re-determination process. Instead, there is an internal review process, which means that applicants can request that their decision be looked at again.


In total, approximately 1,570 re-determinations were received between April 2020 and May 2021 across all benefits.

### Number of Re-determinations received


Scottish Child Payment (15 Feb 21 to 31 Mar 21)	105
Job Start Payment (17 Aug 20 to 31 Mar 21)	90
Young Carer Grant (1 Apr 20 to 31 Mar 21)	75
Funeral Support Payment (1 Apr 20 to 31 Mar 21)	240
Best Start Grant (1 Apr 20 to 28 Feb 21)	1060

### Number of Re-determinations processed (1 April 2020 – 31 March 2021)




#### Scottish Child Payment

	Disallowed	15
	Allowed	15
	Withdrawn	30

#### Job Start Payment

	Disallowed	55
	Allowed	20
	Withdrawn	10




#### Young Carer Grant

	Disallowed	25
	Allowed	35
	Withdrawn	10

#### Funeral Support Payment

	Disallowed	110
	Allowed	105
	Withdrawn	35

#### Best Start Grant

	Disallowed	430
	Allowed	200
	Withdrawn	500



## Benefit expenditure 2020/21 – delivered by Department for Work and Pensions

We have responsibility for the benefits listed below. The Department for Work and Pensions deliver these benefits on our behalf under Agency Agreements.

Benefit	Year to 31 March 2021 (£m)
Attendance Allowance	527.6
Carer's Allowance	296.0
Disability Living Allowance	722.4
Industrial Injuries Supplement	82.5
Personal Independence Payment	1,626.2
Severe Disablement Allowance	7.4

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Supporting people in Scotland to access devolved benefits that they are entitled to

Overall	<ul style="list-style-type: none"> <li>93% of Client Survey respondents rated their experience of applying for Social Security Scotland benefits as 'good' or 'very good'</li> <li>94% of Client Survey respondents who had received a payment rated their experience of getting benefit payments from Social Security Scotland as 'good' or 'very good'</li> <li>89% of Client Survey respondents said Social Security Scotland did not waste their time (measure 45)</li> </ul>
Getting information and advice	<p>Of Client Survey respondents who looked up or made contact with Social Security Scotland:</p> <ul style="list-style-type: none"> <li>88% 'agreed' or 'strongly agreed' they had enough choice about how they communicated with Social Security Scotland (measure 47)</li> <li>88% of clients 'agreed' or 'strongly agreed' they had enough choice about how Social Security Scotland communicated with them (measure 48)</li> <li>86% of clients said they found it 'Easy' to look up or make contact with Social Security Scotland</li> </ul>
Contact with staff	<ul style="list-style-type: none"> <li>90% of Client Survey respondents who had been in contact with Social Security Scotland staff 'agreed' or 'strongly agreed' that staff were knowledgeable about Social Security Scotland benefits (measure 14)</li> </ul>
Applying for Social Security Scotland benefits	<p>Of Client Survey respondents who had applied for a benefit:</p> <ul style="list-style-type: none"> <li>94% 'agreed' or 'strongly agreed' the application process was clear (measure 39)</li> <li>92% 'agreed' or 'strongly agreed' that the application asked only relevant questions (measure 40)</li> <li>85% 'agreed' or 'strongly agreed' that their application was handled within a reasonable time-frame (measure 43)</li> <li>76% 'agreed' or 'strongly agreed' they got enough updates on the progress of their application (measure 10)</li> </ul>
Receiving payments from Social Security Scotland	<p>Of Client Survey respondents who had received a payment from us:</p> <ul style="list-style-type: none"> <li>91% said they were paid when Social Security Scotland said they would be paid (measure 12)</li> <li>93% said they got the right amount first time (measure 13)</li> <li>92% said they got the right amount every time (measure 13)</li> </ul>
Your application decision	<p>Of Client Survey respondents who had applied for a benefit:</p> <ul style="list-style-type: none"> <li>92% 'agreed' or 'strongly agreed' that their application decision was clearly explained (measure 15)</li> <li>93% said they understood the decision</li> </ul>

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

The following feedback was gathered from January to April 2021. Client Panel and Experience Panel members took part in research to explore the effect of the Coronavirus (COVID-19) pandemic on communication preferences.

"We have given feedback on a range of issues including accessible communications, staff recruitment and equalities training, mainstreaming, reporting and action planning [...] In all instances we have received acknowledgement of feedback and been updated on how this has been acted upon."

**Partner organisation respondent (A Learning System – Charter Measurement Framework 2020-21)**

"Anything that I've put forward, like if you need an interpreter is available. If you need [British Sign Language] it's available. We've had Easy read forms, we've had information if you need it in a larger print. So from an accessibility point of view, no problems. The video, we have a slow connection but we're still able to communicate. And if that's the way forward great, and I hope it is."

**Client Interviewee (Processes that work – Charter)**

"I have always been able to contact Social Security Scotland through web chat or telephone and speak to an adviser very quickly. This has been before and during the COVID-19 outbreak. Customer service always great." (survey response)

"Having that online chat was preferred, it was really quick in giving me an answer and I wasn't waiting for ages."

**Survey respondent and interview participant  
Client Panels member with experience of Best Start Grant/Foods and Carers' Allowance Supplement,  
Woman, age 25-44**

"For setting up a Young Carers' Grant for my daughter online that was during the pandemic. The initial contact done instantly, the letter was out maybe a couple of days later and then the actual end result I think was maybe within a week or week and a half, that's an excellent turnaround."

**Interview Client Panel member with experience of supporting her daughter to apply for Young Carer's Grant, Woman, age 45-59**



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

A photograph of three people in a meeting. A woman with blonde hair is on the left, looking towards the center. A young man with short brown hair is in the center, looking towards the right. A man with red hair is on the right, looking towards the center. They are sitting at a table with a laptop and some papers. The background is a modern office setting with wood paneling and a purple wall.

Running our service in  
a responsible way.

## Financial Performance

### Make every penny count

The Accountability report shows our spending against our budget. It also provides information on fraud, debt and error. We have a zero tolerance towards fraud, bribery and corruption and we operate the Scottish Government's whistleblowing policy.





It cost £130 million to run our organisation in 2020/21 (£36 million in 2019/20).

Costs have increased from 2019/20 as we continue to build the organisation and administer more benefits. Benefits administered under agency agreements with the Department for Work and Pensions have also increased.

Non-current assets of £11.5 million are largely in line with what they were at the end of March 2020 (£9.1 million). Current assets are £70.6 million (£35.8 million in 2019/20) which have increased as our bank balances and prepayments in relation to benefit payments which relate to entitlement from April 2021 onwards have increased.

Trade and other payables at £333.3 million have increased from the end of March 2020 (£43.5 million) reflecting the increased spend with suppliers providing goods and services to our growing organisation and the higher costs for Formal Agreements with the Department for Work and Pensions as they include more benefits. More information is provided in [Note 9](#) to the financial statements.

### Operating costs by expenditure category

Cost	Year	Operating Costs
	2020/21 2019/20	£42.3 million £22.8 million
	2020/21 2019/20	£3.83 million £0.2 million
	2020/21 2019/20	£6.5 million £5.0 million
	2020/21 2019/20	£2.3 million £1.2 million
Department for Work and Pensions Formal Agreements	2020/21 2019/20	£75.4 million £6.9 million

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



## Key Risks

The various risks that we are exposed to are tracked within the Strategic Risk Register.

We manage risk as set out in our Risk Management Framework. This draws upon The Scottish Public Finance Manual<sup>3</sup> and Her Majesty's Treasury – The Orange Book<sup>4</sup>.

Within the register there are specific risks that relate to benefit delivery. There were four new risks added towards the end of the last reporting period one of which was related to our Change Control function. These risks include:

- We are maturing our business continuity system, including a Major Incident Framework which has still to be delivered more widely across the organisation
- Managing the impacts as a result of insufficiently developed processes to make sure that client current and future benefits are paid at the right amount
- Managing the impacts of a maturing audit and internal control system
- Developing a change control function to safely assess benefits in payment and new benefits yet to be delivered
- Managing the impact of a lack of immediate management information from our systems
- Where we are dependent on the work of others, making sure that we clearly define what we need them to deliver, so our services meet the needs and expectations of our clients
- Ensuring that our working practices are aligned with the relevant policy and legislation
- Managing the impact of growing technical debt. This refers to increases in the number of temporary fixes which are required at the point at which any digital product is launched, and the work required to reduce this number, replacing temporary solutions with permanent ones
- Providing suitable controls in order to understand future workforce needs that support Social Security Scotland as it grows.

Information on our risk management function and processes are set out in the [Governance Statement](#).

## Reduce the effect our work has on the environment

Despite the organisation continuing to grow over the past year, there has been a significant reduction on our environmental impact both in buildings and in particular around travel due to the pandemic.

We are committed to playing our part in helping the Scottish Government achieve its commitment to reduce Scotland's environmental impact. To support this, we took part in the Climate Solutions training programme. Led by the Royal Geographical Society of Scotland. In completing this qualification, and to support our organisational growth, a 12 month interim Climate Change action plan has been produced and built around four key themes: Energy consumption, Waste and circular economy, Travel and Transport, People and Culture.

### Business Travel

We remain committed to delivering a national service across every region and locality in Scotland. As this was placed on hold due to the pandemic, there has been no travel during this reporting year. We continue to be committed to meeting our obligations under the Climate Change (Scotland) Act 2009, which requires us to report on corporate operational emissions across activities, such as office energy usage and business travel. As we have adopted the Scottish Government's travel management policy our actions will contribute to the Scottish Government's overall sustainability targets.

### Emission levels

During this reporting year although there hasn't been a requirement to travel we have taken the opportunity to review our current fleet and plan for a more sustainable future. In March 2021, we began a 3-year lease on three electric cars which will replace our current hybrid fleet. These vehicles will provide our staff with a sustainable alternative if they are unable to use public transport. This fleet of ultra-low emissions will contribute towards the sustainability targets outlined within the Scottish Government's Sustainable Travel Strategy.

<sup>3</sup> [Scottish Public Finance Manual](#) – gov.scot ([www.gov.scot](http://www.gov.scot))

<sup>4</sup> [Orange Book](#) – GOV.UK ([www.gov.uk](http://www.gov.uk))

Our emissions for business travel during this reporting period was 0.01 tonnes of CO2 equivalent which was significantly lower than the 77.47 tonnes the previous year. Due to COVID-19, and there being no business travel over the last 12 months, we are unable to draw any comparisons on the impact our business travel has had on the environment against the previous year.

During this reporting period we have:

- introduced Microsoft Teams improving video conferencing and remote meetings, which going forward will reduce the need to travel between Glasgow and Dundee
- updated our guidance which gives a clear preference to travel by the most appropriate sustainable travel option
- introduced a robust governance process for business travel to minimise unnecessary travel
- developed best practice when buying train tickets to reduce future costs.

## Estates

We have now started work to either fit out or refurbish a number of buildings in our estate, most notably our new head office in Dundee – Agnes Husband House. Within these buildings we have worked with our facilities partners to ensure they are managed in a sustainable way including having robust recycling processes.

Within both our new and existing estate we have looked at opportunities to reduce our potential energy consumption. As part of this review a costing exercise has been completed and approved for our Glasgow building, which means all lighting will change to LED as part of its refurbishment project in Autumn 2021.

## Sustainable Procurement

Environmental considerations are at the heart of the sustainable procurement duty. We have considered the environmental impact when developing the procurement strategies for our individual procurement exercises.

We have ensured that specifications for services contribute to the Scottish Government's overall commitment to reducing Scotland's environmental impact (the effect our actions have on the environment) and creating a cleaner, greener and healthier country.

## Financial management

For those with budget responsibilities we have structures in place to ensure they have the professional financial support and advice that they need to carry out their roles as budget holders effectively. In March 2021, we launched a survey to gather feedback from budget holders to understand their training needs and gather feedback to help us to enhance our processes to ensure they have the necessary tools and support so that public money is spent appropriately. Of those who responded, 93.3% of budget holders felt they received enough support from Finance colleagues and 40% felt that they would like to undertake further training.

## Equality

In June 2020 we reported on our **national consultation** exercise on our draft mainstreaming equality outcomes and approach to equalities. A total of 81 responses were received through online channels and a total of 108 people attended one of our consultation events across the country.

Following this feedback we have:

- established an Internal Equalities Network with volunteers from across our organisation
- created an External Equalities Network with membership drawn from interested stakeholder organisations.

Both networks have played a crucial role in developing our strategy, revising our outcomes and mainstreaming our reporting.

The internal network has led on developing an awareness of intersectionality, which is one of our three commitments within the Strategy. This includes organising conversation cafés, writing and commissioning blogs and development of workshops.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## How did we do? – Running our service in a responsible way

Overall experience	<ul style="list-style-type: none"> <li>74% of Client Survey respondents ‘agreed’ or ‘strongly agreed’ that Social Security Scotland was an open organisation (measure 61)</li> </ul>
	<ul style="list-style-type: none"> <li>83% of Client Survey respondents ‘agreed’ or ‘strongly agreed’ that Social Security Scotland was an honest organisation (measure 62)</li> </ul>

“There was absolutely never a feeling that she was trying to catch me out. Nothing like that. I didn’t feel like there was any underhandedness or agenda other than helping me.”

