



Social Security Scotland
Tèarainteachd Shòisealta Alba

Annual Report And Accounts

for the year to 31 March 2020

Laid before the Scottish Parliament by the
Scottish Ministers under Public Finance and
Accountability (Scotland) Act 2000 s22(5)
1 December 2020/SG/2020/201



Dignity,
fairness,
respect.

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Performance Report

Chief Executive's Foreword

This document tells the story of the first full year of Social Security Scotland's operation – from 1 April 2019 to 31 March 2020. For very obvious reasons, there is a risk that events since March this year make some of what it contains seem a little out of date. Like every other organisation, large or small, Social Security Scotland, our people and our clients have been seriously affected by the Covid-19 global pandemic and the effects will continue to be felt for some time to come.

But this report is not about Social Security Scotland's response to Covid-19. It covers a year in which we continued to grow as an organisation and it talks about how we have expanded our services from delivering two devolved Scottish social security benefits at the start of the year to delivering seven benefits at its end.

The story of our organisation, therefore, continues to be about expansion and growth. Our success, this year and in the years to come, will be dependent on whether we are able to grow in the right ways and at the right time.

Successful growth is not just about expanding our workforce. It is about keeping our clients at the heart of what we do and expanding in line with our values and the commitments in our Charter, creating new opportunities and bringing together the right, diverse group of people, skills and experience to meet the challenges ahead.

It's also important that we grow in ways that will ensure that we continue to do all of our work fairly, that we recognise peoples' individual needs and that we do not discriminate or place barriers between Social Security Scotland, the people we want to work for us and the people we serve. That is why, in the course of this year, we have carried out a public consultation on the equalities outcomes that will form the basis of our equalities strategy and published a report on the findings from that consultation.

In line with the need to have the right structures in place to support our continued growth, we made some changes to our Executive Team halfway through the year. With this team in place, I am confident that we have the right leadership, to take our organisation forward into the next stage of our development.

In everything we do, we have been supported by the work of colleagues in the Scottish Government's Social Security Directorate, its Social Security Programme and Chief Digital Office. They have built and continue to develop the technological platforms, systems and policies that we have needed to enable us to expand from two to seven live benefits this year and we will continue to be reliant on their efforts in the future.

I am confident that we will rise to the challenges in front of us and that the foundations we have laid will continue to support our development into the organisation we all want to be part of – one that centres the values of dignity, fairness and respect in everything we do.



David Wallace
Chief Executive and Accountable Officer
26 October 2020

Overview

1. Social Security Scotland is an Executive Agency within the Scottish Government and was set up to ensure that Scottish social security payments are managed correctly and fairly. The way we administer these payments is directed by the principles in the Social Security (Scotland) Act 2018 and our Charter.
2. A detailed accountability and governance framework, which sets out our business model and explains our relationship with the Scottish Ministers and core Scottish Government directorates is provided in our [Framework Document](https://dgxmvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Framework-Document.pdf) [https://dgxmvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Framework-Document.pdf] which is available on our website.
3. Social Security Scotland is responsible for the administration of devolved social security benefits for people in Scotland. Part 3 of the Scotland Act 2016 gave the Scottish Parliament the powers to create devolved benefits and the Social Security (Scotland) Act 2018 (“the 2018 Act”) provides for types of assistance that have been (and will be) created using those powers.
4. Social Security Scotland’s Chief Executive is a member of the Senior Civil Service and is the organisation’s Accountable Officer. The Chief Executive is accountable personally to Scottish Ministers and to the Scottish Parliament for the effective and efficient operation of the organisation and for effective financial management. Social Security Scotland operates in accordance with:
 - the Scottish social security principles, as set out in section 1 of the 2018 Act
 - the requirements of the Scottish Social Security Charter, and
 - the legislative framework for the Scottish social security system established through the 2018 Act.
5. In establishing the legislative framework for the Scottish social security system, the 2018 Act treats the Scottish Ministers and Social Security Scotland as being of the same ‘legal identity’. This means that the organisation may carry out any and all duties and statutory functions placed on Ministers under the 2018 Act. A full list of the statutory duties and functions which Ministers have agreed will be carried out by Social Security Scotland is included in the Framework Document.
6. Our key internal governance structures are the Agency’s Executive Team, the Agency Leadership Team, the Executive Advisory Body, and the Audit and Assurance Committee.
7. The Executive Team consists of the Chief Executive and the most senior staff of the organisation. The Chief Executive is supported in his role by an Executive Advisory Body (“the Body”). The Body is chaired by the Chief Executive and is advisory in status. It is composed of the Executive Team alongside six non-executive members. Further details of the roles and responsibilities of members of the Executive Team and other elements of the governance structure are available in our Framework Document.

8. This Performance Report is based on information, including official statistics, much of which has already been placed in the public domain. It covers the period 1 April 2019 to 31 March 2020 (which is referred to as the 'reporting period').
9. This Report covers a period of time in Scotland which ended, in mid-March 2020, with a government-advised lockdown in response to the Covid-19 outbreak. Although the majority of the activity discussed in this report took place before and was largely unaffected by Covid-19, the virus has had a significant impact on Social Security Scotland.
10. In this context, it has meant that this Performance Report has been compiled by staff working remotely from home. It has also meant that some of the activities that we had planned to carry out, to support the production of this Report, such as launching an All-Client Survey have been postponed. This Report is not, therefore, the document it would have been had the Covid-19 outbreak not occurred.
11. It is an account of a year in the life of Scotland's social security agency, in which we launched five new benefits and grew from an organisation with roughly 400 staff at the time of our last Annual Report, to one which now employs more than 750 people. These staff are split between our Headquarters in Dundee (39%), our second location in Glasgow (51%) and other locations around the country (10%). The number of people we employ will continue to increase over the year to come as we build to take on further benefit administration.
12. The statistics and data provided in this report are taken from analytical and research reports which are published on the Scottish Government website [\[https://www.gov.scot/collections/social-security-scotland-stats-publications/\]](https://www.gov.scot/collections/social-security-scotland-stats-publications/). Our interim analytical report on the Charter Measurement Framework, which is being published alongside this Report, also includes an Annex which sets out all of the publications from which data has been drawn to populate the framework.
13. During this reporting period, Social Security Scotland has been responsible for administering **seven** devolved Scottish Social Security benefits amounting to over £62 million¹. This is an increase of five on the number of benefits paid during the last reporting period (September 2018 – March 2019). These new benefits were launched at intervals in the course of the year, from April 2019 to October 2019. The benefits currently administered by Social Security Scotland are:
 - Carer's Allowance Supplement (from 3 September 2018)
 - the Best Start Grant: Pregnancy and Baby Payment (from 10 December 2018)
 - the Best Start Grant: Early Learning Payment (from 29 April 2019)
 - the Best Start Grant: School Age Payment (from 3 June 2019)
 - Best Start Foods (from 12 August 2019)²
 - Funeral Support Payment (from 16 September 2019), and
 - Young Carer Grant (from 21 October 2019).

¹ More information at Note 4 of the Financial Statements

² The costs for Best Start Foods are paid for by the Scottish Government's Health Directorate and so do not appear in the financial statements.

14. Social Security Scotland is also responsible for the cost of **Carer's Allowance** in Scotland which was over £284 million¹³ in this period. Since September 2018, Carer's Allowance has been administered in Scotland by the Department of Work and Pensions on behalf of the Scottish Government, under the terms of [an Agency Agreement](#). Carer's Allowance is a benefit for people who are giving regular and substantial care to disabled people. It is paid to people who are aged 16 or over, are not in full time education, do not earn more than £128 per week and who spend at least 35 hours a week caring for a disabled person, so long as the disabled person being cared for receives a qualifying benefit.
15. **Carer's Allowance Supplement** is paid to people in Scotland who receive Carer's Allowance – the separate, pre-existing benefit administered by the Scottish Government through an Agency Agreement with the UK Department for Work and Pensions. These payments are made twice a year. During the period covered by this report, each Carer's Allowance Supplement payment was £226.20.
16. **Best Start Grant and Best Start Foods:** the Best Start Grant family of benefits are cash payments for parents and carers when they are expecting or have a new child, to help cover some of the costs of having children. These costs could be things like pram or buying clothes.
17. The **Best Start Grant: Pregnancy and Baby Payment** provides eligible families with £600 for a first child and £300 for any subsequent children. There is an additional multi-birth supplement of £300 to help with the costs of having more than one baby, such as twins or triplets. There is no limit on the number of children that are supported.
18. The **Best Start Grant: Early Learning Payment** is a £250 payment to help support child development, for example travel costs, changes of clothes for messy play, trips out and toys for home learning. The application window is from a child's second birthday up to the day the child is 3 years 6 months old. There is no requirement to take up a place at nursery to qualify for a payment.
19. The **Best Start Grant: School Age Payment** is a £250 payment to help with the costs of preparing for school, for example educational toys or after school activities. Eligibility is based on the child's age and relates to when a child is first old enough to start school. Exact dates when applications should be made depend on when the child was born.
20. **Best Start Foods** is paid to women who are pregnant and families who have children aged up to three years old. It is paid as credit onto a pre-loaded payment card which you can use to buy certain foods. There are two rates of payment, either £4.25 a week or £8.50 a week. The amount paid depends on whether the client is pregnant and/or the age of the child. The costs for Best Start Foods are met by the Scottish Government's Health Directorate and so do not appear in the financial statements.

³ As shown in the Parliamentary Accountability section

21. **Funeral Support Payment** is a payment to help towards the costs of a funeral. The payment will be made to an individual responsible for arranging the funeral, or directly to a funeral director if the client requests this. The payment usually will not cover the full cost of the funeral but it will help pay some costs – for example, burial or cremation costs.
22. **Young Carer Grant** is a payment for carers aged 16, 17, or 18 who care for someone normally paid a qualifying disability benefit. During the period covered by this report, the payment was a flat rate of £300 (it has since risen to £305.10) which can be applied for once a year. The payment is in acknowledgement of the young person's carer role and is intended to help them access life opportunities that are the norm for many other young people. Young carers can spend this money as they choose.
23. Social Security Scotland meets a wide range of other obligations, some of which are required by law. This report describes what we have been doing in order to ensure that we are meeting these obligations. It refers to the information, including statistical information about the payments we have made, which we have regularly published on the Scottish Government website during this reporting period.

Our strategic objectives

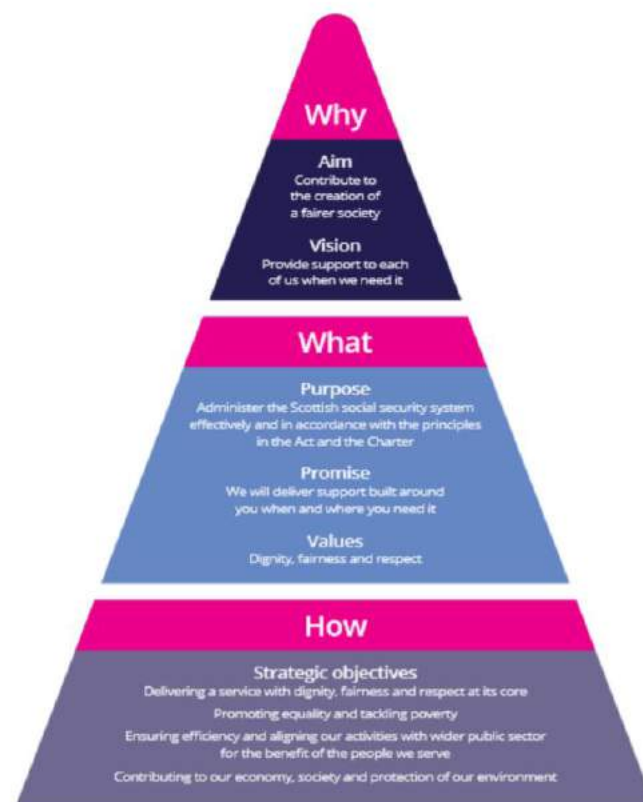
24. This Report refers to the Strategic Objectives, which we published on September 2018, as part of our interim Corporate Plan ⁴. Since then, our Corporate Plan has been revised and an updated version will be published before the end of 2020.
25. The delivery of our strategic objectives is surrounded by uncertainty which can lead to us missing our targets or not performing as well as we expect. These risks are unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. Our approach to dealing with this uncertainty is to manage risks and issues in accordance with [our Risk Strategy](https://d9xmzvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Risk-Strategy.pdf) [\[\[https://d9xmzvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Risk-Strategy.pdf\]\]](https://d9xmzvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Risk-Strategy.pdf). Our Risk Strategy explains how we identify and assess risks and then respond to them.
26. As the resources available to the organisation for managing risks and issues are finite, our aim is to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks. Further information on Social Security Scotland's key risks is provided in the 'Efficiency and Alignment' section of this Performance Report. In general, during this reporting period, we have been successful in managing risk while still delivering on our priorities for the year – although the Covid-19 outbreak, which came at the very end of the period covered by this report, has led to significant changes in the profile of risks which we need to manage.

⁴ See: <https://www.socialsecurity.gov.scot/what-we-do/corporate-publications/corporate-plan>

27. In the years to come, we will bring together information, including statistical information and client insights research in each year's Annual Report, to show how we are making progress against the objectives set out in our updated Corporate Plan.
28. We have not been able to do this, this year, in the way that we intended because of the impact of the Covid-19 outbreak on our organisation. However, we have been able to publish an interim analytical report on the Charter Measurement Framework, which is discussed below.

National Outcomes

29. Social Security Scotland is part of the wider Scottish Government family of public bodies and the work we have done during this reporting period has also supported wider efforts to make progress towards the targets in the National Performance Framework⁵. Specifically, our work has contributed to the wider outcomes of:
- human rights – treating people with dignity, fairness and respect and providing a high-quality service to our clients, and
 - poverty – contributing to tackling poverty in Scotland.
30. The diagram below shows how our Strategic Objectives and the commitments which we set out in our interim Corporate Plan have supported progress towards these national outcomes.



⁵ See: <https://nationalperformance.gov.scot/>

Our Charter

31. The Social Security (Scotland) Act 2018 required the Scottish Government to create our Charter, a document which was approved by the Social Security Committee of the Scottish Parliament on 31 January 2019.
32. Our Charter explains: how we will uphold the Principles which are set out in the first section of the Act, how we will make sure that we are taking a human rights based approach to our work, and how we will demonstrate dignity, fairness and respect in all that we do.
33. Our Charter has 4 parts which are:
 - A People's Service
 - Processes that work
 - A Learning system, and
 - A Better future.

Forward Look

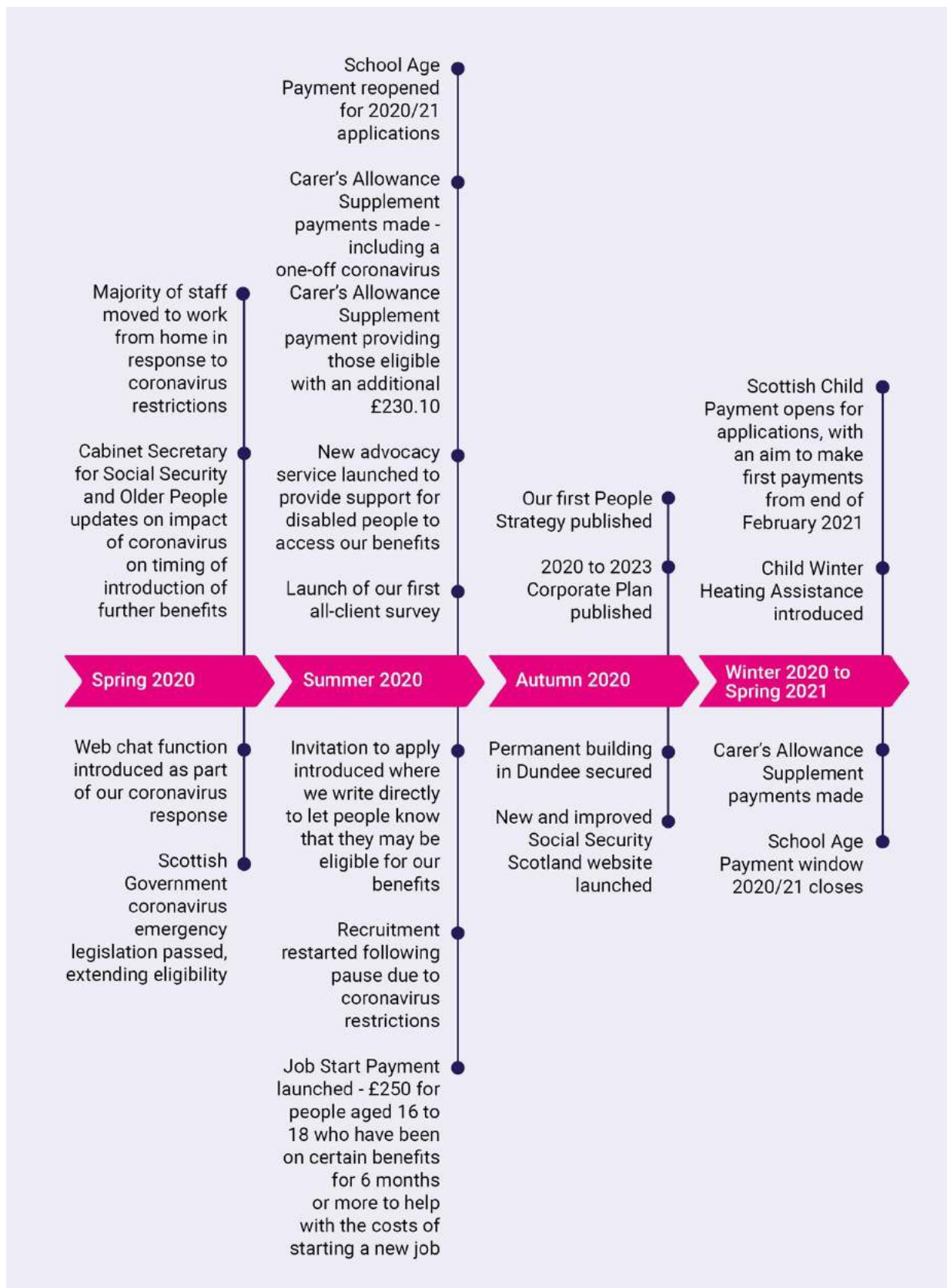
34. Social Security Scotland's next reporting period is the year, 1 April 2020 – 31 March 2021. During this period, like all organisations and everyone else in Scotland, our working lives have been affected by the Covid-19 outbreak. Within 48 hours of the instigation of lockdown, 99% of our staff left our offices to work from home. Across the organisation, the Covid-19 outbreak has had a significant impact on some of our work.
35. We have not published a Business Plan for the year 2020-21 because there has been a significant re-planning of the Programme and other work we had intended to deliver over that year as a consequence of the impact of Covid-19.
36. Our efforts to respond to the impact of Covid-19 on our organisation will continue for some time, as we plan for a 'new normal' after lockdown when, for example, we will have to limit the number of people we can safely accommodate in our offices.
37. In developing an approach to delivery which reflects the impact of the Covid-19 outbreak, we have been mindful at all times of the Scottish Government's Covid-19 Framework for Decision Making⁶ which sets out a series of principles, on which we will base decisions affecting our people and our services.
38. Social Security Scotland has developed its own Recovery Framework, which is aligned to the Scottish Government's framework, with some adaptations to reflect our values and position as a public body responsible for delivering a critical public service.

⁶ See: [file://scotland.gov.uk/dc2/fs4_home/U414678/coronavirus-covid-19-framework-decision-making.pdf](https://scotland.gov.uk/dc2/fs4_home/U414678/coronavirus-covid-19-framework-decision-making.pdf)

39. Despite the impact that the Covid-19 outbreak has had on our organisation and our people, our services will continue to expand during 2020-21. Our organisation's budget, costs and spending will also increase significantly. In particular, from 1 April 2020, the budgets for, and demand-led costs of administering, the pre-existing UK disability benefits – Attendance Allowance, Disability Living Allowance and the Personal Independence Payment – transferred from the UK to Scottish Government and, together with Carer's Allowance, will cost around £3.2 billion in 2020-21.
40. As the costs associated with disability benefits are demand-driven (and also because it remains to be seen what the medium to long-term impacts of the Covid-19 outbreak will be on the cost profiles of these benefits) there will be an associated and equivalent increase in the level of financial risk which will have to be managed.
41. For the time being, these disability benefits will continue to be delivered by the Department of Work and Pensions under the terms of separate Agency Agreements (in the same way as the Department of Work and Pensions currently administers Carer's Allowance on our behalf). Work to arrange the transfer of clients who currently receive these benefits to a new, Scottish system of disability benefit payments is ongoing. Priority is being given to ensuring that no client misses a payment.
42. The number of different benefits paid directly by Social Security Scotland will also increase over the coming year. The Cabinet Secretary for Social Security and Older People, Shirley-Anne Somerville MSP, announced that we will accept the first applications for the Scottish Child Payment in November 2020.
43. It is currently anticipated that Social Security Scotland will launch a further three benefits in the year 2020-21 taking the overall cost of these benefits to around £142 million. These will be:
 - Job Start Grant (launched in August 2020)
 - Scottish Child Payment (end February 2021)
 - Child Winter Heating Assistance (before end 2020).

Timeline for 2020-21

44. The timeline below sets out the key events for Social Security Scotland over the next year:



Our people

45. As an organisation that has continued to grow and bring in new staff over the course of this reporting period, including people with little or no previous experience in working for the Civil Service, it was important that we understood whether our people were happy with their experience in working for Social Security Scotland and that we were meeting their individual needs and expectations. In particular, it was important that we took care to ensure that our people's mental and physical well-being needs were being met.
46. Accordingly, alongside other Government departments and agencies, we took part in the 2019 People Survey, run by the Cabinet Office. As a fairly new organisation, this was the first time we were part of this process. We were pleased with the results of this survey which were, on the whole, very positive – and especially pleased that our engagement score of 82% was the highest across the Civil Service in the whole of the United Kingdom.
47. Nevertheless, some areas for improvement were identified and a programme of activity has been on-going during 2020. Some of this has involved focussed action planning at a local level within teams. We also established a strategic group, made up of a diverse and representative group of colleagues from across the organisation, to tackle wider issues.
48. These areas and others are also reflected in our first People Strategy which is due to be published this year. This People Strategy has been developed following consultation with our people, our stakeholders and our partners and identifies our People priorities for the next three years. It clearly aligns to and supports our Values, Corporate Plan and the principles of the Social Security Charter.