**Client interviewee**  
(A People’s Service – Charter Measurement Framework 2020-21)

[Contents](#)
[Chief Executive’s Foreword](#)
[Performance Report](#)
[Accountability Report](#)
[Auditor’s Report](#)
[Financial Statements](#)

## Forward Look

Once all benefits have been introduced, we will manage 17 benefits, supporting 1.8 million children and adults and providing around £5 billion in payments every year. At the end of this process, we will be delivering benefits for people on low incomes, people with disabilities, carers and young people entering the workplace, and to help people heat their homes.

By end March 2021, we are administering and paying out 10 benefits. In 2021/22 we plan to deliver:

- Child disability payment opened on 26 July 2021 as part of a pilot in three Local Authority areas – Perth and Kinross, Dundee City and the Western Isles – with full national roll-out from 22 November 2021.
- Through our local delivery service, we will offer people face to face contact that will be located, where possible, in places they already visit. The introduction of the face to face service coincided with the launch of the Child Disability Payment pilot and will be rolled out nationally from November 2021.
- Adult Disability Payment will replace Personal Independence Payment for disabled people of working age in Scotland beginning with a pilot in spring 2022. Full national roll out from summer 2022.
- Scottish Child Payment will be made available for children and young people aged 6-15 by the end of 2022 subject to the Department for Work and Pensions providing the necessary data.

## Recruitment

To get ready for the introduction of new benefits - including Adult Disability Payment and extending Scottish Child Payment to children under 16 - and the transfer of clients from the Department for Work and Pensions to our new Scottish system, we will recruit and train 2,000 new colleagues by autumn 2022.

This will provide new opportunities for secure, long-term employment, while boosting our investment on the waterfront in Dundee and in the centre of Glasgow. As a result of this recruitment, by autumn 2022, we will directly employ more than 3,500 people. Using the latest Scottish Government Input-Output Model of the economy, it is estimated that 3,500 full time equivalent public sector jobs in 2022 will directly support around £280m in Gross Value Added.

## Our ways of working

Like many other organisations, we continue to look at how we deliver our service to our clients and the support our people need to do that.

We're working with our people to understand how they'd like to work in the future and how that fits into our service strategies. We'll engage with our clients and the people of Scotland to understand their expectations and needs post pandemic. We'll trial different flexible working models to ensure, whatever our working arrangements, that they are sustainable and support the organisation to meet its objectives.



**David Wallace**

Chief Executive and Accountable Officer

Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

# Accountability Report

## Director's Report

David Wallace is the Chief Executive and Accountable Officer for Social Security Scotland. He is supported by his Executive Team:

- **Miriam Craven** – Deputy Director Strategy, Change, Data and Engagement
- **Janet Richardson** – Deputy Director Client Services Delivery
- **James Wallace** – Deputy Director Finance and Corporate Services
- **Paul Knight** – Chief Officer, Health and Social Care Operations<sup>5</sup>
- **Andy McClintock** – Chief Digital Officer<sup>6</sup>.

<sup>5</sup> Paul Knight has been seconded to the organisation part time as Chief Officer, Health and Social Care Operations

<sup>6</sup> In 2020/21 the Chief Digital Officer was part of the Social Security Directorate within the Scottish Government, however as this role and underpinning team are critical to the functioning of the organisation, they transferred over formally to Social Security Scotland in April 2021.

The following are Non-Executive members of our Executive Advisory Body and/or the Audit and Assurance Committee:

- **Laura Brennan Whitefield** – Executive Advisory Body
- **Jessica Burns** – Executive Advisory Body and Audit and Assurance Committee
- **Chris Creegan** – Executive Advisory Body
- **Ewan Gurr** – Executive Advisory Body
- **Douglas Hutchens** – Executive Advisory Body and Audit and Assurance Committee
- **Elaine Noad** – Executive Advisory Body and Audit and Assurance Committee

**Russell Frith** is Independent Non-Executive Chair of the Audit and Assurance Committee.

A [register of interests](#) is maintained for all members and, at meetings, attendees are required to disclose any conflict of interest.

During this year we recorded 47 data security incidents of which 29 incidents were assessed to have led to, or have had the potential to lead to, a personal data breach. More information on this is contained in the [Governance Statement](#).

On investigation each personal data breach was assessed as minor and no reports were submitted to the Information Commissioner's Office. All incidents were shared with the Scottish Government Data Protection Officer and the appropriate Social Security Scotland Information Asset Owner.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements



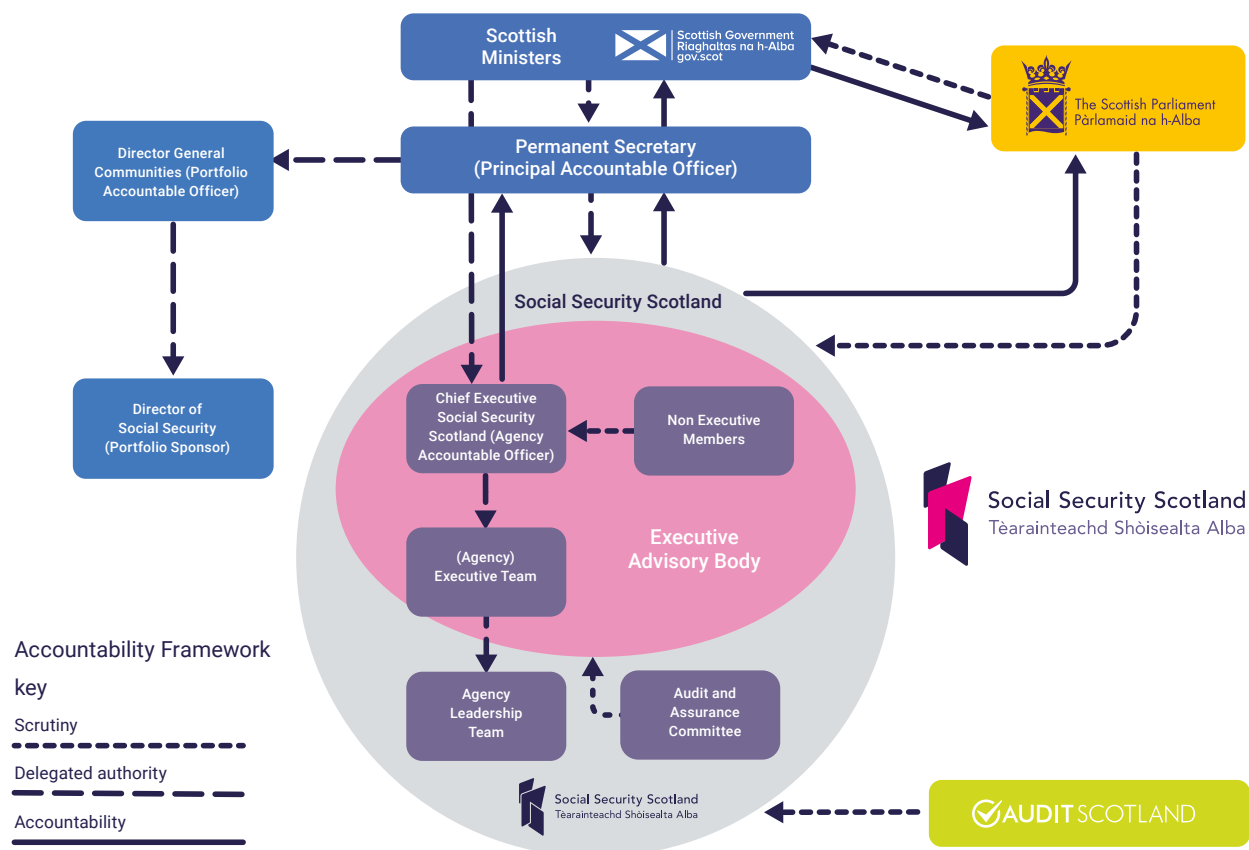
## Governance Statement

This Governance Statement outlines our approach to corporate governance setting out our internal control structure and risk management processes.

### Social Security Scotland governance Framework

#### About our general governance arrangements

We are an Executive Agency and part of the Scottish Government. We are responsible for the administration of devolved social security benefits for people in Scotland. Our Framework Document sets out the detailed accountability and governance framework for the organisation, and the context for our relationship with Scottish Ministers and the Scottish Government, including the Social Security Directorate. A diagram setting out these relationships (updated with the new Portfolio Sponsor from 8 March 2021) is below.



Our systems of internal control and assurance are in line with the **Scottish Public Finance Manual** and seek to identify the principal risks to the achievement of our aims and objectives. As Chief Executive, I had a direct relationship during 2020/21 with the then Cabinet Secretary for Social Security and Older People and met regularly to update her on our performance and progress. I have continued this arrangement with the new Ministerial team following the 2021 elections. Our Framework Document sets out clear lines of accountability between me as the Accountable Officer of Social Security Scotland, through our Portfolio Sponsor and Portfolio Accountable Officer, up to the Principal Accountable Officer for Scottish Government and Scottish Ministers.

## Portfolio Sponsor

In March 2021, Social Security Scotland moved to join the Director General Communities within Scottish Government. From this date the Director General Communities took over the Portfolio Sponsor role from the Director General Organisational Development and Client Services Delivery.

The Director General Communities continues to delegate certain functions to the Scottish Government Director for Social Security. Our Portfolio Sponsor has responsibility for social security policy and the wider Social Security Programme and has regular six-weekly meetings with our Executive Team.

The Portfolio Sponsor meeting is one of the ways we make sure we are kept up to date on Scottish Government's policies and priorities. It also allows us to update each other on key business including risk management, performance against our business plan, finance, people and audit activity. Minutes of these meetings are available on our website.

## Executive Advisory Body

During 2020 and until June 2021, I have chaired our Executive Advisory Body which includes the five members of my Executive Team and our six Non-Executive Members. Since June 2021, the chair of these meetings has been delegated to a Non-Executive in order to maintain independence from the substance of discussions. The Executive Advisory Body considers the overarching strategy, direction, governance and acts as a critical friend by providing constructive challenge and advice to me as Accountable Officer. One of our non-Executive members has now also joined as a member of the Social Security Programme Board to give additional independent, Social Security Scotland perspective on new benefits, products and services being delivered.

Since 1 April 2020 the Executive Advisory Body have met virtually 11 times, with all meetings quorate. As a body, we have looked at a range of strategic issues including regular updates on our People Strategy, approach to Inclusive Communication, Freedom of Information, Finance and Performance Management. The Executive Advisory Body have also considered readiness and planning on upcoming benefit delivery and the review of corporate documents including our Equalities Strategy, Annual Business Plan and three-year Corporate Plan. The Executive Advisory Body has ensured that the focus of senior leaders has remained not just on the wider, societal impacts of COVID-19 but looking at the practical impact on colleagues, their resilience, our ways of working and the wider culture of the organisation.

At all meetings, two colleagues can attend as observers. All papers, including the agenda, minutes and action tracker of all meetings are publicly available on our website demonstrating openness and transparency. In some cases redactions will be applied where exemptions under the Freedom of Information Act apply.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Executive Team

I am supported in my role as Accountable Officer by an Executive Team which is made up of:

- Deputy Director, Finance and Corporate Services
- Deputy Director, Client Services Delivery
- Deputy Director, Strategy, Change, Data & Engagement
- Chief Officer, Health and Social Care Operations
- Chief Digital Officer.

Executive Team meetings have been held virtually which has enabled us to continue to deliver and meet our strategic objectives. All meetings of the Executive Team have been quorate and a summary of the meeting is provided to staff on a weekly basis. The Executive Team remains the organisation's strategic forum with a focus on:

- considering and approving our strategic policies, plans and processes
- considering and collectively approving significant outputs from the Scottish Government Programme – taking into consideration impact on our capacity, finance and client service levels; and
- ensuring the visibility of key developments across the work of Social Security Scotland.

Much of our focus as an Executive Team has been on responding to the unprecedented challenge posed by COVID-19 and continuing with the majority of our staff working from home, whilst delivering a service to our clients. As the short-term response to the global pandemic gave way to the need to plan for the medium to longer term, the Executive Team has provided greater strategic direction on our ways of working. This builds on the important lessons learned from the last year and the opportunities presented to us for the future. As the senior leadership group within the organisation we listened carefully to the experience of our colleagues last year, and the views of clients through the client survey and experience panel reports, working to build individual and organisational resilience and trying to model the behaviours and culture we want to see: fairness, dignity and respect.

## Agency Leadership Team

Supporting my Executive Team is the Agency Leadership Team. The Agency Leadership Team provides leadership with a focus on day-to-day business management and operational issues affecting performance. They

- scrutinise and challenge policies and procedures with a view to ensuring that the delivery of benefits meets our legal obligations and is in line with Our Charter
- provide assurance to the Executive Team on the effective and efficient day-to-day running of the organisation, as well as supporting longer-term strategic work with the Executive Team; and
- help ensure effective, joined-up working and decision making across decision makers and build leadership capacity.