Resourcing

49. We want people across Scotland to see our organisation as being an employer that offers opportunities to all. During this reporting period, we have been working hard to develop a workforce that is reflective of Scottish society. To help achieve this, our recruitment teams have:
 - Engaged with a variety of stakeholders and partners to better understand the barriers people experience when applying for Civil Service posts and identifying steps that can be put in place to breakdown or minimise these barriers and make Civil Service jobs more accessible
 - Delivered workshops to stakeholder and partner staff teams to explain our application and interview process and what information we are looking for which allows them to better support their clients in completing applications for jobs in Social Security Scotland
 - Delivered workshops to over 700 candidates explaining our application and interview process
 - Reviewed the wording and content of job adverts following consultation with stakeholders and partners to make them accessible to different groups

- Attended jobs fairs and job workshops to speak directly with potential applicants about the jobs Social Security Scotland has, the skills and knowledge required to do these and to provide tips and advice on the application process
- Advertised jobs across various media including online job boards, social media, newspapers and radio to ensure they reach as wide a group of potential candidates as possible, and
- Engaged with equal opportunity programmes including; Fair Start Scotland, Inclusion Scotland, and Care Leaver Internship Scheme to offer paid work placements.

50. We understand that more work still needs to be done to make our ambitions for our workforce into reality. To make this happen, we have engaged with groups representing and supporting people from a variety of backgrounds, in different parts of Scottish society, in order to learn from them, and the lived experience of the people they represent. Our ambition is to work together with groups and communities, to promote an inclusive environment, which attracts all candidates irrespective of their background and signals our commitment to remove barriers and celebrate and promote diversity in our workforce.

Learning and Development

51. Our activities in Learning and Development have followed a similar format to those in Resourcing. All new team members require differing levels of learning support to become established in their posts. Our learning teams have:
- Made Corporate Inductions and Charter sessions available to all staff joining Social Security Scotland, adapting these sessions to be digitally delivered using online tools
 - Designed and delivered appropriate and effective training programmes to ensure Client Advisors have the skills and knowledge required to enable them to effectively administer benefits as they are introduced
 - Engaged with stakeholders and partners to access their specialist knowledge and experience to aid the development of learning content and make it accessible to different groups, and through different channels of delivery
 - Involved stakeholders and partners in the delivery of learning programmes to provide specialist input and give learners access to their experience and expertise
 - Developed Management training to support new managers across Social Security Scotland
 - Provided Recruitment Panel Member training for Social Security Scotland staff
 - Created bespoke delivery approaches that allowed remote delivery of training products, using digital media and self-directed learning techniques, to teams and colleagues across the country.

52. At the end of this reporting period, our Learning and Development team was able to use its experience of creating remote and digital learning delivery techniques to quickly transition from face to face to wholly digital training delivery for all, including new colleagues following the restrictions required in response to the Covid emergency.
53. We continue to engage with stakeholders and partners as part of the delivery of learning to support the introduction of new benefits. We are also developing accessible learning content in different formats to meet individual learner needs and ensure our people have access to effective skills development routes when they need them.

Engagement with Trades Unions

54. Social Security Scotland recognises and values its relationship with the Council of Scottish Government Unions and is committed to continuing to develop this. Our organisation has built strong relationships with the Council of Scottish Government Unions consisting of: the Public and Commercial Services Union, Prospect and the FDA. Currently the Public and Commercial Services Union have the highest number of members across our staff group.
55. This relationship is primarily realised through quarterly meetings of the Social Security Scotland Partnership Working Forum which consists of members of our senior leadership and representatives of Council of Scottish Government Unions. There are also additional ad-hoc meetings between management and trade union representatives to discuss progress and gain inputs on specific topics and areas of interest. Discussions take place with local representatives in Dundee and Glasgow in relation to local level issues as required.

Trade Union Time Disclosure

56. Social Security Scotland had 3 employees who were relevant trade union officials during 2019-20 (2018-19: nil). The analysis of facility time is shown below.

Table 1 – Trade Union Time (Information subject to audit)

Percentage of time spent on facility time	Number of employees
0%	0
1% – 50%	3
51% – 99%	0
100%	0

57. An overall trade union facility time return is coordinated centrally by the Scottish Government's People Directorate. As an organisation, Social Security Scotland is covered by Scottish Government main bargaining.

Our performance

58. This section provides an analysis of Social Security Scotland's performance based on the indicators we published in our interim Corporate Plan. Our Corporate Plan links the different ways in which we have looked at our performance and places them in the context of the Scottish Government's National Performance Framework (see above).
59. Earlier in this document, we also talked about our Charter, which sets out our commitments to uphold the Principles in 2018 Act, make sure that we are taking a human rights based approach to our work, and demonstrate dignity, fairness and respect in all that we do.
60. We expect that people's main assessment of our performance will be to ask how we are delivering against those commitments. Metrics such as call-handling times are clearly important because they help us understand the levels of resource we need in order to provide a service which lives up to our Charter commitments (and we have provided information on these things in this report). We do not believe that they give the best account of our performance overall because this needs to be centred on the individual client's expectations and experience, which will vary from person to person.
61. It may suit one client to spend longer on a call with one of our advisers, in order to ensure that they have all of the information and advice that they need, another may simply want a quick answer to a single question. In both instances, we think that what matters most is not necessarily the length of the call but if the service provided met the client's expectations and whether they enjoyed a positive experience overall.
62. That is why, in October 2019, the Scottish Government published its "Charter Measurement Framework"⁷. This framework is a co-designed list of measures relating to the commitments set out in our Charter. It centres peoples' experience of our services and their different interactions with our organisation overall in order to provide measures of performance that derive from peoples' unique interactions and their different 'asks' of our staff and organisation.
63. Over the next few years, we will use the Charter Measurement Framework to monitor and report on our performance against the commitments in our Charter in a way that supports learning and the continuous improvement of our services. Future Performance Reports will use our Charter and the Measurement Framework as a lens, through which we will look at our performance data, financial information and information about our key risks, in order to bring all of these things together, to measure performance overall.

⁷ See: <https://www.gov.scot/publications/measuring-charter-social-security-scotland-scottish-government-delivering-charter-promised/>

64. We have not been able to do this, this year, in the way that we intended because the impact of the Covid-19 outbreak on our organisation has restricted the extent to which we have been able to gather information on our clients' experience of our services.
65. In April 2020, Social Security Scotland was due to issue an All-Client Survey as part of our Client Insights research programme. This Survey would have provided a source of information on clients' overall experience with Social Security Scotland and would have constituted the main data source for measuring performance against the Charter Measurement Framework. All clients who had applied for a Social Security Scotland benefit and reached a decision stage would have been invited to complete the survey.

As mentioned above, fieldwork on the survey was delayed by the impact of Covid-19. Analytical resource was reallocated as part of the Scottish Government's wider response to the outbreak and inbound and outbound telephony capacity, needed to support fieldwork, was critically reduced during the initial months of lockdown.

66. Although the delay to the All-Client Survey has affected the availability of client data, we have still been able to publish an interim analytical report on the Charter Measurement Framework alongside this Report. We have used various existing sources of data as an indicator of how we have performed, including regularly collated and published statistics as well as client and staff insights research. In addition, we have described in more detail how the insights research programme has been designed and what the all-client survey will entail when it goes ahead.
67. In future years, these two publications will be combined and our Annual Report will include a section which reports on performance against the Charter Measurement Framework.
68. In the meantime, this Report on our performance follows the structure of our interim Corporate Plan, which also reflects the structure of our Charter – there are four sections which loosely map onto the four sections of our Charter.
69. When set in the context of a rapidly growing organisation, one which successfully launched an additional five benefit payments in the course of the year (with a significant accompanying increase in call-volumes and numbers of applications), we believe that the information provided in the rest of this Performance Report shows that, in 2019-20, Social Security Scotland provided an overall positive experience for our clients whilst also expanding, bedding in existing services, developing and delivering new ones and then – at the very end of the year – responding rapidly to the exceptional challenges of the Covid-19 outbreak.

Corporate Plan themes

Dignity, fairness and respect

Delivering a service with dignity, fairness and respect at its core.

If we succeed, people applying for or in receipt of our benefits will be treated with dignity, fairness and respect. We are committed to supporting people throughout the application assessment process to ensure that their experience is positive and that they receive help and advice when claiming benefits they are entitled to.

Equality and tackling poverty

Promoting equality and tackling poverty.

If we succeed, our benefit payments will target the right people, which will contribute towards a reduction in poverty and inequality. This will help to make a positive difference in client's lives, as it will increase an individual's sense of control and empowerment, giving them an increased sense of confidence and security.

Efficiency and alignment

Ensuring efficiency and aligning our activities with wider public sector for the benefit of the people we serve.

If we succeed in meeting this objective, we will be an easily accessible, user friendly service. In doing so, we will align ourselves as effectively as possible with other services in order to ensure everyone gets the support they need.

Economy, society and environment

Contributing to our economy, society and protection of our environment.

If we succeed in meeting this objective, we will change the interpretation and stigma surrounding the receipt of benefits and help people to see Scottish benefits as an investment in the people of Scotland. We will help to alleviate pressure on other public and third sector services, enabling them to function better.

Dignity, Fairness and Respect

70. This section of the Performance Report, and each section that follows, link to one of the four Strategic Objectives set out in our interim Corporate Plan.

71. This section covers our first objective which is, 'to deliver a service with dignity, fairness and respect at its core'. In our interim Plan, we said that we would measure progress against this Objective by looking at the following indicators:
- Peoples' experience of our services (whether it was positive or negative)
 - The number of re-determinations which were carried out and the number which were upheld, and
 - The number of appeals against our decisions which were applied for and the number which were upheld.
72. As we explained in the introduction to this report, the interim analytical report on the Charter Measurement Framework which we have published alongside this Report explains how we have performed against the commitments in our Charter linked to this Strategic Objective, using existing data sources, including regularly collated and published statistics as well as client and staff insights research.

Inclusive Communication

73. 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:
- We worked to provide people with the information they need in a format that is accessible to them. This includes providing letters, information and guidance in braille and large print
 - We made many of our leaflets and guidance available in Easy Read format and ensured our online content is compatible with screen reader software
 - We engaged with a group of stakeholders to identify what more can be done to support people and ensure we communicate with people in an accessible and inclusive way
 - We held workshops with equality organisations (Including LGBT Youth Scotland, Scottish Ethnic Minority Older People Forum, Council for Ethnic Minority Voluntary Organisations, Engender, Age Scotland and carers and disability groups) to learn from their collective expertise, and increased awareness of the requirement for inclusive communication and what it might look like
 - We established an inclusive communication internal coordination group and external stakeholder group
 - We worked alongside teams and the Programme to identify some of the areas where action is required
 - We have been working in collaboration with our Communications Team to develop a set of document templates and an Icon Bank which will be used by all our staff
 - We agreed a public statement of commitment with our key stakeholders, and
 - We used the outcomes from our work on inclusive communications to inform the development of Social Security Scotland's Corporate Plan and Equalities Strategy.
74. This work is ongoing and we will continue to work closely, not only with the members of our External Stakeholder Group, but also with colleagues across Social Security Scotland and the Scottish Government's Social Security Programme to drive forward and fully imbed the principles of Inclusive Communication as a standard across the whole of our organisation.

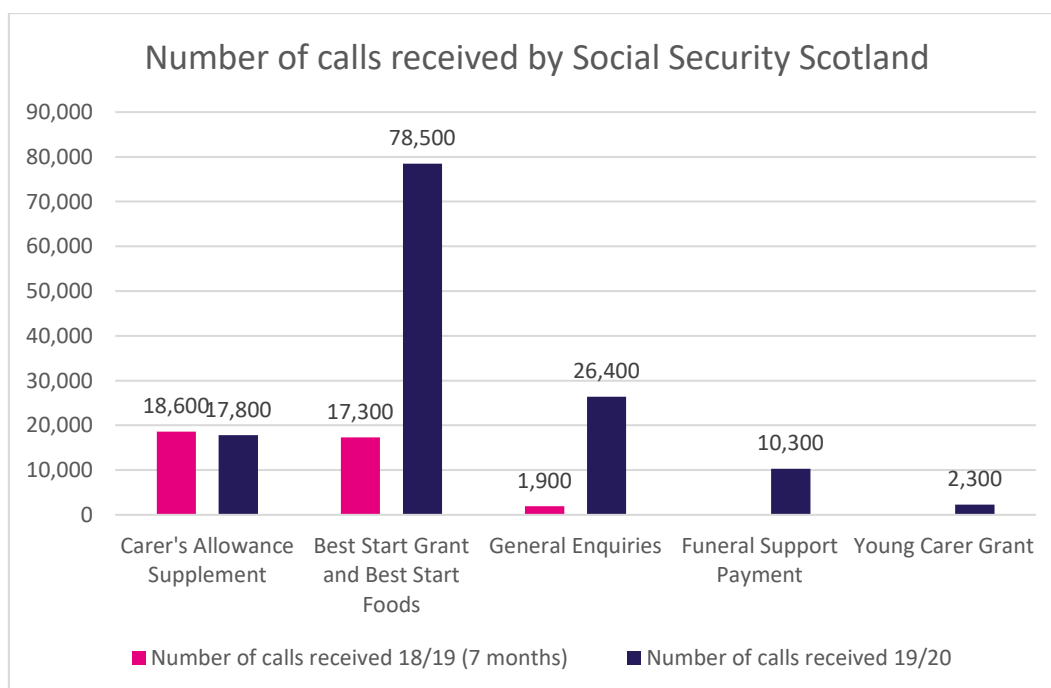
Peoples' experience of our services

75. Information about peoples' experience of our services comes from our Client Insights research. We carry out this research by collecting management information and also by asking staff and clients directly about their experiences, when they contact us. This is because our staff and clients are the people best able to judge if we are meeting our commitments. Further details about this research can be found in the [latest Client and Staff Insights report](#)⁸, which was published on 23 June 2020.
76. As our organisation continues to grow, staff and clients will have further opportunities to feed their views back into the system. To date, our findings reveal that the vast majority of clients who have left a rating or comment in relation to a telephone or application-based interaction with the organisation have been positive about the experience. Whilst there is more to be done, we are generally pleased with the feedback we have been given this year which reflects well on our ambition to deliver a person-centred service, in which our client advisers treat people in the way they want and expect to be treated.

Telephony: Call data and general client experience

77. The chart shown below details the number of phone calls received by Social Security Scotland, split by financial year. Social Security Scotland stopped receiving inbound phone calls after 23 March 2020 due to COVID-19 lockdown.

Chart A – Number of calls received by Social Security Scotland



Call volumes are rounded to the nearest hundred. Information is taken from the organisation's telephony reporting system.

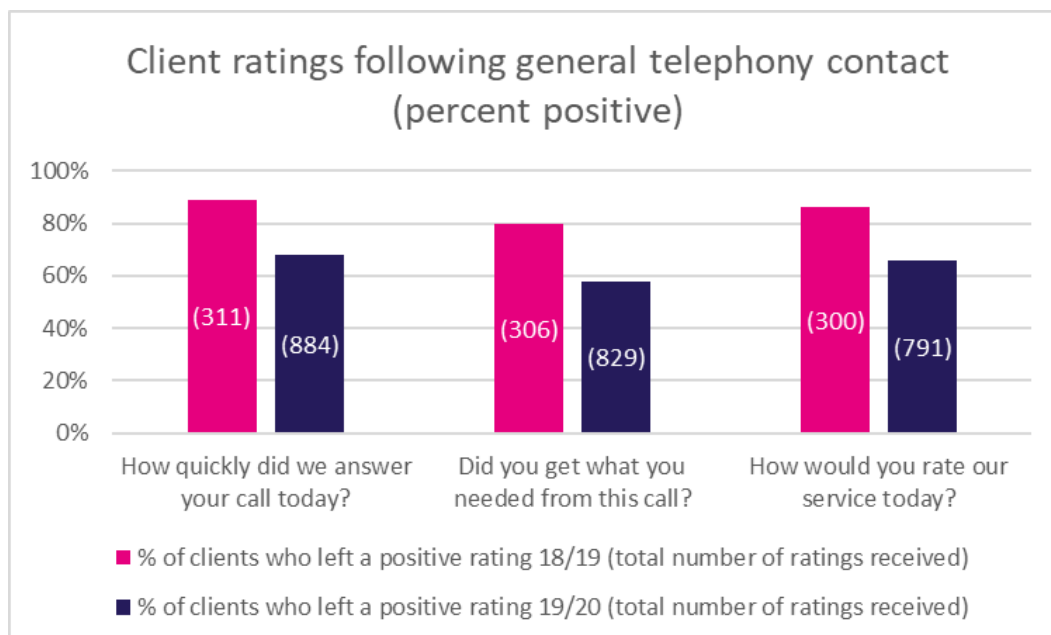
78. Call waiting times were on average 12 seconds. Call lengths were on average five minutes.

⁸ See: <https://www.gov.scot/publications/social-security-scotland-insights-research-findings-march-2020/>

Satisfaction following telephone contact

79. When our clients have any kind of telephone interaction with our client advisers (i.e. anything from general enquiries to a question about a specific benefit or application), they are given the option of completing an automated survey at the end of their call.
80. It should be noted that response rates, i.e. the number of people who do go on to complete the survey, are still low in comparison to the number of calls handled. We are considering ways in which we might be able to encourage more people to take part in the survey.
81. The chart below provides a breakdown of survey responses to three questions relating to: the speed at which calls were answered, whether the client got what they needed, and an overall rating on the service provided⁹. In considering these figures, it is important to note the significant increase in call volumes overall, compared with 2018-19, and also that ratings may be provided after any kind of interaction with our client advisers – i.e. even if the call was in error, the client would still have the option to leave a rating on our performance in handling the call. That said, any reduction in the number of clients who rate our services positively is a concern and we are looking into ways in which this can be addressed.

Chart B – Client ratings following general telephony contact



⁹ The automated telephony survey started in November 2018, therefore 2018-19 figures only cover a five month period.

Satisfaction following application

82. Following paper, online and telephony applications for Social Security Scotland benefits, a questionnaire gives our clients the opportunity to rate their experience of our service. In December 2019, after feedback from stakeholder organisations and others, this questionnaire became a mandatory part of our application process (i.e. the client had, at the very least, to say that they chose not to answer the questions in the survey before they could submit their application). This has improved response rates.

Table 2 – Experience ratings following benefit applications

	Best Start Grant and Best Start Foods		Funeral Support Payment	Young Carer Grant
Application channel	% of clients who rated the experience positively 2018-2019*	% of clients who rated the experience positively 2019-20	% of clients who rated the experience positively 2019-20*	% of clients who rated the experience positively 2019-20**
Paper	+	82	88	++
Telephone	100	98	98	++
Online	97	95	90	95
Total number of ratings	1,010	29,841	1,945	864

*There were not enough ratings for Best Start Grant paper applications in 2018-19 to provide the data

** There were not enough ratings for paper and phone applications in 2019-20 to provide the data

*Funeral Support Payment started in September 2019, there is no data for 2018-19

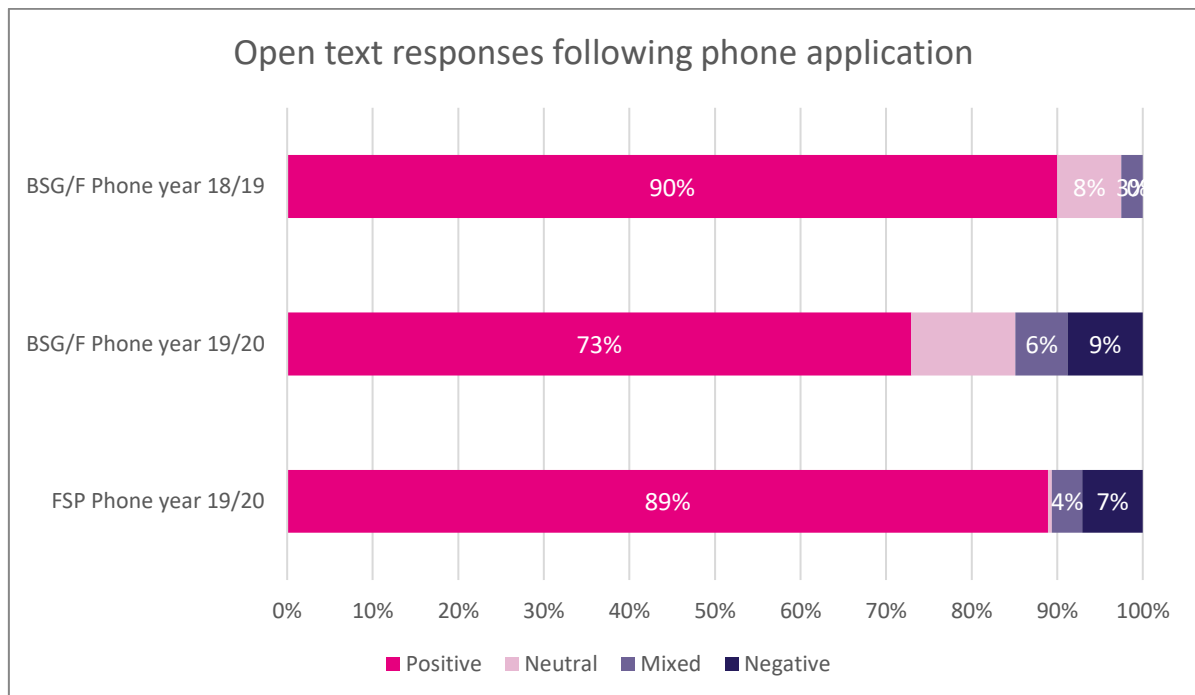
** Young Carer Grant started in October 2019, there is no data for 2018-19

Open text responses following benefit application

83. In addition to giving a rating on their application experience, our clients have the opportunity to leave an open text comment in response to the question “Is there any further feedback you would like to provide?”. Each open text comment has been classed by researchers as positive, negative, neutral or mixed.

84. The majority of the comments left after phone and online applications for all benefits were classed as positive. The charts below show a breakdown of open text classifications for Best Start Grant and Best Start Foods, Funeral Support Payment and Young Carer Grant. Positive comments following a phone application fell into two broad categories: applicants finding the form easy to fill in and being happy with the service they received. Negative comments after Best Start Grant and Best Start Foods applications focused mainly on applicants not receiving a decision after having previously applied.
85. As mentioned above, in December 2019, we introduced a mandatory equalities monitoring questionnaire, which clients were asked to complete as part of their benefit application (even if they chose not to answer the questions). This led to an additional negative theme arising for both benefits, where applicants disagreed with the inclusion of equalities questions at the end of the application. We are considering ways in which we can make the benefits of providing this information clearer to our clients, as it is vital that we have this data to support improvements to our services.

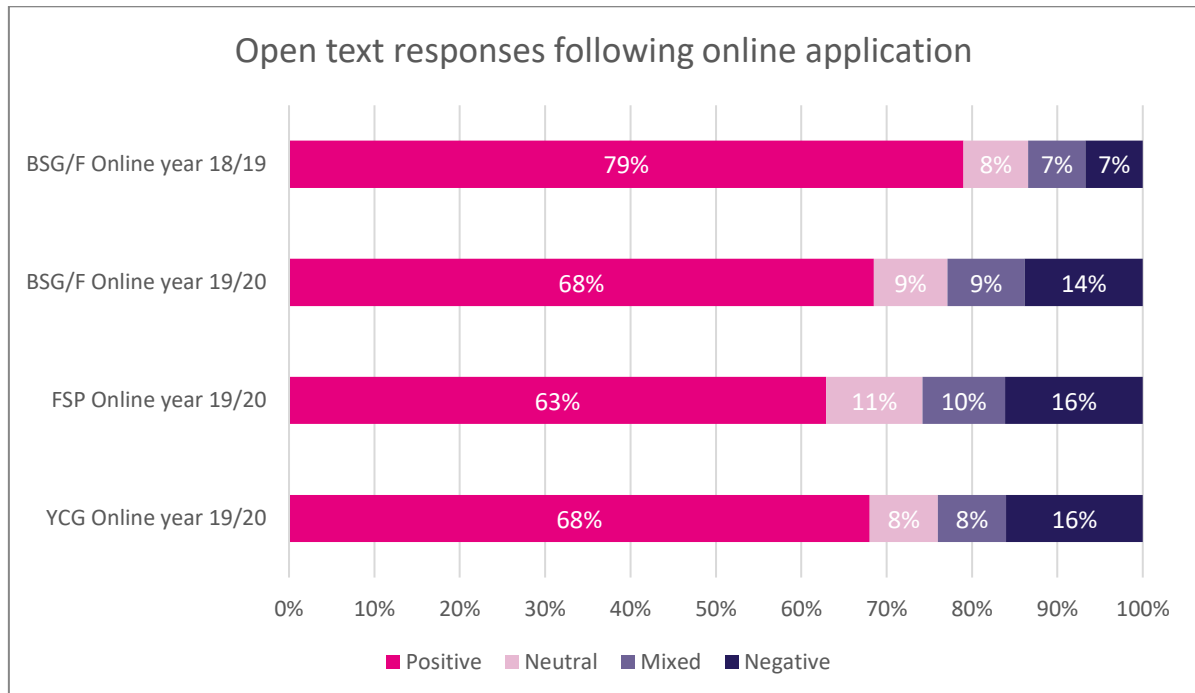
Chart C – Open text responses following phone application



Total number of open text comments following a Best Start Grant and Best Start Foods telephony application in 2018-19: 80
 Total number of open text comments following a Best Start Grant and Best Start Foods telephony application in 2019-20: 410
 Total number of open text comments following a Funeral Support Payment telephony application in 2019-20: 226

86. Positive comments following an online application fell into two broad categories: applicants finding the form easy to fill in and being happy with the service they received. Negative comments after Best Start Grant and Best Start Foods and Young Carer Grant application focused mainly on applicants not receiving a decision after having previously applied, while negative comments after Funeral Support Payment focused on issues with application form. As mentioned above, the introduction of our mandatory equalities monitoring questionnaire also led to an additional negative theme arising, where applicants disagreed with the inclusion of these questions.

Chart D – Open text responses following online application



Total number of open text comments following a Best Start Grant and Best Start Foods online application in 2018-19: 119

Total number of open text comments following a Best Start Grant and Best Start Foods online application in 2019-20: 1,092

Total number of open text comments following a Funeral Support Payment online application in 2019-20: 62

Total number of open text comments following Young Carer Grant online application in 2019-20: 50

* There were not enough open text responses from paper applications to present an equivalent analysis

* Funeral Support Payment started in September 2019, there is no data for 2018-19

** Young Carer Grant started in October 2019, there is no data for 2018-19

Equality and tackling poverty

87. This section covers Social Security Scotland's second Strategic Objective which is to, "Promote equality and tackle poverty". It also addresses the Financial Reporting Manual requirement that this section of our Performance Report should cover 'social matters' and 'respect for human rights'.

88. In our interim Corporate Plan, we said that we would measure progress against this objective by looking at the following indicators:
- The number of benefit awards made and the total of benefits paid¹⁰
 - The number of applications for benefit payments received and the number that have been processed
 - Plans to increase the take-up of Scottish benefits
 - Ways in which we have demonstrated our commitment to inclusive communication, and
 - Ways in which we have demonstrated that equality is at the centre of all that we do.
89. During this reporting period, Social Security Scotland has actively contributed to tackling poverty in Scotland – as all 7 of the benefits we currently deliver directly represent clear gains to clients, either in comparison with their UK Government equivalents or (in the case of the Young Carer Grant) because there is no equivalent UK benefit.

Our Benefits

90. During this year we delivered the following benefits:
- Carer's Allowance Supplement
 - Best Start Grant: Pregnancy and Baby Payment
 - Best Start Grant: Early Learning Payment (from 29 April 2019)
 - Best Start Grant: School Age Payment (from 3 June 2019)
 - Best Start Foods (from 12 August 2019)
 - Funeral Support Payment (from 16 September 2019)
 - Young Carer Grant (from 21 October 2019).
91. As mentioned in the overview section of this Report, Social Security Scotland is also responsible for the cost of Carer's Allowance in Scotland which is administered by the Department of Work and Pensions under the terms of an Agency Agreement. Information on people who receive Carer's Allowance in Scotland, as at February 2020 [is available here](#).
[www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/05/carers-allowance-at-november-2019-summary-statistics/documents/carers-allowance-at-november-2019-summary-statistics/carers-allowance-at-november-2019-summary-statistics/govscot%3Adocument/CA%2BMay%2B2020%2B-%2Bpublication.pdf]
92. In relation to Carer's Allowance Supplement, 163,275 payments were made to carers who were eligible in this reporting period. This is slightly higher than in 2018-19 where 158,110 payments were made.

¹⁰ This is shown in the Financial Performance section

93. The table below shows the numbers of applications made for our other benefits. As this Report has made clear, the number of applications we received for our benefits significantly increased during this reporting period, in line with the overall expansion of our services. We expect the overall number of applications we receive to continue to increase in the coming years, as we continue to launch new benefits.

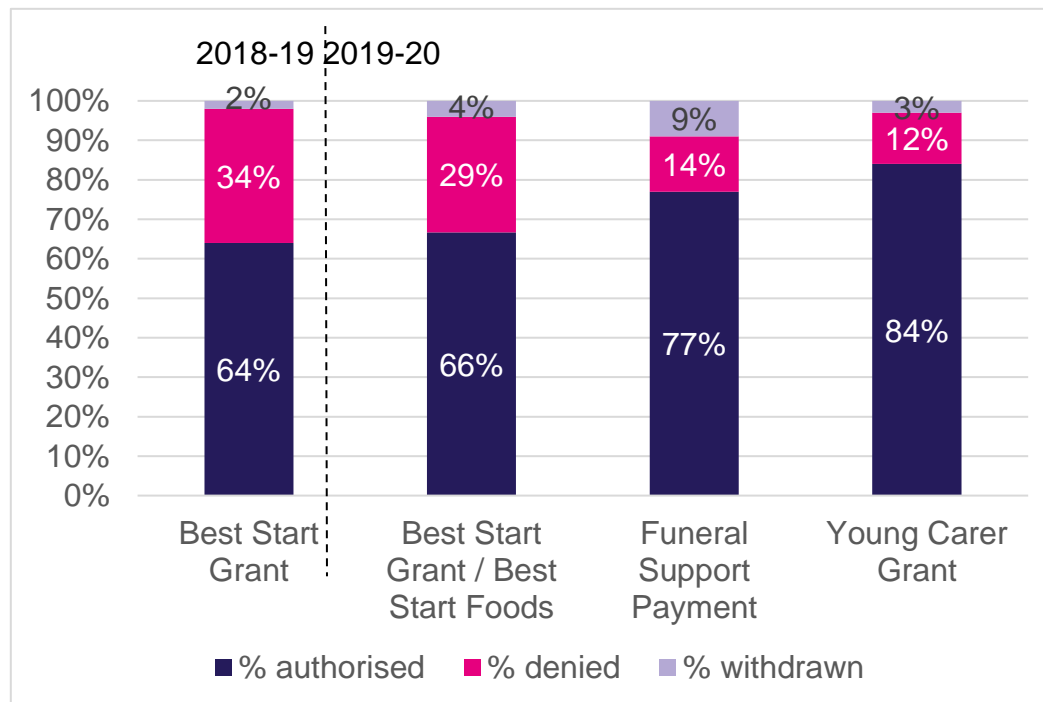
Table 3 – Applications for Best Start Grant / Best Start Foods, Funeral Support Payment, and Young Carer Grant for 2018-19 and 2019-20

Benefit		Best Start Grant	Best Start Grant / Best Start Foods	Funeral Support Payment	Young Carer Grant
Year		2018-19	2019-20	2019-20	2019-20
Applications received		19,480	127,995	3,975	1,750
Applications processed	Total applications processed	17,940	120,760	3,485	1,410
	of which authorised ¹	11,505	80,145	2,685	1,190
	of which denied ¹	6,085	35,390	500	175
	of which withdrawn ¹	350	5,220	300	45
	% authorised	64%	66%	77%	84%
	% denied	34%	29%	14%	13%
	% withdrawn	2%	4%	9%	3%

Figures may not sum due to rounding.

1. For Best Start Grant/Best Start Foods applications, 'authorised' is where either Best Start Foods or at least one Best Start Grant payment has been authorised. 'Denied' and 'withdrawn' is where all types of payment are denied or withdrawn.

Chart E – Authorisation rates for Best Start Grant / Best Start Foods, Funeral Support Payment, and Young Carer Grant for 2018-19 and 2019-20



Redeterminations and appeals

94. During this reporting period, only 1.0% of our decisions were subject to any re-determination or appeal. When set in the context of an expanding service and significant increases in the number of applications, we're pleased that this figure shows a reduction on the 1.9% of decisions which were subject to redetermination and appeal in the previous reporting period.
95. In particular, it has been good to see the overall reduction in Best Start Grant redeterminations as a proportion of applications which shows that we are also learning lessons from our clients' feedback and making improvements to our existing services. If we don't get it right and people disagree with our decisions, then it's clear that they are able to challenge those decisions in an open, fair and transparent way.

Table 4 – Redeterminations and appeals for 2018-19 and 2019-20

	Best Start Grant	Best Start Grant	Funeral Support Payment	Young Carer Grant
	2018-19	2019-20	2019-20	2019-20
Redeterminations received	345	1,115	140	10
Redeterminations as % decisions processed	1.9%	0.9%	4.0%	0.8%

Redeterminations completed ¹	300	1,130	130	10
...of which disallowed ¹	150	625	65	5
...of which allowed or partially allowed ¹	115	300	60	5
...of which withdrawn ¹	35	210	5	5
% disallowed ¹	50%	55%	49%	*
% allowed or partially allowed ¹	39%	26%	*	*
% withdrawn ¹	11%	18%	*	*

Median number of days to respond ^{1,2}	14	12	14	15
Redeterminations closed within 16 working days ^{1,2}	98%	97%	95%	100%

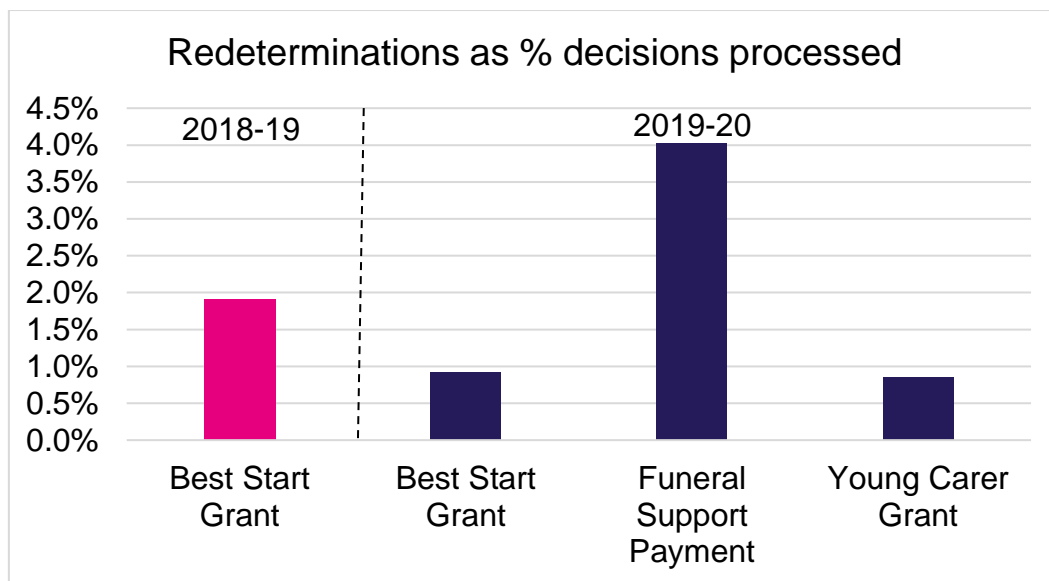
Figures may not sum due to rounding.

* Figures suppressed for disclosure control

1. Data is presented by the year of decision rather than year the redetermination or appeal was received. Data presented does not include invalid redeterminations.

2. Average days to respond and percentage closed within 16 working days are only calculated for redeterminations that were disallowed, allowed, or partially allowed - this figure excludes redeterminations that were withdrawn or invalid. Median has been used to calculate average number of days to respond. The median is the middle value of an ordered dataset, or the point at which half of the values are higher and half of the values are lower.

Chart F – Redetermination as % decisions processed



96. In all cases where the original decision was not changed, this was because the client did not meet the eligibility criteria set out in the regulations. In cases where the re-determination changed the original decision, this was because the client provided further evidence or came into receipt of a qualifying benefit and this was backdated to include the date of their claim.
97. During the reporting period around 60 appeals were received in respect of Best Start Grant decisions and these resulted in 60 Tribunal determinations. In 100% of these cases, the appeal was not upheld, meaning that the Tribunal was satisfied that we had made the right decision in all of these cases. There were also five appeals received for Funeral Support Payment but no Tribunal decisions were made in this reporting period. A small number of appeals were requested for Young Carer Grant.

Working to increase take-up

98. Although overall responsibility for benefit take-up policy lies with the Scottish Government, during this reporting period Social Security Scotland has supported work to increase levels of take-up of the benefits which we delivered by:
- Continuing to build relationships with a wide range of national and local stakeholders to enable us to make further progress with our stakeholder engagement strategy
 - Drawing on our strategic insights to deliver co-ordinated and consistent communications and marketing activities to best promote Scottish benefits, and
 - Working with the Social Security Experience Panels, conduct targeted research with seldom-heard groups, and develop the work of Social Security Scotland's Client Insights Research Programme.

99. Also, on 21 October 2019, the Scottish Government published its Benefit Take-up Strategy¹¹ which set out a number of new activities and initiatives aiming to progress the ultimate goal of increasing awareness of and supporting access to Scottish benefits such as:
- Funding of £600,000 to 26 third sector organisation across 2 funds to prepare staff to support hard to reach groups who will be applying for Scottish benefits to ensure people are aware of the financial support available to them. Since the successful projects were announced on 27th February 2020, officials have worked with the organisations to ensure projects remain viable in the face of the pandemic
 - A stakeholder take-up reference group to provide advice and support in the implementation of this strategy, as well as feeding into the development of the next strategy
 - Developing a Take-up Stakeholder Toolkit to help existing services to support their clients with Scottish benefits, and – in particular – with issues related to non-take-up, and
 - Mainstreaming best practice guidance to support third sector organisations and Local Authorities to borrow from the examples practice in promoting/supporting benefit take-up within and across those sectors.
100. The take-up activities and initiatives outlined here will provide a rich source of evidence and learning for all Scottish benefits, and findings will be fed into the continuous improvement of Social Security Scotland's services.

Putting equality at the centre of what we do

101. Social Security Scotland is currently developing an Equality Strategy to ensure that equality is at the centre of all its activities.
102. Once complete, our Equality Strategy will provide an overarching framework, to ensure we are held accountable for what we set out to achieve, and allow us to take a more strategic and focused approach to tackling equality. It will be the main driver to ensure we meet, and where possible, exceed the public expectations on us as a public body under both the Equality Act 2010 and the Social Security (Scotland) Act 2018.
103. Between 7 November 2019 and 6 February 2020, we held a public consultation that sought feedback on five draft Equality Outcomes, on the activities to help achieve each outcome and on ways to measure progress on achieving each outcome. We also facilitated three staff events and participated in events hosted by stakeholder organisations to gain further insight.

¹¹ See: <https://www.gov.scot/publications/social-security-scotland-act-2019-benefit-take-up-strategy-october-2019/>

104. The aim of the consultation was to ensure that Social Security Scotland's Equality Strategy will reflect the needs of those who experience discrimination and disadvantage. We commissioned an independent research company to analyse the responses received on-line and via the nine public events¹².
105. There was broad consensus on the feedback received. We are re-writing the outcomes and will be more explicit in the ambition we have and how we will measure our progress using the data and evidence available.
106. We will also establish two equalities networks. An internal network to improve co-ordination and support a more strategic approach to mainstreaming equalities. Secondly, a network of critical friends drawn from key stakeholder organisations to inform our approach and increased accountability.
107. Our people diversity information is shown later in this report in the Accountability – Staff and Remuneration report.

Client diversity

108. Given that our ambition is to deliver a person-centred service, that reflects the needs and expectations of everyone we interact with, it is vital that we understand the needs and circumstances of all of our clients and their communities. That is why we are working hard to better understand the diversity of our client groups and any inequalities issues or barriers which affect them.
109. During this reporting period we have delivered some real and significant improvements to the way in which we collect client diversity data (from December 2019 onwards) by making our equalities questions a mandatory part of the application process for our benefits. There is much more to be done as this work is still at a relatively early stage so we are also working with equalities organisations to identify ways in which we can use this information to continuously improve our processes.