Given the scale of the continued growth of the organisation, we undertook an internal review of our governance in early 2021, and made some changes to the membership and remit of this group which took effect from April 2021. These meetings have also been running virtually on a weekly basis.

The Agency Leadership Team's key focus has been ensuring the service to our clients remains uninterrupted to lessen the impact of COVID-19 on our service, our clients and the wellbeing of our staff over this period. The Team has been supported in this by a COVID-19 recovery group, tasked with looking at practical aspects of our response to the pandemic.

## Audit and Assurance Committee

Our Audit and Assurance Committee is chaired by an Independent Non-Executive Chair and includes three Non-Executive Members of the Executive Advisory Body. It provides independent scrutiny of our strategic approach to risk, control and governance, accounting policies, annual report and accounts, and audit plans and audit reports.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

The committee met five times virtually during the reporting period, and considered regular reports on Fraud, Error and Debt, Finance and Risk.

As Accountable Officer I attend the Audit and Assurance Committee with other key personnel. Internal and external auditors also attend and are able to offer opinions on the adequacy of our risk management, control and governance processes.

The Terms of Reference for the Committee notes they are responsible for drawing any significant matters to the attention of the relevant Scottish Government Director General's Assurance Board. This year nothing was noted, however I attended the Director General Assurance Board regularly to provide an update on assurance more generally within Social Security Scotland. I will continue to attend the Director General Communities Assurance Meeting.

All papers, including the agenda, minutes and action tracker of all meetings are publicly available on our website demonstrating openness and transparency. In some cases redactions will be applied where exemptions under the Freedom of Information Act apply.

## Programme and Project Management Governance

We are following the Project Management Centre approach to ensure the implementation of projects delivered by Social Security Scotland and also the implementation of new Social Security Benefits, IT systems and processes by working closely with our colleagues in Social Security Directorate. This is achieved through close collaboration and active interaction across all areas of governance. In 2020/21 these included:

- the introduction of Job Start Payment
- the implementation of the first of our Disability and Carers benefits, Child Winter Heating Assistance; and
- the introduction of Scottish Child Payment for children under 6 years of age.

Our Project Management Office underpins our project delivery mechanisms by ensuring that all business change is managed in a controlled way by providing support to our project management teams. We are represented on all Social Security Programme Governance forums and, likewise, we have senior colleagues from Social Security Programme on our forums.

## Governance during COVID-19

As the Accountable Officer I am responsible for key decisions which have been informed by existing governance arrangements and supported by a COVID-19 Strategic Group. This group is not a decision-making body, but provides assurance on the progress of work-streams across the organisation relating to recovery and reports to our Agency Leadership Team. Key work-strands they have provided assurance and direction on include looking at priority areas for return to office planning, engagement with our people through staff surveys, the introduction of a web chat function to complement our existing telephone service and most recently seeking Executive Team approval for 'Our Ways of Working' project which has recently commenced.

## Information and Business Continuity

### Data Protection

We follow the Scottish Government policy on information security and have maintained a designated Senior Information Risk Owner.

Data protection obligations and registration are set at legal entity-level and as such Scottish Ministers' registration with the Information Commissioner includes Social Security Scotland. The obligation to appoint a Data Protection Officer is on Scottish Ministers. Recognising that we carry out our functions at arm's length from central government, a Memorandum of Understanding is in place between Social Security Scotland and the Scottish Government Data Protection Officer. This sets out the terms of agreement in relation to compliance with data protection laws and provides a structure for establishing co-ordinated procedures in relation to the Scottish Ministers' data protection obligations.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements



A Memorandum of Understanding between the Scottish Ministers and Department for Work and Pensions sets out the framework for co-operation between the parties in respect of ensuring that the social security and the employment support provisions, associated powers and operations of the Scotland Act 2016 are considered and implemented effectively and with full regard to both Scottish and UK systems. The Memorandum captures over-arching agreements in relation to information sharing and joint operational delivery. Individual data sharing agreements sit as annexes to the Memorandum. These data sharing agreements will be actively maintained throughout the transition from reserved to devolved social security services to reflect and support the changing operational interaction between reserved and devolved functions and services. The arrangements will be reviewed and revised over the period of implementation.

We have established a Data Protection Team, including a Data Protection and Information Governance Lead. We have also established a Chief Data Officer role who will work with core Scottish Government and Social Security Scotland. A data protection assurance framework has been designed to assess compliance with legislation and identify opportunities for continual improvement in performance and effectiveness.

All our people complete mandatory data protection training each year and we have developed and delivered additional bespoke training for our operational people.

Colleagues are encouraged and supported to report any data security incidents, real or suspected, so they can be assessed, addressed appropriately and lessons learned to minimise the chance of repeat.

47 data security incidents were reported to Social Security Scotland's Data Protection Team for investigation during the year. 18 of these did not constitute a personal data breach.

29 incidents were assessed to have led to, or have had the potential to lead to, a personal data breach. (2019/20: 27 data security incidents involving a personal data breach). As they were minor breaches no reports were submitted to the Information Commissioner's Office. All incidents were shared with the Scottish Government Data Protection Officer and the appropriate Social Security Scotland Information Asset Owner.

## Data security incidents

Incident type	Number of incidents
Mail sent to incorrect address	10
Email sent to incorrect recipient	9
Other email system user error	3
Personal data uploaded to corporate system in error	2
Personal data released to a third party	2
Excess data captured by analytics tool	2
Staff record access error	1
<b>Total</b>	<b>29</b>

Following an investigation and review of each incident, feedback and lessons learned were shared with relevant teams to reinforce data handling procedures. Where appropriate, additional action was undertaken to reduce the likelihood of re-occurrence.

## Business continuity

We have a Business Resilience Function supporting the organisation. A Business Continuity Policy and Framework has been created and endorsed by the Executive Team and the Business Resilience Manager is supporting the creation of specific departmental business continuity plans.

This year the function has continued to support the organisation's response to COVID-19 and has been involved in several business continuity solutions that have been introduced to allow for continued service delivery to our clients, and support our people working from home.

A Major Incident Framework, detailing appropriate response structures and escalation routes exists to support how events of a more serious nature are managed within Social Security Scotland. When incidents have occurred we have put in place post incident debriefs to capture lessons on positive contingency measures. The Chief Digital Office manage the disaster recovery plans that detail the more technical aspects on responding to information technology outages, but continue to work in partnership with the Business Resilience Manager to ensure a joined up incident response process is in place.

## Assessment of corporate governance arrangements

This has been a year of significant growth for our organisation both in terms of the growth in our staff and in the number and complexity of the benefits that we are delivering.

This has all taken place against the unprecedented challenges society has faced as a result of the COVID-19 pandemic. Over the last 12 months, we have been able to adapt our services to make sure our benefits were paid, and we were supporting efforts to suppress the virus and importantly keeping our people safe. We are learning from the changes we put in place as a consequence of the pandemic and thinking about what we need to do to meet changing expectations and needs and future challenges.

Therefore we have spent some time this year looking at improvements to our governance arrangements. We operate in a complex environment, in which we have a strong inter-dependency on the governance arrangements within the Social Security Directorate, which has responsibility for delivery of social security policy and the operational systems we use to deliver benefits. We are well-represented on Scottish Government programme structures and we recognise the key importance of this relationship on the delivery of services to clients. We began an internal governance review in January 2021.

The review is ongoing and has identified a number of priority actions to date, including the following:

- strengthening the role and remit of our Agency Leadership Team to manage a growing and more complex operational environment. We are currently focussing on defining the governance arrangements for the Agency Leadership Team sub-groups and committees to identify correct flow of information and decision making responsibilities
- By the end of the calendar year, we will update the Agency's Framework Document to reflect organisational changes since the launch of Social Security Scotland
- Taking forward arrangements for succession planning in relation to recruitment of Non-Executive Members to the Executive Advisory Body by September 2021, to ensure we continue to have the right skills around the table to support an evolving organisation.

As Accountable Officer, I have responsibility for reviewing the effectiveness of our governance framework, including the system of internal control. The system is designed to manage, rather than eliminate the risk of failure to achieve our policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

This has been assessed through the following:

- regular review and discussion of internal controls at the Executive Team, Executive Advisory Body and Audit and Assurance Committee meetings
- formal assurance from each member of the Executive Team and the Accountable Officer of Department for Work and Pensions
- the work of the Internal Audit Directorate
- independent assurance reports
- information from our Risk Management and Fraud, Error and Debt Functions
- assurances provided by the Audit and Assurance Committee; and
- external auditors' assessment.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## Formal assurance from the Department for Work and Pensions

We have a range of agreements with the Department for Work and Pensions. These agreements are a way of ensuring that people continue to receive the right payments at the right time, whilst we, along with the Social Security Directorate Programme, undertake the work required to develop our new system in a safe and steady way.

These agreements cover the Department for Work and Pensions' administration of benefits for which the Scottish Government is responsible but are not yet being administered (Disability Living Allowance, Carer's Allowance, Personal Independence Payment) as well as supporting services provided by the Department for Work and Pensions to support Social Security Scotland in administering our benefits.

The Department for Work and Pensions has provided us with assurances on the services provided during this reporting period and has highlighted the monetary value of fraud and error (this means the total estimated monetary value of overpayments and underpayments made by the Department) as the main risk to which they are exposed, as their accounts continue to be qualified for regularity by the UK Comptroller and Auditor General.

During 2020-21, the Department of Work and Pensions took the decision to streamline fraud and error checks, as part of its 'Trust and Protect' approach, to ensure that people could make a claim for benefits quickly and safely. This meant that, during the reporting period, the only benefits for which levels of fraud and error were measured were Universal Credit and official error in State Pension, with other benefits having historical or proxy rates applied.

The Department for Work and Pensions are now revisiting any high risk claims paid during this time. Reviews of easements (temporary relaxation of verification processes) put in place in response to COVID-19 are being carried out to determine how and when easements that are in place should be reversed or moved to become a new business as usual.

Backlogs of work are still being cleared in certain areas such as debt management and Personal Independence Payment. Recovery plans have been developed and controls are in place to monitor and track clearance of these backlogs.

## The work of the Internal Audit Directorate

Internal Audit provides independent assurance on the adequacy and effectiveness of the systems of governance, controls and financial management.

I was pleased to receive an overall **reasonable** assurance opinion for the year, which reflects the current stage of the organisation where systems and controls are continuing to develop.

Audit activity was paused until June 2020 due to COVID 19 – however the following reviews were carried out.

- Carers Allowance Supplement – Substantial
- Key Financial Systems – Reasonable
- Operations (Client Services Delivery) – Reasonable
- Stakeholder Engagement – Reasonable
- Child Winter Heating Assistance – Reasonable
- People Advice/Health and Safety – Reasonable
- Counter Fraud Governance – Reasonable
- Job Start Payment – Reasonable
- Young Carer's Grant – Reasonable
- Funeral Support Payment – Reasonable
- Information Management – Reasonable
- Best Start Grant – Limited
- Debt Management – Limited
- Programme Links – Limited
- SPM Review (Social Program Management) – Limited
- Scottish Child Payment – Application Processes – Limited.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

Limited assurance has been provided for 5 reviews. Management actions have been agreed in all areas to address concerns and are detailed in the individual review reports published on our Corporate Website.

- **Debt Management** due to the presence of weak controls which were in development. There were weaknesses in the current risk, governance and/or control procedures that either do, or could, affect the delivery of Best Start Grant. Exposure to the weaknesses identified was moderate.
- **Social Programme Management** due to recognised weaknesses in the risk, governance and/or control procedures in place but these were not of a significant nature.
- **Scottish Child Payment** processes due to current risk, governance and control arrangements that were potentially developing but weak.
- **Best Start Grant** as controls were potentially developing but weak. Weaknesses were identified in current risk, governance and/or control procedures that either do, or could, affect the delivery of Best Start Grant. Exposure to the weaknesses identified was moderate.
- **Programme Links** due to weaknesses in the current risk, governance and/or control procedures that either do, or could, affect the supporting links with the Scottish Government Social Security Directorate (Programme). Exposure to the weaknesses identified was moderate.

**Information on what the different levels mean is shown in the table below:**

Confidence Level	Description
Substantial	Controls are robust and well managed
Reasonable	Controls are adequate but require improvement
Limited	Controls are developing but weak
Insufficient	Controls are not acceptable and have notable weaknesses

Our Corporate Assurance Function manage the implementation of recommendations resulting from each of the reviews and progress is reviewed at every Audit and Assurance Committee. This year we have provided additional reporting on recommendations where implementation has been delayed due to the impact of COVID-19.

### Independent assurance reports

The Corporate Assurance Team has strong links with the Social Security Directorate Programme Assurance Team who support the work of governance bodies and groups within the Social Security Directorate Programme, providing advice on assurance to senior leaders, ensuring we are aware of and prepared for emerging independent Assurance Work. With the move of Chief Digital Office into our governance structure from April 2021, this includes the Technology Assurance Framework and Digital First Assessment undertaken through the Digital Assurance Office.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



Due to the COVID-19 pandemic a risk based approach to Digital First assessments took place, taking into account factors such as the stage and complexity of the service delivery; volume and type of transactions; and costs. The refresh of our corporate website was reviewed through a self-assessment return process. This confirmed that the corporate website delivery is compliant with the majority of the elements within the Standard.

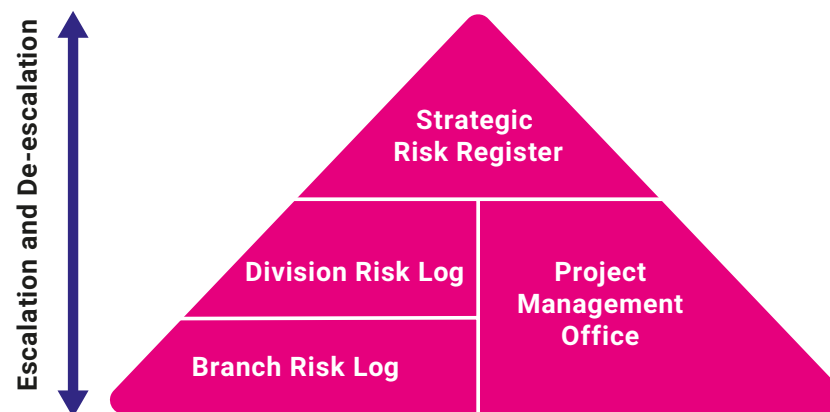
The Digital Assurance Office confirmed that they were content to move into the live phase when the new corporate website launched in September 2020.

### Information from our Risk Management Function

All bodies to which the Scottish Public Finance Manual is directly applicable must operate a risk management strategy in accordance with relevant guidance. We have a Risk Management Strategy which sets out our approach to managing risk across our organisation and helps us to ensure that we achieve our objectives. Within the Performance Report we reflect on risk management performance for the year, and this section within the Governance Statement further outlines our approach.

There is a Strategic Risk Register which records internal and external risks that we are exposed to and identifies mitigating actions to reduce the threat of these risks occurring and minimise their impact should they materialise.

Each Division has a risk log, owned by the Deputy Director for that Division. While these risk logs are at various levels of development – and further progress remains to be made to the systematic review of risk and to ensure the use of these logs is fully embedded across every Division they are maturing in line with the growth and development of the organisation's governance structures, in accordance with the governance arrangements set out in our risk framework.



Risk management forms part of the key decision making processes within each Division, with the risk management function providing support in the identification and assessment of risk. Clear lines of escalation and de-escalation are in place and embedded across each of our Divisions. Overall we are growing a positive risk culture with risk management embedded across all levels of the organisation.

In 2020 our Risk Review Group, chaired by the Deputy Director Finance and Corporate Services, continued its work on the oversight and analysis of our risk landscape. Focusing specifically on the Strategic Risks, the Group approve any new risks and changes to risk scores and challenge all risks. This year they also reviewed risk appetite and tolerance and have a standing agenda item to risk horizon scan.

A review of our Risk Management process was completed in January 2021. The work was undertaken to understand how the risk management function would grow to support Social Security Scotland as it expands over the next two years.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

We continue to build on the strong links established with the Social Security Programme to manage risks which are cross-cutting. Project risks are managed by our Project Management Office and these are being aligned with the Strategic Risk Register to improve assurance that risk is being managed holistically. A specific COVID Recovery group was established to manage the risks and threats as a result of the pandemic. The risk management function provided support in identification and assessment of these risks and issues.

### Counter Fraud, Error Control and Debt Management

We have a range of processes in place to respond to internal and external fraud. The Governance Statement notes the further work required to develop internal controls which means that we currently have an increased risk of internal and external fraud. Work in this area to strengthen capability for detection and correction of fraud and error in advance of launch of the disability and carers' benefits is being progressed and we work closely with our Social Security Programme colleagues to improve on these. We have successfully instigated agreements and processes to enable collaborative work with Department for Work and Pensions where a common interest is identified.

We have developed and deployed processes to receive, record and respond to all referrals of suspected fraud, which align with the approach outlined in the Scottish Government Fraud Response Plan. Further details on our activity here is shown in the [Parliamentary Accountability Report](#).

### External auditors' assessment

The financial statements for 2020/21 are audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out this audit and the fee for this service was £404,390 (2019/2020 £155,165) which related solely to the provision of the statutory audit service. There were no payments made for non-audit work in the year.

A fee of £80,000 for audit services provided by the National Audit Office is included within the costs of Formal Agreements with the Department for Work and Pensions. This is part of the new audit arrangements with the Department for Work and Pensions and is the first year this new approach has been adopted therefore there is no prior year comparator.

### Review of the Effectiveness of Internal control

Taking into account the range of assurance activity undertaken across the organisation and themes that have been highlighted from these, below are the areas of notable interest that I would highlight:

#### Development of internal controls

Internal control as it relates to benefit delivery is a combination of manual controls and automated control through our core digital case management platform. Our case management system is not yet a fully completed platform but functional releases continue in line with additional benefit launches. The Social Security Programme continue to develop controls within the system, following the Agile methodology, and we continue to develop tactical solutions until strategic solutions are in place. The way in which our case management system is currently configured and the extent to which the functionality available is determined by the service design has had an effect on our ability to improve manual control independently. For this reason, the overall control environment for the generation of benefit payments is categorised as 'weak but developing' and we continue to engage with the Social Security Programme to improve controls informed by the recommendations from Internal Audit.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Fraud and error

Fraud and error controls to respond to fraud and error risks continue to develop, and therefore this limits our ability to detect such activity. Manual controls are in place to mitigate some of these risks, until further controls in Social Program Management are implemented.

In response to the change in working model deployed as part of our COVID-19 response there is an increased risk of fraud and error incidents. These potential impacts have been analysed and documented.

## Quality assurance

While we are still in the early stages of the development of a Quality Assurance Framework. Considerable work has been undertaken to establish the scope and drive forward development, given our complex delivery landscape. Our approach and timeline has been agreed by the Agency Leadership Team. The need for a technical solution to enable trend analysis and support continuous improvement will be explored as part of the formal Quality Assurance Framework project.

Improvements to our existing live services have been made when requirements have been identified via a combination of Internal Audit recommendations and localised compliance, quality checking and feedback. We continue to use existing governance processes and delivery standards with the aim of the Quality Assurance Framework being to articulate these standards into a single artefact and to mature our governance and assurance of these standards.

## Management Information

In some areas a limited amount of management information exists supporting operational activities. We have introduced tactical manual solutions (temporary in nature) to mitigate this risk and a tool to automate management information is to be implemented. Social Program Management does not yet generate robust, automated management information. As such, while care has been taken to reconcile and double check manually created records, a manual system of collating information may not be as robust as a tested and assured system generated report. This has the effect of reducing the effectiveness of some of the tactical manual controls in place pending further system development.

Recent deployments including the launch of Business Intelligence Reporting Tools and the Strategic Monitoring and Alerting system have delivered improvements. Future Business Intelligence Reporting Tools deployments are planned and will continue to reduce the need for manual intervention.

## People Services

In order for us to grow our workforce in line with predicted demand, we must continue to work within the capacity and capability limits of Scottish Government Human Resource Shared Service legacy technology platforms. This is because timelines for modernisation of these shared services do not align with our ambitions for growth. We are actively engaged with Scottish Government colleagues to identify opportunities for improvement – for example, by introducing a new, robotic automation pilot for new colleagues. Workforce planning controls are also currently being improved which will enable us to better articulate our staffing requirements and manage risks relating to consequential human resource activity and forecast cost in future.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Statement of Accountable Officer's Responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed Social Security Scotland to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction.

The Accounts Direction is reproduced at Annex A to the financial statements. The accounts are prepared on an accruals basis and must show a true and fair view of Social Security Scotland's state of affairs at the year end and of its income and expenditure, changes in taxpayers' equity and cash flows for the year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state where applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Social Security Scotland will continue in operation.

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Social Security Scotland as the Accountable Officer for Social Security Scotland. The Accountable Officer's relevant responsibilities include the propriety and regularity of the public finances for which he is accountable, keeping proper records and safeguarding our assets, as set out in the Memorandum to Accountable Officers issued by the Scottish Government.

The Accountable Officer has taken all the necessary steps to make himself aware of any relevant audit information and to establish that the body's auditors are aware of that information. There is no relevant audit information of which the body's auditors are unaware. The annual report and accounts as a whole are fair, balanced and understandable and the Accountable Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Staff and Remuneration Report

For the year to the end of March 2021, we spent £26.2 million on the salaries of our people. The number of staff over the last three years was as follows:

**Chart 7 – Headcount of Social Security Scotland staff**

	2018/19	2019/20	2020/21
<b>Headcount</b>	<b>402</b>	<b>776</b>	<b>1253</b>
	2018/19	2019/20	2020/21
<b>Permanent</b>	<b>88%</b>	<b>84%</b> ↓	<b>78%</b> ↓
<b>Temporary</b>	<b>2%</b>	<b>2%</b> ↔	<b>2%</b> ↔
<b>Interim Workers</b>	<b>10%</b>	<b>14%</b> ↑	<b>20%</b> ↑

Interim workers have been contracted through existing Scottish Government frameworks.

Our Executive Team, including the Chief Executive, comprises 4 males and 2 females and they are all members of the Senior Civil Service or secondees. We publish information on our staffing statistics, based on a snapshot of data from our HR system, on our website every three months within 12 weeks of a quarter end<sup>7</sup>. Charts 8 to 13 show information on our directly employed staff's protected characteristics.

**Chart 8 – Percentage of directly employed staff by Gender**

	2018/19	2019/20	2020/21
<b>Male</b>	<b>43.5%</b>	<b>39.3%</b> ↓	<b>39%</b> ↓
<b>Female</b>	<b>56.5%</b>	<b>60.7%</b> ↑	<b>61%</b> ↑

**Chart 9 – Percentage of directly employed staff by Ethnicity**

	2018/19	2019/20	2020/21
<b>Ethnic Minority</b>	<b>3.3%</b>	<b>2.7%</b> ↓	<b>3%</b> ↑
<b>White</b>	<b>75.2%</b>	<b>82.9%</b> ↑	<b>78.7%</b> ↓
<b>Prefer not to say</b>	<b>0.3%</b>	<b>0%</b> ↑	<b>0.5%</b> ↓
<b>Unknown</b>	<b>21.2%</b>	<b>14.4%</b> ↓	<b>17.8%</b> ↑

**Chart 10 – Percentage of directly employed staff by Disability**

	2018/19	2019/20	2020/21
<b>Disabled</b>	<b>8%</b>	<b>10.8%</b> ↑	<b>11.2%</b> ↑
<b>Not Disabled</b>	<b>32.5%</b>	<b>59.3%</b> ↑	<b>59.9%</b> ↑
<b>Prefer not to say</b>	<b>1.1%</b>	<b>1.5%</b> ↑	<b>2.1%</b> ↑
<b>Unknown</b>	<b>58.4%</b>	<b>28.4%</b> ↓	<b>26.8%</b> ↓

<sup>7</sup> Headcount information reported is different from the published statistics. This is because the statistics include 135 directly employed staff and 94 contingent workers who were transferred from the Scottish Government to Social Security Scotland on the HR system in March 2021, however they did not formally transfer to Social Security Scotland until the 1 April 2021.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



**Chart 11 – Percentage of directly employed staff by Sexual Orientation<sup>8</sup>**

	2018/19	2019/20	2020/21
Gay/Lesbian/ Bisexual/Other	5.2%	6.2% ↑	6.8% ↑
Heterosexual/ Straight	69.7%	76.9% ↑	72.3% ↓
Prefer not to say	1.9%	2.1% ↑	2.8% ↑
Unknown	23.1%	14.9% ↓	18.1% ↑

<sup>8</sup> Numbers are suppressed to prevent identification of individuals

**Chart 12 – Percentage of directly employed staff by religion or belief**

	None	Church of Scotland	Roman Catholic	Other Christian	Other religion /belief	Prefer not to say	Not declared
2018/19	46.8%	9.9%	13.2%	4.1%	2.8%	0.8%	22.3%
2019/20	51.8%	9.9%	14.9%	4.2%	2.9%	1.7%	14.7%
2020/21	47.3%	10.4%	14.4%	4.3%	2.9%	2.9%	17.9%

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

**Chart 13 – Percentage of directly employed staff by Age<sup>9</sup>**

	16-19	20-29	30-39	40-49	50-59	60-64	65 and over
2018/19	3.9%	20.7%	29.5%	26.4%	17.6%	-	-
2019/20	2.7%	20%	29%	25.5%	20.7%	-	-
2020/21	0.9%	21.8%	26.9%	25.9%	21.5%	2.3%	0.8%

Our staff policies are the same as those of the Scottish Government. Their aim is to make staff feel comfortable, valued and free to contribute to the best of their ability. We are an equal opportunities employer with policies in place to guard against bullying, harassment or discrimination and to ensure there are no barriers to employment or advancement. We are also committed to meeting our duties under the Equality Act 2010, ensuring that all staff are treated equally irrespective of their sex, marital/civil partnership status, maternity/paternity status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity (transgender), caring responsibility, or trade union membership. We have explained our engagement with the trades union in the performance report.