¹² This report has subsequently been published in June 2020. See: <https://www.gov.scot/isbn/9781839607998> and also the summary of our response to the consultation which can be found here: <https://consult.gov.scot/social-security/social-security-mainstreaming-equality/>

110. For clients receiving Carer's Allowance Supplement during this reporting period, the breakdown by gender and age was:

Chart G – Carers in receipt of Carer's Allowance Supplement by gender and year

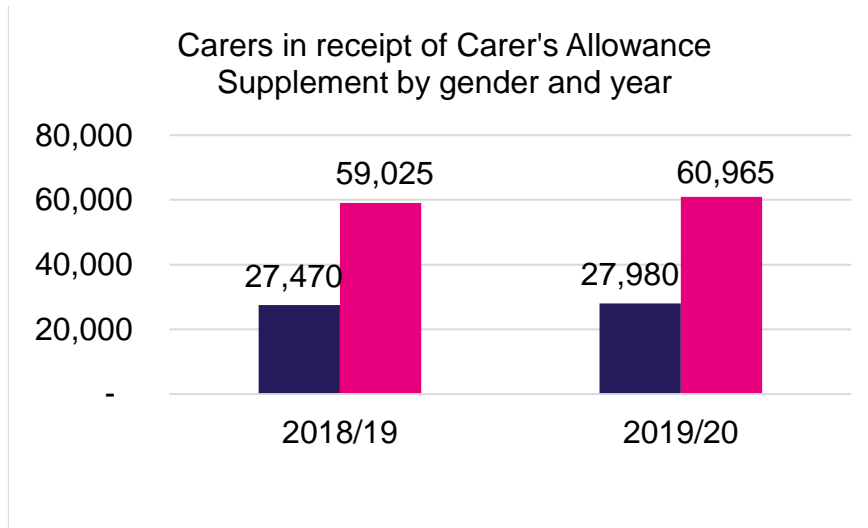
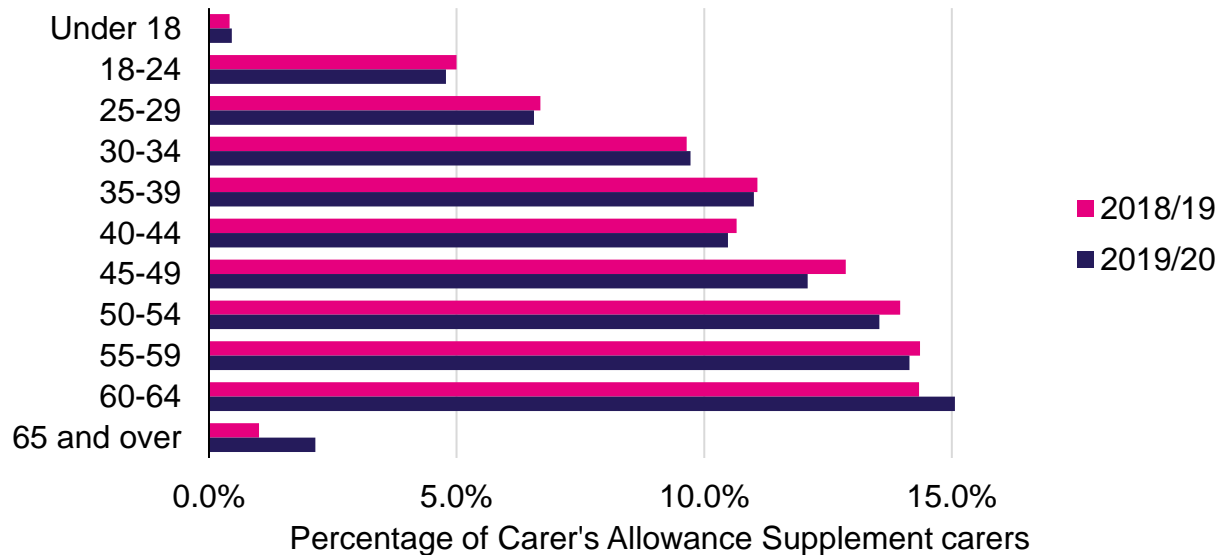


Chart H – Percentage of Carer's Allowance Supplement payments by age band – 2018-19 and 2019-20



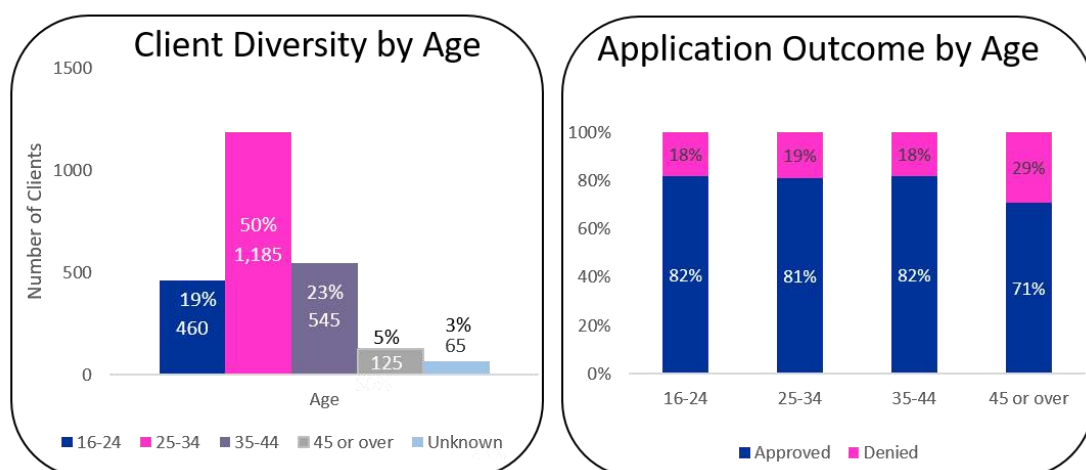
111. For the other benefits, the evidence that we gathered from clients who volunteered to complete the Equalities Monitoring and Feedback Form from 10 December 2018 to 8 December 2019 shows that clients applying to Social Security Scotland for Best Start Grant, Best Start Foods, Funeral Support Payment, and Young Carer Grant had the following characteristics¹³:

- 50% of our clients are in the 25 – 34 age group. This is as expected because the majority of applications (95%) are for Best Start Grant and Best Start Foods
- People from minority ethnic¹⁴ groups accounted for 7% of the equalities data compared to people from the White group which accounted for 92%
- The proportion of men (7%) applying for the benefits is much lower than women (91%)
- The proportion of clients who have a physical or mental health condition or illness lasting or expected to last 12 months or more is 30%, compared to 68% who don't
- Individuals who identified as heterosexual accounted for 92%, compared to 6% who identified as lesbian, gay, bisexual or other
- One percent of the clients who responded to the Equalities Monitoring and Feedback form were transgender, and
- The proportion of clients that have no religion is 61% compared to 31% that are Christian (Church of Scotland, Roman Catholic, Christian Orthodox and Other Christian) and 7% that are other religions.

112. More up to date information for December 2019 to May 2020 has also been published at [<https://www.gov.scot/publications/social-security-scotland-client-diversity-and-equalities-analysis-to-may-2020/>]

Chart I

Summary Panel: Client Diversity and Equalities
by Application outcome by Age

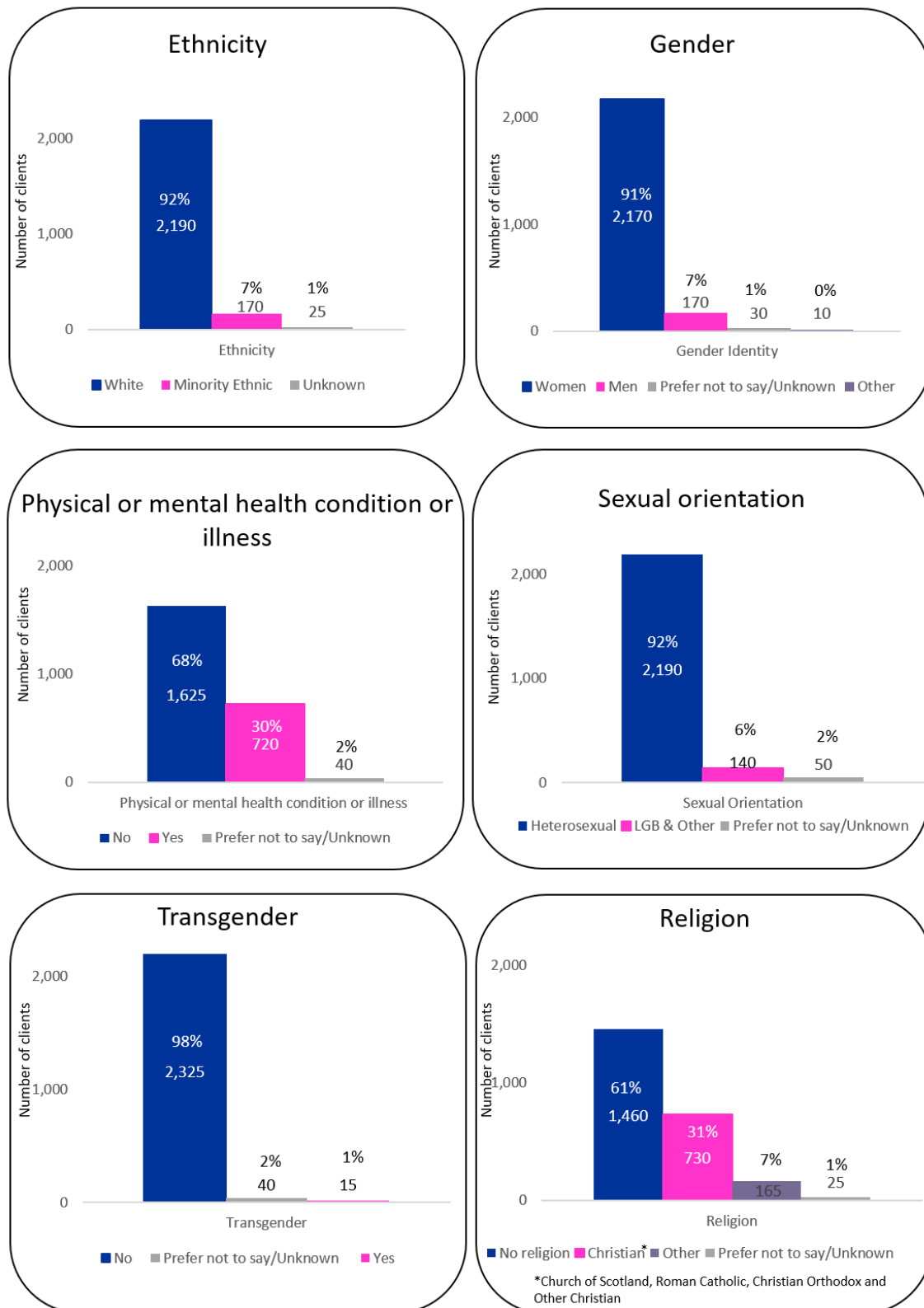


¹³ As this was non-mandatory the response rate was very low (<5%) and therefore any results should be treated with caution since it is not known if this is representative of all the clients that applied.

¹⁴ African, Asian, Asian Scottish or Asian British, Caribbean or Black, Mixed or multiple ethnic groups, Other ethnic group.

Chart J Client Diversity

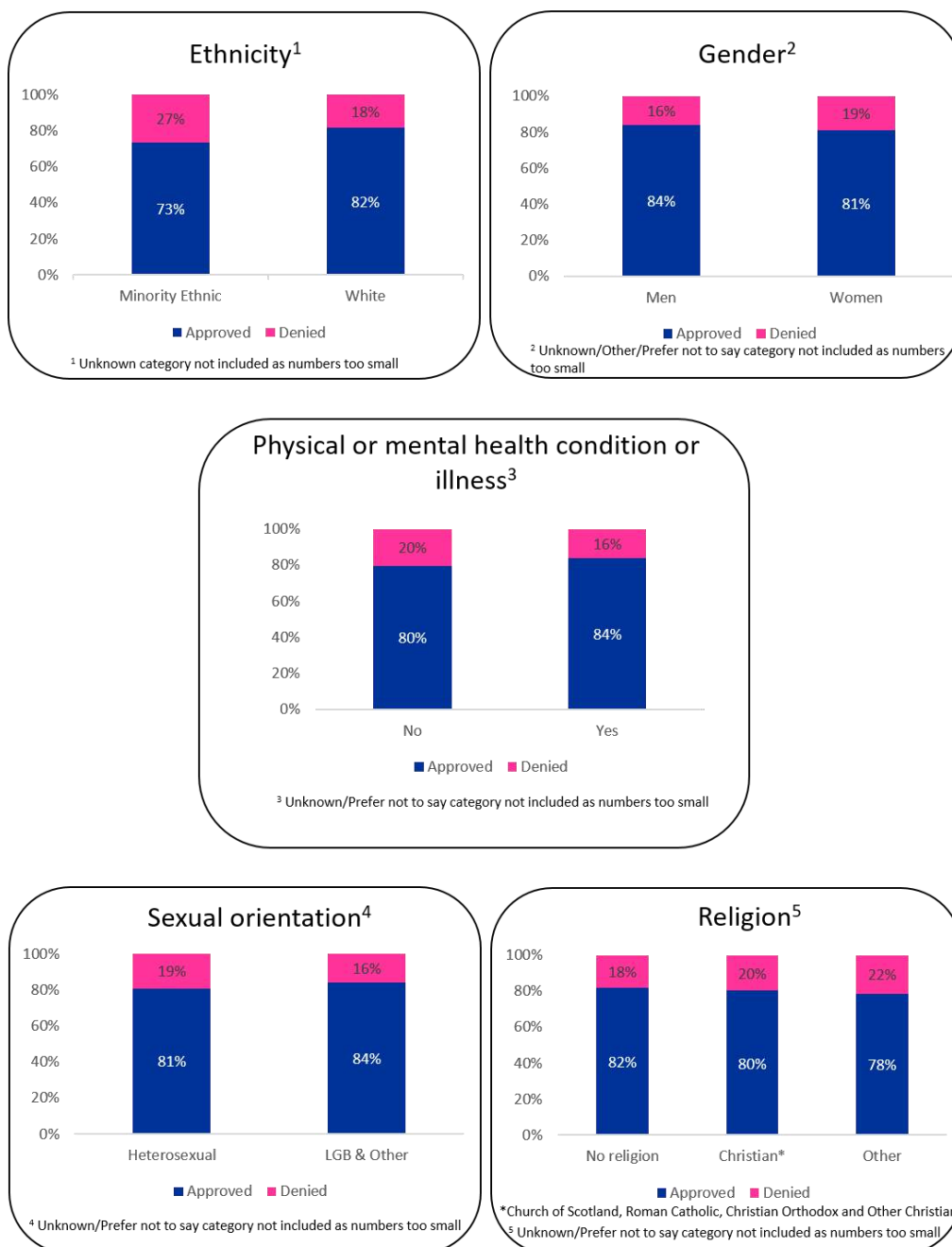
Summary Panel: Client Diversity



113. When comparing by equality and diversity groups, there was little difference in the rate of authorisations for benefit payments between different groups. The largest differences were seen in the ethnicity group, with minority ethnic group having a lower level of approved applications with 73% of their applications being approved compared to 82% for White ethnic group. As part of our overall work, to develop our Equality Strategy, we will be looking for any ways in which we can reduce this difference in approved applications. Our Equality Strategy, along with constructive engagement with our Internal and External Equality Networks, will help to show what lies beneath the data, in terms of any persistent or structural barriers and will support work to address and remove any barriers identified.

Chart K Equalities by Application Outcome

Summary Panel: Equalities by Application Outcome



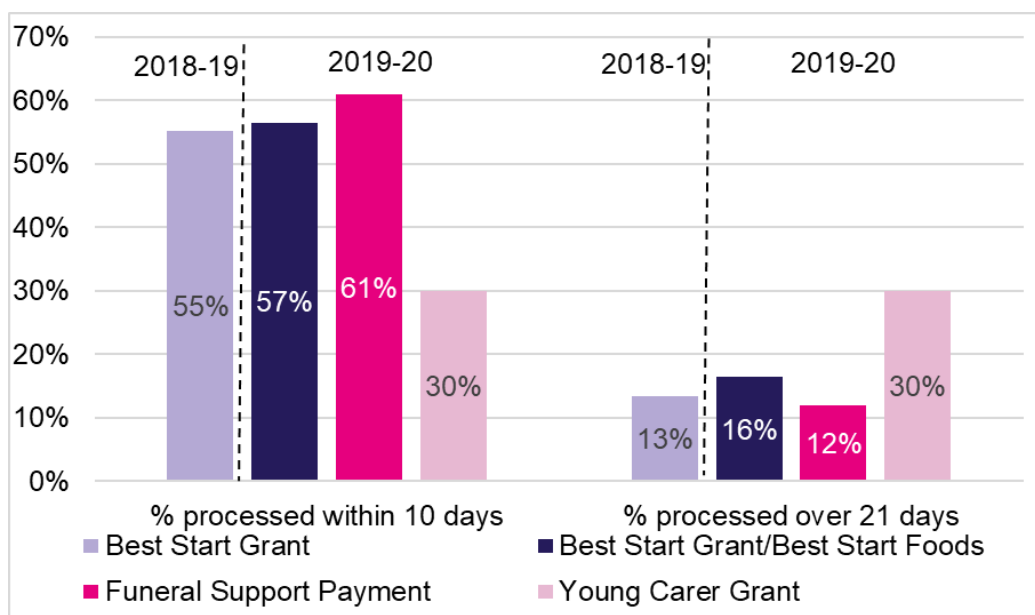
Efficiency and alignment

114. This section covers Social Security Scotland's third Strategic Objective which is to, "Ensure efficiency and to align our activities with wider public sector for the benefit of the people we serve".
115. In our interim Corporate Plan, we said that we would measure progress against this Objective by looking at the following indicators:
- Our average application processing time,
 - The number of complaints and compliments we have received,
 - The number of complaints which have been progressed to Scottish Public Service Ombudsman, and
 - Ways in which we have demonstrated our commitment to minimise fraud.

Processing applications

116. During this reporting period, and in the course of launching five new payments, we have seen a considerable rise in the number of applications for the benefits which we deliver directly. At the same time, the proportion of applications processed to payment within the minimum, ten-day period has increased significantly. We believe this shows that, even while our processes and services continue to 'bed in', we are succeeding in our ambition to provide a service which meets peoples' needs and expectations. The chart below shows the percentage of applications that have been processed¹⁵:

Chart L – Application processing times



¹⁵ This processing time includes time spent waiting to receive copies of documents from clients, but does not include additional time to make payments.

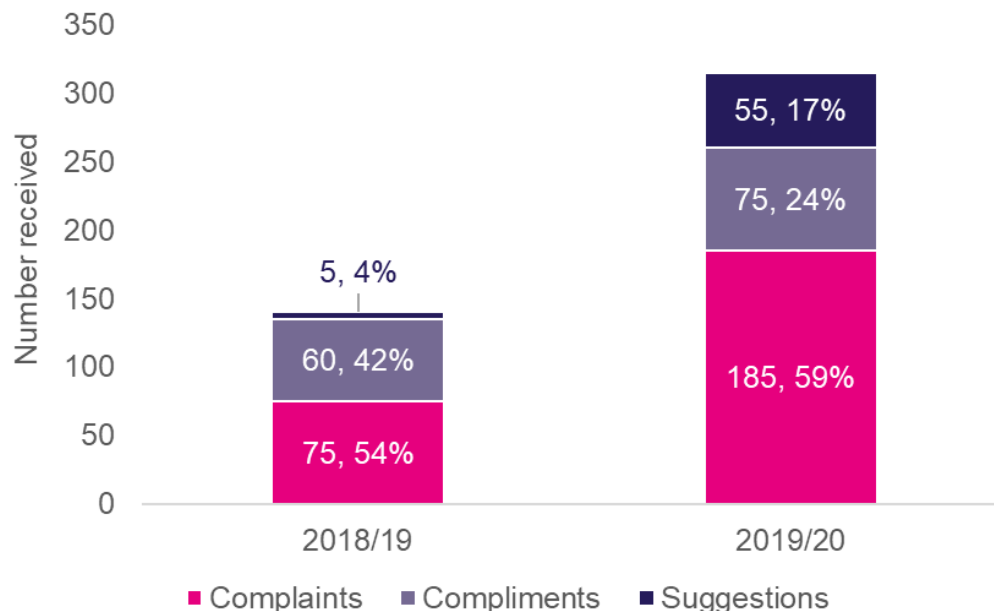
Feedback: Complaints, compliments and suggestions

117. Social Security Scotland welcomes and encourages feedback from everyone who engages with us or uses our services. During this reporting period, we used the feedback to drive improvements to our processes. Outcomes and learning from client feedback has been shared and discussed with relevant people across the organisation.
118. In addition, there is ongoing activity dedicated to researching how the services are being used by clients and staff, to identify opportunities for improvement. This research helps drive priorities for continuous improvement and also provides assurance that the changes that are being delivered are in alignment with expectation and having the anticipated positive effect. We have been working closely with Scottish Government policy and programme colleagues to deliver these improvements to our services and ensure that work is being consolidated wherever possible to maximise efficiency.

Complaints, compliments and suggestions by stage benefit and outcome

119. In total 185 complaints, 75 compliments and 55 suggestions were received in this reporting period (see the chart below).

Chart M – Feedback by financial year



Complaints includes all stage 1 complaints, plus complaints received at stage 2

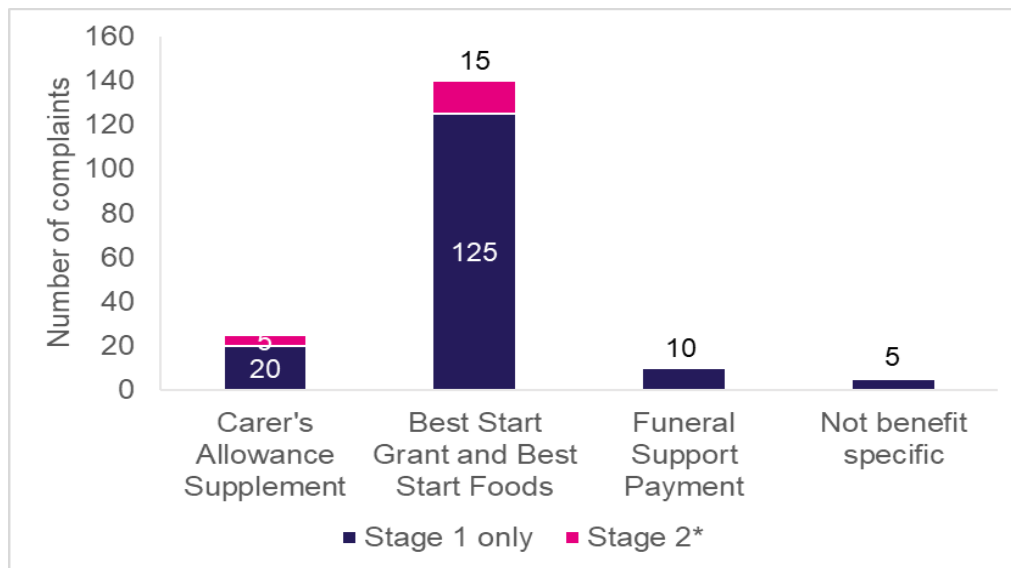
120. If we compare the volume of complaints received during this period with the numbers of people who received payments (see table below), we believe that the relatively low proportion of complaints per payment/application indicates a high level of satisfaction overall.

Table 5 – Feedback received compared to Carer's Allowance Supplement payments and other applications

Benefit	2018-19		2019-20	
	Complaints	Carer's paid / Applications	Complaints	Carer's paid / Applications
Carer's Allowance Supplement (Sep 2018)	45	86,565 carers paid	25	89,005 carers paid
Best Start Grant/Best Start Foods:	30	19,480 applications	145	127,940 applications
– Pregnancy and Baby Payment (Dec 2019)				
– Early Learning Payment (Apr 2019)				
– School Age Payment (Jun 2019)				
– Best Start Foods (Aug 2019)				
Funeral Support Payment (Sep 2019)	N/a	N/a	10	3,975 applications
Young Carer Grant (Oct 2019)	N/a	N/a	0	1,750 applications

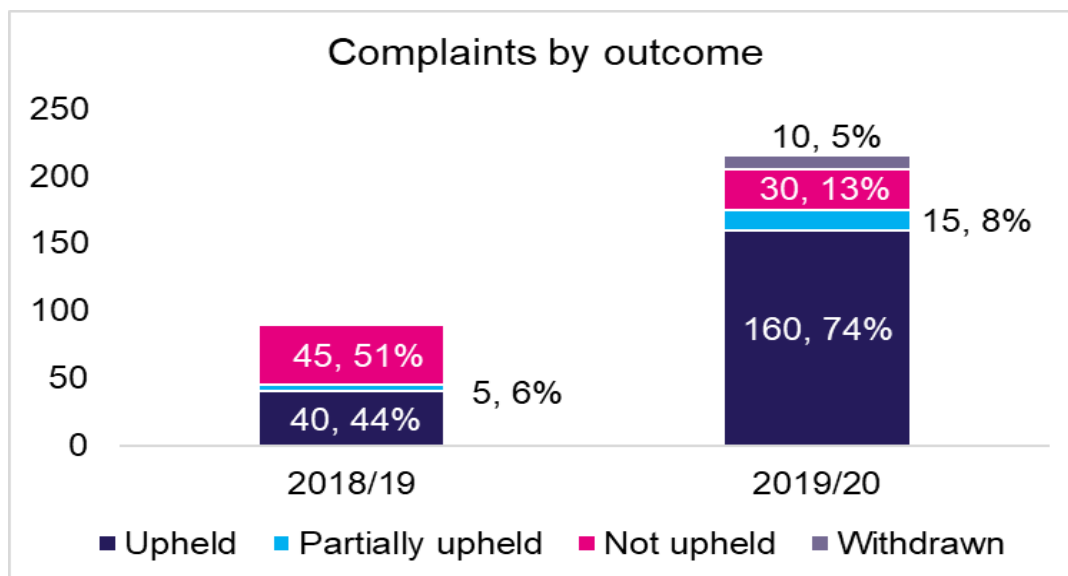
121. The next chart (below) shows the breakdown of complaints reaching stage 1 and stage 2 of our two-stage complaints process. The proportion of complaints reaching stage 2 (either because the complaint progressed from stage 1 to stage 2, or because it was received at stage 2) decreased in 2019-20 (13%) compared to 2018-19 (20%).
122. This may be because there were proportionately more complaints in 2018-19 about Carer's Allowance Supplement and complaints in relation to this specific benefit appear to be more likely to reach stage 2.