We are pleased to report that our diversity figures have improved from 2019/20. We have internal and external equality networks in place with action plans aimed at making further improvements. See [Reflect the diversity of Scotland](#) in the performance report for more information.

The 2020 Employee Engagement Index was 79% which was down by 3% from 2019 (82%). The organisation has grown over the past year and whilst our engagement score has decreased, overall we

had the 3rd highest engagement score in the civil service, of which 106 organisations took part, and we were above the All Civil Service Engagement Index.

### Employee Engagement People Survey results<sup>10</sup>

#### Year Employee Engagement

2020	79%
2019	82%
2018	85%

We set up a People Engagement Group to look at the results in more detail and we have action plans to ensure that people can see that we are acting on their feedback. Throughout 2020/21, and particularly in the early months whilst we were impacted by COVID-19, we sought feedback from our people through further targeted surveys and responded to the issues raised.

Our staff turnover in 2020/21 was 0.49% which reflects directly employed staff who left Social Security Scotland and did not move elsewhere within the Scottish Government family.

<sup>9</sup>Numbers are suppressed to prevent identification of individuals

<sup>10</sup>As Social Security Scotland was first established on 1st September 2018, the organisation was new and so did not take part in the Civil Service People Survey. The figures in 2018 show the results from an internal standalone survey which replicated the People Survey. The 2019 and 2020 results can be found here: [Social Security Scotland statistics: publications](#) - gov.scot (www.gov.scot)

The wellbeing of our people is important to us and we have focussed on providing guidance and support during this year. We promote the highest standards of health and safety for our people, contractors and others who could be affected by our acts or omissions. We seek to promote a positive health and safety climate and culture and seek continuous improvement through relevant and compulsory training and e-learning, with the support of the Health and Safety Advisor. Our policy is in line with Scottish Government Occupational Health and Safety strategies and for those people working at home we have ensured that their working environment has been assessed and that they have the right equipment.

## Trade Union Time Disclosure

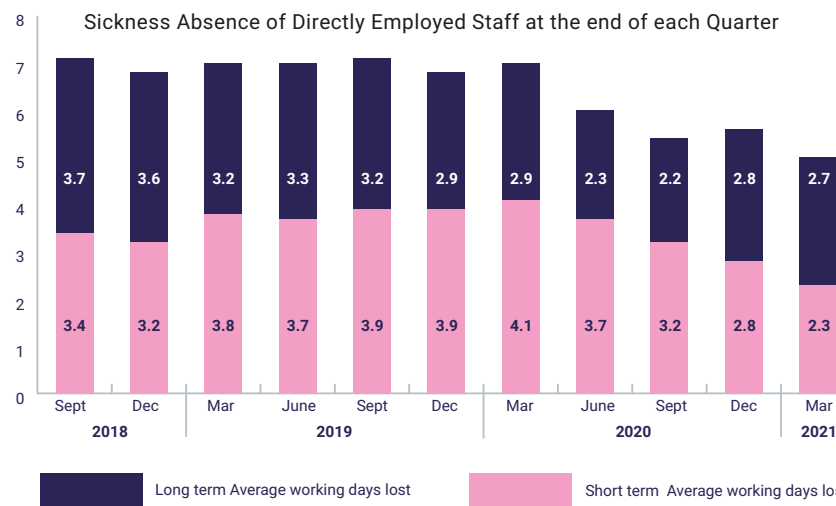
We had 6 employees who were relevant trade union officials during 2020-21 (2019-20: 3). The analysis of facility time is shown below.

Percentage of time spent on facility	Number of employees
0%	0
1% - 50%	6
51% - 99%	0
100 %	0

An overall trade union facility time return is coordinated centrally by the Scottish Government's People Directorate. As an organisation, Social Security Scotland is included as part of the Scottish Government main pay bargaining arrangements.

## Chart 14 – Sickness Absence of Directly Employed Staff

Our sickness absence for staff on civil service contracts is shown in the following graph:



This shows that average days absence has fallen over the period June 2020 to March 2021 where most people have been working from home. This trend is consistent with data issued by the Office for National Statistics<sup>11</sup> on sickness absence.

The Office for National Statistics considered that with people working from home, this may have led to less exposure to germs and minimised some of the usual sickness absences. Furthermore home working also allows people to work when they are a little unwell so they might not have travelled to work but felt well enough to work from home.

The salaries of all our staff, except the Executive Team who are Senior Civil Servants (pay band 1 and 2) and one seconded member, are determined by Scottish Government pay policy which is informed by UK Government pay policy, public sector spending controls and the need to recruit, retain and motivate staff.

<sup>11</sup>Sickness absence in the UK labour market - Office for National Statistics (ons.gov.uk)

The Scottish Government's Remuneration Group<sup>12</sup> makes recommendations to Scottish Ministers on Senior Civil Servants' annual pay and guidelines for increases to non-executive board members' fees.

The Chief Executive, who is the Accountable Officer, is supported by an Executive Team whose annual salaries and pension details<sup>13</sup> are as follows (no bonus payments or benefits in kind have been made).

**Table 5 – Executive Team members' salary and pension details (Information subject to audit)**

Single total figure of remuneration	Salary (£000)		Pension Benefits <sup>14</sup> (£000)		Total (£000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>David Wallace</b> Chief Executive	100-105	85-90	52	129	150-155	215-220
<b>Miriam Craven</b> Deputy Director Strategy, Change, Data and Engagement	80-85	80-85	48	56	130-135	135-140
<b>Janet Richardson</b> Deputy Director Client Services Delivery	75-80	30-35 (75-80 Full Year Equivalent)	106	33	180-185	60-65
<b>James Wallace</b> Deputy Director Finance and Corporate Services	75-80	70-75	44	28	120-125	100-105
<b>Andy McClintock</b> Chief Digital Officer <sup>15</sup>	95-100	N/A	43	N/A	140-145	N/A
<b>Paul Knight</b> Chief Officer, Health and Social Care Operations <sup>16</sup>	55-60	10-15 (45-50 Full Year Equivalent)	N/A	N/A	55-60	10-15

<sup>12</sup>The Remuneration Group has six members two of whom are Non-Executives and it reports at least annually to the Scottish Government's Strategic Board

<sup>13</sup>More information on the pension disclosures is shown at <https://www.civilservicepensionscheme.org.uk/employers/employer-pension-guide/resource-accounts-disclosure-2018-19/>

<sup>14</sup>Pension benefit is in line with the rules of the type of scheme that the Director is enrolled in. It is not a realisable benefit. The Civil Service pension scheme is unfunded and so there is not an agreed amount of the fund that relates to a member. The Government Actuary calculates what they think is needed to fund future pension payments (a cash equivalent transfer value). This is quite a complicated calculation affected by many things that can change from year to year. A change in salary, particularly a promotion, can have a significant impact on this calculation and show a very high increase in that particular year.

<sup>15</sup>Andy McClintock's remuneration was paid out by the Scottish Government in 2020/21 as he was part of the Social Security Directorate. He has been included as he was part of the Executive Team for the reporting period.

<sup>16</sup>Paul Knight has been seconded to the organisation part-time, therefore only remuneration is disclosed.

**Table 6 – Executive Team members' pension details (Information subject to audit)**

Pension Benefits	Accrued pension at pension age as at 31 March 2021 and related lump sum	Real Increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value		
			At 31 March 2021	At 31 March 2020	Real increase
	£'000	£'000	£'000	£'000	£'000
<b>David Wallace</b> Chief Executive	35-40 Plus a lump sum of 80-85	2.5-5 Plus a lump sum of 0-2.5	676	608	32
<b>Miriam Craven</b> Deputy Director: Strategy, Change, Data and Engagement	20-25	2.5-5	321	280	27
<b>Janet Richardson</b> Deputy Director: Client Services Delivery	35-40 Plus a lump sum of 85-90	5-7.5 Plus a lump sum of 7.5-10	772	655	92
<b>James Wallace</b> Deputy Director: Finance and Corporate Services	20-25	0-2.5	239	196	18
<b>Andy McClintock</b> Chief Digital Officer	25-30	2.5-5	471	422	29



The non-executive members of the Executive Advisory Body and Audit and Assurance Committee and Independent Non Executive of the Audit and Assurance Committee were paid the following fees which are non-pensionable:

**Table 7 – Non Executive Members’ Fees (Information subject to audit)**

Member	Committees	2020–21 £'000	2019–20 £'000
Jessica Burns Executive	Advisory Body and Audit and Assurance Committee	5-10	0-5
Chris Creegan	Executive Advisory Body	0-5	5-10
Ewan Gurr	Executive Advisory Body	0-5	10-15
Douglas Hutchens	Executive Advisory Body and Audit and Assurance Committee	0-5	5-10
Elaine Noad	Executive Advisory Body and Audit and Assurance Committee	0-5	0-5
Laura Brennan-Whitefield	Executive Advisory Body	5-10	0-5
Russell Frith	Audit and Assurance Committee	0-5	0-5

### Fair pay disclosure (Information subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation’s workforce.

The remuneration of the Chief Executive was in the range £100,000 to £105,000 (2019-20: £85,000 to £90,000).

This is 3.78 times (2019-20: 3.3 times) the median remuneration of the workforce, which was £27,150 (2019-20: £26,360).

Remuneration across Social Security Scotland ranged from £20,000 - £105,000 (2019-20: £19,000 – £90,000).

### Civil Service and other Compensation Scheme (Exit Packages)

Most officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. There were no departures under the Civil Service Compensation Scheme rules in the reporting year.

No members of staff retired on ill health grounds in the reporting year.

Further information on the details of the Civil Service pension arrangements is available at: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Parliamentary Accountability

We spent £130.3 million which was £6.2 million lower than our operating expenditure budget and £2.0 million on Capital which was £4.4 million lower than budget. This was as a result of revised recruitment plans and delays on building refurbishment work due to COVID-19.

Operating Expenditure	Budget £million	Expenditure £million	(Under)/Over spend £million
Operating Budget (Fiscal resource)	135.9	129.7	(6.2)
Capital	6.4	2.0	(4.4)
Depreciation (non-cash)	0.6	0.6	0
<b>Total</b>	<b>142.9</b>	<b>132.3</b>	<b>(10.6)</b>

We spent £3,372.2 million on demand led benefit expenditure which was £44.0 million over budget:

Social Security Assistance	Budget £million	Expenditure £million	(Under)/Over spend £million
<b>Delivered by Social Security Scotland</b>			
Carer's Allowance Supplement	58.0	58.6	0.6
Best Start Grant	17.5	17.8	0.3
Funeral Support Payment	11.3	11.0	(0.3)
Young Carer's Grant	1.0	0.7	(0.3)
Job Start Payment	2.0	0.3	(1.7)
Scottish Child Payment	11.3	6.1	(5.2)
Child Winter Heating Assistance	3.3	2.8	(0.5)
Child Disability Payment	24.2	0.0	(24.2)
<b>Sub Total</b>	<b>128.6</b>	<b>97.3</b>	<b>(31.3)</b>

[Contents](#)
[Chief Executive's  
Foreword](#)
[Performance  
Report](#)
[Accountability  
Report](#)
[Auditor's  
Report](#)
[Financial  
Statements](#)

**Delivered through Agency Agreement with Department for Work and Pensions**

Carer's Allowance	291.6	296.0	4.4
Attendance Allowance	532.2	527.6	(4.6)
Disability Living Allowance <sup>7</sup>	691.0	722.4	31.4
Personal Independence Payment	1,582.9	1,626.2	43.3
Severe Disablement Allowance	7.5	7.4	(0.1)
Industrial Injuries Disablement Scheme	80.2	82.5	2.3
<b>Sub Total</b>	<b>3,185.4</b>	<b>3,262.1</b>	<b>76.7</b>
Benefit Overpayment Impairment <sup>17</sup>	5.0	1.6	(3.4)
<b>Total Fiscal Resource</b>	<b>3,319.0</b>	<b>3,361.0</b>	<b>42.0</b>
Funeral Support Payment	9.2	11.2	2.0
<b>Total Capital</b>	<b>9.2</b>	<b>11.2</b>	<b>2.0</b>
<b>TOTAL</b>	<b>3,328.2</b>	<b>3,372.2</b>	<b>44.0</b>

<sup>7</sup> Disability Living Allowance includes both the Child and Adult elements.

<sup>17</sup>Benefit Overpayment recoverability was reviewed and the resulting impairment was covered by an Annually Managed Expenditure non-cash budget.

Social Security assistance spend is forecasted by the Scottish Fiscal Commission which informs the budgets that are set by the Scottish Parliament. The Commission also provides detailed analysis on reasons why benefit expenditure differs from forecast in its annual Forecast Evaluation Report <sup>18</sup>.

**Funeral Support Payment** – The original budget of £9.2 million did not take COVID-19 into consideration. Funeral Support Payment benefit expenditure is funded by a Financial Transactions (loans) budget. This type of budget is used when recoveries are expected (in this case from the deceased's estate). The net cost (after recoveries) is then charged against the fiscal resource budget. In 2021-22 the treatment of this payment has been simplified to be consistent with other benefits and it will no longer be treated as a loan.

**Scottish Child Payment** – This is the first recurring benefit payment launched by Social Security Scotland and there was no UK equivalent to compare to. The variance from budget is mainly a result of lower take up and eligibility than was anticipated when the budget costings were revised in September 2020.

**Child Disability Payment** – Due to the COVID-19 pandemic the introduction of this benefit was revised resulting in no spend in 2020-21. Additional spend has been reported against Disability Living Allowance as a result.

The 2020-21 financial year was the first year the complete set of benefits under the Scotland Act 2016 were devolved to the Scottish Government and it was anticipated that the spend on these benefits would be higher as a result. Additional funding is likely to be provided to Scotland through the Block Grant reconciliation process, although that takes place in a subsequent year.

<sup>18</sup>The Scottish Fiscal Commissions Forecast Evaluation Report compares expenditure against Scottish Budget published on 6 February 2020 and therefore does not take into account budget revisions throughout the financial year. [Forecast-Evaluation-Report-July-2021.pdf](#)

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

We do not raise any significant income through fees and charges. No gifts were made in the period. There are no remote contingent liabilities to report.

More information is provided in the Financial Statements.

## Regularity of Expenditure

The expenditure in the financial statements, except for the possible effects of the matter described in the independent auditor's report, was incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year, sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000 and Social Security (Scotland) Act 2018.

The Social Security Contributions and Benefits Act 1992 applies to Carer's Allowance, Disability Living Allowance, Attendance Allowance, Personal Independence Payment, Severe Disablement Allowance and Industrial Injuries Supplement, all of which are administered by Department for Work and Pensions under Agency Agreements.

The sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Social Security Scotland has zero tolerance towards fraud, bribery and corruption and we operate the Scottish Government's whistleblowing policy. We have clear policies regarding acceptable level of gifts and hospitality, both given and received. We ensure all staff are aware of their obligations under the Civil Service Code and their conditions of employment. No instances of internal fraud or whistleblowing relating to internal fraud, bribery or corruption were discovered or reported during this period.

Fraud and error is a known risk to the social security system and both ourselves and Department for Work and Pensions take steps to mitigate this. Department for Work and Pensions also estimate the potential financial impact and publish this on an annual basis<sup>19</sup>.

Errors are either made by clients or our staff (or officials). Clients may unintentionally cause an error when applying for assistance or not keeping their claim up to date. Staff may cause official errors when administering claims for assistance. Official errors could be due to human error by staff, technical issues with Information Technology systems, or erroneous data shared with by another government department. We would normally recover any debts that result from client error but, in view of COVID 19 and impact on households' income, debt recovery stopped in April 2020. It recommenced in February 2021 for benefits delivered by Department for Work and Pensions but is still paused for benefits that we deliver and this will be reviewed in October 2021.

<sup>19</sup>Fraud and error in the benefit system for financial year ending 2021 – GOV.UK ([www.gov.uk](http://www.gov.uk))

## Benefits Delivered through Agency Agreements with Department for Work and Pensions

The following table shows the errors (or overpayments) relating to the Scottish caseload and based on information provided to us by Department for Work and Pensions:

**Table 8 – Errors**

	Year to 31 March 2021			Year to 31 March 2020		
	Official Error £million	Other £million	Total £million	Official Error £million	Other £million	Total £million
Carer's Allowance	0.621	0.356	0.977	0.463	0.423	0.886
Attendance Allowance	3.974	0.134	4.108	–	–	–
Disability Living Allowance	0.586	0.176	0.762	–	–	–
Personal Independence Payment	0.984	0.191	1.175	–	–	–
Industrial Injuries Disablement Scheme	–	0.002	0.002	–	–	–
Severe Disablement Allowance	0.001	–	0.001	–	–	–
<b>Total</b>	<b>6.166</b>	<b>0.859</b>	<b>7.025</b>	<b>0.463</b>	<b>0.423</b>	<b>0.886</b>

## Benefits delivered by Social Security Scotland

<sup>20</sup>Social Security Scotland - Error Control Strategy

We aim to prevent errors and to learn from them when they do occur. Our Error Control Strategy<sup>20</sup> outlines the key objectives and tactics to control the risk of errors. We identify, record and monitor errors on an ongoing basis and the following table summarises the total cases and cost of these:

**Table 9 – Errors**

	Year to 31 March 2021		Year to 31 March 2020	
	Number of Cases	£million	Number of Cases	£million
Official error	102	0.028	80	0.021
Compensation	1	0.005	9	0.004
<b>Total</b>	<b>103</b>	<b>0.033</b>	<b>89</b>	<b>0.025</b>

These represent 0.029% of benefit expenditure (2019-20: 0.033%).



September 2019 saw the implementation of a centralised service tasked with identification and correction of error, associated trend analysis and continuous improvement feedback. In addition to correcting erroneous case referrals, we also proactively look for instances of error in the benefit caseload, through random sampling exercises and targeted data mining.

Prior to commencement of benefit delivery, we anticipate areas where the risk of official error occurring could be heightened. Special measures to mitigate any risks identified are taken in the early days of delivering our services, and following the subsequent introduction of each new benefit. These measures included 80-100% checks prior to payment, to help ensure that our decisions were correct.

We identified error trends and shared this intelligence across the organisation to help shape improvements to systems and guidance. We have also been supporting ongoing work to review operational instructions to ensure that guidance is clear and provides sufficient detail to make correct decisions, particularly for more complex claims.

Work to develop our debt management policy has continued. The associated strategy for delivery will be published in Autumn 2021 and we have undertaken preparatory work to introduce debt recovery by means of ongoing deductions from recurring benefit payments which will be ready for implementation following the reinstatement of debt recovery activity.

We have a Counter Fraud Strategy that outlines the key objectives and tactics that will support effective fraud risk management. Fraud risks are identified, recorded and monitored on an ongoing basis.

Over the last year we have been working on:

- **Estimating Fraud in the Benefit Caseload** – The work to progress these specialist, analytical provisions began at the end of operational year 2019/20. However, as a result of the pandemic response, support from the Cabinet Office Centre of Excellence for Counter Fraud to explore methodologies was postponed indefinitely. In addition, some of our own analysts and statisticians were redeployed to the Scottish Government COVID-19 Response Unit. Project planning work restarted at the end of 2020/21 with an initial scoping report covering methodology, resourcing and outputs which we are aiming to finalise in the autumn of 2021. We will then dedicate resource to examine the monetary value of fraud and error on an ongoing basis to enhance detection and mitigation and provide estimates for public accountability purposes.
- **Counter Fraud Operations** – we focus on fraud prevention and intelligence handling and have resources in place to undertake fraud detection. Our work is governed by the Statutory Code of Practice for Investigations and supported by the provisions made in the Social Security Assistance (Investigation of Offences) (Scotland) Regulations 2020.

Work has also commenced with Cabinet Office – Counter Fraud Centre of Excellence to ensure that staff engaged in Counter Fraud work can be professionally accredited, informing the design of a learning pathway to bring new recruits into the profession.

We have increased our capacity to consider requests for permission to undertake surveillance activity, with senior team leaders within the Fraud and Error Resolution Unit now able to undertake authorisation decision-making. Legislation came into force on 22 December 2020 to enable this change.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

- **Fraud Prevention** – our staff have been made aware of the fraud risk we face and can access tailored advice on a case by case basis. Staff have been given role-specific fraud awareness training and we have established a network of counter fraud champions across Social Security Scotland. This has extended counter fraud expertise and enables rapid dissemination of intelligence on emerging fraud trends to ensure our staff are equipped to respond.
- **Intelligence Handling** – over and above our whistleblowing provision for use by our colleagues, we also have a fraud reporting hotline available to the public which is manned during operational hours and has a voicemail provision outside of these times. Calls to this line are not recorded, voicemails are not retained, and the public are able to provide information anonymously. We are signposting callers to the National Benefit Fraud Hotline where we identify that the subject of the referral is not a Scottish resident. August 2020 saw the introduction of our new web form referral channel, allowing citizens who wish to report an allegation the option to do so on a confidential basis online, with availability 24 hours a day.

In addition, we have agreements and processes in place to support sharing of intelligence with partners such as Department for Work and Pensions where it is appropriate to do so. In March 2021 we established collaborative common interest investigations with the Department for Work and Pensions, in line with direction from the Crown Office Procurator Fiscal Service, in order to ensure the totality of alleged offending is brought before the courts.



**David Wallace**  
Chief Executive and Accountable Officer



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

# Independent auditor's report to Social Security Scotland, the Auditor General for Scotland and the Scottish Parliament

## Reporting on the audit of the financial statements

### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Social Security Scotland for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 20 January 2021. The period of total appointment is one year. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Risks of material misstatement

I report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

## Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Reporting on regularity of expenditure and income

### Qualified opinion on regularity

In my opinion, except for the effects of the matter described in the basis for qualified opinion on regularity paragraph, in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Basis for qualified opinion on regularity

The Statement of Comprehensive Net Expenditure includes benefit expenditure of £3.361 billion, of which £3.262 billion was administered by the Department for Work and Pensions under an agency agreement with the Scottish Ministers, as detailed in Note 4. The basis of entitlement to these benefits is specified in Sections 64-76 and 94-101 of the Social Security Contributions and Benefits Act 1992 and Part 4 of the Welfare Reform Act 2012.

As set out within Note 15 of the accounts, there are estimated overpayments of £65.4 million paid to Scottish residents as a result of fraud and error. This is based on estimates by the Department for Work and Pensions that overpayments as a result of fraud and error in relation to each type of benefit ranges between 1.5% and 5.2%. Overpayment as a result of fraud and error means the expenditure was not incurred in accordance with legislation specifying benefit entitlement. I consider this level of overpayments to be material to my opinion on regularity. I have therefore qualified my opinion on regularity because the expenditure resulting from such overpayments was not incurred in accordance with the applicable enactments. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited part of the Staff and Remuneration Report

I have audited the parts of the Staff and Remuneration Report described as audited. In my opinion, the audited part of the Staff and Remuneration Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Staff and Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements



My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

## Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Staff and Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

## Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Carole Grant  
Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## Financial Statements

The annual report and accounts were approved and authorised for issue by the Accountable Officer on

### Statement of Comprehensive Net Expenditure for the year to 31 March 2021

	Note	Year to 31 March 2021 £million	Year to 31 March 2020 £million
<b>Administration costs</b>			
Staff Costs	2	42.3	22.2
Other Administration costs	3	88.0	13.8
<b>Total Administration costs</b>		<b>130.3</b>	<b>36.0</b>
<b>Programme costs</b>			
Benefit Expenditure	4	3,361.0	346.7
<b>Total programme costs</b>		<b>3,361.0</b>	<b>346.7</b>
<b>Net operating costs for year to 31 March 2021</b>		<b>3,491.3</b>	<b>382.7</b>

The above results relate to continuing activities

The notes on pages 68 to 82 form part of these accounts.

[Contents](#)
[Chief Executive's  
Foreword](#)
[Performance  
Report](#)
[Accountability  
Report](#)
[Auditor's  
Report](#)
[Financial  
Statements](#)

## Statement of Financial Position as at 31 March 2021

	Note	31 March 2021 £million	31 March 2020 £million
<b>Non-current assets</b>			
Plant and equipment	5	3.7	2.0
Other receivables	6	7.8	7.1
<b>Total Non-Current Assets</b>		<b>11.5</b>	<b>9.1</b>
<b>Current assets</b>			
Other receivables	6	27.0	4.1
Cash and cash equivalents	7	43.6	31.56
Other financial assets	8	0.0	0.0
<b>Total Current Assets</b>		<b>70.6</b>	<b>35.8</b>
<b>Total Assets</b>		<b>82.1</b>	<b>44.9</b>
<b>Current liabilities</b>			
Trade and other payables	9	(333.3)	(43.5)
<b>Assets less current liabilities</b>		<b>(251.2)</b>	<b>1.4</b>
<b>Taxpayers' equity</b>			
General Fund	SoCTE	(251.2)	1.4
<b>Total taxpayers' equity</b>		<b>(251.2)</b>	<b>1.4</b>

The notes on pages 68 to 82 form part of these accounts



**David Wallace**  
Chief Executive and Accountable Officer

## Statement of Cash Flows for the year to 31 March 2021

	Note	31 March 2021 £million	31 March 2020 £million
<b>Cash flow from operating activities</b>			
Net Operating Costs for the year	SoCNE	(3,491.3)	(382.7)
Adjustment for non-cash transactions	5, 8	10.2	3.1
(Increase)/decrease in other receivables	6	(23.5)	2.9
Increase in payables	9	289.8	12.6
<b>Net cash outflow from operating activities</b>		<b>(3,214.8)</b>	<b>(364.1)</b>
<b>Cash flow from investing activities</b>			
Purchase of Property, Plant and Equipment	5a	(1.0)	0.0
Advances of Investments	8	(11.2)	(4.1)
Repayment of Investments	8	0.2	0.0
<b>Net cash outflow from investing activities</b>		<b>(12.0)</b>	<b>(4.1)</b>
<b>Cash flow from financing activities</b>			
From Scottish Consolidated Fund	SoCTE	3,238.7	398.9
<b>Net Financing</b>		<b>3,238.7</b>	<b>398.9</b>
<b>Net increase in cash and cash equivalents in the year</b>		<b>11.9</b>	<b>30.6</b>

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## Statement of Changes in Taxpayer's Equity for the year to 31 March 2021

	Note	General Fund £million
Balance at 1 April 2020		1.4
Net operating costs for the year and total recognised expense for 2020-21	SoCNE	(3,491.3)
Transfer of plant and equipment from Scottish Government	5	1.4
Transfer of benefit overpayments from Department for Work and Pensions	6	13.4
Transfer of impairment on benefits from Department for Work and Pensions	6	(7.1)
Funding from Scottish Government		3,231.0
<b>Balance at 31 March 2021</b>		<b>(251.2)</b>

There have been transfers of plant and equipment assets during the year from the Scottish Government and transfer of benefit overpayment receivables from Department for Work and Pensions. The total of these transfers (£1.4 million, £13.4 million and £7.1 million) including the funding from Scottish Government (£3,231.0 million) totals **£3,238.7 million** shown on the Statement of Cash Flows.