Chart N – Complaints by benefit and stage in 2019-20



123. For stage 1, the median average processing time in 2018-19 was one working day (meaning on average that complaints were closed on the day they were received), and in 2019-20, the average processing time was two working days. For stage 2, the median average processing time was 17 working days in 2018-19 and 18 working days in 2019-20.
124. In total, over all benefits and both stages in this reporting period, 160 complaints were upheld (74%), 30 were not upheld (13%), 15 were partially upheld (8%), and 10 were withdrawn (5%).
125. During this reporting period, the majority of the complaints received came in the early stages of a benefit launch. They relate to a delay in processing an application because the organisation has been managing a backlog caused by an initial large uptake or conflicting information being provided on expected timescales.
126. Many of the processes we are using are also new so we have looked to use client feedback to help us learn and improve our service. As a result a large percentage of complaints at this time have been upheld and we have used the information from them to review our systems and processes.
127. 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.

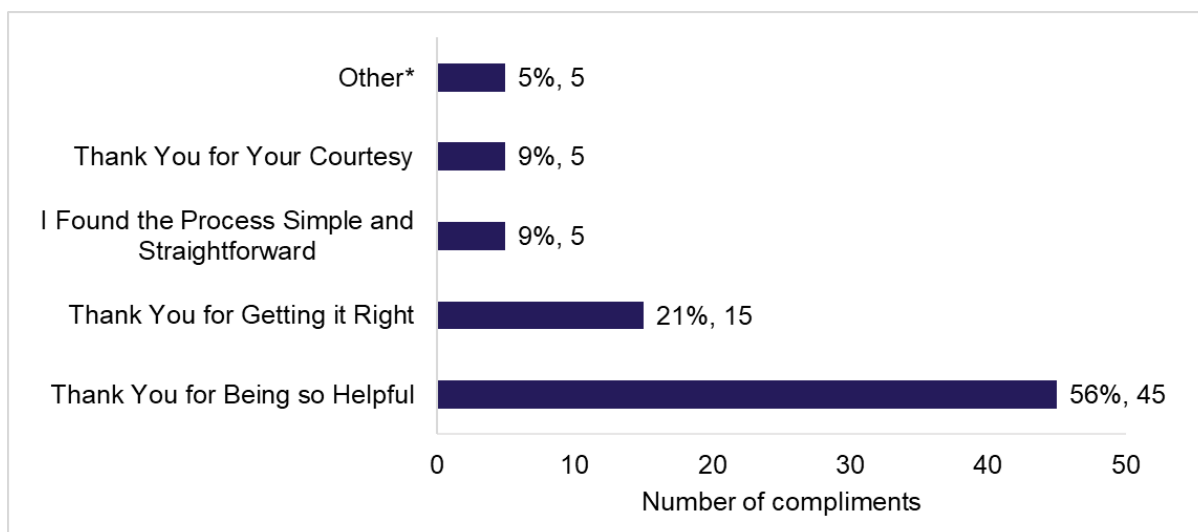
Chart O – Complaints by outcome



Outcomes for stage 1 and stage 2 are counted separately, therefore the number of outcomes exceeds the number of complaints received. A small number of complaints changed reason between Stage 1 and Stage 2. Figures do not sum due to rounding.

128. A total of 75 compliments were received in 2019-20, including 20 for Carer's Allowance Supplement, 35 (43%) for Best Start Grant, and 20 (29%) for Funeral Support Payment.

Chart P – Compliments by reason 2019-20



Across both benefits, we received a total of 55 suggestions, mostly on 'improving information available'. The table below includes examples of ways in which we have specifically responded to feedback during the reporting period:

Table 6 – Responses to feedback

You said	We did
Client suggested that we could make better use of time if the client adviser did not have to read out a full data protection script whilst taking an application over the phone. The message had already been listened to within the automated welcome message.	We have adopted the suggestion and a reduced script was put in place from October 2019 for client advisers to streamline the process, removing duplication of message and reduce the length of telephone application calls.
Client concerned that hard copy posters should contain more detail of application periods for Best Start Grant. Although these are available online, the client felt that not all of our clients may have online access and more detailed information should be on posters displayed in nurseries/schools around application windows.	We have reviewed our communications to ensure written/hard copy publicity provides more detail around application windows for Best Start Grant.
Client felt that the application window on our website was misleading as it suggests that a child is eligible between the ages of 3 to 6 and suggested that we review the wording on the webpage to clarify the correct eligibility window.	The information on the website has now been amended to include full details on the qualifying periods for Best Start - School Age payments.
Client commented that our website stated that the client would be contacted within a 10 day timescale for applications to Best Start Grant. The wording was misleading as the client was not contacted within that timescale.	We have amended the timescales to 14 to 21 days to ensure clients know what to expect after an application is made.

Complaints progressed to Scottish Public Services Ombudsman

129. There were no cases referred to the Scottish Public Services Ombudsman during this reporting period.

Risk Management

130. As discussed earlier in this Report, the delivery of our strategic objectives is surrounded by uncertainty which poses threats to success. Our organisation's success, therefore, in delivering against its commitments could also be considered a measure of its effectiveness in managing risk. This is particularly true of the period from March 2020 onwards, when we were able to maintain payments and critical services under lockdown conditions whilst also managing other impacts of the Covid-19 outbreak.

131. In accordance with best practice, Social Security Scotland has implemented a risk strategy, which has been published on our corporate website. The strategy integrates the management of risk so that different levels of activity (e.g. cross organisation/strategic level and business unit level) support each other. The strategy is led from the top and embedded in our working routines and activities.
132. A programme of risk awareness training has been rolled-out to support our people in the management of risk and to ensure that everyone is aware of the relevance of risk to the achievement of their objectives.
133. The principal tool for managing cross-organisation strategic risk is our strategic risk register which helps us to make sure that risks do not keep us from achieving our Strategic Objectives.
134. Risks in the strategic risk register are organised into 10 categories. Tolerance levels – an estimate of our appetite for risk in each category – have been agreed by the Executive Team and the Audit and Assurance Committee.
135. Every risk in the strategic risk register is assigned to a member of the Executive Team as ‘owner’ and each risk owner has nominated an ‘action owner’, who leads on activities to assess and manage that risk.
136. The different categories of risk in the strategic risk register are as follows:
- **Communications** – risks/opportunities that arise as a result of our communications activity e.g. communications that will increase the uptake of benefits, or a failure to use inclusive communications impacting the organisation’s accessibility to all
 - **Compliance** – risks/opportunities that arise as a result of requirements on the organisation to comply with its statutory legal and regulatory obligations– e.g. Ministerial Commitment, Social Security Scotland Legislation, Corporate Health and Safety, formal and contractual agreements
 - **Financial** – risks/opportunities associated with the management of, or which will have a significant impact on our finances – e.g. risk of fraud, risk over overspending etc.
 - **Governance** – risks/opportunities that arise as a result of how our organisation is directed, administered and controlled; e.g. how we provide assurance on meeting objectives, risk and issue management and corporate decision making
 - **Operational Delivery** – risks/opportunities that arise as a result of, or which will have a significant impact on, our ability to receive applications, determine entitlement, pay benefits to clients, process redeterminations and appeals, or provide local delivery of services according to our charter
 - **Operational Readiness** – risks/opportunities that arise as a result of the introduction of new benefits as they transfer from the Programme to us – e.g. to be fully ready to assume ownership of the service at the point of delivery/handover, and to be able to take responsibility for performing the efficient operation of that service in a sustainable manner

- **Policy** – risks/opportunities that arise as a result of activity in the policy or political space – e.g. changes in policy which impact on the delivery of agency services
- **Resource** – risks/opportunities associated with, or which will have a significant impact on our non-financial resources – e.g. risk that the organisation will not have sufficient staff in post, risks around suitability and availability of accommodation etc.
- **Security** – risks/opportunities that arise as a result of requirements on the organisation to ensure that its people and other assets are kept safe and secure – e.g. risk of cyber-security attack
- **Technology** – risks/opportunities that arise as a result of changes to, failures or exploitation of technology which impact on the ability of the organisation to deliver services – e.g. system failure which means our staff are unable to verify customers' IDs, or opportunity arising as a result of investing in new technology.

137. The key risks being managed by Social Security Scotland during this reporting period (and forward, on an ongoing basis, into the future) were in the following areas:

- **Technology** – the risk that IT systems may not be ready or sufficiently robust for benefit launch dates. An example of a risk in this area would be the risk of unstable IT or telephony infrastructure leading to network failure and poor service delivery
- **Financial** – risks around the monitoring of expenditure against budgets. An example of a risk in this area would be the risk of greater restrictions in public spending leading to a lack of the resources we require to deliver our services
- **Compliance** – the risk that we may be found to not be acting in accordance with our corporate responsibilities or complying with statutory regulations. An example of a risk in this area would be the risk of failure to comply with data protection information leading to censure by the Information Commissioner and potential financial penalties, and
- **Resource** – the risk that our estate may not be procured to the required standard or that it may be unable to house all our people. An example of a risk in this area would be the risk that we might be unable to recruit the right people at the right time leading to a less efficient and effective service.

138. Activities carried out during this reporting period and which we continue to carry out, to improve the way in which risk is being managed across our organisation, included the following:

- We established a monthly Risk Review Group, chaired by the Deputy Director for Finance and Corporate Services. The group has full representation from within Social Security Scotland, Social Security Programme and the Chief Digital Office
- Work was completed on re-defining the categories of risk within Social Security Scotland and is being used to support the review of risk appetite and tolerance levels
- A document is being finalised that will show the clear route of escalation from all areas of Social Security Scotland from Branch level, through Divisions and Project Teams to the Strategic Risk Register.

- The Strategic Risk Register has undergone a full review and has been approved by the Risk Review Group and the Executive Team
- Work has begun on developing risk impact score assessment tables that should provide support for accurate and holistic risk scoring across Social Security Scotland
- Once all this development has been completed and agreed, a revised Risk Management Strategy will be published.

Economy and environment

139. This section covers Social Security Scotland's fourth Strategic Objective which is to, "Contribute to our economy, society and protection of our environment".
140. In our interim Corporate Plan, we said that we would measure progress against this objective by looking at the following indicators:
- Administration budget outturn against forecast
 - Recycle levels and reduction of waste to landfill, and
 - Carbon emissions as a result of staff travel.

Financial

141. The Accountability report shows our outturn on our budget. It also provides information on fraud, debt and error. Social Security Scotland takes a zero tolerance towards fraud, bribery and corruption and we operate the Scottish Government's whistleblowing policy.
142. It cost £36.005 million to run our organisation in 2019-20 (£12.797 million in the 7 months to 2018-19). The reason for the increase in costs was not only because 2018-19 was a part year but also because we are continuing to build the organisation to take on more benefit administration.

Chart Q – Operating Costs

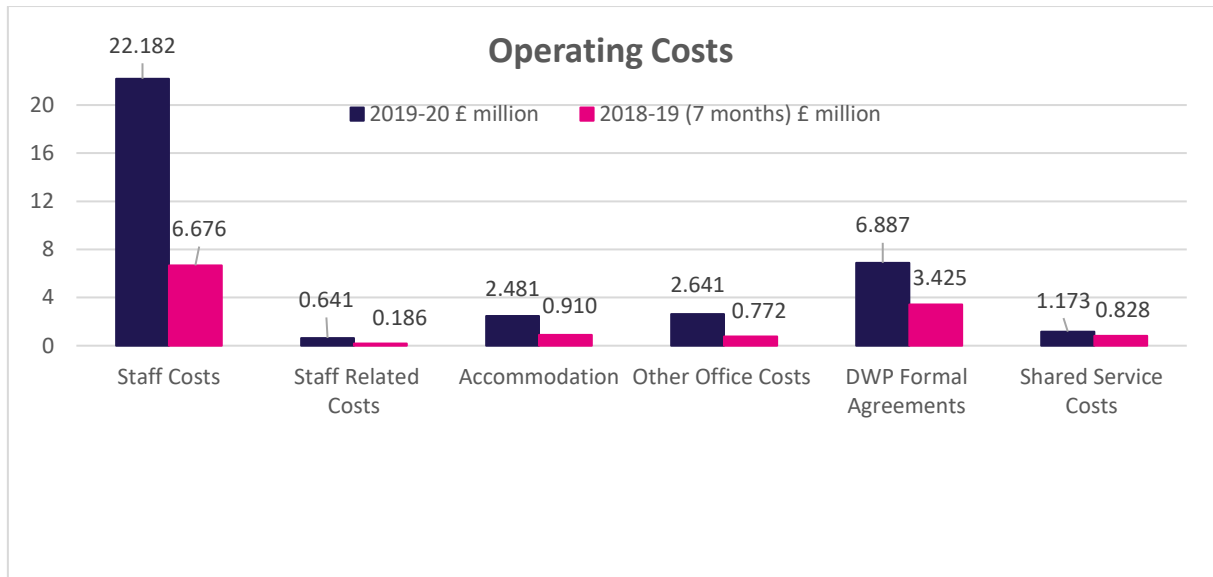
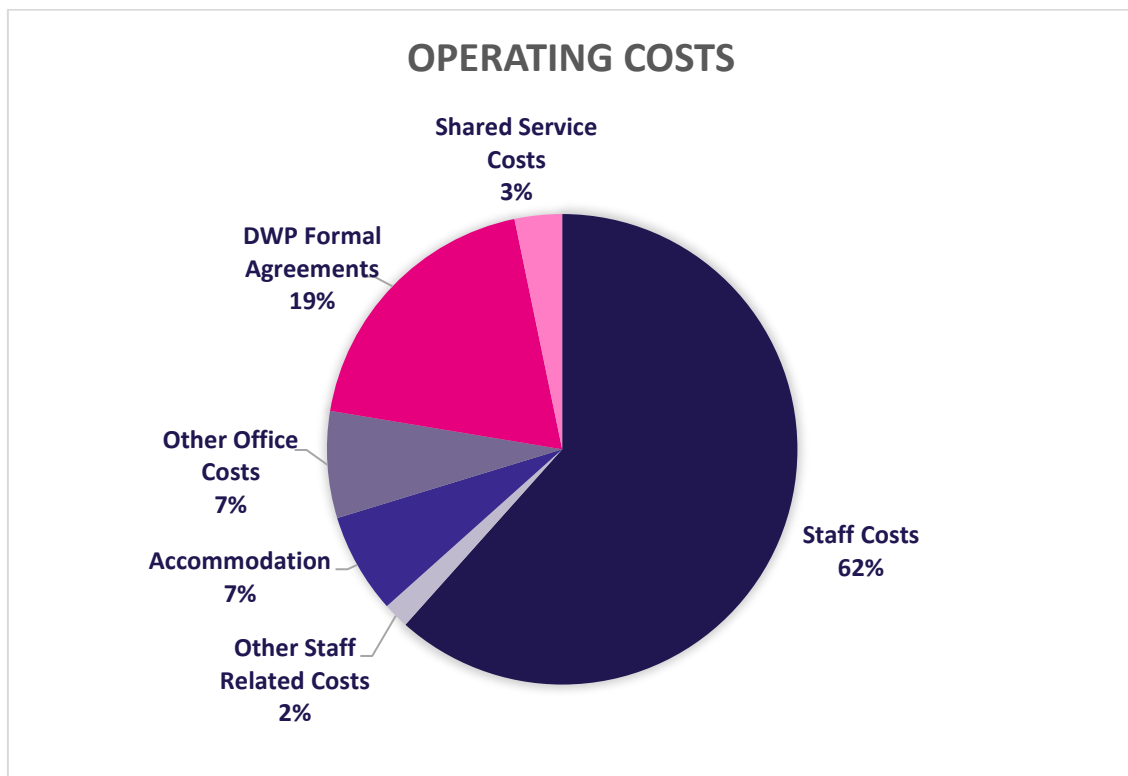
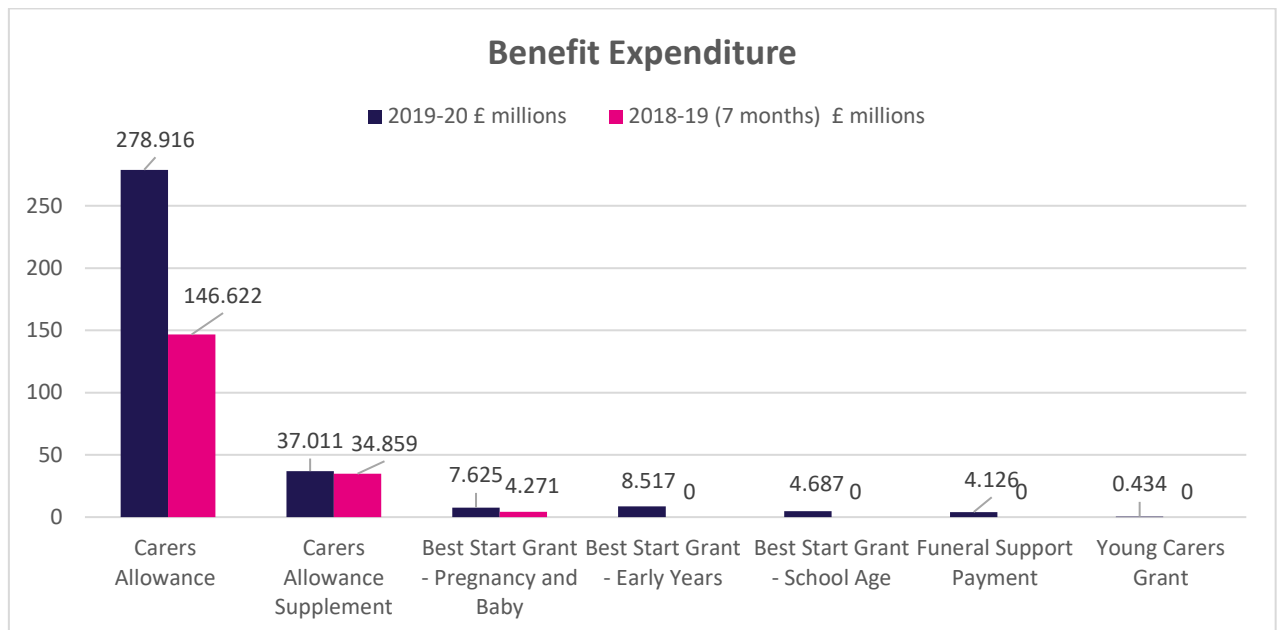


Chart R – Operating costs



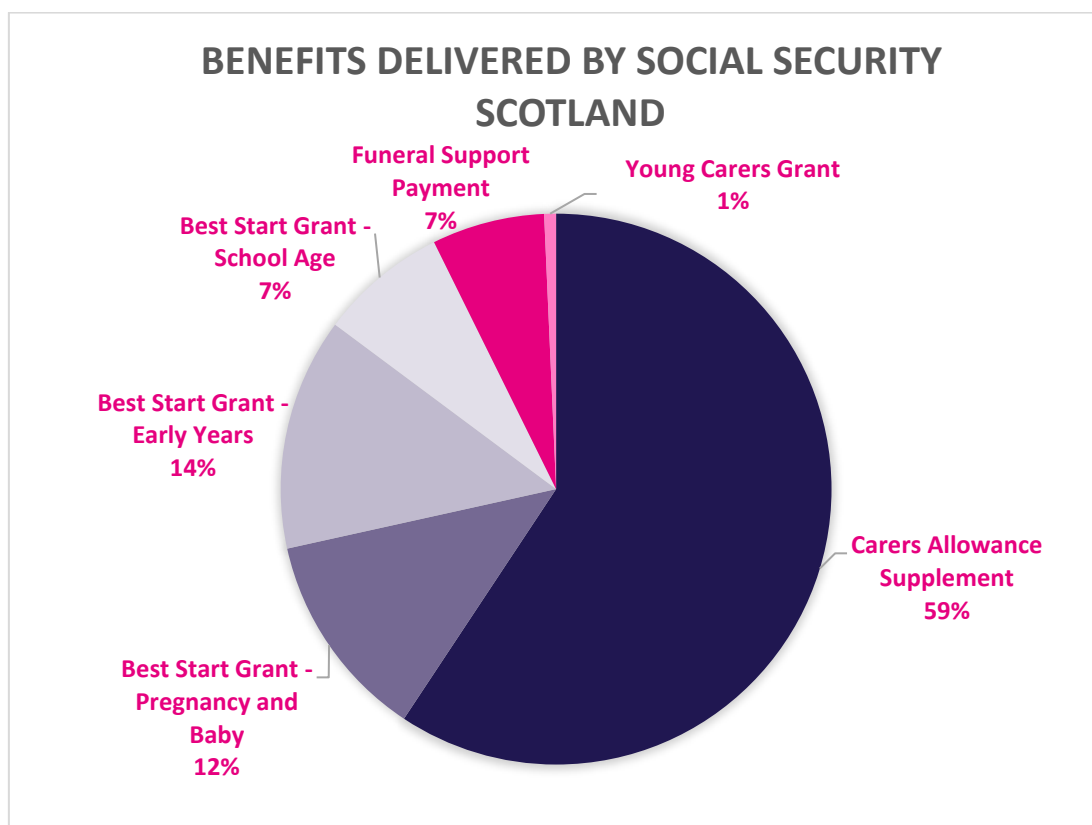
143. The cost of all the benefits was £346.739 million (£190.874 million in the 7 months to 2018-19) split across the following types:

Chart S – Benefit expenditure



144. The following chart shows the relative spend of those benefits delivered and accounted for by us:

Chart T – Benefits delivered by Social Security Scotland



145. Non-current assets of £9.379 million are largely in line with what there were at the end of March 2019 (£9.225 million).
146. Current assets at £35.761 million (2018-19 £6.889 million) have increased because our bank balances increased so that we could pay the new benefits that devolved to Scotland from 1st April 2020 (Attendance Allowance, Personal Independence Payment, Disability Allowance, Severe Disablement Allowance, Industrial Injuries Supplement).
147. Trade and other payables at £43.513 million have increased from end March 2019 (£30.889 million). This was because the Agency Agreement with Department for Work and Pensions had been charged and included in trade creditors and benefits payable increased because of timing differences relating to the period to which the benefit relates.