## Prior year information

## Statement of Changes in Taxpayer's Equity for the period to 31 March 2020

	Note	General Fund £million
Balance at 1 April 2019		(14.8)
Net operating costs for the year and total recognised expense for 2019-20	SoCNE	(382.7)
Transfer of plant and equipment from Scottish Government		1.5
Funding from Scottish Government		397.4
<b>Balance at 31 March 2020</b>		<b>1.4</b>

There were transfers of plant and equipment assets during the year from the Scottish Government. The total of these transfers (£1.5 million) including the funding from Scottish Government (£397.4 million) totals **£398.9 million** shown on the Statement of Cash Flows.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



## Notes to the Accounts

### 1

#### 1.1 Basis of Accounts

These financial statements have been prepared in accordance with:

- HM Treasury's 2020-21 Government Financial Reporting Manual<sup>21</sup>
- The Accounts Direction issued by Scottish Ministers (Annex A).

The accounting policies and, where necessary, estimation techniques are selected in accordance with the principles set out in International Accounting Standard 8<sup>22</sup>. The policies and techniques have been applied consistently in dealing with items considered material in relation to the accounts.

The financial statements are prepared in £ sterling, which is Social Security Scotland's functional currency.

#### 1.2 Accounting standards, interpretations and amendments

We have adopted all International Financial Reporting Standards, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2021.

We have also taken into account the specific interpretations and adaptations included in the FReM.

International Financial Reporting Standard 16 (Leases) replaces International Accounting Standard 17 (Leases) from 1 April 2022 and will therefore be applicable to Social Security Scotland for 2022-23. The impact of this is anticipated to eliminate accounting for operating leases, and recognise the value of all leased and 'right of use' assets. There are currently four property leases included in operating leases which will be impacted by the introduction of IFRS16, two of these leases were newly signed in the Financial Year 2020-2021.

The impact of this change in accounting policy on these leases is not expected to be material.

International Financial Reporting Standard 17 (Insurance Contracts) is expected to be effective from 1 April 2023. It replaces International Financial Reporting Standard 4 (Insurance Contracts). Guidance has yet to be issued to government departments on the interpretation of this standard.

#### 1.3 Accounting convention

These financial statements are prepared on an accrual basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and some financial assets and liabilities.

#### 1.4 Going concern

The accounts are prepared on the going concern basis, which assumes that we will continue in operational existence for the foreseeable future. The Statement of Financial Position for 2020-21 shows the taxpayers' equity as a liability. This has arisen as a result of the requirement to account for our activities on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Our funding for 2021-22 has been agreed with the Scottish Government. The funding position from 2022-23 will be included within the Scottish Government's Spending Review.

<sup>21</sup>The Financial Reporting Manual applies International Financial Reporting Standards as adapted or interpreted for the public sector context

<sup>22</sup>International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## 1.5 Accounting estimation techniques

The assets, liabilities, income and expenditure shown in these financial statements are prepared by making judgements, estimates and assumptions. The area where there is the highest degree of complexity is in relation to the impairment of benefit receivables. The Department for Work and Pensions maintains a model that calculates impairment for all its benefits and we also use this as we do not have access to information to maintain our own model. The assessment of the recoverability of benefit overpayments and the associated expected credit losses is a complex matter, dealing with uncertain outcomes, assumptions regarding probability and estimation of volatile contributing factors.

There is a possibility that this estimate may vary as a result of the COVID-19 pandemic, but it is not possible to understand its full impact. All evidence and assumptions used to calculate the impairment are the best available at this time.

Estimations have also been applied to the expected credit losses on loans, using the best available data.

## 1.6 Property Plant and Equipment

These assets are accounted for as non-current assets as they are not deemed to be held for sale.

Social Security Scotland does not own any land or buildings; office accommodation in Glasgow and Dundee is occupied under the terms of lease agreements.

Substantial improvements to leasehold properties are capitalised as a pooled value per building and written off over the shorter of asset life or the lease term.

Expenditure on information technology, plant and equipment is capitalised when an item is capable of being physically verified and tracked. In most cases expenditure below £5,000 will not be capitalised but we may choose to capitalise computers because they can be identified on the network.

Depreciated historic cost has been used as a proxy for the fair value of Property, Plant and Equipment assets as permitted by International Financial Reporting Standard 13<sup>23</sup>. Depreciation is provided, in the year following transfer or purchase, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Class	Years
Information technology	3-5
Office equipment	5
Fixtures and fittings	10
Leasehold improvements	10

## 1.7 Intangible assets

The case management system used by Social Security Scotland continues to be developed by Scottish Government's Social Security Directorate and along with other IT assets will transfer to Social Security Scotland as management of those processes transfer across from the Programme.

## 1.8 Benefit payments recognition

Social Security Scotland assumes that postcode information held by Department for Work and Pensions is a fair representation of residency for the purpose of determining benefit expenditure. This assumption has then been applied to the data from Department for Work and Pensions systems using postcodes when determining residency.

[Contents](#)
[Chief Executive's Foreword](#)
[Performance Report](#)
[Accountability Report](#)
[Auditor's Report](#)
[Financial Statements](#)

<sup>23</sup>International Financial Reporting Standard 13 – Fair Value Measurement

Social Security Scotland recognises the cost of benefit payments as follows:

- **Carer's Allowance, Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Severe Disablement Allowance and Industrial Injuries Supplement** - These benefits are currently administered by the Department for Work and Pensions on behalf of Social Security Scotland under Agency Agreements until their replacements are managed by us. Processes are in place with the Department for Work and Pensions Central Payment System to account for these payments in Scotland. There are accounting adjustments on a monthly basis for identified overpayments, accruals and prepayments along with a final year end adjustment.
- **Carer's Allowance Supplement** – as payments are made (twice yearly) and at the year-end, for payments we anticipate making in a future payment run relating to backdated claims that are approved following the processing of any Carer's Allowance backlogs or appeals.
- **Best Start Grant, Funeral Support Payment, Young Carer's Grant, Job Start Payment, Child Winter Heating Assistance and Scottish Child Payment** – based on application date. When an application is approved and authorised this will be recognised based on application date. At the year-end we will accrue for claims paid in April that had an application date in March or earlier.

## 1.9 Benefit Payments spanning across the Transfer of Executive Competence

On 1st April 2020 executive competence for disability benefits: Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Severe Disablement Allowance and Industrial Injuries Supplement transferred to Scottish Ministers.

This is new expenditure for 2020-21 which was previously accounted for by the Department for Work in Pensions in 2019-20. As benefit payment cycles straddle the year end the expenditure for 2020-21 is higher because the Department for Work and Pensions were not able to separately identify the elements that related to 2019-20. This will not impact future years where there are now systems in place to allocate expenditure to the correct accounting period.

As a result we are not able to provide comparator information for these.

## 1.10 Impairment of benefit receivables/overpayments

Social Security Scotland will normally seek to recover all overpayments where there is a legal basis to do so and recovery is cost effective. For those benefits directly administered by Social Security Scotland current debt levels are minimal and are not subject to impairment reviews.

Debt for those devolved benefits delivered through an Agency Agreement is recovered by the Department for Work and Pensions under their policies. Overpayments under £60 and those relating to official (staff) error are written off.

Benefit receivables are reviewed annually for impairment, in line with IFRS 9. The Department for Work and Pensions maintains a model that calculates impairment for all its benefits and we also use this as we do not have access to information to maintain our own model. The model views credit worthiness of financial assets by weighted average to avoid undue cost and effort associated with undertaking individual credit assessments. This weighting being the respective risks of a default occurring. This means that the impairment of the asset is the impairment for the life of the asset rather than only the impairment which has already occurred. Balances are discounted using the appropriate HM Treasury Discount rate. The Department for Work and Pensions paused all debt recovery due to the COVID-19 pandemic. This pause was lifted in the last quarter of 2020/21. The potential impact of this on recoverability is included in the impairment model.

## 1.11 Financial assets and liabilities

Financial assets held by Social Security Scotland have been classified as trade and other receivables, prepayments and loans made under Funeral Support Payment. These have been measured at amortised cost, using the effective interest method. A loss allowance is recognised representing the expected credit losses on the financial instruments for Funeral Support Payment loans which we do not expect to recover.

As the cash requirements of Social Security Scotland are met through the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Social Security Scotland's expected purchase and usage requirement; Social Security Scotland is therefore exposed to little credit, liquidity or market risk.

## 1.12 Benefits receivable

Benefits receivable are recognised when an assessment of the associated case has determined that an overpayment has been made. Most of these relate to benefits administered by the Department for Work and Pension, through Agency Agreements and Social Security Scotland relies on Department for Work and Pensions to identify these overpayments. Social Security Scotland does not account for omitted or potential debt.

## 1.13 Employee benefits – short term

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

## 1.14 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (The Scheme) which is a defined benefit scheme and is unfunded and contributory. The expected cost of providing pensions for our employees is recognised on a systematic and rational basis over the period during which they benefit from their services by payment to the scheme of amounts calculated on an accruing basis (see also disclosures made in the Remuneration and Staff Report). Liability for the payment of future benefits is a charge to the scheme. In respect of the defined contribution schemes, the contributions payable for the year are recognised.

## 1.15 Leases

These costs are treated as operating leases and charged to the Statement of Comprehensive Net Expenditure. Where the arrangement includes rent-free periods this is spread over the lease term.

## 1.16 Contingent liabilities

Contingent liabilities are disclosed in accordance with International Accounting Standard 37. Where the time value of money is material those contingent liabilities are discounted and the amount reported to Scottish Parliament will be noted separately.

[Contents](#)
[Chief Executive's Foreword](#)
[Performance Report](#)
[Accountability Report](#)
[Auditor's Report](#)
[Financial Statements](#)

## 1.17 Value added tax

Operating Costs are stated net of value added tax where it is recoverable. Social Security Scotland is registered for value added tax as part of the Scottish Government which is responsible for recovering value added tax from HM Revenue and Customs.

## 1.18 Segmental reporting

We report on two segments – administration and programme. Administration costs reflect the costs of running Social Security Scotland and include staff costs as well as accommodation, services and supplies. Programme costs reflect the cost of benefit payments. Overpayments of disability related benefits administered by Department for Work and Pensions under Agency Agreements attract civil and administrative penalties under Department for Work and Pensions policy; these have been netted against the benefit cost.

## 2 Staff Costs

	Year to 31 March 2021 £million	Year to 31 March 2020 £million
Wages and salaries	26.2	14.4
Overtime	0.7	0.3
National insurance costs	2.5	1.3
Pension costs	6.9	3.7
<b>Total permanent employee costs</b>	<b>36.3</b>	<b>19.7</b>
Interim workers	6.3	2.5
<b>Total staff costs as at 31 March</b>	<b>42.3</b>	<b>22.2</b>

Permanent employees are civil servants who have an employment contract with Scottish Government; interim workers are agency staff. Staff numbers can be found in the Staff and Remuneration report on page 47.

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



### 3 Other administration costs

	Year to 31 March 2021 £million	Year to 31 March 2020 £million
Operating leases	2.1	2.3
Office operating costs	2.2	1.5
Office accommodation	3.8	0.2
Supplies and services	0.8	0.6
Travel, subsistence and staff related costs	0.1	0.5
Training	0.1	0.2
Formal Agreements with the Department for Work and Pensions	75.4	6.9
Scottish Government shared service recharges	2.3	1.2
Auditor's remuneration – Internal Audit	0.2	0.1
Auditor's remuneration – External Audit	0.4	0.1
Depreciation (non-cash)	0.6	0.2
<b>Total</b>	<b>88.0</b>	<b>13.8</b>

The cost of formal agreements with the Department for Work and Pensions in 2020-21 includes the administration of the additional benefits that transferred through executive competence from 1 April 2020. This also includes £80,000 in relation to audit services provided by the National Audit Office.