Sustainability

Business Travel

148. Social Security Scotland continued to grow in size during this reporting period, as an organisation which is committed to delivering a national service across every region and locality in Scotland. That said, we are also 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.
149. 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

150. During this reporting period, as we continued to grow we have assessed our overall travel requirement. To meet our business needs, we continue to operate a small fleet of hybrid vehicles coupled with hire vehicles when operational requirements deemed this appropriate. The hybrid model was chosen because the technology and infrastructure to support a fully electric fleet is still in development across Scotland. These vehicles can be used by all staff as a sustainable alternative if they are unable to use public transport. Our ultimate aim is to have a fleet of ultra-low emission vehicles that will contribute towards the sustainability targets outlined within the Scottish Government's Sustainable Travel Strategy.
151. Our emissions for business travel during this reporting period was **77.47 tonnes of CO2 equivalent**. Prior to the Covid-19 outbreak, we had intended to use this emissions figure to assess our baseline going forward and draw some conclusions about the extent to which we had been able to minimise the environmental impact of business travel. Under the current circumstances however – taking into account the fact that, from the point at which we entered lockdown at the end of this reporting period, 99% of our staff have been working securely from their homes around the country and travel on official business has effectively ceased – it will not be possible to make a sensible year-on-year comparison in next year's report.

During this reporting period, we have:

- Continued to minimise non-essential business travel as we design and improve our service
- Reviewed guidance which gives a clear preference to travel by the most appropriate sustainable travel option
- Reviewed our air travel policy and guidance and we will continue to monitor this, working with teams to offer alternatives where practical
- Worked to improve awareness of the existing technology options available for remote meetings, such as telephone, Skype and video conferencing particularly to connect our main offices with our people based across Scotland.

Estates

152. As a result of the Covid-19 outbreak and the government-advised lockdown across Scotland, at the end of this reporting period, the vast majority (roughly 99%) of Social Security Scotland's staff were working from home and were not occupying our office buildings. This has had, and will continue to have, a significant impact on plans for the utilisation of our estate going forward.
153. Whilst this context did not apply during the majority of this reporting period, it does inevitably colour what we have to say about matters pertaining to the environment we provide for our staff to work in and the steps we take to ensure wellbeing and staff safety. As an organisation, we remain committed to promoting excellence in health and safety as we continue to expand in size. We are fully compliant with all legal and other obligations regarding the health and wellbeing of our staff and others who come into contact with our organisation.
154. We will continuously improve our health and safety management systems in line with our vision, strategy and objectives by aligning with Scottish Government health and safety policies and pursuing best practice. From the point at which we entered lockdown, at the end of this reporting period, this has meant ensuring staff safety by complying with Scottish Government guidance in relation to the Covid-19 outbreak and supporting our staff in working safely and securely from their homes around the country.



David Wallace
Chief Executive and Accountable Officer
26 October 2020

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 and Client Experience
- Janet Richardson – Deputy Director Operations
- James Wallace – Deputy Director Finance and Corporate Services.

This Executive Team reflects a change in structure introduced in September 2019, with the appointment of three additional Senior Civil Service posts for Social Security Scotland.

In addition the following attended meetings during the year:

- Paul Knight – Head of Clinical Operations ¹⁶
- Andy McClintock – Chief Digital Officer¹⁷ .

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 – Audit and Assurance Committee (Chair).

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 27 data incidents (2018-19 (7 months) : 26). Incidents are defined as a process or handling failure which did not result in a data breach. All were assessed as minor and no reports were submitted to the Information Commissioner's Office. More information on this is contained in the Governance Statement.

¹⁶ Paul Knight has been seconded to the organisation part time as Head of Clinical Operations

¹⁷ The Chief Digital Officer currently aligns with the Social Security Directorate within the Scottish Government, however as this role and underpinning team are critical to the functioning of the organisation, they will transfer over formally to Social Security Scotland in April 2021. Remuneration for this post has not been included for 2019-20 – it will be incorporated from April 2021.

Governance Statement

Introduction

This Governance Statement outlines Social Security Scotland's approach to corporate governance explaining our internal control structure and risk management processes. This is our first annual report and accounts covering a full financial year. Over the past year our governance has been strengthened and we have continued to develop our processes for gaining assurance about performance and risk and how we are developing in these areas.

Social Security Scotland will continue to grow, and the benefits we will deliver will increase in complexity. This context is important, as while areas of internal control continue to be strengthened, we will need to continually challenge ourselves in this area to ensure controls meet the needs of the organisation.

Social Security Scotland Governance Framework

General Governance

Social Security Scotland's Governance Framework comprises the systems, processes and values within which we operate. Our system of internal control and assurances are in line with the Scottish Public Finance Manual and seek to identify the principal risks to the achievement of our policies, aims and objectives. Our [Framework Document](https://dgxmzvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Framework-Document.pdf) <https://dgxmzvz0tqkndr.cloudfront.net/production/images/general/Social-Security-Scotland-Framework-Document.pdf> can be found on our website.

The Scottish Public Finance Manual issued by the Scottish Ministers, provides guidance to the Scottish Government and other relevant bodies on the handling and reporting of public funds. It emphasises the need for efficiency, effectiveness and economy, whilst promoting good practice and high standards of propriety and our governance arrangements ensure that we comply with the requirements of the Scottish Public Finance Manual.

Executive Team

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

- Deputy Director Finance and Corporate Services
- Deputy Director Operations
- Deputy Director Strategy and Client Experience.

Also supporting the Executive Team are the:

- Head of Clinical Operations
- Chief Digital Officer.

This reflects a change in the senior leadership from last year, as we have strengthened the team with the addition of Senior Civil Service leadership capability.

The Executive Team is the organisation's senior decision making body. They focus on:

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

Agency Leadership Team

To support the Executive Team an Agency Leadership Team was established in November 2019. This team is made up of senior managers from all divisions within the organisation. The team meet weekly and the Chief Executive attends for part of the meeting. The team support and supplement the Executive Team by helping manage the work of Social Security Scotland in line with our principles and Charter. This means carrying out 'business as usual' activity as well as longer term strategic work. They also help ensure effective, joined-up working and decision making across decision makers and build leadership capacity.

Executive Advisory Body

I am also supported by our Executive Advisory Body, which I Chair and includes six Non-Executive Members. The Executive Advisory Body considers the overarching strategy, direction, and governance of Social Security Scotland, and acts as a critical friend by providing constructive challenge and advice.

Since 1 April 2019 they have met 11 times, with all meetings quorate. They discussed a range of strategic issues including regular updates on Freedom of Information, Finance and Performance Management, readiness and planning on upcoming benefit delivery and the review of corporate documents including our Corporate Parenting Plan and consultation on the [Interim Corporate Plan](https://www.socialsecurity.gov.scot/about-us/corporate-publications/corporate-plan) [https://www.socialsecurity.gov.scot/about-us/corporate-publications/corporate-plan]. They have also undertaken deep dive sessions focusing on the People Survey, Disability Benefits and Job Start Payment.

At all meetings, two members of staff can attend as observers. The agenda, minutes and action tracker of all meetings are publicly available on our website. We have published all meeting papers from April 2020.

Audit and Assurance Committee

Our Audit and Assurance Committee is chaired by an independent Non-Executive Member and includes three other Non-Executive Members. 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.

The committee met four times during the reporting period, with the focus for this year on the approval of the organisation's first Annual Report and Accounts, introduction of reports on Fraud, Error and Debt and a focus on actions resulting from independent assurance activity (including Internal Audit) being implemented.

As Accountable Officer I attended the Audit and Assurance Committee with other key personnel from across Social Security Scotland. Internal and external auditors also attend the Audit and Assurance Committee and are able to offer opinion 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 Quarterly Assurance meeting. This year nothing was noted, however I am now attending these meetings every six months to provide an update on assurance more generally within the organisation.

Similar to the Executive Advisory Body, the agenda, minutes and action tracker from all meetings are published on our website and for meetings from May 2020 we have introduced the proactive publication of all meeting papers .

Portfolio Sponsor ('Fraser Figure')

In addition to the above we have meetings with Social Security Scotland's Portfolio Sponsor, the Scottish Government Director for Social Security, who is responsible for the wider Social Security Programme. These meetings allow both the Portfolio Sponsor and Social Security Scotland to update each other on key business including risk management and audit activity. Minutes of these meetings are available on our website.

Programme and Project Management Governance

As an Executive Agency of the Scottish Government, we follow mandatory guidance for major projects which are managed through our Project Management Centre within our Change and Transformation Team. The key principles of this guidance are adopted in relation to all major projects. These principles ensure that:

- a Senior Responsible Owner is appointed
- clear channels of communication are established to ensure that the Accountable Officer and where appropriate Ministers, are kept informed
- associated risks, actions, issues and dependencies are managed; and
- funding and procurement complies with the Scottish Public Finance Manual.

Our Project Management Centre approach ensures the safe implementation of projects delivered in their entirety 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 Programme and Chief Digital Office. This has been fully supported through close collaboration and active interaction across all areas of Programme Governance. In the past twelve months examples of these projects include:

- Successful migration of our records from the core Scottish Government eRDM (electronic records for data management) file plan to a new independent eRDM file plan for Social Security Scotland to comply with Scottish Government and Information and Technology policy
- Successful implementation of several Low Income Benefits including Best Start School Age, Young Carer's Grant and Funeral Support Payment, working closely with Social Security Programme
- The continued expansion and improvement of locations across Scotland for our staff.

Our Social Security Scotland Programme 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.

Our Project Management Office provide:

- **Governance** – by ensuring that decisions are taken by the right people, based on the right information. This governance role also includes peer reviews, a route for both Gateway and Audit reviews of our Projects and working to continually develop our project and programme structures and ensure accountability at all levels
- **Release Management** – coordination and readiness assessments for go live for all benefit and system releases as well as monitoring of post go live performance through our Information Support Centre approach
- **Transparency** – a centralised route for providing information to ensure there is a single source of the truth. This ensures information is relevant and accurate and provided in a way people can understand, thereby supporting effective decision-making
- **Reusability** – by encouraging the sharing of knowledge. This stops project teams from reinventing the wheel and makes the Project Management Office the central point for lessons learned, templates and best practice
- **Delivery support** – this makes it easy for project teams to do their jobs by reducing bureaucracy, providing coaching, mentoring and quality assurance
- **Traceability** – ensuring robust management documentation, project history and organisational knowledge.

Although our Project Management Office function is still very new, we were pleased to see this approach recognised as good practice in our recent Internal audit report into our Change Management function and, of course, Social Security Scotland is closely aligned with the governance of the Social Security Programme.

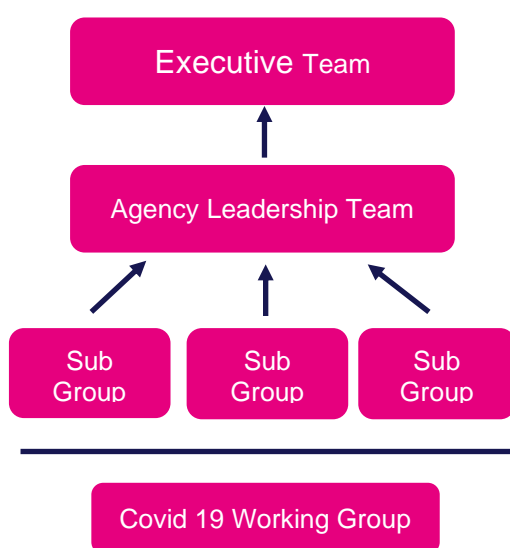
We report into Social Security Programme governance structures on progress as it relates to successful delivery of the programme. We are represented on all Programme Governance forums, our Director of Operations chairs the Social Security Programme Design Authority Board. And, likewise, we have senior colleagues from Programme and Chief Digital Office on our governance forums.

As Chief Executive, I am a member of the Programme Board and Social Security Scotland is represented on all major programme governance forums, including its Delivery Board, Finance Board, Design Authority Board, Change Control Panel and Risk Review Panel.

Governance during Covid-19

The Chief Executive, as the Accountable Officer, makes all key decisions but is informed by the existing governance arrangements that have been maintained throughout the Covid-19 response period. All meetings were conducted virtually as staff moved to remote working.

To manage the impact and the actions of the initial stages of the pandemic, a Business Continuity Steering Group was established. This informed decision making and decisions and actions taken during this period were captured. As we moved into 'recovery' this group has been replaced with a COVID-19 Working Group. This group is not a decision making body, but provides assurance on the progress of work-streams across the organisation relating to recovery.



The Executive Team continued as is and is responsible for addressing the impacts of the crisis on the organisation. They are in control of the organisation's resources and formulate and agree the strategy for dealing with the incident.

The Agency Leadership Team continued as is but acted as our Tactical Team. They manage tactical implementation and follow the strategic direction from our Executive Team. This is translated into a set of actions to be taken by teams below. They provide a framework to co-ordinate strategic goals and decisions.

To support Covid-19 specifically, however, we established the Covid-19 Working Group to provide additional assurance on the work being taken forward. This examined the work undertaken by any sub-groups that focused on our operational response, establishing the capacity to undertake actions as directed by our Agency Leadership Team.

Risk

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 published [Risk Management Strategy](https://www.socialsecurity.gov.scot/what-we-do/risk-management) [https://www.socialsecurity.gov.scot/what-we-do/risk-management] which sets out our approach to managing risk across our organisation and helps us to ensure that we achieve our objectives. This strategy was agreed by our Executive Advisory Body and is used across Social Security Scotland as the basis for advice and training on managing risk. 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 we maintain and this 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.

In 2019 we established our Risk Review Group, chaired by the Deputy Director Finance and Corporate Services, which provides oversight and analysis of Social Security Scotland's risk landscape for support and escalation. To date the Risk Review Group has been engaged in reviewing the Strategic Risk Register; developing new risk category definitions and initiating a review of our risk appetite and tolerance levels.

An internal audit was also undertaken on Risk Management and we received a 'reasonable' assurance rating. We have already implemented many of the recommendations which have been valuable in helping define our overall approach to Risk Management.

We have links with the Social Security Programme and Chief Digital Office, to manage risks which have cross-cutting dimensions. These links, and associated processes, are reflected in both our's and Programme's risk strategy documents. Overall we are growing a positive risk culture with risk management embedded across all levels of the organisation.

Project risks have been managed by our Change and Transformation Team over this reporting period but in future will be aligned to the Strategic Risk Register to improve assurance that risk is being managed holistically.

Risk Management is a standing agenda item at the Audit and Assurance Committee, where they review the Strategic Risk Register and provide comment and advice on the overall risk profile of the organisation. This year they have undertaken two risk deep dive sessions which have helped us further develop our strategic risks.

We are currently reviewing our Risk Management Strategy and Strategic Risk Register to take account of the growth of the organisation and impact of Covid-19.

Internal Audit

Internal Audit provides independent assurance on the adequacy and effectiveness of the systems of governance, controls and financial management. Each year we undertake a substantial Internal Audit Plan, and for 2019-20 this was informed by our Strategic Risk Register and an assessment of audit risks discussed with our Agency Leadership Team, Executive Team and Audit and Assurance Committee.

An overall Reasonable assurance opinion was provided by Internal Audit for this period and this was informed by 11 Internal Audit Reviews.

• Risk Management	Reasonable
• General Data Protection Regulations	Reasonable
• Interim IT Systems	Reasonable
• Interim Estates Management	Reasonable
• Management of Shared Services	Reasonable
• Budgets, Expenditure, Monitoring and Reporting	Reasonable
• Resilience – Business Continuity Planning	Limited
• Travel Management	Reasonable
• Change Management	Reasonable
• Local Delivery	Reasonable
• Operations	Limited

The reasonable assurance provided by Internal Audit is positive for a growing organisation like ours. Whilst there are areas for improvement these are not of a significant nature, and in the case of the two reviews with limited assurance we have accepted the recommendations and provided a robust response to each.

In particular the limited assurance for Business Continuity, which was reported in January 2020 and given principally because of a lack of formal written documentation and testing, should be considered in the context of what later followed with COVID19. The organisation was able to very quickly change the way its services are delivered and is documenting all its actions and risks.

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.

External Audit

The financial statements for 2019-20 are audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out this audit and the fee for this service was £155,165 (2018-19 : £111,050) which related solely to the provision of the statutory audit service. There were no payments made for non-audit work in the year.

Audit Scotland has previously reported on the implementation of devolved social security, and will continue to report on progress on delivery of the devolved benefits. While performance audits of the Social Security Programme and Social Security Scotland are undertaken as separate reporting processes, they are expected to increasingly consider joint work and movement across the two organisations.

Assessment of Corporate Governance Arrangements

Developing effective corporate governance arrangements has been critical in establishing Social Security Scotland as an effective public body. As outlined above we have in place clear governance arrangements supporting robust decision making and accountability. However, as our structure has changed and acknowledging our increasing growth both in size and complexity of the benefits which we in the future will deliver, we appointed a Governance Team leader in March 2020 who will review our governance arrangements to ensure they are strengthened and fit for purpose. Actions that took place on 2019-20 include, but are not limited to:

- We have introduced a revised Executive Team structure. As the organisation is continually growing, a decision was taken to increase capacity at a senior level and we introduced a revised Executive structure recruiting three additional Senior Civil Service posts. We have also brought the Chief Digital Officer into the team and seconded in specific experience to inform our developing clinical operation.
- Consultation on the Corporate Plan and Equality Strategy – Stakeholder consultation was undertaken on both these corporate priorities. Events were held across the country and we held a full public consultation on our Draft Mainstreaming Equality Outcomes
- Risk Management – As outlined above we have continued to strengthen our approach to Risk Management with increased capacity in the team and the establishment of the Risk Review Board
- A new Business Resilience Function and increased capacity in Information Governance. Business resilience and information governance are critical functions within the organisation and in 2019/20 we increased our capacity in both areas. Covid-19 brought our business resilience plan to life, and we responded effectively to the pandemic and lessons learned will be built into our overall planning
- Creation of our Change and Transformation Team. As we manage a greater number of projects the introduction of our Project Management Office approach within this team has been critical in helping us ensure we manage those range of projects effectively.

Information and Business Continuity

Data protection

Social Security Scotland follows the Scottish Government policy on Information Security and has a designated Senior Information Risk Owner.

Data Protection obligations and registration are set at legal entity level and as such Social Security Scotland's registration with the Information Commissioner sits under Scottish Ministers. The legal entity obligation to appoint a Data Protection Officer sits at Scottish Government level. Recognising that Social Security Scotland carries out its functions at arm's length from central government, a Memorandum of Understanding has been put in place. 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.

The Data Protection Framework established for Social Security Scotland in 2018 has been developed further to create a Data Protection Assurance Framework. The Data Protection Assurance Framework is designed to assess compliance with legislation and foster a culture of continuous improvement for Data Protection. Evidence against the requirements is gathered and assessed to determine our compliance. This allows performance and effectiveness to be assessed and opportunities for continual improvement to be identified.

A Memorandum of Understanding is in place between the Scottish Ministers and Department for Work and Pensions covering the implementation of the devolved Scottish social security. It sets out a 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 was signed in January 2019. Individual Agency Agreements, Service Level Agreements, Working Level Agreements and Data Sharing Agreements sit as Annexes to the Memorandum. The range of Agreements will evolve over the lifespan of the transition from reserved to devolved social security services, and in the on-going operational interaction between reserved and devolved functions and services. The Memorandum will be reviewed and revised as necessary over the period of implementation i.e. new Annexes may be added.

Individual Data Sharing Agreements sit as Annexes to the Memorandum. These Data Sharing Agreements will evolve over the lifespan of the transition from reserved to devolved social security services, and in the on-going operational interaction between reserved and devolved functions and services. The Memorandum will be reviewed and revised as necessary over the period of implementation i.e. new Annexes may be added.

Social Security Scotland has established a Data Protection Team, including a Data Protection and Information Governance Lead. All our people are required to complete mandatory data protection training on an annual basis. In addition we have developed and deliver bespoke training for our operational people.

During the year 27 data security incidents were reported to Social Security Scotland's Data Protection Team (2018-19 – 7 months : 26 data security incidents). On investigation each incident was assessed as minor and no reports were submitted to the Information Commissioner's Office.

Table 7 – Data security incidents

Incident type	Number of incidents
Document upload error	14
Mail/email sent to wrong recipient	7
Payment reference error	2
Unsecured documents in the office	2
Mail opened by co-habited organisation	2
Total	27

Following an investigation and review of each incident, feedback and lessons learned were shared with the relevant teams to reinforce data handling procedures. Appropriate actions were also identified and implemented to reduce the likelihood of being repeated. These included revisiting data protection training and awareness and review of management checks.

Business continuity

The Business Continuity Function sits within Operations but its remit is to support the entire organisation. We appointed a Business Resilience Officer in August 2019 and continue to develop our capacity in this area. To support our response to Covid-19 we also seconded in staff from across the organisation.

A Business Continuity Policy and Framework has been created and endorsed by the Executive Team and the Business Resilience Manager will be supporting the creation of specific departmental business continuity plans.

An operations rehearsal took place in November 2019, with lessons learned captured in an evaluation report. Live information technology and accommodation disruptions have also occurred where contingency measures were introduced to allow continued service delivery to our clients – lessons learned have been captured by way of post incident debriefs. The Chief Digital Office manage the disaster recovery plans for Social Security Scotland 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.

An internal audit was also undertaken in this area and reported on the controls in place to manage the risks surrounding Social Security Scotland's Resilience. Although it received a limited assurance, internal audit were satisfied with the work being undertaken to establish a robust business continuity system.

Since the beginning of February 2020, the business resilience team have been focused on the preparation for and response to Covid-19. A steering group was established and impact assessments conducted to prepare for and respond to the move to home working. The business resilience function has been central to Covid-19 response activity and have 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.

Counter Fraud, Error Control and Debt Management

Social Security Scotland has a range of processes in place to respond to internal and external fraud. 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. In 2019-20 we successfully detected an internal fraud attack, and post-investigative analysis saw a number of actions identified to strengthen controls which are being progressed.

During 2019-20 the focus has been on building additional capacity and capabilities to analyse and respond to error and fraud risks, including recovery of associated debt. Page 64 of 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 Internal Fraud capability and Error identification in advance of launch of recurring benefits is being progressed and we work closely with our Social Security Programme colleagues to improve on these.

September 2019 saw the implementation of the Intervention Team within Fraud and Error Resolution, to provide a centralised service tasked with identification and correction of error, associated trend analysis and continuous improvement feedback. The statutory Code of Practice for Investigations and the Social Security Assistance (Investigation of Offences) (Scotland) Regulations 2020 were also endorsed by Scottish Parliament, with the Regulations coming into force in February 2020.

Progress has been made towards readiness for dealing with the ongoing, regular benefits where fraud detection activity will be further enhanced, to include closer collaborative work with Department for Work and Pensions where a common interest is identified (see page 62 of the Governance Statement and our statement on Regularity of expenditure for further information). Debt operations will implement ongoing deductions from benefits as a recovery method.

Finally we have also now introduced reporting to our Audit and Assurance Committee. Each meeting is presented with performance information, trend analysis and other key highlights from the team.

Assurance from Department for Work and Pensions

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

For 2019-20 we had an Agency Agreement between the Secretary of State for Work and Pensions and Scottish Ministers in respect of Carer's Allowance for people resident in Scotland and Service Level Agreements for Best Start Grant payments, Funeral Support Payment, Young Carer's Grant and the Carer's Allowance Supplement. The Agency Agreement for Carer's Allowance is in place as Department for Work and Pensions administer Carer's Allowance on behalf of Scottish Ministers, and these costs are recharged to Social Security Scotland. A robust process, with assurance built in, has been designed to manage this process governed by a Recharging Board.

My staff ensure that these agreements are working correctly, but I have also been given assurance from the Department for Work and Pensions Accounting Officer in respect of the management and control of Carer's Allowance payments as well as the services they provide to enable us to make payments for Carer's Allowance Supplement, Funeral Support Payment and Young Carer's Grant and the Best Start Grant.

Department for Work and Pensions note the significant risk relating to fraud and error. Based on sampling of the Carer's Allowance caseload it updated its statistics during the year and although the overall % was lower than when it was last measured in 1996 it is still material at 5.2%. This means that our Carer's Allowance expenditure is considered to be irregular in our own accounts. I note the actions that Department for Work and Pensions have undertaken to mitigate this risk but it would appear that this will continue to be an issue for any benefits that are delivered through Agency Agreements.

This year we have also been in discussions with Department for Work and Pensions to strengthen assurance processes. While progress in this area has been delayed by the impact of Covid-19, the intention is to resume this work in 2020.

Independent Assurance

In March 2020, Social Security Scotland went through our second Health-check Review. The scope of this second review was:

- Review readiness for the first Wave 2 benefit launch and launch of Local Delivery Service
- Consider arrangements for Scottish Child Payment
- Our contribution to the Social Security Programme readiness around processes and technology
- Organisational Culture.

Similar to last year, this was an integrated review and undertaken in parallel with a Gateway Review 0 of the Scotland Social Security Programme. The report issued was an evidence-based snapshot of the project's status at the time of the review. It reflected the views of the independent review team, based on information evaluated over the review period. The Delivery Confidence Assessment for Social Security Scotland was set at Amber/Green and in total five recommendations were made that focussed on improving the capability of Social Security Scotland.

In August 2019 we also received our first inspection visit by the Investigatory Powers Commissioner's Office – the body which oversees the use of covert tactics as governed by the Regulation of Investigatory Powers (Scotland) Act and the associated Codes of Practice. The report noted that we had made good progress and made four recommendations, which have all been accepted and are being implemented. Three of the recommendations were core (mandatory) and related to guidance and training provision for practitioners, while the remaining recommendation was suggested as an opportunity for improvement and related to the establishment of a specialist RIP(S)A 'gatekeeper' role within our organisation. Two examples of best practice were identified and commended by the Inspector.

Finally the second refresh of our web site was the subject of a Digital First Assessment.

Review of the Effectiveness of Internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of Social Security Scotland's 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.

My review is informed by:

- Regular review and discussion of internal controls at the Executive Team and Audit and Assurance Committee meetings
- Formal assurances from each member of the Executive Team and the Department for Work and Pensions
- The work of the Internal Audit Directorate, who submit reports to the Audit and Assurance Committee
- Independent assurance reports
- Information from our Risk Management Function
- Assurances provided by the Chair of the Audit and Assurance Committee
- Our external auditors' assessment.

Assurances on the maintenance of and review of internal control systems were provided by each member of the Executive Team who submitted an annual certificate of assurance covering their areas.

Within these there were areas of notable interest that I would highlight:

Development of Internal Controls

We continue to work closely with the Social Security Programme to further improve the internal controls built into our case management systems. The internal control environment is best described as developing, as systems are created in an 'agile environment'.

Since December 2019 a number of improvements in financial controls have been introduced. These have improved system weaknesses and mitigate against an increased risk of error and internal fraud, including a risk of ineligible clients receiving payments.

This includes improvements made to the controls for the verification of bank details or identity, for example Equifax Strategic Controls extending verification to Funeral Directors. These were highlighted by the Operations internal audit and we have a detailed action plan that will be progressed throughout 2020 and this is being led jointly by our Change and Transformation Team and Operations.

Further work is required on the 'audit' functionality' within this system which will improve on our preventative and detective controls helping us respond to fraud risk. Currently this data is not easily retrieved and again increases the risk to both internal and external fraud and limits our ability to detect these. Improvements have been identified and we will continue to work closely with the Scottish Government Social Security Programme on improving these.

We also must progress work on our Quality Assurance Framework. The implementation of this will set clear standards and provide for a greater level of assurance on the consistency of benefit processing. While we have implemented a range of compliance and checking regimes which have been helpful in identifying improvements, a formal process will be introduced to allow us to set minimum standards and reduce any risk of inefficiency.

Management Information

There is work ongoing to improve the management information generated by our case management system and we are working in collaboration with both our analysts and Scottish Government Social Security Programme colleagues. Currently we have in place a series of manual systems collating data related to payments and processing, and while these have been proved to be effective, they are not as robust as a system generated report, and mistakes could be made. This increases the risk to both ourselves and clients of financial loss. We will continue to work towards an automated system to ensure this is fully robust. This includes an automated debt management system

Statement of Chief Executive'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.

Staff and Remuneration Report

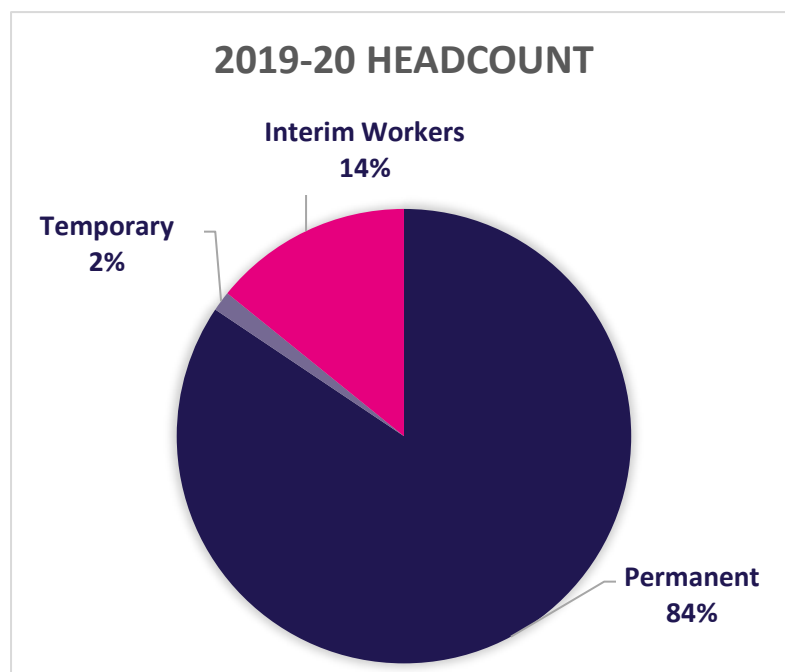
For the year to the end of March 2020, we spent £22.2 million on the salaries of our people, which included those with both permanent and temporary Civil Service contracts, interim workers and the fees of the non-executive members of our Executive Advisory Body and Audit and Assurance Committee.

We have been working hard on recruiting our diverse workforce. Where we have recruited interim workers this has been through existing Scottish Government frameworks. We had the following numbers of people working with us:

Table 8 – Numbers of types of workers

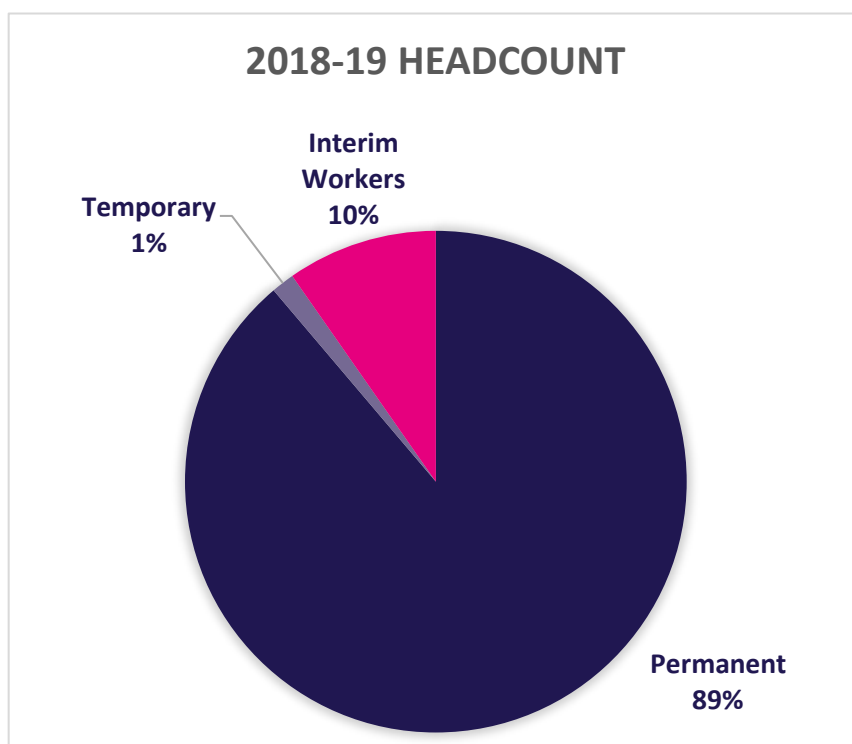
People	At 31 March 2020		At 31 March 2019	
	Number	Full Time Equivalent	Number	Full Time Equivalent
Permanent	655	637	357	345
Temporary	11	10	6	6
Civil Service Contracts¹⁸	666	647	363	351
Interim Workers	110	110	39	39
Total	776	75	402	390

Chart U – Percentage of types of workers in 2019-20



¹⁸ Civil Service Contracts is calculated by adding permanent and temporary.

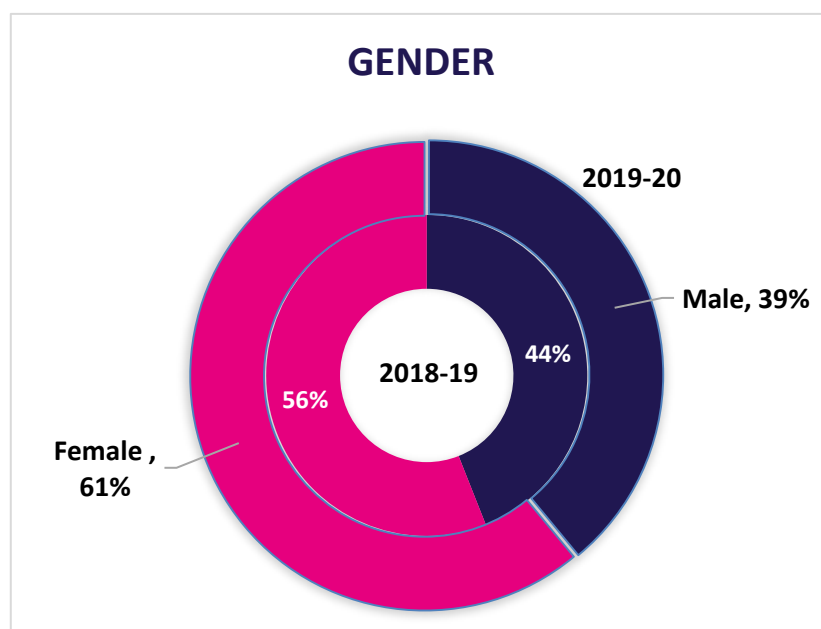
Chart V – Percentages of types of workers in 2018-19



Our Executive Team, including the Chief Executive, comprises 2 males and 2 females and they are all members of the Senior Civil Service.

Information on our staffing diversity¹⁹ is as follows:

Chart W – Information on our staff's gender

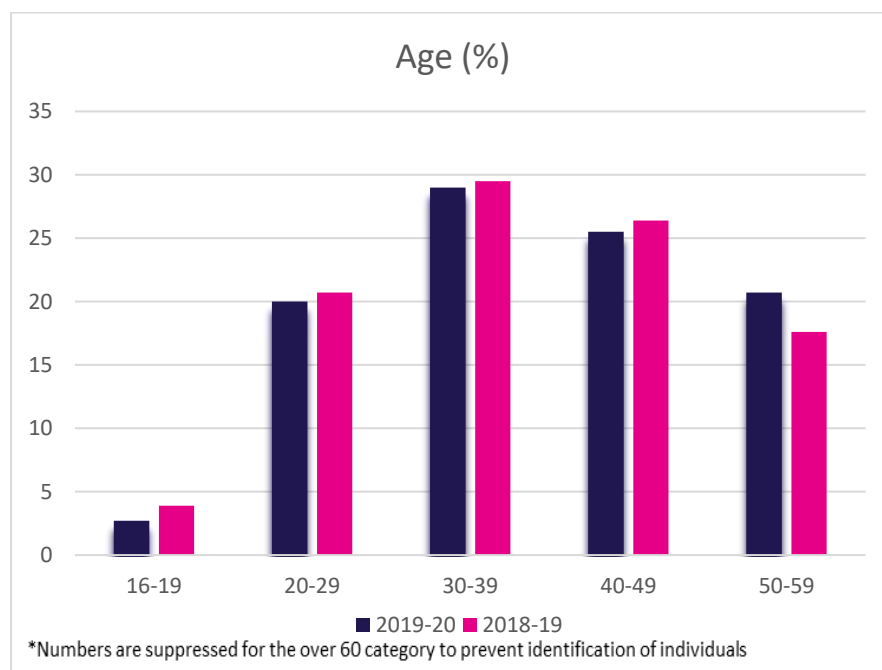


¹⁹ For staff employed on civil service contracts

Table 9 – Diversity Characteristic

Diversity Characteristic	2019-20		2018-19	
	Number	%	Number	%
Ethnic Minorities	18	2.7	12	3.3
Declared disability	72	10.8	29	8.0
Lesbian, Gay, Bisexual or Other	41	6.2	19	5.2
Religion				
No religion	345	51.8	170	46.8
Church of Scotland	66	9.9	36	9.9
Roman Catholic	99	14.9	48	13.2
Other Christian	28	4.2	15	4.1
Other	19	2.9	10	2.8
Prefer not to say	11	1.6	3	0.8
Unknown ²⁰	98	14.7	81	22.3

Chart X – Age %



We are pleased to be currently supporting 18 Modern Apprentices. 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

²⁰ Information on protected characteristics in this table is provided voluntarily by staff. There is still a proportion of staff who have not yet updated this information on the HR system, resulting in some staff being reported in the 'unknown' category

opportunities employer with policies in place to guard against bullying, harassment or discrimination and to ensure against 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.

The welfare of our people is important to us and we promote the highest standards of health and safety for our people, visitors, 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.

In 2019-20 an average of 7.1 working days (2018-19: 7.0) were lost due to sickness absence in Social Security Scotland. The percentage of working days lost remains static at 3.1%.

The salaries of all our staff, except the Executive Team who were Senior Civil Servants (pay band 1 and 2) during the reporting year, 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.

The Scottish Government's Remuneration Group²¹ makes recommendations to Scottish Ministers on Senior Civil Servants' annual pay and guidelines for flat rate increases for board members.

The Chief Executive, who is the Accountable Officer, is supported by an Executive Team whose annual salaries and pension details²² are as follows (no bonus payments or benefits in kind have been made).

²¹ 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

²² More information on the pension disclosures is shown at <https://www.civilservicepensionscheme.org.uk/employers/employer-pension-guide/resource-accounts-disclosure-2018-19/>

**Table 10 – Executive Team members’ salary and pension details
(Information subject to audit)**

Single total figure of remuneration	Salary (£000)		Pension Benefits ²³ (£000)		Total (Banding £000)	
	2019-20	2018-19 7 months	2019-20	2018-19 7 months	2019-20	2018-19 7 months
David Wallace Chief Executive	85-90	45-50 (75-80 Full year equivalent)	129	14	215-220	90-95
Miriam Craven Deputy Director: Governance and Strategy from 9 Sep 2019 Head of Local Delivery and Client Experience to 8 Sep 2019	45-50 35-40	40-45				
	80-85	(75-80 Full year equivalent)	56	20	135-140	95-100
Janet Richardson Deputy Director: Operations from 28 Oct 2019	30-35 (75-80 Full Year Equivalent)	–	33	–	60-65	–
James Wallace Deputy Director: Finance and Corporate Services from 9 Sep 2019 Head of Finance to 8 Sep 2019	40-45 30-35	45-50				
	70-75	(65-70 Full year equivalent)	28	14	100-105	80-85
Paul Knight Head of Clinical Operations from 16 Dec 2019 ²⁴	10-15 (45-50 Full Year Equivalent)	–	N/A	N/A	10-15	–

²³Pension 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..

²⁴ Paul Knight has been seconded to the organisation part-time, therefore only remuneration is disclosed.

**Table 11 – Executive Team members' pension details
(Information subject to audit)**

			Cash Equivalent Transfer Value		
Pension Benefits	Accrued pension at pension age as at 31 March 2020 and related lump sum	Real Increase in pension and related lump sum at pension age	At 31 March 2020	At 31 March 2019	Real increase
	£'000	£'000	£'000	£'000	£'000
David Wallace Chief Executive	30-35 Plus lump sum of 75 – 80	5-7.5 Plus lump sum of 10-12.5	608	484	97
Miriam Craven Deputy Director: Governance and Strategy – from 9 Sep 2019 Head of Local Delivery and Client Experience – to 8 Sep 2019	20-25	2.5-5	280	232	33
Janet Richardson Deputy Director: Operations – from 28 Oct 2019	30-35 Plus lump sum of 75-80	0-2.5 Plus a lump sum of 2.5-5	655	606 ²⁵	27
James Wallace Deputy Director: Finance and Corporate Services – from 9 Sep 2019 Head of Finance – to 8 Sep 2019	15-20	0-2.5	196	174	10

²⁵ As Janet Richardson joined the organisation in October 2019, the opening Cash Equivalent Transfer Value is from 1 October 2019.

As noted in the Accountability Report there was a change in the senior leadership – the Senior Leadership team was replaced with an Executive Team. Information for members of the former Senior Leadership Team who are not members of the Executive Team is shown below.

Whilst Ally MacPhail remains in post as Head of Corporate Services, due to the change in structure his post no longer forms part of the Executive Team. Tracy McIntyre and Mo Rooney both left the organisation during the reporting year.

Table 12 – Senior Leadership Team and pension details
(Information subject to audit)

Single total figure of remuneration	Salary (£000)		Pension Benefits (£000)		Total (Banding £000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Ally Macphail (Head of Corporate Services) Member of Executive Team to 8 September 2019	35- 40 (80-85 Full Year Equivalent)	45-50 (75-80 Full Year Equivalent)	23	21	35-40	95-100
Tracy McIntyre (Head of Operations) Continued on Executive Team until 4 Nov 2019 to handover to Janet Richardson who joined the organisation on 28 October 2019	40-45 (75-80 Full Year Equivalent)	40-45 (65-70 Full Year Equivalent)	25	19	65-70	85-90
Mo Rooney (Head of Governance and Strategy Member of Executive Team to 8 September 2019)	35-40 (70- 75 Full Year Equivalent)	40-45 (65-70 Full Year Equivalent)	23	28	60-65	95-100

**Table 13 – Senior Leadership Team members pension details
(Information subject to audit)**

Pension Benefits	Cash Equivalent Transfer Value		
	At 8 Sept 19 ²⁶	At 31 March 2019	Real increase
	£'000	£'000	£'000
Ally Macphail	265	243	11
Tracy McIntyre	248	221	16
Mo Rooney	240	225	11

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

**Table 14 – Non Executive Members' Fees
(Information subject to audit)**

Member	Committees	2019-20 £'000	2018-19 7 months £'000
Jessica Burns	Executive Advisory Body and Audit and Assurance Committee	0-5	0-5
Chris Creegan	Executive Advisory Body	5-10	0-5
Ewan Gurr	Executive Advisory Body	10-15	0-5
Douglas Hutchens	Executive Advisory Body and Audit and Assurance Committee	5-10	0-5
Elaine Noad	Executive Advisory Body and Audit and Assurance Committee	0-5	0-5
Laura Brennan Whitefield	Executive Advisory Body	0-5	0-5
Russell Frith	Audit and Assurance Committee	0-5	0-5

²⁶ Tracy McIntyre continued on the Executive Team until Janet Richardson joined and so this value is as at 4 November 2019 when she left the organisation

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 £85,000 to £90,000 (2018-19: £75,000 to £80,000). This is 3.3 times (2018-19: 3.6 times) the median remuneration of the workforce, which was £26,360 (2018-19: £21,793).