## 4 Programme costs

Benefit expenditure	Start date	Year to 31 March 2021 £million	Year to 31 March 2020 £million
<b>Delivered through Agency Agreement with Department for Work and Pensions</b>			
Carer's Allowance	3 Sept 18	296.0	278.9
Attendance Allowance	1 April 20	527.6	0.0
Disability Living Allowance	1 April 20	722.4	0.0
Personal Independence Allowance	1 April 20	1,626.2	0.0
Severe Disablement Allowance	1 April 20	7.4	0.0
Industrial Injuries Allowance	1 April 20	82.5	0.0
Impairment of benefit overpayments	1 April 20	1.6	5.4
		<b>3,263.7</b>	<b>284.3</b>
<b>Delivered by Social Security Scotland</b>			
Carer's Allowance Supplement	3 Sept 18	58.6	37.0
Best Start Grant – Pregnancy and Baby	10 Dec 18	6.4	7.6
Best Start Grant – Early years	29 April 19	5.6	8.6
Best Start Grant – School age	3 Jun 19	5.8	4.7
Funeral Support Payment – write offs <sup>24</sup>	16 Sept 19	11.0	4.1
Young Carer's Grant	21 Oct 19	0.7	0.4
Job Start Payment	17 Aug 20	0.3	0.0
Scottish Child Payment <sup>25</sup>	15 Feb 21	6.1	0.0
Child Winter Heating Assistance	21 Sep 20	2.8	0.0
		<b>97.3</b>	<b>62.4</b>
<b>Total</b>		<b>3,361.0</b>	<b>346.7</b>

<sup>24</sup>The Parliamentary Accountability section provides more information on the treatment of Funeral Support Payment.

<sup>25</sup>These figures have been prepared on an accruals basis in line with our accounting policy, where benefit payments are recognised from the date of application. This is a different methodology to that used in statistical reporting and as a result there may be differences in the values reported for a given time period.

## 5a Plant and Equipment – Current Year

	Plant & Equipment £million	Fixtures & Fittings £million	IT Equipment £million	Leasehold Improvements £million	Total at 31 March 2021 £million
<b>Cost or Valuation as at 1 April 2020</b>	<b>0.1</b>	<b>0.0</b>	<b>1.9</b>	<b>0.0</b>	<b>2.0</b>
Additions	0.0	0.3	0.0	0.7	1.0
Disposals	0.0	0.0	0.0	0.0	0.0
Transfers	0.0	0.0	1.4	0.0	1.4
<b>As at 31 March 2021</b>	<b>0.1</b>	<b>0.3</b>	<b>3.3</b>	<b>0.7</b>	<b>4.4</b>
<b>Depreciation as at 1 April 2020</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
Charged in year	0.0	0.0	0.6	0.0	0.6
Disposals	0.0	0.0	0.0	0.0	0.0
As at 31 March 2021	0.0	0.0	0.7	0.0	0.7
<b>Net Book Value</b>	<b>0.1</b>	<b>0.3</b>	<b>2.6</b>	<b>0.7</b>	<b>3.7</b>

Transfers are from the Scottish Government's Social Security Directorate.

## 5b Plant and Equipment – Prior Year

	Plant and Equipment £million	IT Equipment £million	As at 31 March 2020 £million
<b>Cost or Valuation As at 1 April 2019</b>	<b>0.1</b>	<b>0.8</b>	<b>0.9</b>
Adjustment	(0.0)	(0.3)	(0.3)
Transfers	0.0	1.5	1.5
<b>As at 31 March 2020</b>	<b>0.1</b>	<b>2.0</b>	<b>2.1</b>
<b>Depreciation</b>			
Charged in year	0.0	0.1	0.1
As at 31 March 2020	0.0	0.1	0.1
<b>As at 31 March 2020</b>	<b>0.1</b>	<b>1.9</b>	<b>2.0</b>

## 6 Other receivables

	As at 31 March 2021 £million	As at 31 March 2020 £million
<b>Amounts falling due within one year</b>		
Benefit overpayments	10.5	2.1
Department for Work and Pensions debtor	1.1	0.2
Prepayments	17.8	2.8
	<b>29.4</b>	<b>5.1</b>
Less impairment on benefit overpayments	(2.4)	(1.0)
<b>Net receivables due within one year</b>	<b>27.0</b>	<b>4.1</b>
 <b>Amounts falling due more than one year</b>		
Benefit overpayments	24.7	16.6
Less impairment on benefit overpayments	(16.9)	(9.4)
<b>Net receivables due more than one year</b>	<b>7.8</b>	<b>7.2</b>
<b>Total net receivables</b>	<b>34.8</b>	<b>11.3</b>

Benefit overpayments arise where a change of circumstances has been processed after that change of circumstances took place, or where client error or fraud have been identified.

Benefit prepayments arise where a payment has been made in the period up to 31 March 2021 for entitlement periods in the following financial year.



## 7 Cash and cash equivalents

	As at 31 March 2021 £million	As at 31 March 2020 £million
Commercial banks	0.2	0.0
Government banking service	43.4	31.5
<b>As at 31 March</b>	<b>43.6</b>	<b>31.5</b>
As at 1 April	31.5	0.9
Net change in cash and cash equivalents	12.1	30.6
<b>As at 31 March</b>	<b>43.6</b>	<b>31.5</b>

Bank balances at 31st March 2021 were increased to cover benefit payments made for the Easter public holidays early April 2021.

## 8a Financial Assets – Current year

Funeral Support Payment	As at 31 March 2021 £million
<b>Balance at 1 April 2020</b>	<b>0.0</b>
Loan advances	11.2
Recoveries	(0.2)
Write off	(11.0)
<b>Balance at 31 March 2021</b>	<b>0.0</b>

Funeral Support Payment is classed as loans and is treated as a Financial Asset under International Financial Reporting Standard 9. Of the £11.2 million paid out we recovered £0.2 million and do not anticipate any further recoveries therefore £11.0 million has been written off as expected credit losses.



Contents

Chief Executive's  
Foreword

Performance  
Report

Accountability  
Report

Auditor's  
Report

Financial  
Statements

## 8b Financial Assets – Prior year

Funeral Support Payment	As at 31 March 2020 £million
<b>Balance at 1 April 2019</b>	<b>0.0</b>
Loan advances	4.1
Recoveries	(0.0)
Write off	(4.1)
<b>Balance at 31 March 2020</b>	<b>0.0</b>

## 9 Trade and other payables

	As at 31 March 2021 £million	As at 31 March 2020 £million
Trade payables	183.2	7.2
Accruals	51.7	2.0
Deferred rent	2.2	0.8
Benefits payable	96.2	33.5
<b>Balance as at 31 March</b>	<b>333.3</b>	<b>43.5</b>

Deferred rent reflects the rent free benefit that will be released through the remainder of the term of our leases at Agnes Husband House – Dundee, Enterprise House – Dundee and High Street – Glasgow.

Our policy is to pay all purchase invoices within 10 days and for 2020-21 we paid 98.6% within this timeframe which represents 8,862 invoices out of 8,988. (In 2019-20 we paid 92% which represents 1,271 invoices out of 1,377).


[Contents](#)
[Chief Executive's  
Foreword](#)
[Performance  
Report](#)
[Accountability  
Report](#)
[Auditor's  
Report](#)
[Financial  
Statements](#)

## 10 Operating Leases

	As at 31 March 2021 £million	As at 31 March 2020 £million
<b>Obligations:</b>		
Due within 1 year	3.1	1.8
Due after one year but not more than 5 years	10.0	8.6
Commitments thereafter	23.9	0.0
<b>Total</b>	<b>37.0</b>	<b>10.4</b>

## 11 Notional Charges

The following charges have been included in the accounts:

	As at 31 March 2021 £million	As at 31 March 2020 £million
Auditor's remuneration	0.4	0.2
<b>Total</b>	<b>0.4</b>	<b>0.2</b>

## 12 Capital Commitments

As at 31 March 2021 contracted commitments for which no provision has been made are as follows:

	As at 31 March 2021 £million	As at 31 March 2020 £million
<b>Property, Plant &amp; Equipment</b>		
220 High Street – Glasgow	1.5	0.0
Agnes Husband House – Dundee	8.5	0.0
Enterprise House – Dundee	1.9	0.0
	11.9	0.0
Intangible Assets IT Infrastructure	4.8	0.0
<b>Total</b>	<b>16.7</b>	<b>0.0</b>

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements

## 13 Related party transactions

We are an Executive Agency of the Scottish Government. The Scottish Government is regarded as a related party with which we had various material transactions during the period.

During this year we also had significant transactions with:

- Local Authorities principally in relation to the offices at Dundee House, Dundee, Agnes Husband House, Dundee and 220 High Street, Glasgow
- Other Government departments for space in their premises in Endeavour House, and Caledonian House, Dundee
- Other local authorities and third sector organisations for rental of desk space for our Local Delivery staff
- Other government departments, mainly Department for Work and Pensions, in relation to delivery of benefit administration under Formal Agreements.

All interests declared by members of the Social Security Scotland Executive Team and the Executive Advisory Body are of an immaterial nature and have no impact on the awarding of commissions. All contracts for goods and services are awarded under the Public Contracts (Scotland) Regulations 2015 and the Procurement (Reform) Scotland Act 2014. The awarding of contracts is handled by our specialist procurement team and those with Delegated Purchasing Authority. No members of the Executive Team or Executive Advisory Body have that authority.

## 14 Post balance sheet events

There are no post balance sheet events.

## 15 Fraud and Error

### Benefits administered by the Department for Work and Pensions

We are responsible for paying claimants the right benefit at the right time. The Department for Work and Pensions administers six benefits on behalf of Scottish Ministers, and these costs are accounted for by Social Security Scotland. The basis of entitlement to these benefits are set out in Section 70 of the Social Security Contributions and Benefits Act 1992.

In May 2021 the fraud and error rates for these benefits was re-measured. The estimated cost of fraud and error is as follows:

[Contents](#)
[Chief Executive's Foreword](#)
[Performance Report](#)
[Accountability Report](#)
[Auditor's Report](#)
[Financial Statements](#)

## Fraud and Error Estimates<sup>26</sup>

	Year to 31 March 2021		Year to 31 March 2020	
	% Expenditure considered to be irregular <sup>27</sup>	£million	% Expenditure considered to be irregular	£million
Carer's Allowance	5.2	15.4	5.2	15.0
Attendance Allowance	1.9	10.0	–	–
Disability Living Allowance	1.9	13.7	–	–
Personal Independence Payment	1.5	24.4	–	–
Industrial Injuries Disablement Scheme	1.9	1.6	–	–
Severe Disablement Allowance	4.1	0.3	–	–
Total		65.4		15.0

Department for Work and Pensions do not report on fraud and error rates based on Scottish caseload only, therefore the Department for Work and Pensions rates<sup>28</sup> for the United Kingdom have been used to calculate the estimated Monetary Value of Fraud and Error. We believe these rates are representative as Scottish benefits are being administered in the same way.

Prior year comparators are provided for Carer's Allowance only because the other benefits did not devolve to Scotland until 1 April 2020.

<sup>26</sup>The Department for Work and Pensions proxy rates have been applied to Attendance Allowance, Severe Disablement Allowance and Industrial Injuries Disablement Scheme.

<sup>27</sup>Irregular refers to payments which are not in line with legislation

<sup>28</sup>Fraud and error in the benefit system for financial year ending 2021 - GOV.UK (www.gov.uk)

Contents

Chief Executive's  
ForewordPerformance  
ReportAccountability  
ReportAuditor's  
ReportFinancial  
Statements



# Annex A

## Direction by the Scottish Ministers



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

### SOCIAL SECURITY SCOTLAND

#### DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2019, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 27<sup>th</sup> March 2019



Social Security Scotland  
Tèarainteachd Shòisealta Alba

Social Security Scotland  
Agnes Husband House  
17 South Union Street  
Dundee  
DD1 4BF

You can reuse the information in this document (not including logos and images) free of charge in any format or medium, under the terms of the Open Government Licence.

To see the licence, go to [www.nationalarchives.gov.uk/doc/open-government-licence](http://www.nationalarchives.gov.uk/doc/open-government-licence) or email [psi@nationalarchives.gov.uk](mailto:psi@nationalarchives.gov.uk)

For any copyright information included from a third party, you will need to get permission from the copyright holders concerned.

This document is available on our website: [socialsecurity.gov.scot](http://socialsecurity.gov.scot)  
Published by Social Security Scotland, October 2021.

Follow us:



@SocSecScot



Social Security Scotland



HAPPY TO TRANSLATE

This document can be provided in  
alternative languages or formats by  
calling 0800 182 2222.