Remuneration across Social Security Scotland ranged from £19,000- £90,000 (2018-19: £18,000 - £80,000).

Civil Service and other Compensation Scheme

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.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (The Scheme). The Scheme has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of The Scheme who were within 10 years of their normal pension age on 1 April 2012 remained in The Scheme after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their Scheme benefits 'banked', with those with earlier benefits in one of the final salary sections of The Scheme having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in the scheme or **alpha** – as appropriate. Where the official has benefits in both The Scheme and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider – Legal & General. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A Cash Equivalent Transfer Value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. Cash Equivalent Transfer Values are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in Cash Equivalent Transfer Value

This reflects the increase in Cash Equivalent Transfer Value that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Parliamentary Accountability

We spent £36 million which was £2.5 million lower than our operating expenditure budget. This was as a result of revised recruitment plans and lower than anticipated costs for shared services.

Operating Expenditure	Budget £ million	Expenditure £ million	(Under)/Over spend £ million
Operating Budget (Fiscal resource)	38.1	35.8	(2.3)
Depreciation (non-cash)	0.4	0.2	(0.2)
Total	38.5	36.0	(2.5)

We spent £350.7 million on benefit expenditure which was £1.1 million lower than budget:

Social Security Assistance	Budget £ million	Expenditure £ million	(Under)/ Over spend £ million
Delivered by Social Security Scotland			
Carer's Allowance Supplement	37.0	37.0	0.0
Best Start Grant	20.6	20.8	0.2
Funeral Support Payment	0.0	4.1	4.1
Young Carer's Grant	0.0	0.4	0.4
Delivered through Agency Agreement with Department for Work and Pensions			
Carer's Allowance	283	278.9	(4.1)
Carer's Allowance Impairment ²⁷	5.0	5.4	0.4
Total Fiscal Resource	345.6	346.6	1.0
Funeral Support Payment	6.2	4.1	(2.1)
Total Capital	6.2	4.1	(2.1)
TOTAL	351.8	350.7	(1.1)

Budgets for Social Security assistance are forecast by the Scottish Fiscal Commission which informs the budgets that are set by Scottish Parliament. The Commission also provides detailed analysis on the reasons why benefit expenditure differs from forecast in its annual Forecast Evaluation Reports that are published each autumn.

²⁷ Carer's Allowance recoverability was reviewed and the resulting impairment was covered by an Annually Managed Expenditure non-cash budget.

Funeral Support Payment – The budget of £6.2 million was based on the Scottish Fiscal Commission's forecast which had assumed an earlier launch date. 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. For 2019-20 the level of estate recoveries for these payments is insignificant so that the net cost is the same as the payments made.

Young Carer's Grant – The Young Carer's Grant was unbudgeted in 2019-20 because it was expected to be below the Scottish Fiscal Commission's materiality threshold of £0.5 million.

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, with the exception of Carer's Allowance, 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 which is administered by Department for Work and Pensions under an Agency Agreement. Department for Work of Pensions reports on the monetary value of fraud and error in their annual report and accounts. They reviewed the estimate for Carer's Allowance by sampling cases from May 2019 to December 2019. This showed an estimated 5.2% error rate made up of fraud (3%), claimant error (2%) and the remainder official error. Since Carer's Allowance amounts to 73% of total expenditure the overall error is material on the accounts.

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 whistleblowing relating to bribery or corruption were discovered or reported during this year. One instance of an internal fraud attack was detected with an estimated financial loss of £17,400 – this is currently the subject of an ongoing police enquiry.

Fraud is a known risk to the social security system and we have our Counter Fraud Strategy in place 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** – working with Scottish Government analytical colleagues to develop methods to estimate the monetary value and incidence of fraud in the part of the Social Security system for which we are responsible
- **Counter Fraud Operations** – we focus on fraud prevention and intelligence handling and have resources in place to undertake fraud detection. The publication of the Statutory Code of Practice for Investigations and the introduction of the Social Security Assistance (Investigation of Offences) (Scotland) Regulations 2020 in February 2020 further supports our fraud detection and enforcement capabilities.

Work has also commenced with Cabinet Office – Counter Fraud Centre of Expertise 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

- **Fraud Prevention** – our staff have been made aware of the fraud risk we face and are given tailored advice on a case by case basis. Staff have been given role-specific fraud awareness training and we have a network of counter fraud champions in 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. 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. From August 2020, we now have a web form channel for the public to report allegations of fraud on an anonymous basis available 24 hours a day.

Errors

We aim to prevent errors and to learn from them when they do occur. An Error Control Strategy is in place outlining the key objectives and tactics to control the risk of errors. We identify, record and monitor errors on an ongoing basis.

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.

Errors can either be made by clients 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 our staff, technical issues with our Information Technology systems, or erroneous data shared with us by another government department.

For the benefits delivered by Social Security Scotland the number of overpayments and compensation for administrative errors is shown in the table below. Overpayments represent 0.033% of benefit expenditure (2018-19: 0.01%):

Table 15 – Overpayments

	Year to 31 March 2020		7 months to 31 March 2019	
	Number of Cases	£million	Number of Cases	£ million
Overpayment of benefit which cannot be legally recovered	80	0.021	10	0.004
Compensation for administrative errors	9	0.004	2	0.001
Total	89	0.025	12	0.005

Over the last year we have maintained a focus on error prevention. 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 100% checks prior to payment, to help ensure that our decisions were correct.

We identified error trends and shared this intelligence across Social Security Scotland 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.

For **Carer's Allowance** which is delivered by the Department for Work and Pensions through an Agency Agreement, £886,443 of overpayments were written off during this year of which £462,823 (52%) were official errors.

The Department for Work and Pensions have also updated their fraud and error estimates²⁸ having undertaken an exercise to review the level of fraud and error in the Carer's Allowance caseload. This has resulted in a 5.2% estimate which is lower than the 5.5% estimate last calculated in 1996-97. This means that £15 million of carer's allowance expenditure is considered to be irregular.

Debt Management

Work to develop our debt management policy has continued and it, together with the associated strategy for delivery, will be published in due course.

Preparations to introduce debt recovery by means of ongoing deductions from recurring benefit payments are nearing completion.



David Wallace
Chief Executive and Accountable Officer
26 October 2020

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884976/fraud-and-error-stats-release-2019-2020-estimates.pdf

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

Report 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 2020 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 financial statements, 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 2019/20 Government Financial Reporting Manual (the 2019/20 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 2020 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 2019/20 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 28 January 2019. The period of total uninterrupted appointment is two years. 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 nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](http://www.audit-scotland.gov.uk/our-work/annual-audits) [www.audit-scotland.gov.uk/our-work/annual-audits], the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive'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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Staff and Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report 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 Carer's Allowance benefit expenditure of £284.4 million. The basis of entitlement to this benefit is set out in Section 70 of the Social Security Contributions and Benefits Act 1992, and it was administered by the Department of Work and Pensions (DWP) under an agency agreement with the Scottish Ministers. DWP has estimated that overpayments of 5.2% of Carer's Allowance expenditure were made as a result of error and fraud. As set out in note 15 to the accounts, this means that overpayments of £14.8 million are estimated to have been made in relation to amounts paid to Scottish residents. I have therefore qualified my opinion because this expenditure resulting from such overpayments was not incurred in accordance with the Social Security Contributions and Benefits Act 1992. 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. 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.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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.

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.

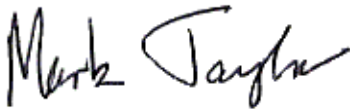
I have nothing to report in respect of these matters.

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.



Mark Taylor CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN
26 October 2020

Financial Statements

The annual report and accounts were approved and authorised for issue by the Accountable Officer on 26 October 2020.

Statement of Comprehensive Net Expenditure for the year to 31 March 2020

	Note	Year to 31 March 2020 £ million	7 months to 31 March 2019 £ million
Administration costs			
Staff Costs	2	22.182	6.676
Other Administration costs	3	13.823	6.121
Total Administration costs		36.005	12.797
Programme costs			
Benefit Expenditure	4	346.739	190.874
Total Programme costs		346.739	190.874
Net operating costs for year to 31 March 2020		382.744	203.671

The above results relate to continuing activities

The notes on pages 93-101 form part of these accounts.

Statement of Financial Position at 31 March 2020

	Note	31 March 2020 £ million	31 March 2019 £ million
Non-current assets			
Plant and equipment	5	1.960	0.943
Intangible assets	6	0.031	0.046
Other receivables	7	7.132	8.236
Total Non-Current Assets		9.123	9.225
Current assets			
Other receivables	7	4.168	5.950
Cash and cash equivalents	8	31.591	0.949
Other financial assets	9	0.002	0.000
Total Current Assets		35.761	6.889
Total Assets		44.884	16.124
Current liabilities			
Trade and other payables	10	(43.513)	(30.889)
Assets less current liabilities		1.371	(14.765)
Taxpayers' equity			
General Fund	SoCTE	1.371	(14.765)
Total taxpayers' equity		1.371	(14.765)

The notes on pages 93-101 form part of these accounts



David Wallace
Chief Executive and Accountable Officer
26 October 2020

Statement of Cash Flows for the year to 31 March 2020

	Note	31 March 2020 £ million	7 months to 31 March 2019 £ million
Cash flow from operating activities			
Net Operating Costs for the year	SoCNE	(382.744)	(203.671)
Adjustment for non-cash transactions	5,6	3.104	(0.989)
Decrease/ (Increase) in other receivables	7	2.885	(14.186)
Increase in payables	10	12.624	30.889
Net cash outflow from operating activities		(364.131)	(187.957)
Cash flow from investing activities			
Advances of Investments		(4.126)	-
Repayment of Investments		0.019	-
Net cash outflow from investing activities		(4.107)	-
Cash flow from financing activities			
From Scottish Consolidated Fund	SoCTE	398.880	188.906
Net Financing		398.880	188.906
Net increase in cash and cash equivalents in the year		30.642	0.949

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

	Note	General Fund £ million
Balance at 1 April 2019		(14.765)
Net operating costs for the year and total recognised expense for 2019-20	SoCNE	(382.744)
Transfer of plant and equipment from Scottish Government		1.424
Funding from Scottish Government		397.456
Balance at 31 March 2020		1.371

There have been transfers of plant and equipment assets during the year from the Scottish Government. The total of these transfers ((£1.424 million) including the funding from Scottish Government (£397.456 million) totals **£398.880 million** shown on the Statement of Cash Flows.

Prior year information

Statement of Changes in Taxpayer's Equity for the period to 31 March 2019

	Note	General Fund £ million
Net operating costs for the period and total recognised expense for 2018-19	SoCNE	(203.671)
Transfer of plant and equipment from Scottish Government	5	0.943
Transfer of intangible assets from Scottish Government	6	0.046
Transfer of benefit overpayment receivables from Department for Work and Pensions	7	10.581
Funding from Scottish Government		177.336
Balance at 31 March 2019		(14.765)

There were transfers of assets during the period from the Scottish Government and Department for Work and Pensions. The total of these transfers (£11.570 million) including the funding from Scottish Government (£177.336 million) totals £188.906 million shown on the Statement of Cash Flows.

Notes to the Accounts

1 Summary of significant accounting policies

1.1 Basis of Accounts

These financial statements have been prepared in accordance with:

- HM Treasury's 2019-20 Government Financial Reporting Manual²⁹
- 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 8³⁰. 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 2020.

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 January 2021. This is a year later than originally planned because of the impact of COVID 19. All qualifying leases will be recognised on the balance sheet. This is expected to have an overall increase of around £0.5 million on operating costs which we anticipate will be separately funded.

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.

²⁹ The Financial Reporting Manual applies International Financial Reporting Standards as adapted or interpreted for the public sector context

³⁰ International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors

1.4 Going concern

The accounts are prepared on the going concern basis, which provides that we will continue in operational existence for the foreseeable future. The Statement of Financial Position for 2019-20 shows the taxpayers' equity as an asset. Our funding for 2020-21 has been agreed with the Scottish Government. The funding position from 2021-22 will be included within the Scottish Government's Spending Review.

1.5 Areas of judgement and 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 judgement or complexity is in relation to the impairment of Carer's Allowance 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.

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. Up to December 2019 office accommodation in Glasgow and Dundee was occupied under the terms of an occupancy agreement rather than a lease and any leasehold improvements were written off. Where longer leases have been agreed expenditure over £5,000 is written off over the period of the lease.

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 Plant Property and Equipment assets as permitted by International Financial Reporting Standard 13³¹. Depreciation is provided, in the year following transfer, 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

³¹ International Financial Reporting Standard 13 – Fair Value Measurement

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 transfers across from 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.

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

- **Carer's allowance** – these benefits are paid by Department for Work and Pensions under the terms of an Agency Agreement and recharged to Social Security Scotland on a monthly basis by identifying cases with Scottish post codes. There are adjustments on a monthly basis for identified overpayments and at the year-end for prepayments and accruals
- **Carer's Allowance Supplement** – as payments are made (twice yearly) and at the year-end for what we anticipate will follow in a future payment run relating to backdated claims that are approved following the processing of any Carer's Allowance backlogs and appeal
- **Best Start Grant, Funeral Support Payment, Young Carer's Grant** – based on application date. This is a change in accounting policy – in 2018-19 we based this on approved applications that had been authorised for payment. There is no material difference to the accounts. When an application is approved and authorised this will be recognised based on application date. At the year-end we will accrue for claims not yet processed by applying a percentage, based on experience to date, that takes into account that not all applications received will be approved.

1.9 Impairment of benefit receivables/overpayments

Social Security Scotland will seek to recover all overpayments where there is a legal basis to do so and recovery is cost effective. Carer's allowance debt is recovered by Department for Work and Pensions under an Agency Agreement where Department for Work and Pensions policies are applied. Overpayments under £60 and those relating to official error are written off.

Benefit receivables are reviewed annually for impairment. We review the recoveries that have been made to date and estimate what may be recovered in future. We then discount this using the appropriate HM Treasury Discount rate.

1.10 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.

1.11 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 Carer's Allowance and, through the Agency Agreement we have, we rely upon Department for Work of Pensions to identify these overpayments. We do not account for omitted or potential debt.

1.12 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.

1.13 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.

1.14 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.

1.15 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 Parliament will be noted separately.

1.16 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.

1.17 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. Carer's Allowance overpayments 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 2020 £ million	7 months to 31 March 2019 £ million
Permanent Employees		
Wages and salaries	14.355	4.689
Overtime	0.265	0.061
National insurance costs	1.332	0.398
Pension costs	3.725	0.859
Total permanent employee costs	19.677	6.007
Interim workers	2.505	0.669
Total staff costs as at 31 March 2020	22.182	6.676

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 66.

3 Other administration costs

	Year to 31 March 2020 £ million	7 months to 31 March 2019 £ million
Operating leases	2.317	0.698
Office operating costs	1.496	0.327
Office accommodation	0.164	0.212
Supplies and services	0.613	0.200
Travel, subsistence and staff related costs	0.459	0.113
Training	0.182	0.073
Formal Agreements with the Department for Work and Pensions	6.887	3.425
Scottish Government shared service recharges	1.173	0.828
Auditor's remuneration – Internal Audit	0.208	0.134
Auditor's remuneration – External Audit	0.155	0.111
Depreciation (non-cash)	0.169	–
Total	13.823	6.121

4 Programme costs

Benefit expenditure	Start date for Social Security Scotland	Year to 31 March 2020 £ million	7 months to 31 March 2019 £ million
Delivered through an Agency Agreement with Department for Work and Pensions			
Carer's Allowance	3 Sept 18	278.916	146.622
Carer's Allowance – Impairment		5.442	5.122
		284.358	151.744
Delivered by Social Security Scotland			
Carer's Allowance Supplement	3 Sept 18	37.011	34.859
Best Start Grant – Pregnancy and Baby	10 Dec 18	7.625	4.271
Best Start Grant – Early years	29 April 19	8.517	0.000
Best Start Grant – School age	3 Jun 19	4.687	0.000
Funeral Support Payment ³²		4.107	0.000
Young Carer's Grant	21 Oct 19	0.434	0.000
		62.381	39.130
Total		346.739	190.874

³² The Parliamentary Accountability section provides more information on the treatment of Funeral Support Payment.

5a Current Year – Plant and Equipment

	Plant and Equipment £ million	IT Equipment £ million	Total at 31 March 2020 £ million
Cost or Valuation			
As at 1 April 2019	0.068	0.875	0.943
Adjustment	(0.001)	(0.252)	(0.253)
Transfers	–	1.424	1.424
As at 31 March 2020	0.067	2.047	2.114
Depreciation			
Charged in year	0.022	0.132	0.154
As at 31 March 2020	0.022	0.132	0.154
Net Book Value	0.045	1.915	1.960

The transfers are for Information Technology equipment assets from the Scottish Government's Social Security Directorate.

5b Prior Year – Plant and Equipment

	Plant and Equipment £000	IT Equipment £000	As at 31 March 2019 £000
Cost or Valuation			
As at 1 September 2018	–	–	–
Transfers	68	875	943
As at 31 March 2019	68	875	943

6a Current Year – Intangible assets

	Software licences £ million	IT Software and Development £ million	Total at 31 March 2020 £ million
Cost or Valuation			
As at 1 April 2019	0.021	0.025	0.046
Depreciation			
Charged in year	0.007	0.008	0.015
As at 31 March 2020	0.007	0.008	0.015
Net Book Value	0.014	0.017	0.031

6b Prior Year – Intangible assets

	Software licences £million	IT Software and Development £million	As at 31 March 2019 £million
Cost or Valuation			
As at 1 September 2018	—	—	—
Transfers	0.021	0.025	0.046
As at 31 March 2019	0.021	0.025	0.046

7 Other receivables

	As at 31 March 2020 £ million	As at 31 March 2019 £ million
Amounts falling due within one year		
Benefit overpayments	2.148	2.236
Department for Work and Pensions debtor	0.267	0.663
Prepayments	2.838	3.819
	5.253	6.718
Less impairment on benefit overpayments	(1.085)	(0.768)
Net receivables due within one year	4.168	5.950
Amounts falling due more than one year		
Benefit overpayments	16.613	12.590
Less impairment on benefit overpayments	(9.481)	(4.354)
Net receivables due more than one year	7.132	8.236
Total net receivables	11.300	14.186

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. The majority of the balance relates to Carer's Allowance.

Benefit prepayments arise where we have made a payment up to 31 March 2020 but the payment relates to the 2020-21 financial year. The majority of the balance relates to Carer's Allowance.

8 Cash and cash equivalents

	As at 31 March 2020 £ million	As at 31 March 2019 £ million
Commercial banks	0.035	0.005
Government banking service	31.556	0.944
As at 31 March 2020	31.591	0.949
As at 1 April 2019	0.949	—
Net change in cash and cash equivalents	30.642	0.949
As at 31 March 2020	31.591	0.949

The increase in bank balances is because additional money needed to be available to fund the additional benefits that were devolved from 1 April 2020.

9 Financial Assets

Funeral Support Payment	As at 31 March 2020 £ million
Balance at 1 April 2019	—
Loan advances	4.126
Recoveries	(0.019)
Write off	(4.105)
Balance at 31 March 2020	0.002
Loans repayable within 12 months	0.002

Funeral Support Payment is classed as loans therefore it must be treated as a Financial Asset under International Financial Reporting Standard 9. Of the £4.126 million paid out we recovered £0.019 million and do not anticipate any further recoveries therefore £4.105 million has been written off as expected credit losses.

10 Trade and other payables

	As at 31 March 2020 £ million	As at 31 March 2019 £ million
Trade payables	7.171	0.002
Accruals	2.039	4.938
Deferred rent	0.760	—
Benefits payable	33.543	25.949
Balance as at 31 March 2020	43.513	30.889

As part of the lease agreements for 220 High Street, Glasgow; a rent free period benefit was given which we are required to recognise across the term of the leases.

The balance held at 31 March 2020 shows the rent free benefit which will be released throughout the term of the lease.

There is no prior year comparator as the lease was signed in 2019-20.

Our policy is to pay all purchase invoices within 10 days and for 2019-20 we paid 92% within this timeframe which represents 1,271 invoices out of 1,377. (In 2018-19 the Social Security Directorate paid all our invoices and recharged costs to us).

11 Operating Leases

	31 March 2020 £ million	As at 31 March 2019 £ million
Obligations:		
Due within 1 year	1.859	1.059
Due after one year but not more than 5 years	8.613	0.671
	10.472	1.730

12 Notional Charges

The following charges have been included in the accounts:

	Year to 31 March 2020 £ million	7 months to 31 March 2019 £ million
Auditor's remuneration	0.155	0.111
Total	0.155	0.111

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 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 organisation to rent desk space for our Local Delivery staff and
- Other government departments, mainly Department for Work and Pensions, in relation to delivery of Carer's Allowance under an Agency Agreement.

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 contracts and commissions.

14 Post balance sheet events

There are no post balance sheet events.

15 Carer's Allowance Fraud and Error

We are responsible for paying claimants the right benefit at the right time. The Department for Work and Pensions administers Carer's Allowance on behalf of Scottish Ministers, and these costs are recharged to Social Security Scotland. The basis of entitlement to this benefit is set out in Section 70 of the Social Security Contributions and Benefits Act 1992. In May 2020 the fraud and error rate for Carer's Allowance was re-measured for the first time since 1996-1997. It is estimated that overpayments of 5.2% of Carers Allowance expenditure were made as a result of error and fraud. This means that the Carers Allowance expenditure of £284.4 million includes overpayments of £14.8 million estimated to have been made in relation to amounts paid to Scottish residents.

Annex A

Direction by the Scottish Ministers



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 (FReM) 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 27th March 2019



Social Security Scotland
Tèarainteachd Shòisealta Alba

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